

Volcano Corporation

Policy Regarding the Granting of Equity-Based Compensation Awards

Adopted by the Board of Directors on January 23, 2007

Background

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Volcano Corporation ("Volcano") believes that equity-based compensation is an important component of Volcano's overall compensation structure. It has been the Committee's practice to approve a grant of awards to Volcano employees on an annual basis. The Committee has sole authority for granting equity compensation to the Company's Section 16 reporting officers.

In addition to this annual grant, the Board has delegated to the Chief Executive Officer and the Chief Financial Officer of Volcano (the "Company's Stock Option Committee") the authority (subject to certain limitations) to make other grants to non-executive officer employees (referred to herein as "new hire" and "promotion" grants) in situations where the Company is seeking to attract new personnel and to award and provide additional incentive to such non-executive officer employees.

Recently, there have been widespread allegations involving a number of companies of option backdating and other practices designed to provide "built-in" value for an equity award from the date of grant. Given the importance to investors and others of maintaining the integrity of Volcano's equity award process, the Committee has adopted this policy.

General Statement of Policy

It is the policy of the Company that neither the Board (including the Committee, the Stock Option Committee or any other committee of the Board) nor any member of the Company's management shall backdate any equity grant, or manipulate the timing of the public release of material information or of any equity award with the intent of benefiting a grantee under an equity award. In furtherance of this policy, the Committee has adopted the specific practices described below.

Annual, New Hire and Promotion Grants

The Board believes that establishing fixed grant dates for the award of equity grants, to the extent possible, is an important measure to ensure the integrity of the award granting process. Accordingly, each annual grant, new hire grant and promotion grant of equity-based compensation shall be awarded on a pre-determined date, as follows:

Annual Grant. The annual grant of equity-based compensation awards shall be approved by the Committee on the date of the first regularly scheduled meeting of the Committee held during the first quarter of each year, and such date shall serve as the grant date of such awards. The date of the first regularly scheduled meeting of the Committee to be held during the first quarter of each year shall, to the extent possible, be held in January each year on a date established at least 3 months prior to the date of the meeting.

New Hire and Promotion Grants. New Hire and Promotion grants shall be approved by the Company's Stock Option Committee, and shall be deemed to be granted, on the first business day of each fiscal quarter. New hire and promotion grants shall be made using terms, conditions and forms approved by the Board or the Committee. In furtherance of the foregoing, grant amounts shall follow approved annual guidelines established by the Board or Committee. New

hire and promotion grants approved by the Company's Stock Option Committee during a quarter shall be reported to the Committee at its next regular meeting.

Fair Market Value

In no event shall the exercise price or value of an award be determined by reference to the fair market value of the Company's stock on a day other than the grant date of the award. The fair market value of the Company's stock on a grant date shall be the closing price for a share of the Company's stock on such day as reported by the Nasdaq Global Market or such other source as the Board (or applicable committee) deems reliable, or such other definition of fair market value as approved by the Committee prior to use.

Director Equity Awards

Non-employee directors shall receive equity compensation awards as determined from time-to-time in accordance with any director compensation policy established by the Company.

Timing of Public Announcements

The Company shall not purposely accelerate or delay the public release of material information in consideration of a pending equity grant in order to allow the grantee to benefit from a more favorable stock price. However, a release of information by the Company in close proximity to an equity grant could create the appearance of an effort to time the announcement to a grantee's benefit, even if no such benefit was intended. Accordingly, the Company's management shall make a good faith effort to advise the Committee whenever it is aware that material non-public information is planned to be released to the public in close proximity to the grant of an equity-based compensation award.

Publication

This Policy shall be posted on the "Corporate Governance" page of the Company's website.