

## Voltaire Announces Continued Growth in Third Quarter 2010 Results

*Voltaire continues its strong revenue growth and reports positive operating cash flow*

**CHELMSFORD, Mass. and RA'ANANA, Israel – November 1, 2010** – Voltaire Ltd. (NASDAQ: VOLT), a leading provider of scale-out data center fabrics, today announced financial results for the three month period ended September 30, 2010.

### Third Quarter 2010 Main Highlights

- Year-over-year revenue growth of 25% and sequential revenue growth of 9%, reaching \$18.1 million;
- GAAP net loss reduced to \$0.8 million compared with \$1.5 million in the third quarter of last year; non-GAAP net loss at \$49 thousand
- GAAP operating loss reduced to \$0.6 million compared with \$1.5 million in the third quarter of last year; Non-GAAP operating profit at \$101 thousand;
- Positive operating cash flow of \$3.6 million contributed to cash, cash equivalents and marketable securities as of September 30, 2010, which totaled \$44.7 million; and
- Management expects revenues at the top end of the previously provided full year 2010 guidance range \$67-70 million;

### Third Quarter Results

**Revenues** for the third quarter of 2010 totaled \$18.1 million, an increase of 25% compared to \$14.5 million reported in the third quarter of 2009.

**Gross profit** for the third quarter of 2010 totaled \$9.4 million, an increase of 27% compared to \$7.4 million in the third quarter of 2009. Gross margin for the third quarter of 2010 totaled 51.9%, an improvement compared to 51% for the third quarter of 2009.

**Operating loss on a GAAP basis**, for the third quarter of 2010 totaled \$618 thousand, an improvement compared to the operating loss of \$1.5 million reported in the third quarter of 2009.

**Operating income on a non-GAAP basis**, for the third quarter of 2010 totaled \$101 thousand, a substantial improvement compared to the operating loss of \$895 thousand reported in the third quarter of 2009.

Net loss on a GAAP basis, for the third quarter of 2010 totaled \$768 thousand, or \$0.04 loss per share. This represents an improvement from a net loss of \$1.5 million, or \$0.07 loss per share, in the third quarter of 2009. Net loss on a non-GAAP basis, for the third quarter of 2010 totaled \$49 thousand, compared to a net loss, on a non-GAAP basis, of \$949 thousand, or \$0.05 loss per share, in the third quarter of 2009.

The company generated a positive operating cash flow of \$3.6 million in the quarter. Cash, cash equivalents and marketable securities as of September 30, 2010, totaled \$44.7 million with no debt, compared to \$41.8 million as of June 30, 2010.

## **Management Comments**

**Mr. Ronnie Kenneth, Chairman and CEO of Voltaire commented,** “We are very pleased with our business performance and strong financial results in the quarter. In the third quarter, we achieved a major financial milestone. We significantly improved our bottom line and generated positive cash flow, while increasing sales of our software and Ethernet solutions-- our top two long-term growth engines for the business. Time and again, our software proves to be a major differentiator for both our Ethernet and InfiniBand products and enhances our competitive edge. Through effective execution of a well-defined strategy, we are experiencing strong channel development and a growing customer roster. I look forward to enjoying the continuing fruits of our efforts for the coming quarters and years ahead.”

## **Outlook**

Management updates its outlook for the year, expecting 2010 revenues to come in at the top end of its formerly provided full year guidance range, which was between \$67 - 70 million with full year gross margins to be approximately 52%. Management improves its outlook for full year expenses, with operating expenses for 2010 to be in the range of \$37.0 to 37.5 million, updated from an earlier estimate of between \$38.0 to 39.5 million.

## **Third Quarter Press Release Highlights**

- **Sept. 20** - Voltaire Introduces New Software for Ultra-Fast Storage Access
- **Aug. 30** - Voltaire Announces High Density 10 GbE Switch for Efficient Scaling of Cloud Networks
- **Aug. 27** - Voltaire Offers Expertise on Improving Advanced Trading

## **Use of Non-GAAP Financial Measures**

Voltaire reports its results of operations in accordance with GAAP and, additionally, on a non-GAAP basis. Non-GAAP operating income (loss) and non-GAAP net income (loss) are calculated based on the operating income (loss) or net income (loss) in Voltaire’s financial statements excluding non-cash equity-based compensation charges recorded in accordance with SFAS 123R. Reconciliation of this non-GAAP measure to operating income (loss) and net income (loss), the most comparable GAAP measures, is provided in the schedules attached to this release. Voltaire provides these non-GAAP financial measures because its management believes that they are useful in enhancing investors’ understanding of Voltaire’s ongoing performance. Voltaire uses internally the Non-GAAP information to evaluate the Company’s ongoing performance. Voltaire is providing this information to investors to enable them to perform comparisons of operating results in a manner similar to how the Company analyzes its operating results.