



**ORCKIT**

## **Orckit Communications Reports 2006 Fourth Quarter and Year-end Results**

TEL AVIV, Israel, February 7 -- Orckit Communications Ltd. (Nasdaq: ORCT) today reported results for the fourth quarter and year ended December 31, 2006.

Revenues in the fourth quarter of 2006 were \$9.0 million compared to \$33.4 million in the quarter ended December 31, 2005 and \$15.0 million in the previous quarter ended September 30, 2006.

Net loss for the quarter ended December 31, 2006 was \$1.9 million, or \$(0.12) per share, compared to net income of \$7.6 million, or \$0.45 per diluted share, for the quarter ended December 31, 2005 and net income of \$1.0 million, or \$0.06 per diluted share, for the previous quarter ended September 30, 2006.

Revenues for the year ended December 31, 2006 were \$63.6 million compared to \$101.2 million for the year ended December 31, 2005. Net income for the year ended December 31, 2006 was \$5.2 million, or \$0.31 per diluted share, compared to net income of \$22.2 million, or \$1.30 per diluted share, for the year ended December 31, 2005.

**Key highlights for the quarter:**

- Product evaluations of CM-100 Packet Transport Systems continued with several carriers, primarily in Asia. Commercial selections by these carriers are expected to occur in 2007.
- Corrigent continued to invest resources in the design and development of new innovative releases for its Packet Transport Solution addressing sophisticated packet aware transport platforms.

Izhak Tamir, President of Orckit, commented, "In 2006, we further established our market position through ongoing product evaluations with prominent telecom carriers. We enhanced our CM product offering, making it a more robust metro transport solution for converged voice, data and video service network architecture. In 2007, we plan to continue to promote our product architecture with targeted telecom carriers, while focusing our development efforts on the release of highly innovative products for the emerging area of converged metro carrier networks. Our family of products is designed to target very high bandwidth-intensive applications such as High-Definition IPTV and 3.5G wireless video services, as well as other video applications."

Mr. Tamir continued, "We are awaiting final plans from KDDI, our most significant customer, with respect to its network build up for its 2007 fiscal year, which begins in April 2007. We believe that we are well positioned to benefit from the continued growth in KDDI's subscriber base for advanced data and video services over both cellular and wireline networks."

Mr. Tamir concluded: "We are encouraged by the interest in Corrigent's CM product offering. We see potential from carriers in Asia and Europe, as well as North America, that are looking for metro product solutions with the ability to converge TDM and data services at ultra high-bandwidth over a unified platform. While other telecom equipment suppliers have recently begun to address converged transport product architecture, we believe that our innovative, comprehensive product offering is well positioned in the high-capacity packetized transport solutions market. We are looking forward to several product selection processes by telecom carriers that are expected to conclude in 2007."

**Outlook and Guidance**

For the quarter ending March 31, 2007, we expect revenues to be approximately \$4.0 million, net loss to be approximately \$6.3 million and net loss per share to be approximately \$(0.40).

**Conference Call**

Orckit Communications will host a conference call on February 7, 2007, at 11 a.m. EST. The call can be accessed by dialing 1-800-322-9079 in the United States and 1-973-582-2717 internationally. A replay of the call will be available at <http://www.orckit.com>. A replay of the call will be also available through February 14, 2007 at 11:59 p.m. at 1-877-519-4471 in the United States and 1-973-341-3080 internationally. To access this replay, enter the following code: 8285412.

**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 product line of metro optical transport solutions, based on RPR and MPLS technologies, delivering packet transmission services in the metro area. For more information on Orckit see [www.orckit.com](http://www.orckit.com)

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. Orkit assumes no obligation to update the information in this release.

## TABLES TO FOLLOW

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

	Three Months Ended December 31		Year Ended December 31	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>	\$ 9,022	\$ 33,403	\$ 63,648	\$ 101,247
<b>Cost of revenues</b>	3,901	17,150	30,219	51,872
<b>Gross profit</b>	<u>5,121</u>	<u>16,253</u>	<u>33,429</u>	<u>49,375</u>
<b>Research and development expenses, net</b>	3,692	4,257	15,554	16,147
<b>Selling, marketing, general and administrative expenses</b>	4,216	4,866	16,017	16,086
<b>Total operating expenses</b>	<u>7,908</u>	<u>9,123</u>	<u>31,571</u>	<u>32,233</u>
<b>Operating income (loss)</b>	<u>(2,787)</u>	<u>7,130</u>	<u>1,858</u>	<u>17,142</u>
<b>Financial income, net</b>	892	495	3,346	2,636
<b>Other income</b>	0	0	0	2,448
<b>Net income (loss)</b>	<u>\$ (1,895)</u>	<u>\$ 7,625</u>	<u>\$ 5,204</u>	<u>\$ 22,226</u>
<b>Net income (loss) per share - basic</b>	<u>\$ (0.12)</u>	<u>\$ 0.53</u>	<u>\$ 0.34</u>	<u>\$ 1.59</u>
<b>Net income (loss) per share - diluted</b>	<u>\$ (0.12)</u>	<u>\$ 0.45</u>	<u>\$ 0.31</u>	<u>\$ 1.30</u>
<b>Weighted average number of shares outstanding - basic</b>	<u>15,644</u>	<u>14,400</u>	<u>15,419</u>	<u>13,984</u>
<b>Weighted average number of shares outstanding - diluted</b>	<u>15,644</u>	<u>16,334</u>	<u>16,606</u>	<u>16,345</u>

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

	<b>December 31</b>		<b>December 31</b>
	<b><u>2006</u></b>		<b><u>2005</u></b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and short term marketable securities	\$ 46,011	\$	45,379
Trade receivables	1,581		702
Other receivables	2,077		1,520
Inventories	3,464		3,330
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Total current assets	53,133		50,931
<b>Long term marketable securities</b>	40,561		72,381
<b>Severance pay fund</b>	3,173		2,894
<b>Property and equipment, net</b>	2,490		3,740
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Total assets	\$ 99,357	\$	129,946
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<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Trade payables	\$ 4,907	\$	9,282
Accrued expenses and other payables	10,134		19,173
Deferred income	3,196		28,736
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Total current liabilities	18,237		57,191
<b>Long term liabilities :</b>			
Accrued severance pay	4,257		3,689
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<b>Total liabilities</b>	22,494		60,880
Shareholders' equity	76,863		69,066
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Total liabilities and shareholders' equity	\$ 99,357	\$	129,946
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