

VOLCANO CORPORATION
CORPORATE GOVERNANCE GUIDELINES

Adopted February 17, 2006
Revised August 26, 2008

The business of Volcano Corporation (the “Company”) is managed under the direction of its Board of Directors (the “Board”). The basic responsibility of the Board is to exercise its business judgment to act in what it believes to be the best interests of the Company and its stockholders. The Board believes that sound governance practices and policies provide an important framework to assist it in fulfilling its duty to stockholders. The Board will rely on the following guidelines to provide that framework. These guidelines are not absolute rules. Actual practice can be modified to reflect changes in the Company’s organization or business environment. They should be interpreted in the context of applicable law, the Company’s Certificate of Incorporation and Bylaws, and other governance documents such as committee charters.

1. Role of the Board and Management

The Board, directly and through certain designated committees of the Board (including the “Audit Committee”, the “Compensation Committee” and the “Corporate Governance Committee”, each a “Committee” and, collectively, the “Committees”) performs the following principal functions: (i) electing, evaluating, compensating and, where necessary, replacing the Chief Executive Officer; (ii) in consultation with the Chief Executive Officer, electing the executive officers; (iii) reviewing and/or approving corporate strategy, annual goals and operating budgets, mergers and acquisitions, significant financings and other material business transactions; (iv) acting as an advisor and counselor to the management of the Company (the “Management”) and monitoring its performance; (v) providing general oversight of the business; (vi) evaluating and establishing Board processes, performance and compensation; and (vii) monitoring legal and ethical conduct.

Management executes the approved plans and budgets and is responsible for the day-to-day management of the Company.

2. Selection of Chairperson; Lead Independent Director

The Board has the sole responsibility to select the chairperson of the Board (the “Chairperson”). The Chairperson shall have the responsibility for leading meetings of the Board. The Chief Executive Officer, in consultation with Management, shall have the responsibility for managing the Company. The Chief Executive Officer may or may not be a member of the Board as determined by the Board; provided, however that the Chief Executive Officer shall not serve as the Chairperson.

At such time as the Board has not designated a Chairperson, or if the Chairperson is not an independent director, the Board may designate an independent director as lead independent director to serve until replaced by the Board (“Lead Independent Director”), which shall occur

on an annual basis or as otherwise determined by the Board. The Lead Independent Director (if one has been designated by the Board) will have the following responsibilities:

- In consultation with appropriate members of management, establish the agenda for regular Board meetings and serve as chairperson of Board meetings;
- Establish the agenda for meetings of the independent directors;
- Preside over meetings of the independent directors;
- Coordinate the activities of the other independent directors; and
- Perform such other duties as may be established or delegated by the Corporate Governance Committee or the Board.

3. Director Responsibilities

The Board shall hold at least four (4) scheduled meetings each year, at which it will review and discuss reports by Management on the performance of the Company, its plans and prospects, as well as immediate and long-term strategic issues facing the Company. The Committees shall also have regularly scheduled meetings throughout the year. The Board and the Committees shall hold additional meetings on an as needed basis and members of the Board (the “Directors”) are expected to attend these meetings whenever possible. In addition to its general oversight of Management and other obligations imposed by the Company’s Certificate of Incorporation and Bylaws and the Delaware General Corporation Law, the Board or a Committee shall perform the following:

- (a) electing, evaluating and compensating the executive officers and overseeing executive officer succession planning;
- (b) reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- (c) assessing major risks facing the Company and reviewing options for the mitigation of such risks; and
- (d) overseeing the processes for maintaining the integrity of the Company, including the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

4. Director Selection Process

The Board is responsible for selecting new members to join the Board and will either elect a new member to fill a vacant seat or nominate individuals for election by the stockholders at an Annual Meeting of Stockholders. The Board may delegate the screening process involved in such selection to the Corporate Governance Committee, or other appropriate Committee, with direct input from the Chairperson or the Lead Independent Director (if one has been designated

by the Board), the Chief Executive Officer and such other executive officers as such Committee deems appropriate. Stockholders may propose nominees for consideration by the Corporate Governance Committee by submitting names and supporting information to the secretary of the Company (the “Secretary”) in accordance with the deadlines and procedures set forth in the Company’s Bylaws and its proxy statements for Annual Meetings of the Stockholders.

5. Board Committees

It is the general policy of the Company that all major decisions be considered by the Board as a whole but that certain decisions are specifically delegated to Committees as set forth in the Committee charters, which charters are approved by the Board. Except as otherwise required by applicable laws, regulations or listing standards, or permitted by applicable laws and memorialized in specific Committee charters, the Board supports a committee structure in which the Committees study and consider issues, and in some cases, bring a recommendation to the Board. The Board currently has established the following Committees to assist the board in discharging its responsibilities:

- (a) Audit Committee;
- (b) Compensation Committee; and
- (c) Corporate Governance Committee.

From time to time, *ad hoc* committees may be established for special assignments.

The chairperson of each Committee (each, a “Committee Chairperson”) reports the highlights of the meetings of his or her Committee to the Board in the regularly scheduled meetings of the Board. The Audit Committee, Compensation Committee and Corporate Governance Committee are made up entirely of independent Directors. The membership of the Committees may be rotated among Board members from time to time as determined by the Board.

6. Appointment of Committee Members

The Corporate Governance Committee is responsible, with consideration of the recommendations of the Chairperson or the Lead Independent Director (if one has been designated by the Board), the Chief Executive Officer and individual Board members, for recommending to the Board for approval, Board members and chairpersons of the committees of the Board. In making such selection or recommendation, the Corporate Governance Committee will take into consideration individual skill sets and preferences as well as any requirements of Committee charters.

7. Meeting Agenda

The Chairperson or the Lead Independent Director (if one has been designated by the Board), and the chairperson of each Committee (or other designated Director if the respective chairperson or Lead Independent Director is not available), in consultation with the appropriate members of Management, will develop the agenda of each meeting of the Board or Committee, as applicable. As a general rule, the agenda and supporting materials will be distributed prior to a

meeting. Individual Directors may add topics to the agenda by contacting the Chairperson or the Lead Independent Director (if one has been designated by the Board), or designated Director. In addition, the Chairperson or the Lead Independent Director (if one has been designated by the Board), or designee may solicit topics from individual Directors.

8. Materials Distributed in Advance

To the extent practicable, information and data that is important to the Board's or Committee's understanding of the business will be distributed in writing before a meeting. Management will endeavor to make the material concise while still providing the desired information.

9. Executive Sessions of the Board

The Board shall regularly conduct executive sessions of the independent Directors. Executive session discussions may include such topics as the independent directors determine. The directors generally shall not take formal action at these sessions, but may make recommendations for consideration by the full Board.

10. Board Access to Management

Board members have complete access to Management. Furthermore, the Board encourages Management to, from time to time, bring executives and managers into meetings of the Board who can provide additional insight to the issues being discussed by the Board. The Board and each committee shall have the power to hire at the expense of the Company, independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

11. Director Compensation

Directors who are also our employees do not receive additional compensation for serving on the Board. The compensation and benefits for non-employee Directors shall be governed by the "Director Compensation Policy". The Board approved the Director Compensation Policy intending that Board compensation should fairly pay Directors for work required in a company of the Company's operational size and scope; compensation should align Directors' interests with the long-term interests of stockholders; and the structure of the compensation should be adequate to enable the Company to attract and retain well-qualified Directors. The Compensation Committee should determine and report to the Board of Directors the status of Board compensation in relation to other like companies. Changes in Board compensation, if any, should be reviewed and approved by the Compensation Committee, but with discussion of the Board.

12. Size of the Board

The Board should consider the appropriate size of the Board consistent with the Company's Bylaws and fix the number of Directors pursuant to a resolution adopted by a majority of the Board.

13. Attendance of Board Meetings

Directors are expected, to the extent possible, to attend all meetings of the Board and all applicable Committee meetings, in person or by phone.

14. Independent Directors

No less than a two-thirds majority of Directors on the Board will be independent Directors. An “independent Director” is one who is independent of Management and free from any relationship that, in the opinion of the Corporate Governance Committee, would interfere with the exercise of independent judgment as a Director and who meets the definition of independence set forth in applicable SEC and Nasdaq regulations.

15. Board Membership Criteria

Directors should possess the highest personal and professional ethics, and be committed to representing the long-term interests of the stockholders. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. The Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board, the requirements of applicable law and the requirements of the Company’s Bylaws.

16. Assessing the Board’s Performance

The Board and the Committees will perform an annual self-evaluation of their performance and shall consider their goals and objectives for the coming year. Directors will be requested to provide their assessments of the effectiveness of the Board and the Committees on which they serve. The assessments will be presented to, and discussed by, the Board.

The Corporate Governance Committee is responsible to solicit feedback on the Board’s performance and report to the Board, on an annual basis, an assessment of the Board’s performance. This report will be discussed by the Board. This assessment is of the Board’s contribution as a whole and specifically reviews areas in which the Board and/or Management believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to review individual Board members.

In addition, the Corporate Governance Committee will review the performance of each individual Board member prior to nominating him or her for reelection.

17. Term Limits

Directors currently serve in accordance with the Company’s Bylaws for three (3) year terms. The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide continuity and valuable insight into the Company, its operations and prospects based on their experience with, and understanding of, the Company’s history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Corporate Governance Guidelines.

18. Retirement Age

It is the sense of the Board that Directors will volunteer to resign from the Board at the end of the term during which they reach the age of 70. While a retirement age could help ensure that there are fresh ideas and viewpoints available to the Board, it holds the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. Therefore, Directors shall be expected to resign from the Board at the end of the term during which they reach the age of 70 unless, upon recommendation of the Corporate Governance Committee, the Board shall approve additional terms.

19. Formal Evaluation of the Chief Executive Officer

After the close of the fiscal year, the Compensation Committee will present to the Board an annual evaluation of the Chief Executive Officer. The Chief Executive Officer shall not be present during such presentation. After the Board has accepted the evaluation, including acceptance by the independent Directors, the evaluation will be communicated to the Chief Executive Officer by the Compensation Committee Chairperson. The evaluation will be based on objective criteria including the criteria set forth in the Chief Executive Officer's employment agreement with the Company, if any, and the Compensation Committee charter and communicated to the Chief Executive Officer at the beginning of each fiscal year. The evaluation will be used by the Compensation Committee when considering the compensation of the Chief Executive Officer.

20. Evaluation of Executive Officers

After the close of each fiscal year, the Chief Executive Officer will present to the Compensation Committee an annual evaluation of each of the Company's executive officers for review by the Compensation Committee. After the Compensation Committee has accepted the evaluations, the evaluations will be communicated to the executive officers by the Chief Executive Officer. The Chairperson of the Compensation Committee will present a summary of the evaluations to the Board.

21. Management Development

There will be available, on a continuing basis, the Chief Executive Officer's recommendation as to his or her successor should he or she be unexpectedly disabled or otherwise unable or unwilling to serve. There will be an annual report by the Chief Executive Officer to the Board on succession planning.

In addition, the Chief Executive Officer and the Compensation Committee will undertake an annual review of the performance of the other executive officers and the extent to which these officers have accomplished their goals. The Compensation Committee may, in turn, provide a summary of these reports and reviews to the Board.

22. Board Interaction with Stockholders, the Press, Customers, etc.

Management speaks for the Company. Directors do not speak for the Company. Stockholders and other interested persons may communicate with Directors by writing to them through the Secretary in accordance with the Stockholder Communication Policy.

23. Conflicts of Interest

A Director's business or family relationships may occasionally give rise to that Director's material personal interest on a particular issue. Each Director is responsible for disclosing situations that he or she reasonably believes give rise to a potential conflicts of interest to the Corporate Governance Committee or to the Corporate Compliance Officer in accordance with the Company's Code of Business Conduct and Ethics. The Board, upon recommendation of the Corporate Governance Committee and after consultation with the Company's outside counsel, determines on a case-by-case basis whether such a conflict of interest exists. The Board takes appropriate steps to identify such potential conflicts and to assure that all Directors voting on an issue are disinterested with respect to that issue. The Board, upon recommendation of the Corporate Governance Committee and after consultation with the Company's outside counsel, may require that all Directors complete an annual questionnaire to, among other purposes, assist in identification of conflicts or potential conflicts.

The Company shall not enter into any transaction with any Director without the prior approval of the Audit Committee of the Board.

24. Donations to Director or Officer Charities

Except for any contributions made pursuant to a Company matching program that is generally available to all employees, the Company shall not make any donation to any charity with which any Director or officer is affiliated without the prior approval of the Board.

25. Director Orientation and Continuing Education

The Board encourages Directors to participate in continuing education programs, including, but not limited to, those recommended by the Corporate Governance Committee.

The Corporate Governance Committee oversees the Corporation's Director orientation and Director continuing education programs, which are set forth below:

(a) The Company shall be responsible for providing an orientation for new Directors, and periodically providing materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties.

(b) Following a Director's initial election to the Board, such Director shall receive a personal briefing from Management on the Company's strategic plans, financial statements, and key policies and practices.

(c) Directors are encouraged to attend director continuing education institutes and programs offered by certain national associations, universities, and other third

parties. The Company shall pay reasonable expenses and fees occurred for attendance at these programs.

26. Membership on other Boards

From time to time, Directors or officers may wish to serve on the boards of other public, private, or non-profit organizations. Such service is often in the best interests of both the Company and the individual, but the Company has a legitimate interest in protecting against conflicts of interest and limiting demands on a Director's or officer's time. Therefore, the following procedures shall apply: if a Director or officer intends to join a board, he or she shall so notify the Corporate Governance Committee, with a copy to the Secretary of the Company. Directors are expected to limit membership on boards of other public companies to the extent necessary to prevent interference with fulfilling responsibilities and duties to the Company.

27. Board Access to Independent Advisors

The Board shall have the authority to obtain advice and assistance from internal or external legal, financial accounting or other advisors.

28. Code of Business Conduct and Ethics

All of the Company's employees, officers, and Directors are required to abide by the Company's Code of Business Conduct and Ethics (the "Code"). The Board expects Directors, officers, and employees, to act ethically at all times and to adhere to this Code. The Sarbanes-Oxley Act of 2002 also requires companies to have procedures to receive, retain, and treat employee complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. We have such procedures in place and the Company's hotlines are set forth in the Company's Whistleblower Policy.

Reference Documents

Section 11 Director Compensation Policy

Section 22 Stockholder Communication Policy

Section 28 Whistleblower Policy