



Orckit Communications Reports 2004 First Quarter Results

Order for deployment of CM-100 Packet ADM received from a telecom provider in Asia

TEL AVIV, Israel, April 22, 2004 -- Orckit Communications Ltd. (Nasdaq: ORCT) today reported results for the first quarter ended March 31, 2004.

Revenues in the first quarter of 2004 were \$320,000 compared to \$515,000 in the quarter ended March 31, 2003. The net loss for the quarter was \$5.4 million, or \$(1.24) per share, compared to a net loss of \$5.2 million, or \$(1.05) per share, for the quarter ended March 31, 2003. We had \$353,000 of financial income in the first quarter of 2004 compared to \$3.5 million of financial income in the first quarter of 2003. Our weighted shares outstanding were 4,337,000 for the first quarter of 2004 and 4,995,000 for the first quarter of 2003.

The key highlights for the quarter:

- Corrigent Systems, our subsidiary, has achieved significant progress:
 - The CM-100 Packet ADM was selected for commercial deployment by a telecom provider in Asia. Revenues in connection with this selection are expected to be approximately \$1.0 million. This deployment targets a range of Ethernet based services.
 - Corrigent signed a distribution agreement with Netmarks Inc. that addresses the demand of Japanese telecom service providers for high capacity data-optimized transport equipment.
- Completion of the redemption of all of Orckit's outstanding 5.75% Convertible Subordinated Notes at their principal amount of \$16.2 million. Proceeds from a bank loan were used for the redemption of the notes.

Izhak Tamir, President of Orckit, commented: "We are excited by the progress that Corrigent has made in the Asian markets. Our goal is to establish the CM-100 product line as a market-leading data-optimized transport solution, leveraging SONET/SDH, MPLS, and RPR technologies. Winning this commercial opportunity in Asia provides us with another endorsement of Corrigent's value proposition".

Mr. Tamir continued: "We consider the distribution agreement with Netmarks as an important milestone in expanding Corrigent's penetration into telecom markets in Japan. Japanese carriers have proved to be early adopters of innovative technologies and have been promoting new broadband services. Establishing a leadership position in these markets would be a significant achievement for Corrigent. "

Mr. Tamir concluded: " The level of interest in RPR metro solutions continues to grow, with recent selection made by *Telecommunication* magazine of RPR as one of the 10 hottest telecom technologies for 2004. As commercial deployment of the CM-100 commences, trial activity with leading carriers in the U.S. and Asia continues. We expect additional commercial prospects to follow."

Conference Call

Orckit Communications will host a conference call on Thursday, April 22, 2004, at 11 a.m. EDT. The call can be accessed by dialing **1-877-691-0878** in the United States and **1-973-582-2741** internationally. The call will also be available live on the Internet at www.kcsa.com. A replay of the call will be available beginning at approximately 1 p.m. EDT through April 29, 2004 at 11:59 p.m., EDT. To listen to the replay, please call **1-877-519-4471** in the United States and **1-973-341-3080** internationally. To access the replay, enter the following code: **4660455**.

About Orckit Communications

Orckit Communications Ltd. is a leading provider of advanced telecom equipment targeting high capacity broadband services. Our products include Corrigent's CM-100 metro optical transport solution, based on RPR and MPLS technologies, delivering packet transmission services in the metro area, and Spediant's EML-8000 multi-loop product, delivering Ethernet services over bundled copper.

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 STATEMENTS OF OPERATIONS
(US\$ in thousands, except per share data)

	Three Months Ended March 31	
	<u>2004</u>	<u>2003</u>
Revenues	\$ 320	\$ 515
Cost of revenues	118	331
Gross profit	<u>202</u>	<u>184</u>
Research and development expenses, net	3,473	4,775
Selling, general and administrative expenses	2,461	4,175
Total operating expenses	<u>5,934</u>	<u>8,950</u>
Operating loss	<u>(5,732)</u>	<u>(8,766)</u>
Financial income, net	353	3,535
Net loss	<u>\$ (5,379)</u>	<u>\$ (5,231)</u>
Net loss per share - basic and diluted	<u>\$ (1.24)</u>	<u>\$ (1.05)</u>
Weighted average number of shares outstanding - basic and diluted	<u>4,337</u>	<u>4,995</u>

ORCKIT COMMUNICATIONS LTD.
CONSOLIDATED BALANCE SHEETS
(US\$ in thousands)

	March 31	December 31
	<u>2004</u>	<u>2003</u>
ASSETS		
Current assets:		
Cash, short term bank deposits and marketable securities	\$ 39,872	\$ 41,623
Trade receivables	141	147
Other receivables	1,293	1,596
Inventories	144	100
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Total current assets	41,450	43,466
Long term bank deposits and marketable securities	33,767	37,918
Severance pay fund	3,122	2,707
Property and equipment, net	1,860	2,093
Deferred issuance costs, net	0	147
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Total assets	\$ 80,199	\$ 86,331
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade payables	\$ 2,793	\$ 3,108
Accrued expenses and other payables	4,636	5,878
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Total current liabilities	7,429	8,986
Long term liabilities :		
Accrued Severance pay	3,802	3,435
Convertible subordinated notes	0	16,238
Long term bank loan	16,000	0
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Total liabilities	27,231	28,659
Shareholders' equity	52,968	57,672
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Total liabilities and shareholders' equity	\$ 80,199	\$ 86,331
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