

## **Voltaire Presents Fourth Quarter and Full Year 2008 Financial Results**

*Fourth quarter revenues total \$13.2 million; Quarterly gross margin reaches 55.5%; Ending cash and marketable securities total \$55.8 million*

**BILLERICA, Mass. and HERZLIYA, Israel – February 17, 2009** – Voltaire Ltd. (NASDAQ: VOLT), a leading provider of scale-out computing fabrics for data centers, today announced financial results for the three-month period and full year ended December 31, 2008.

### **Financial Highlights**

- Annual revenues up 16% YoY reaching \$61.6 million; Quarterly revenues total \$13.2 million
- Gross margin for the year reaches 49.7%, up from 42.6% in 2007
- Fourth quarter gross margin increases to 55.5%, compared to 47.8% in fourth quarter 2007
- Non-GAAP fourth quarter net loss totals \$1.7 million; GAAP quarterly net loss totals \$2.4 million
- Cash, cash equivalents and marketable securities at December 31, 2008 total \$55.8 million

### **Fourth Quarter 2008 Results**

Revenues for the fourth quarter of 2008 totaled \$13.2 million, compared to \$17.4 million in the fourth quarter of 2007. On a GAAP basis, gross profit for the fourth quarter of 2008 totaled \$7.3 million, compared to \$8.3 million in the fourth quarter of 2007. Gross margin for the fourth quarter of 2008 reached 55.5%, a substantial improvement from the 47.8% gross margin for the fourth quarter of 2007, primarily resulting from the change in product mix during the quarter.

On a GAAP basis, operating loss for the fourth quarter of 2008 totaled \$2.6 million, compared to operating profit of \$0.5 million in the fourth quarter of 2007. Net loss for the fourth quarter of 2008 totaled \$2.4 million, or \$0.12 per share, compared to net income of \$1.2 million, or \$0.05 per diluted share, in the fourth quarter of 2007.

On a non-GAAP basis, operating loss for the fourth quarter of 2008 totaled \$1.9 million, compared to a non-GAAP operating profit of \$0.7 million in the fourth quarter of 2007. Net loss, on a non-GAAP basis, for the fourth quarter of 2008 totaled \$1.7 million, or \$0.08 per share, compared to a non-GAAP net income of \$1.4 million, or \$0.06 per diluted share, in the fourth quarter of 2007.

Cash, cash equivalents, and marketable bonds and securities as of December 31, 2008 totaled \$55.8 million, compared to \$59.6 million as of September 30, 2008.

## **Full Year 2008 Results**

Revenue for the full year 2008 totaled \$61.6 million, an increase of 16% compared to \$53.1 million in 2007.

On a GAAP basis, gross profit for 2008 totaled \$30.6 million, a 35% increase compared to \$22.6 million gross profit in 2007. Gross margin for 2008 totaled 49.7%, a substantial increase compared to 42.6% in 2007.

On a GAAP basis, operating loss for 2008 totaled \$5.8 million, compared to a \$3.3 million operating loss in 2007. Net loss for 2008 totaled \$5.0 million, or \$0.24 per share, compared to a net loss, before non-cash accretion of redeemable preferred shares, of \$3.2 million, or \$0.19 per share in 2007.

On a non-GAAP basis, operating loss for full year 2008 narrowed to \$1.7 million, compared to \$2.2 million, in 2007. Non-GAAP net loss for 2008 narrowed to \$0.9 million, or \$0.05 per share, compared to a non-GAAP net loss of \$1.5 million, or \$0.09 per share, in 2007.

Mr. Ronnie Kenneth, Chairman and CEO of Voltaire commented, "During 2008 Voltaire presented a 16% increase in revenues finishing the year with record gross margins of 55.5%. Furthermore, we continued to maintain our leadership position in the scale-out computing market, evidenced among other things by Voltaire's 50% share of InfiniBand deployments in the Top500 super computer list, as well as continuing to acquire new Fortune500 accounts. We continued to innovate, bringing new products to market, including our Grid Director 4000 family of 40 Gb/s InfiniBand switches, as well as other hardware and software offerings that differentiate us from our competitors. We forged new revenue-generating partnerships with companies such as Oracle and strengthened our existing OEM relationships with leading server companies to position the Company for long-term growth and success."

"The turbulent macroeconomic environment, however, directly impacted the Company in the second half of the year, extending sales cycles and delaying orders into 2009. Subsequently, we initiated a series of measures with a view to preserving cash, without compromising either our research and development activities or growth prospects," added Mr. Kenneth. "Looking ahead, we believe that we have all of the right fundamentals in place – the right products, a strong channel and a differentiated vertical market approach, as well as a sound cash position in excess of \$55 million, to secure our long term growth. Some of the important milestones that occurred in the second half of 2008 that will help generate new revenue opportunities for Voltaire in 2009 include the availability of our 40 Gb/s InfiniBand platforms, our place as the interconnect fabric for the HP Oracle Database Machine and developing the new 40 Gb/s switch for IBM BladeCenter. We believe that these developments, along with our continued innovation and plans to launch new products this year, will enable us to continue to advance our leadership in the scale out computing market."

## **Outlook**

Management expects revenues for the full year of 2009 to be around \$50 million. Gross margin for the year is expected to be in the range of 50-55%, while non-GAAP operating expense levels are expected to remain at a similar level to 2008.