



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

TEL AVIV, Israel, August 15 -- Orckit Communications Ltd. (NASDAQ: ORCT) today reported results for the second quarter and six months ended June 30, 2007.

Revenues in the second quarter of 2007 were \$1.9 million compared to \$14.7 million in the quarter ended June 30, 2006 and \$4.5 million in the previous quarter ended March 31, 2007.

Net loss for the quarter ended June 30, 2007 was \$6.4 million, or \$(0.40) per share, compared to net income of \$294,000, or \$0.02 per diluted share, for the quarter ended June 30, 2006 and a net loss of \$5.6 million, or \$(0.36) per share, for the previous quarter ended March 31, 2007. Results for the quarter ended June 30, 2007 included financial income of \$1.6 million resulting from adjustments due to the conversion terms of our convertible notes that were issued in March 2007.

Revenues for the six months ended June 30, 2007 were \$6.4 million compared to \$39.7 million for the six months ended June 30, 2006. Net loss for the six months ended June 30, 2007 was \$12.0 million, or \$(0.76) per share, compared to net income of \$6.1 million, or \$0.36 per diluted share, for the six months ended June 30, 2006.

Izhak Tamir, President of Orckit, commented, "This quarter we maintained our R&D efforts to enhance the capabilities of the CM-4000, our high capacity Packet Transport Switch. We remain on track to begin customer evaluations of the CM-4000 in late 2007, with commercial availability expected in early 2008. As recognition of the need for ultra-wide bandwidth converged metro architecture grows within the telecom industry, we continue to see increasing interest from telecom carriers in the CM-4000. This interest is driven by the emergence of high capacity video transmissions services."

Mr. Tamir added, "The CM-4000 complements our CM-100 platform, broadening and enhancing our product line, and allowing telecom carriers to provide bandwidth-intensive services such as High-Definition IPTV and TDM-based 3.5G wireless video services, as well as other video applications, in a converging transport environment."

Mr. Tamir concluded, "In 2008, we expect to see additional evaluation and product selection processes by leading telecom carriers for both cellular and fixed line networks. We expect to begin shipping the CM-4000 product line in 2008 and are encouraged by the opportunities this line is expected to generate for us going forward."

## **Outlook and Guidance**

For the quarter ending September 30, 2007, we expect revenues to be approximately \$1.5 million, net loss to be approximately \$8.4 million and net loss per share to be approximately \$(0.53). This guidance does not take into account income or losses due to valuation of conversion terms included in our \$25.8 million principal amount of convertible subordinated notes that were issued in March 2007. Such income or losses are subject to certain factors, including our share price, and cannot be estimated.

### **Conference Call**

Orckit Communications will host a conference call on August 15, 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 August 22, 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: 8987354.

### **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**  
(in thousands, except per share data)

	Three Months Ended June 30		Six months Ended June 30	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>	\$ 1,900	\$ 14,706	\$ 6,426	\$ 39,665
<b>Cost of revenues</b>	978	7,357	3,022	19,385
<b>Gross profit</b>	<u>922</u>	<u>7,349</u>	<u>3,404</u>	<u>20,280</u>
<b>Research and development expenses, net</b>	4,897	3,982	9,871	8,222
<b>Selling, marketing general and administrative expenses</b>	4,094	3,662	8,105	7,565
<b>Total operating expenses</b>	<u>8,991</u>	<u>7,644</u>	<u>17,976</u>	<u>15,787</u>
<b>Operating income (loss)</b>	<b>(8,069)</b>	<b>(295)</b>	<b>(14,572)</b>	<b>4,493</b>
<b>Financial income, net</b>	97	589	987	1,621
<b>Adjustments due to convertible notes conversion terms</b>	<u>1,609</u>	<u>0</u>	<u>1,609</u>	<u>0</u>
<b>Total financial income, net</b>	<u>1,706</u>	<u>589</u>	<u>2,596</u>	<u>1,621</u>
<b>Net income (loss)</b>	<u>\$ (6,363)</u>	<u>\$ 294</u>	<u>\$ (11,976)</u>	<u>\$ 6,114</u>
<b>Net income (loss) per share - basic</b>	<u>\$ (0.40)</u>	<u>\$ 0.02</u>	<u>\$ (0.76)</u>	<u>\$ 0.40</u>
<b>Net income (loss) per share - diluted</b>	<u>\$ (0.40)</u>	<u>\$ 0.02</u>	<u>\$ (0.76)</u>	<u>\$ 0.36</u>
<b>Weighted average number of shares outstanding - basic</b>	<u>15,776</u>	<u>15,513</u>	<u>15,742</u>	<u>15,218</u>
<b>Weighted average number of shares outstanding - diluted</b>	<u>15,776</u>	<u>16,685</u>	<u>15,742</u>	<u>17,020</u>

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

	<b>June 30</b> <b><u>2007</u></b>	<b>December 31</b> <b><u>2006</u></b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and short term marketable securities	\$ 60,808	\$ 46,011
Restricted cash	25,885	0
Trade receivables	344	1,581
Other receivables	1,915	2,077
Inventories	1,996	3,464
 Total current assets	 90,948	 53,133
 <b>Long term marketable securities</b>	 33,166	 40,561
<b>Severance pay fund</b>	3,147	3,173
<b>Property and equipment, net</b>	1,839	2,490
<b>Deferred issuance costs, net</b>	858	0
 Total assets	 \$ 129,958	 \$ 99,357
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Bank loans	\$ 20,796	\$ 0
Trade payables	4,687	4,907
Accrued expenses and other payables	8,559	10,134
Deferred income	1,830	3,196
 Total current liabilities	 35,872	 18,237
 <b>Long term liabilities :</b>		
Convertible subordinated notes	25,328	0
Adjustments due to convertible notes conversion terms	<u>(1,609)</u>	<u>0</u>
Convertible subordinated notes, net	23,719	0
 Accrued severance pay and other	 4,559	 4,257
	28,278	4,257
 <b>Total liabilities</b>	 64,150	 22,494
 Shareholders' equity	 65,808	 76,863
 Total liabilities and shareholders' equity	 \$ 129,958	 \$ 99,357
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