



Orckit Communications Reports 2003 Fourth Quarter and Year End Results

TEL AVIV, Israel, January 22, 2004 -- Orckit Communications Ltd. (Nasdaq: ORCT) today reported results for the fourth quarter and year-end ended December 31, 2003.

Revenues in the fourth quarter of 2003 were \$173,000 compared to \$3.8 million in the quarter ended December 31, 2002. The net loss for the quarter was \$5.5 million, or \$(1.26) per share, compared to net income of \$4.6 million, or \$0.92 per diluted share, for the quarter ended December 31, 2002. Results for the quarter ended December 31, 2002 included financial income of \$6.9 million, primarily from the early retirement of Orckit's convertible subordinated notes and interest on a long-term loan.

Revenues for the year ended December 31, 2003 were \$1.7 million compared to \$53.4 million for the year ended December 31, 2002. Net loss for the year ended December 31, 2003 was \$21.6 million, or \$(4.62) per share, compared to net income of \$4.1 million, or \$0.79 per diluted share, for the year ended December 31, 2002. Results for the years ended December 31, 2003 and 2002 included financial income of \$5.1 million and \$ 17.6 million respectively, primarily from the early retirement of Orckit's convertible subordinated notes.

The key highlights for the quarter:

-- Orckit's majority-owned subsidiary, Corrigent Systems, continued to make progress toward commercial deployment of its packet-ADM CM 100 metro product line. The CM 100 is gaining traction among telecom carriers as this platform offers 10 Gig and 2.5 Gig ring connections with high port density for packetized and SONET/TDM services. The platform also offers a wide range of line card interfaces, including 1 Gbps, 10/100 Mbps and OC-x/DS-x.

-- Corrigent received new Requests for Information (RFIs) from U.S. and Asian carriers that require Resilient Packet Ring (RPR) metro solutions for Ethernet and SONET/SDH services. It is expected that RPR-based solutions will better handle the growth of data transmission in metro networks than traditional SONET/SDH equipment.

-- Market awareness of the prospects for RPR increased. According to a recent report on "Metro Ethernet Equipment" from Infonetics Research, a leading telecom market research firm, the worldwide RPR market is projected to grow at a CAGR of 32% to approximately \$1 billion by 2007.

-- The board of directors of Orckit approved the redemption of all outstanding 5.75% Convertible Subordinated Notes at their principal amount of \$16.2 million, plus accrued and unpaid interest to the redemption date. Redemption is expected to conclude on April 1, 2004.

Izhak Tamir, President of Orckit, commented: "Corrigent is preparing for the commercial launch of its packet ADM platform, and we expect the first commercial deployment of the product in 2004. In order to support carrier requirements, Corrigent is focused on new releases and additional functionalities to enable a wider range of services."

Mr. Tamir added: "Fiber-based services are expected to be the main growth drivers of packet data transmissions over metro networks. Expansion of fiber infrastructure in Asia and the US and deployment of Fiber-to-the-premise (FTTP) and Fiber-to-the-curb (FTTC) networks are intensifying the load on metro networks and are expected to support the demand for Corrigent's solutions and products."

Mr. Tamir concluded: "2004 will be a year of transition for Orckit, in which our three years of investment in Corrigent are expected to generate commercial sales. We believe that a substantial market need exists for a solution that addresses increasing demand for packet capacity in the metro network. Corrigent's CM-100 product line provides a best-of-breed solution for that need."

About Orckit Communications

Orckit Communications Ltd. is a leading provider of advanced telecom equipment targeting high capacity broadband services. Orckit is a majority shareholder of Corrigent Systems, which is developing metro transport telecom products designed to provide SONET and Ethernet services utilizing advanced packet technologies.

Certain matters discussed in this news release are forward-looking statements that involve a number of risks and uncertainties including, but not limited to, risks in product development plans and schedules, rapid technological change, changes and delays in product approval and introduction, customer acceptance of new products, the impact of competitive products and pricing, market acceptance, the lengthy sales cycle, proprietary rights of the Company and its competitors, risk of operations in Israel, government regulation, dependence on third parties to manufacture products, general economic conditions and other risk factors detailed in the Company's United States Securities and Exchange Commission filings. Orckit assumes no obligation to update the information in this release.

**ORCKIT COMMUNICATIONS LTD.
CONSOLIDATED BALANCE SHEETS**

(US\$ in thousands)

	December 31 <u>2003</u> (Audited)	December 31 <u>2002</u> (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,048	\$ 10,165
Short-term investments	29,075	53,684
Trade receivables	147	786
Other receivables	1,596	2,443
Inventories	<u>100</u>	<u>100</u>
Total current assets	40,966	67,178
Long term Investments	40,418	52,829
Long term loan to related party		7,000
Severance pay fund	2,707	2,150
Property and equipment, net	2,093	6,070
Deferred issuance costs, net	<u>147</u>	<u>623</u>
Total assets	\$ 86,331 =====	\$ 135,850 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade payables	\$ 3,108	\$ 4,827
Accrued expenses and other payables	<u>5,878</u>	<u>7,158</u>
Total current liabilities	8,986	11,985
Long term liabilities:		
Accrued Severance pay	3,435	3,265
Convertible subordinated notes	<u>16,238</u>	<u>38,179</u>
Total liabilities	28,659	53,429
Shareholders' equity	<u>57,672</u>	<u>82,421</u>
Total liabilities and shareholders' equity	\$ 86,331 =====	\$ 135,850 =====

ORCKIT COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(US\$ in thousands, except per share data)

	Three Months Ended December 31		Year Ended December 31	
	<u>2003</u> (Unaudited)	<u>2002</u> (Unaudited)	<u>2003</u> (Audited)	<u>2002</u> (Audited)
Revenues	\$ 173	\$ 3,805	\$ 1,683	\$ 53,420
Cost of revenues	27	(2,841)	748	32,963
Gross profit	<u>146</u>	<u>6,646</u>	<u>935</u>	<u>20,457</u>
Research and development expenses, net	3,289	5,197	15,003	19,291
Selling, general and administrative expenses	2,625	3,784	12,656	14,699
Total operating expenses	<u>5,914</u>	<u>8,981</u>	<u>27,659</u>	<u>33,990</u>
Operating loss	<u>(5,768)</u>	<u>(2,335)</u>	<u>(26,724)</u>	<u>(13,533)</u>
Financial income, net	293	6,925	5,108	17,616
Net income (loss)	\$ <u>(5,475)</u>	\$ <u>4,590</u>	\$ <u>(21,616)</u>	\$ <u>4,083</u>
Net income (loss) per share - basic	\$ <u>(1.26)</u>	\$ <u>0.92</u>	\$ <u>(4.62)</u>	\$ <u>0.83</u>
Net income (loss) per share - diluted	\$ <u>(1.26)</u>	\$ <u>0.92</u>	\$ <u>(4.62)</u>	\$ <u>0.79</u>
Weighted average number of shares outstanding - basic	<u>4,342</u>	<u>4,972</u>	<u>4,676</u>	<u>4,932</u>
Weighted average number of shares outstanding - diluted	<u>4,342</u>	<u>4,972</u>	<u>4,676</u>	<u>5,163</u>