

## **Voltaire Expands Profit Margins and Net Income on Higher Revenues in Fourth Quarter 2007**

*Annual revenues up 75%, surpassing \$53 million; Positive annual operating cash flow*

**BILLERICA, Mass. and HERZELIYA, Israel – February 11, 2008** – Voltaire Ltd. (NASDAQ: VOLT), a leading provider of grid backbone solutions, today announced financial results for the three and twelve month periods ended December 31, 2007.

### **Fourth Quarter Highlights** (compared to fourth quarter 2006)

- Achieved non-GAAP net income of \$1.4 million; GAAP net income of \$1.2 million
- Gross margin increased to 48.4%, up from 38.6%
- Revenues grew by 26% to \$17.4 million
- Strong operating cash flow as a result of efficient inventory management and customer collection
- Steady increase in orders generated from main commercial vertical markets during fourth quarter

### **Fourth Quarter**

Revenue for the fourth quarter of 2007 totaled \$17.4 million, an increase of 26% compared to \$13.8 million in the fourth quarter 2006.

GAAP gross profit for the fourth quarter of 2007 totaled \$8.4 million, or 48.4% of revenues, a 57% increase compared to \$5.3 million gross profit in the fourth quarter 2006, or 38.6% of revenues. GAAP operating profit for the fourth quarter of 2007 totaled \$0.5 million, compared to an operating loss of \$0.2 million in the fourth quarter of 2006. Net income for the fourth quarter of 2007 was \$1.2 million, or \$0.05 per diluted share, compared to a net loss, before non-cash accretion of redeemable preferred shares, of \$0.7 million, or \$0.05 loss per diluted share, in the fourth quarter of 2006. Net income in the fourth quarter included the recognition of a tax benefit of approximately \$0.6 million which we recorded at year end for our U.S. subsidiary, Voltaire, Inc., due to the release of a prior recorded tax valuation allowance resulting from the entity's financial results and future prospects.

Non-GAAP operating profit for the fourth quarter of 2007 totaled \$0.7 million, compared to a non-GAAP operating loss of \$0.1 million in the fourth quarter of 2006. Non-GAAP net income for the fourth quarter of 2007 totaled \$1.4 million, or \$0.06 per diluted share, compared to a non-GAAP net loss of \$0.2 million, or \$0.02 loss per diluted share, in the fourth quarter 2006. Non-GAAP net income in the fourth quarter also included the release of the tax valuation allowance noted above.

### **Full Year 2007**

Revenue for the full year 2007 totaled \$53.1 million, an increase of 75% compared to \$30.4 million in 2006.

GAAP gross profit for 2007 totaled \$23.0 million, or 43.2% of revenues, a 105% increase compared to \$11.2 million gross profit in 2006, or 36.8% of revenues. GAAP operating loss for 2007 totaled \$3.3 million, compared to an operating loss of \$8.3 million in 2006. Net loss for 2007, before non-cash accretion of redeemable preferred shares, was \$3.2 million, or \$0.19 per diluted share, compared to a net loss of \$8.8 million, or \$0.69 per diluted share, before non-cash accretion of redeemable preferred shares, in 2006.

Non-GAAP operating loss for full year 2007 totaled \$2.2 million, compared to a non-GAAP operating loss of \$8.0 million in 2006. Non-GAAP net loss for 2007 totaled \$1.5 million, or \$0.09 per diluted share, compared to a non-GAAP net loss of \$8.2 million, or \$0.62 per diluted share, in 2006.

"2007 was a major year for Voltaire in terms of growth and execution, laying strong foundations for future growth and performance in 2008 and beyond. This year we delivered on all of our financial and operational targets, reaching major new milestones. We introduced our Grid Director 20 Gigabits/second switches, became a public company, surpassed the \$50 million annual revenue mark and achieved two consecutive quarters of profitability, while steadily increasing our profit margins," commented Ronnie Kenneth, Chairman and CEO of Voltaire.

"Throughout the year we also continued to execute successfully our vertical market strategy and are seeing rapid adoption of Voltaire products in sectors outside of our traditional markets of government, research and education," added Mr. Kenneth. "Looking ahead to 2008, we intend to continue to build on these strong foundations, executing on our three core growth drivers - our vertical solutions approach, go-to-market strategy through our premier server OEM partners, and leading differentiated products, driving continued growth and execution in line with our long term business and financial model."

### **Outlook**

Revenues for the first quarter of 2008 are expected to be in the range of \$16 - \$17 million, given seasonality, while earnings per share, on a non-GAAP basis, are expected to be around breakeven.