



## **Orckit Communications Reports 2007 First Quarter Results**

TEL AVIV, Israel, May 8 -- Orckit Communications Ltd. (NASDAQ: ORCT) today reported results for the first quarter ended March 31, 2007.

Revenues in the first quarter of 2007 were \$4.5 million compared to \$25.0 million in the quarter ended March 31, 2006 and \$9.0 million in the previous quarter ended December 31, 2006.

Net loss for the quarter ended March 31, 2007 was \$5.6 million, or \$(0.36) per share, compared to net income of \$5.8 million, or \$0.34 per diluted share, for the quarter ended March 31, 2006 and a net loss of \$1.9 million, or \$(0.12) per share, for the previous quarter ended December 31, 2006.

### **Key highlights for the quarter:**

- Announcement of the CM-4000, a high capacity Packet Transport Switch (PTS) allowing carriers to scale network links to 100Gbps per link in-service, with TDM and packet traffic over a universal transport infrastructure. The CM-4000 is expected to begin evaluations with telecom carriers in late 2007, with commercial availability in 2008.
- Completion of a private placement of \$25.8 million principal amount of convertible notes.
- Product evaluations of the CM Packet Transport Systems continued with carriers, mainly in Asia. Commercial selections by these carriers are expected to occur in 2007.

Izhak Tamir, President of Orckit, commented, "We are very excited with our new higher capacity product, the CM-4000. This new innovative product complements the CM-100 platform and is expected to further expand our product offering to allow carriers to provide bandwidth-intensive applications such as High-Definition IPTV and 3.5G wireless video services, as well as other video applications in a highly demanding transport environment. The CM-4000 once again demonstrates our commitment to maintaining a leadership position in the metro transport market through the introduction of innovative technologies for high capacity packet-based products. "

Mr. Tamir continued, “In 2007, we expect to continue shipping our CM-100 platform to KDDI. Shipments are expected to support continued growth in KDDI’s subscriber base for advanced data and video services over both cellular and wireline networks”.

He concluded: “With the announcement of the CM-4000 platform, we have seen increased interest in Corrigent's CM product offering, as demand for metro product solutions for converged networks is being driven by the need to efficiently support both TDM and data services. While other vendors of telecom equipment intend to address carriers' needs for converged network products, we believe that with the CM-4000, we are well equipped to maintain our leadership in this segment of the market. As we concluded a private placement this quarter, we feel comfortable with having the resources to support product selection processes by telecom carriers. We look forward to answering the demand for further expansion of metro networks, and to addressing these data and video service opportunities.”

### **Outlook and Guidance**

For the quarter ending June 30, 2007, we expect revenues to be approximately \$1.7 million, net loss to be approximately \$8.5 million and net loss per share to be approximately \$(0.54).

### **Conference Call**

Orckit Communications will host a conference call on May 8, 2007, at 11 a.m. EST. The call can be accessed by dialing 1-888-200-4690 in the United States and 1-973-935-8767 internationally. A replay of the call will be available at <http://www.orckit.com>. A replay of the call will be also available through May 15, 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: 8634270.

### **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, need for additional financing, the ability to repay the convertible notes, 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.

TABLES TO FOLLOW

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

	<b>Three Months Ended March 31</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Revenues</b>	\$ 4,526	\$ 24,959
<b>Cost of revenues</b>	2,044	12,028
<b>Gross profit</b>	<hr/> 2,482	<hr/> 12,931
<b>Research and development expenses, net</b>	4,974	4,240
<b>Selling, marketing general and administrative expenses</b>	4,011	3,903
<b>Total operating expenses</b>	<hr/> 8,985	<hr/> 8,143
<b>Operating income (loss)</b>	<hr/> <b>(6,503)</b>	<hr/> 4,788
<b>Financial income, net</b>	890	1,032
<b>Net income (loss)</b>	<hr/> \$ <b>(5,613)</b>	<hr/> \$ 5,820
<b>Net income (loss) per share - basic</b>	<hr/> <hr/> <b>(0.36)</b>	<hr/> <hr/> 0.39
<b>Net income (loss) per share - diluted</b>	<hr/> <hr/> <b>(0.36)</b>	<hr/> <hr/> 0.34
<b>Weighted average number of shares outstanding - basic</b>	<hr/> 15,709	<hr/> 14,919
<b>Weighted average number of shares outstanding - diluted</b>	<hr/> 15,709	<hr/> 17,022

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

	<b>March 31</b>		<b>December 31</b>
	<b><u>2007</u></b>		<b><u>2006</u></b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and short term marketable securities	\$ 42,946	\$	46,011
Restricted cash	25,761		0
Trade receivables	23		1,581
Other receivables	2,624		2,077
Inventories	3,669		3,464
	<hr/>		<hr/>
Total current assets	75,023		53,133
Long term marketable securities	39,389		40,561
Severance pay fund	3,397		3,173
Property and equipment, net	2,164		2,490
Deferred issuance costs, net	799		0
	<hr/>		<hr/>
Total assets	\$ 120,772	\$	99,357
	=====		=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Bank loan	\$ 469	\$	0
Trade payables	5,524		4,907
Accrued expenses and other payables	10,739		10,134
Deferred income	1,796		3,196
	<hr/>		<hr/>
Total current liabilities	18,528		18,237
<b>Long term liabilities :</b>			
Convertible subordinated notes	25,752		0
Accrued severance pay and other	4,926		4,257
	<hr/>		<hr/>
	30,678		4,257
<b>Total liabilities</b>	<b>49,206</b>		<b>22,494</b>
Shareholders' equity	71,566		76,863
	<hr/>		<hr/>
Total liabilities and shareholders' equity	\$ 120,772	\$	99,357
	=====		=====