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Red Hat Signs Definitive Agreement to Acquire JBoss

Open source leaders agree to join to drive down the cost of developing and deploying web-enabled applications

RALEIGH, NC – April 10, 2006 – Red Hat, Inc. (NASDAQ: RHAT), the world's leading provider of open source solutions to the enterprise, today announced that it has entered into a definitive agreement to acquire JBoss Inc., the global leader in open source middleware. By acquiring JBoss, Red Hat expects to accelerate the shift to service-oriented architectures (SOA) by enabling the next generation of web-enabled applications running on a low-cost, open source platform.

"It is at Red Hat's very core to help unlock the power of open source and open communities to innovate across industries, geographies and economies," said Matthew Szulik, Chairman and CEO of Red Hat. "Red Hat and JBoss are fully aligned around the belief that the open source development model continues to change the economics of enterprise IT in favor of the customer, and we truly believe in the potential of software innovation, once freed from the fetters of proprietary development."

Red Hat will acquire JBoss for approximately \$350 million in initial consideration, plus approximately \$70 million subject to the achievement of certain future performance metrics. The transaction consideration is composed of approximately 40% in cash and 60% in Red Hat common stock. The acquisition is expected to be completed around the end of Red Hat's first fiscal quarter (May 2006), subject to customary closing conditions, including regulatory approval.

The low-cost on-ramp to SOA

The adoption cycle for new technologies is littered with early adopters, who spent millions of dollars subsidizing "new" platform software that never lived-up to the hype. JBoss has shattered that model by providing innovative, standards-based middleware solutions at a low cost, to enable mainstream customers to develop and deploy next-generation, service-enabled applications sooner than previously expected. According to Gartner, Inc., the Application Integration and Middleware and Portal (AIM) markets is estimated to be more than \$6.5 billion in 2006. Paired with Red Hat's proven portfolio of enterprise solutions, Red Hat believes the combination, once consummated, will help accelerate the shift to SOA by making innovative, powerful solutions available to developers and customers that seek to lower development and deployment costs.

The common bond of Open Source

With each committed to advancing open source software and its collaborative development model, Red Hat and JBoss have been recognized as open source leaders. The large and vibrant communities around Linux and JBoss prove that the open source development model creates innovative, quality software, while providing a flexible and low cost model for customers. This acquisition is expected to accelerate enterprise adoption of open source infrastructure, and broaden the entire market opportunity for existing and new Red Hat and JBoss partners who are building value-added enterprise solutions.

A complete fit – business model, channels, service delivery, and culture

JBoss has modeled its business after Red Hat's proven subscription model – services and support, delivered through an online network. Red Hat provides established channels and global service delivery capability trusted by the enterprise. JBoss adds enterprise-proven middleware technology, community leadership, and a strong developer brand to Red Hat - a tight fit of business model and service delivery model. JBoss management chose Red Hat because it aligns to the vision of JBoss – delivering customer value by simplifying development, reducing cost barriers for adoption, and making it safer for use in mission-critical

deployments by providing expert support services and advanced management tools.

"The union of these two companies will demonstrate the benefits of a pure open source play," said Marc Fleury, CEO of JBoss. "Our customers are increasingly standardizing their infrastructures on open source technologies and want a stable and trusted global open source vendor to support them. By joining forces with Red Hat, we expect to be able to provide enterprises the largest offering of open source solutions, a global services network staffed by technology experts, and a large and vibrant eco-system of certified products and services. This is a winning combination that we believe will further expedite the proliferation of open source in the enterprise, which has been our mission since day one."

Red Hat believes that the acquisition will be slightly dilutive to its quarter ending August 31, 2006, but neutral to earnings and cash flow for the full fiscal year. The transaction is expected to be accretive to both earnings and cash flow in the next fiscal year ending February 28, 2008.

For more information please visit <http://www.redhat.com> or <http://www.jboss.com>. Red Hat will host a press/analyst webcast today at 9:15am EST. To access the webcast, please visit <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=67156&eventID=1292560>.

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About Red Hat, Inc.

Red Hat, the world's leading open source and Linux provider, is headquartered in Raleigh, NC with satellite offices spanning the globe. The most trusted name in open source, CIOs and other senior-level IT executives have ranked Red Hat as the industry's most valued vendor for two consecutive years in the *CIO Insight Magazine* Vendor Value study. Red Hat is leading Linux and open source solutions into the mainstream by making high quality, low cost technology accessible. Red Hat provides operating system software along with middleware, applications and management solutions. Red Hat also offers support, training and consulting services to its customers worldwide and through top-tier partnerships. Red Hat's open source strategy offers customers a long term plan for building infrastructures that are based on and leverage open source technologies with focus on security and ease of management. Learn more: <http://www.redhat.com>

Forward-Looking Statements

Any statements in this press release about future expectations, plans and prospects for the company, including statements containing the words "believes," "anticipates," "plans," "expects," "will," and similar expressions, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: the factors discussed in our most recent Annual Report on Form 10-Q filed with the SEC (a copy of which may be accessed through the SEC's website at <http://www.sec.gov>), reliance upon strategic relationships, management of growth, the possibility of undetected software errors, the risks of economic downturns generally, and in Red Hat's industry specifically, the risks associated with competition and competitive pricing pressures and the viability of the Internet. In addition, the forward-looking statements included in this press release represent the company's views as of the date of this press release and these views could change. However, while the company may elect to update these forward-looking statements at some point in the future, the company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the company's views as of any date subsequent to the date of the press release.