



## **Orckit Communications Reports 2007 Year-end and Fourth Quarter Results**

TEL AVIV, Israel, February 12, 2008 -- Orckit Communications Ltd. (NASDAQ: ORCT) today reported results for the year and fourth quarter ended December 31, 2007.

Revenues in the fourth quarter of 2007 were \$1.8 million compared to \$1.7 million in the previous quarter ended September 30, 2007 and \$9.0 million in the comparable quarter last year.

Net income for the quarter ended December 31, 2007 was \$6.4 million, or \$0.38 per diluted share, compared to a net loss of \$6.5 million, or \$(0.41) per share, for the previous quarter ended September 30, 2007 and a net loss of \$1.9 million, or \$(0.12) per share, for the fourth quarter of 2006. Results for the fourth quarter ended December 31, 2007 include one-time income of \$14.2 million derived from a payment to the Company in connection with the settlement of a commercial dispute related to the Company's legacy operations.

Revenues for the year ended December 31, 2007 were \$9.9 million compared to \$63.6 million for the year ended December 31, 2006. Net loss for the year ended December 31, 2007 was \$12.1 million, or \$(0.76) per share, compared to net income of \$5.2 million, or \$0.31 per diluted share, for the year ended December 31, 2006. Results for the year ended December 31, 2007 include the abovementioned one-time income of \$14.2 million, as well as financial income of \$2.6 million which resulted from adjustments due to the conversion terms of the Company's convertible notes issued in March 2007. There was no such financial income last year.

### **Key Highlights for the quarter:**

- Media Broadcast GmbH selected Corrigent's CM-100 and CM-4000 Carrier Ethernet Transport switches as the main network infrastructure building block for network solutions for a leading cable operator in Germany. Shipments are underway.
- This initial deployment with a leading European cable operator marks the first selection of Corrigent's CM products by a cable network. The Company believes that this commercial selection demonstrates the value of its CM products to cable operators seeking to upgrade their infrastructure in order to support scalable and reliable delivery of high-definition and personalized, on-demand video services.

Izhak Tamir, President of Orckit, commented, “Our recent customer win marks three important firsts for Orckit and the CM family of products;

- the first customer win in the European market,
- the first deployment by a cable operator, which opens important new markets for our product and technology, and;
- the first commercial selection of the CM-4000.

“This selection came following two years of intensive testing and evaluation by the operator and our partners, and it speaks to the significant value our products and technology can bring, not only to telecom carriers, but in the cable operators market as well.”

“We have been aggressive in our pursuit of additional opportunities since releasing the CM-4000. We are seeing growing interest from telecom operators, who represent the traditional target market for the CM products, as well as from cable operators, signifying an expansion of the market opportunity for the CM products.”

Mr. Tamir added, “Compared to alternative solutions, the Corrigent CM product families enable cable operators to build high quality, cost effective multi-play networks. Corrigent's products support differentiated Quality of Service (QoS) over a statistical RPR multiplexed packet network that provides optimized bandwidth utilization, while complying with the service level agreement of each customer.”

Mr. Tamir continued, “Corrigent’s ability to deliver the promise of “transport like” quality in metro ethernet networks enables the upgrade of cable metro networks that are easier to provision, and support advanced tools for Operation, Administration and Maintenance (OAM), resulting in an expected reduction in both capital and operating expenses for cable operators. Network changes, such as adding or removing nodes or head-end servers, are easy to implement without any down time or changes to the existing network, making our products a compelling investment for cable operators as they compete with established telecom service providers.”

He concluded, “As 2008 begins, we are enthusiastic about the future of our carrier ethernet transport product line. We expect to turn industry recognition of our products into additional commercial selections in 2008. Media Broadcast will begin to contribute to our revenue in the first quarter of 2008, and it is expected to increase as the year progresses. We expect further contribution in 2009 as deployments expand.”

### **Outlook and Guidance**

For the quarter ending March 31, 2008, we expect revenues to be approximately \$1.6 million, with net loss of approximately \$8.9 million and net loss per share of approximately \$(0.55). This guidance does not take into account financial income or loss 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 loss is subject to certain factors, including our share price, and cannot be estimated at this time.

**Conference Call**

Orckit Communications will host a conference call on February 12, 2008, at 11 a.m. EST. The call can be accessed by dialing 1-888-459-5609 in the United States and 1-973-321-1024 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 19, 2008 at 11:59 p.m. at 1-800-642-1687 in the United States and 1-706-645-9291 internationally. To access this replay, enter the following code: 29857972.

**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)

	Three Months Ended December 31		Year Ended December 31	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues	\$ 1,786	\$ 9,022	\$ 9,906	\$ 63,648
Cost of revenues	915	3,901	4,826	30,219
Gross profit	<u>871</u>	<u>5,121</u>	<u>5,080</u>	<u>33,429</u>
Research and development expenses, net	5,318	3,692	20,158	15,554
Selling, marketing general and administrative expenses	4,410	4,216	16,902	16,017
Total operating expenses	<u>9,728</u>	<u>7,908</u>	<u>37,060</u>	<u>31,571</u>
Operating income (loss)	<u>(8,857)</u>	<u>(2,787)</u>	<u>(31,980)</u>	<u>1,858</u>
Financial income, net	949	892	3,066	3,346
Adjustments due to convertible notes conversion terms	<u>41</u>	<u>0</u>	<u>2,586</u>	<u>0</u>
Total financial income, net	990	892	5,652	3,346
Other income	<u>14,231</u>	<u>0</u>	<u>14,231</u>	<u>0</u>
Net income (loss)	<u>\$ 6,364</u>	<u>\$ (1,895)</u>	<u>\$ (12,097)</u>	<u>\$ 5,204</u>
Net income (loss) per share - basic	<u>\$ 0.39</u>	<u>\$ (0.12)</u>	<u>\$ (0.76)</u>	<u>\$ 0.34</u>
Net income (loss) per share - diluted	<u>\$ 0.38</u>	<u>\$ (0.12)</u>	<u>\$ (0.76)</u>	<u>\$ 0.31</u>
Weighted average number of shares outstanding - basic	<u>16,310</u>	<u>15,644</u>	<u>15,911</u>	<u>15,419</u>
Weighted average number of shares outstanding - diluted	<u>16,911</u>	<u>15,644</u>	<u>15,911</u>	<u>16,606</u>

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

	<b>December 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	\$ 68,225	\$	46,011
Trade receivables	49		1,581
Other receivables	1,632		2,077
Inventories	1,347		3,464
	<hr/>		<hr/>
Total current assets	71,253		53,133
	<hr/>		<hr/>
Long term marketable securities	34,142		40,561
Severance pay fund	3,454		3,173
Property and equipment, net	1,384		2,490
Deferred issuance costs, net	781		0
	<hr/>		<hr/>
Total assets	\$ 111,014	\$	99,357
	<hr/> <hr/>		<hr/> <hr/>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Trade payables	\$ 4,292	\$	4,907
Accrued expenses and other payables	8,240		10,134
Deferred income	1,045		3,196
	<hr/>		<hr/>
Total current liabilities	13,577		18,237
	<hr/>		<hr/>
<b>Long term liabilities :</b>			
Convertible subordinated notes	28,723		0
Adjustments due to convertible notes conversion terms	(3,247)		0
Convertible subordinated notes, net	25,476		0
	<hr/>		<hr/>
Accrued severance pay and other	4,553		4,257
	<hr/>		<hr/>
	30,029		4,257
	<hr/>		<hr/>
<b>Total liabilities</b>	43,606		22,494
	<hr/>		<hr/>
Shareholders' equity	67,408		76,863
	<hr/>		<hr/>
Total liabilities and shareholders' equity	\$ 111,014	\$	99,357
	<hr/> <hr/>		<hr/> <hr/>