

FY2002

RED HAT, INC.

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS - FY2002

(Excludes amortization of goodwill and intangibles, stock-based compensation, merger, acquisition and other costs, and restructuring charges)

(In thousands - except per share amounts)

	Adjusted May, 31 2001	Adjusted August 31, 2001	Adjusted November, 30 2001	Adjusted February, 28 2002	Adjusted Fiscal Year 2002
Subscription and services revenue:					
Subscription:					
Enterprise	\$9,747	\$8,547	\$9,450	\$9,044	\$36,788
Embedded	1,607	1,448	1,440	1,017	5,512
Total subscription revenue	11,354	9,995	10,890	10,061	42,300
Services:					
Open source services	5,435	5,519	6,274	7,126	24,354
Embedded development services	4,572	3,413	2,889	1,382	12,256
Total services revenue	10,007	8,932	9,163	8,508	36,610
Total subscription and services revenue	21,361	18,927	20,053	18,569	78,910
Cost of subscription and services revenue:					
Subscription:					
Enterprise	2,751	2,326	2,081	1,939	9,097
Embedded	374	146	145	125	790
Total cost of subscription revenue	3,125	2,472	2,226	2,064	9,887
Services:					
Open source services	2,995	2,558	3,261	3,149	11,963
Embedded development services	2,425	1,303	1,789	1,175	6,692
Total cost of services revenue	5,420	3,861	5,050	4,324	18,655
Total cost of subscription and services revenue	8,545	6,333	7,276	6,388	28,542
Gross profit on subscription and services revenue	12,816	12,594	12,777	12,181	50,368
Hardware resale, net	-	-	-	-	-
Operating expense:					
Sales and marketing	9,861	8,422	7,368	7,791	33,442
Research and development	4,297	4,213	3,717	4,202	16,429
General and administrative	3,293	3,397	3,347	3,454	13,491
Lease buyout costs				1,501	1,501
Lease buyout proceeds				(2,240)	(2,240)
					-
					-
					-
Total operating expense	17,451	16,032	14,432	14,708	62,623
Loss from operations	(4,635)	(3,438)	(1,655)	(2,527)	(12,255)
Other interest income (expense), net	4,480	3,984	3,514	3,557	15,535
Income (loss) from continuing operations	(155)	546	1,859	1,030	3,280
Adjusted net income (loss)	\$(155)	\$546	\$1,859	\$1,030	\$3,280
Net Income (loss) per common share:					3280
Basic	\$(0.00)	\$0.00	\$0.01	\$0.01	\$0.02
Diluted	\$(0.00)	\$0.00	\$0.01	\$0.01	\$0.02
Weighted average shares outstanding:					
Basic	169,003	169,968	169,242	169,593	169,451
Diluted	169,003	169,968	169,242	169,593	169,451