

Volterra is providing the following supplemental reconciliation to highlight some of the financial effects of its current intellectual property litigation, as discussed in the Company's earnings call on January 25, 2010.

Non-GAAP Financial Measures

Volterra provides all information required in accordance with generally accepted accounting principles (GAAP), but it believes that evaluating its financial results may be difficult if limited to reviewing only GAAP financial measures. Volterra's management believes the non-GAAP information provided is useful to investors and other users of its financial information and its inclusion with our financial results is warranted for several reasons:

- * it can enhance the understanding of Volterra's financial performance by adjusting for special, non-recurring items that may obscure results and trends in our core operating performance, particularly in reconciling differences between reported income and actual cash flows;
- * it can provide consistency in reviewing Volterra's historical performance between periods, as well as allowing for better comparisons of Volterra's performance with similar companies in Volterra's industry;
- * it allows users to evaluate the results of the business using the same financial measures that management uses to evaluate and manage Volterra's internal planning, budgeting and operations; and
- * it provides investors with additional information used by management, its board of directors and committees thereof, to determine management compensation.

Volterra's discussion at today's earnings call uses calculations of (i) non-GAAP gross margin and non-GAAP gross margin as a percent of revenue, which represents gross margin excluding the effect of stock-based compensation; (ii) non-GAAP income from operations (and its components, non-GAAP research and development expense, non-GAAP selling, general, and administrative expense, non-GAAP total operating expenses, and including non-GAAP gross margin as indicated above) as well as non-GAAP operating margin as a percent of revenue which represent income from operations and its components excluding the effect of stock-based compensation and special items such as restructuring charges, net of tax; (iii) non-GAAP annual effective tax rate and the associated non-GAAP income tax expense, which represents the effective tax rate without the effect of stock-based compensation and income tax expense recalculated excluding the effect of stock-based compensation and special items on non-GAAP income before tax; and (iv) non-GAAP net income (and its components listed above), non-GAAP net margin as a percent of revenue, and non-GAAP diluted net income per share, which represents net income and diluted net income per share excluding the effect of stock-based compensation expense and special items such as restructuring charges, net of tax.

Investors should note that the non-GAAP financial measures used by Volterra may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies. Whenever Volterra discloses such a non-GAAP financial measure, it provides a reconciliation of non-GAAP financial measures to what it believes to be the most closely applicable GAAP financial measure. A reconciliation of GAAP net income to non-GAAP net income is included in the financial statements portion of the Company's press release filed today. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure.

VOLTERRA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended December 31, 2009				
	GAAP*	Effect of Stock-based Compensation*	Non-GAAP*	Litigation Expense	Non-GAAP Results, Less Litigation Expense
Gross margin	\$ 21,552	\$ (126)	\$ 21,678	\$ -	\$ 21,678
Gross margin %	63.0%	-0.4%	63.4%	-	63.4%
Operating expenses:					
Research and development	\$ 7,444	\$ 776	\$ 6,668	\$ -	\$ 6,668
Selling, general and administrative	5,628	620	5,008	-	5,008
Litigation**	1,631	-	1,631	1,631	-
Total operating expenses	\$ 14,703	\$ 1,396	\$ 13,307	\$ 1,631	\$ 11,676
Income from operations	\$ 6,849	\$ (1,522)	\$ 8,371	\$ (1,631)	\$ 10,002
Operating margin %	20.0%	-4.5%	24.5%	-4.8%	29.3%
Annual effective tax rate	2.1%	0.2%	1.9%	-	1.9%
Income tax (benefit)	\$ (145)	\$ 41	\$ (104)	\$ -	\$ (104)
Net income	\$ 6,958	\$ (1,481)	\$ 8,439	\$ (1,631)	\$ 10,070
Diluted net income per share	\$ 0.28	\$ (0.06)	\$ 0.34	\$ (0.06)	\$ 0.40

	Three Months Ended December 31, 2008				
	GAAP*	Effect of Stock-based Compensation*	Non-GAAP*	Litigation Expense	Non-GAAP Results, Less Litigation Expense
Gross margin	\$ 12,248	\$ (54)	\$ 12,302	\$ -	\$ 12,302
Gross margin %	56.0%	-0.3%	56.3%		56.3%
Operating expenses:					
Research and development	\$ 6,306	\$ 555	\$ 5,751	\$ -	\$ 5,751
Selling, general and administrative	4,564	475	4,089	-	4,089
Litigation**	332	-	332	332	-

Total operating expenses	\$ 11,202	\$ 1,030	\$ 10,172	\$ 332	\$ 9,840
Income from operations	\$ 1,046	\$ (1,084)	\$ 2,130	\$ (332)	\$ 2,462
Operating margin %	4.8%	-4.9%	9.7%	-1.6%	11.3%
Annual effective tax rate	3.8%	0.9%	2.9%	-	2.9%
Income tax expense (benefit)	\$ 22	\$ (30)	\$ (8)	\$ -	\$ (8)
Net income	\$ 1,094	\$ (1,114)	\$ 2,208	\$ (332)	\$ 2,540
Diluted net income per share	\$ 0.04	\$ (0.05)	\$ 0.09	\$ (0.01)	\$ 0.10

VOLTERRA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In thousands, except per share amounts)

(Unaudited)

Twelve Months Ended December 31, 2009

	GAAP	Effect of Stock-based Compensation	Non- GAAP	Litigation Expense	Non- GAAP Results, Less Litigation Expense
Gross margin	\$ 62,687	\$ (425)	\$ 63,112	\$ -	\$ 63,112
Gross margin %	59.7%	-0.4%	60.1%		60.1%
Operating expenses:					
Research and development	\$ 26,557	\$ 2,705	\$ 23,852	\$ -	\$ 23,852
Selling, general and administrative	19,731	2,303	17,428	-	17,428
Litigation**	5,225	-	5,225	5,225	-
Total operating expenses	\$ 51,513	\$ 5,008	\$ 46,505	\$ 5,225	\$ 41,280
Income from operations	\$ 11,174	\$ (5,433)	\$ 16,607	\$ (5,225)	\$ 21,832
Operating margin %	10.6%	-5.2%	15.8%	-5.0%	20.8%
Annual effective tax rate	2.1%	0.2%	1.9%	-	1.9%
Income tax expense	\$ 229	\$ 85	\$ 314	\$ -	\$ 314
Net income	\$ 10,940	\$ (5,348)	\$ 16,288	\$ (5,225)	\$ 21,513
Diluted net income per share	\$ 0.45	\$ (0.22)	\$ 0.67	\$ (0.21)	\$ 0.88

Twelve Months Ended December 31, 2008

	GAAP	Effect of Stock-based Compensation	Non- GAAP	Litigation Expense	Non- GAAP Results, Less Litigation Expense
Gross margin	\$ 58,938	\$ (232)	\$ 59,170	\$ -	\$ 59,170
Gross margin %	56.6%	-0.2%	56.8%		56.8%
Operating expenses:					
Research and development	\$ 26,090	\$ 1,965	\$ 24,125	\$ -	\$ 24,125
Selling, general and administrative	18,560	1,925	16,635	-	16,635
Litigation**	332	-	332	332	-
Total operating expenses	\$ 44,982	\$ 3,890	\$ 41,092	\$ 332	\$ 40,760
Income from operations	\$ 13,956	\$ (4,122)	\$ 18,078	\$ (332)	\$ 18,410
Operating margin %	13.4%	-4.0%	17.4%	-0.3%	17.7%
Annual effective tax rate	3.8%	0.9%	2.9%	-	2.9%
Income tax expense	\$ 557	\$ (37)	\$ 520	\$ -	\$ 520
Net income	\$ 14,258	\$ (4,159)	\$ 18,417	\$ (332)	\$ 18,749
Diluted net income per share	\$ 0.57	\$ (0.16)	\$ 0.73	\$ (0.01)	\$ 0.74

*As disclosed in the Company's Press Release dated January 25, 2010.

**Litigation expenses were previously included in Selling, general and administrative expenses.