

SHELTON GENERAL HENRY HUGH
 Form 4
 September 30, 2010

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SHELTON GENERAL HENRY HUGH

(Last) (First) (Middle)

C/O RED HAT, INC., 1801 VARSITY DRIVE

(Street)

RALEIGH, NC 27606

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 RED HAT INC [RHT]

3. Date of Earliest Transaction (Month/Day/Year)
 09/28/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	09/28/2010		M		15,000	A	\$ 21.77
Common Stock	09/28/2010		S		15,000	D	\$ 40.92 (1)
Common Stock	09/28/2010		M		4,525	A	\$ 6.15
Common Stock	09/28/2010		S		4,525	D	\$ 40.96 (2)
	09/28/2010		M		5,000	A	36,599

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Common Stock					\$					13.23		
Common Stock	09/28/2010		S	5,000	D	\$				31,599	D	40.99

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Employee Stock Option NQSO (Right to Buy)	\$ 6.15	09/28/2010		M	4,525	<u>(3)</u> 04/23/2013	Common Stock	4,525	
Employee Stock Option NQSO (Right to Buy)	\$ 21.77	09/28/2010		M	15,000	<u>(4)</u> 08/13/2012	Common Stock	15,000	
Employee Stock Option NQSO (Right to Buy)	\$ 13.23	09/28/2010		M	5,000	<u>(3)</u> 09/21/2014	Common Stock	5,000	

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

SHELTON GENERAL HENRY HUGH
C/O RED HAT, INC.
1801 VARSITY DRIVE
RALEIGH, NC 27606

X

Signatures

/s/ Kimberly Yule, Atty in fact
UPOA

09/30/2010

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
 - (1) Represents the weighted average sale price per share. The shares were sold at prices ranging from \$40.90-\$40.95 per share. Full information regarding the number of shares sold at each price shall be provided upon request to the Staff of the U.S. Securities and Exchange Commission, the Issuer, or a security holder of the Issuer.
 - (2) Represents the weighted average sale price per share. The shares were sold at prices ranging from \$40.94-\$40.99 per share. Full information regarding the number of shares sold at each price shall be provided upon request to the Staff of the U.S. Securities and Exchange Commission, the Issuer, or a security holder of the Issuer.
 - (3) This option is exercisable 33.33% on the first anniversary date of the date of grant and 8.33% on the first day of each subsequent three-month period following the first anniversary of the vesting start date.
 - (4) This option vests over a one year period in 25% increments starting on the first day of each three month period following the date of the grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.