



Orckit Communications Reports 140% Sequential Increase in Revenues and Move to Profitability in First Quarter of 2005

Company Increases 2005 Revenue Guidance to \$90 Million, with Projected Net Income of Approximately \$15 Million

TEL AVIV, Israel, April 13, 2005 -- Orckit Communications Ltd. (Nasdaq: ORCT - News) today reported results for the first quarter ended March 31, 2005.

Revenues in the first quarter of 2005 were \$20.6 million compared to \$320,000 in the quarter ended March 31, 2004 and \$8.6 million in the previous quarter ended December 31, 2004. Net income for the quarter was \$3.1 million, or \$0.20 per diluted share, compared to a net loss of \$5.4 million, or \$(0.41) per share, for the quarter ended March 31, 2004 and a net loss of \$2.9 million, or \$(0.22) per share, for the quarter ended December 31, 2004.

On April 4, 2005, Orckit effected a three-for-one stock split of its Ordinary Shares in the form of a stock dividend. All share and per share information for periods prior to the effective date of the split have been retroactively adjusted to reflect this stock split. The Company had approximately 13.7 million shares outstanding after giving effect to the stock split.

The key highlights for the quarter:

- Product deliveries to KDDI Japan continued. Corrigent's CM-100 product line is being used for a nationwide deployment of an RPR network, which supports advanced IP "triple play" services to residential subscribers and the migration to voice over IP services. TDM traffic is also supported.
- A number of established telecom carriers continued trials and evaluations of Corrigent's CM-100 Packet ADM, mainly to support packet-rich video distribution, Ethernet services, Internet access, and IP telephony.
- Corrigent's CM-100 and its underlying architecture, specifically MPLS pseudowire technology, were highlighted in an industry research report by Light Reading. The

report focused on the challenges that U.S. international exchange carriers face in supporting increasing data and TDM traffic.

- The Company strengthened its management team with the addition of Ido Gur as VP Sales and Marketing of Corrigent. Prior to joining Corrigent, Mr. Gur was VP, Sales and Marketing of the optical transmission group of ECI Telecom.

Izhak Tamir, President of Orckit, commented: "Our results for the first quarter of 2005 represent the beginning of a new phase of profitability and revenue growth for Orckit. Our results will continue to be driven in the near term by large-scale deployment of Corrigent's CM-100 product line by KDDI Japan. We expect this growth to continue and are excited by the opportunities going forward as our carriers' customers sign up for new IP-based services that are offered over the CM-100."

"We expect that demand for the Corrigent's CM-100 product line will be strong in 2005, and expect an increase in revenues and profitability in the second half of 2005 compared to the first half of the year as the CM-100 continues to gain traction in the telecommunication carrier market."

"We continue to invest resources to establish a leading position in this fast growing segment of the metro market. Emerging triple play services of voice, video and data over IP networks are likely to drive the demand by telecom carriers for the Corrigent's CM-100 product line going forward. The benefits of the CM-100, bringing both MPLS and RPR capabilities to metro networks, position us as a leading provider in this growing market."

Outlook and Guidance

Guidance for the second quarter and full year 2005 is as follows (per share numbers give effect to the Company's recent three-for-one stock split):

For the quarter ending June 30, 2005, Orckit expects revenues of approximately \$21.0 million, and net income of approximately \$3.3 million, or \$0.21 per diluted share.

For 2005, Orckit expects revenues of approximately \$90.0 million, and net income of approximately \$15.0 million, or \$0.93 per diluted share.

Conference Call

Orckit Communications will host a conference call on April 13, 2005, at 11 a.m. EDT. The call can be accessed by dialing 1-800-370-0898 in the United States and 1-973-409-9260 internationally. A replay of the call will be available at <http://www.orckit.com>. A replay of the call will be also available through April 20, 2005 at 11:59 p.m., EDT, at 1-877-519-4471 in the United States and 1-973-341-3080 internationally. To access this replay, enter the following code: 5875431.

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

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, exchange rate fluctuations, fluctuation in order size, 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>2005</u>	<u>2004</u>
Revenues	\$ 20,647	\$ 320
Cost of revenues	10,547	118
Gross profit	<u>10,100</u>	<u>202</u>
Research and development expenses, net	3,966	3,473
Selling, marketing general and administrative expenses	3,686	2,461
Total operating expenses	<u>7,652</u>	<u>5,934</u>
Operating income (loss)	<u>2,448</u>	<u>(5,732)</u>
Financial income, net	693	353
Net income (loss)	<u>\$ 3,141</u>	<u>\$ (5,379)</u>
Net income (loss) per share - basic(*)	<u>\$ 0.23</u>	<u>\$ (0.41)</u>
Net income (loss) per share - diluted(*)	<u>\$ 0.20</u>	<u>\$ (0.41)</u>
Weighted average number of shares outstanding - basic(*)	<u>13,425</u>	<u>13,011</u>
Weighted average number of shares outstanding - diluted(*)	<u>15,999</u>	<u>13,011</u>

(*) After giving retroactive effect to the one-for-three share split

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

	March 31 <u>2005</u>	December 31 <u>2004</u>
ASSETS		
Current assets:		
Cash and short term marketable securities	\$ 62,627	\$ 58,780
Trade receivables	1,923	54,814
Other receivables	1,653	1,492
Inventories	1,832	5,533
 Total current assets	 68,035	 120,619
 Long term marketable securities	 46,327	 18,441
Other investments	1,907	1,907
Severance pay fund	3,408	3,348
Property and equipment, net	3,911	4,211
 Total assets	 \$ 123,588	 \$ 148,526
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank loans	\$ 16,000	\$ 31,000
Trade payables	10,189	25,824
Accrued expenses and other payables	13,358	11,645
Deferred income	34,274	35,662
 Total current liabilities	 73,821	 104,131
Long term liabilities-		
Accrued severance pay	4,132	4,131
 Total liabilities	 77,953	 108,262
Shareholders' equity	45,635	40,264
 Total liabilities and shareholders' equity	 \$ 123,588	 \$ 148,526
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