



Orckit Communications Reports 2008 Second Quarter Results

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Company Secures Three New Customers During Second Quarter

TEL AVIV, Israel, July 16, 2008 -- Orckit Communications Ltd. (NasdaqGM: ORCT) today reported results for the second quarter and six months ended June 30, 2008.

Revenues in the second quarter of 2008 were \$3.1 million compared to \$2.0 million in the previous quarter ended March 31, 2008 and \$1.9 million in the comparable quarter last year.

Net loss for the quarter ended June 30, 2008 was \$7.8 million, or \$(0.48) per share, compared to a net loss of \$7.7 million, or \$(0.47) per share, for the previous quarter ended March 31, 2008 and a net loss of \$6.4 million, or \$(0.40) per share, for the second quarter of 2007. Results for the quarters ended June 30, 2008, March 31, 2008 and June 30, 2007 included financial income of \$1.0 million, \$419,000 and \$1.6 million, respectively, which resulted from adjustments related to the valuation of the conversion terms of the Company's convertible notes issued in March 2007.

Revenues for the six months ended June 30, 2008 were \$5.1 million compared to \$6.4 million for the six months ended June 30, 2007. Net loss for the six months ended June 30, 2008 was \$15.5 million, or \$(0.95) per share, compared to a net loss of \$12.0 million, or \$(0.76) per share, for the six months ended June 30, 2007. Results for the six months ended June 30, 2008 and June 30, 2007 included financial income of \$1.4 million and \$1.6 million, respectively, which resulted from adjustments related to the valuation of the conversion terms of the Company's convertible notes issued in March 2007.

Key Highlights for the quarter:

- Three new customer wins, two of which are global carriers.
- Product and sales strategy broadened, now targeting heavy Ethernet-only metro area applications.
- Sales force continued to grow with a broadening of geographical areas covered, allowing Orckit to target a wider range of customers.
- Deliveries to T-Systems in Germany and deployment are progressing, in line with the project's initial schedule.
- Additional customer evaluations are ongoing.

Izhak Tamir, President of Orckit, commented, “This quarter we are proud to announce that we have added three new customers in addition to KDDI and T-Systems. We are seeing growing demand as global carriers are now recognizing the caliber and quality of our products and technology.”

“Our optimism stretches beyond the success embodied in our new customer wins this quarter. As we anticipated, the availability of our new CM-4000 product line is opening new applications and market segments for our product offerings. The efforts we put into bringing the CM-4000 to market are starting to pay off. We believe that our product and sales strategy are now well positioned to address market dynamics, to diversify our customer base and to target shorter sales cycle opportunities.”

Mr. Tamir concluded, “Our top objectives are to continue to expand and diversify our customer base with new wins, along with continuous revenue growth. With the ongoing innovations of our metro products and demand for video transmission, we believe the future holds significant opportunities for us.”

Outlook and Guidance

For the quarter ending September 30, 2008, we expect revenues to be approximately \$5.4 million, with a net loss of approximately \$8.0 million, or approximately \$(0.49) per share. This guidance does not take into account financial income or loss due to valuation of the 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 July 16, at 9 a.m. EDT. The call can be accessed by dialing 1- 888-459-5609 in the United States and 1- 973-321-1024 internationally. Please utilize the code 54568230. A replay of the call will be available at <http://www.orckit.com>. A replay of the call will be also available through July 23, 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: 54568230.

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

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 BALANCE SHEETS
(US\$ in thousands)

	June 30		December 31
	<u>2008</u>		<u>2007</u>
ASSETS			
Current assets:			
Cash and short term marketable securities	\$ 56,924	\$	68,225
Trade receivables	3,407		49
Other receivables	2,739		1,632
Inventories	1,437		1,347
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Total current assets	64,507		71,253
Long term marketable securities	30,781		34,142
Severance pay fund	4,011		3,454
Property and equipment, net	1,537		1,384
Deferred issuance costs, net	689		781
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Total assets	\$ 101,525	\$	111,014
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LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade payables	\$ 5,079	\$	4,292
Accrued expenses and other payables	8,690		8,240
Deferred income	1,345		1,045
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Total current liabilities	15,114		13,577
Long term liabilities :			
Convertible subordinated notes	33,894		28,723
Adjustments due to convertible notes conversion terms	<u>(5,617)</u>		<u>(3,247)</u>
Convertible subordinated notes, net	28,277		25,476
Accrued severance pay and other	5,123		4,553
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	33,400		30,029
Total liabilities	48,514		43,606
Shareholders' equity	53,011		67,408
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Total liabilities and shareholders' equity	\$ 101,525	\$	111,014
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ORCKIT COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(US\$ in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues	\$ 3,105	\$ 1,900	\$ 5,097	\$ 6,426
Cost of revenues	1,584	978	2,574	3,022
Gross profit	<u>1,521</u>	<u>922</u>	<u>2,523</u>	<u>3,404</u>
Research and development expenses, net	5,953	4,897	11,769	9,871
Selling, marketing general and administrative expenses	4,895	4,094	9,376	8,105
Total operating expenses	<u>10,848</u>	<u>8,991</u>	<u>21,145</u>	<u>17,976</u>
Operating loss	<u>(9,327)</u>	<u>(8,069)</u>	<u>(18,622)</u>	<u>(14,572)</u>
Financial income, net	538	97	1,674	987
Adjustments due to convertible notes conversion terms	<u>985</u>	<u>1,609</u>	<u>1,404</u>	<u>1,609</u>
Total financial income, net	<u>1,523</u>	<u>1,706</u>	<u>3,078</u>	<u>2,596</u>
Net loss	\$ (7,804)	\$ (6,363)	\$ (15,544)	\$ (11,976)
Net loss per share - basic	\$ (0.48)	\$ (0.40)	\$ (0.95)	\$ (0.76)
Net loss per share - diluted	\$ (0.48)	\$ (0.40)	\$ (0.95)	\$ (0.76)
Weighted average number of shares outstanding - basic	16,384	15,776	16,373	15,742
Weighted average number of shares outstanding - diluted	16,384	15,776	16,373	15,742