

MRV Communications, Inc.

Statements of Operations

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
	(Unaudited)			
Revenue	\$ 115,700	\$ 89,616	\$ 307,341	\$ 253,843
Cost of goods sold	85,345	60,962	218,771	172,621
Gross profit	30,355	28,654	88,570	81,222
<i>Gross margin</i>	26%	32%	29%	32%
Operating costs and expenses:				
Product development and engineering	9,314	7,331	23,466	20,983
Selling, general and administrative	25,759	20,991	72,533	63,602
Amortization of intangibles	806	-	806	-
Goodwill impairment	-	-	-	52
Total operating costs and expenses	35,879	28,322	96,805	84,637
Operating income (loss)	(5,524)	332	(8,235)	(3,415)
Interest expense	(1,075)	(819)	(3,091)	(2,608)
Cost of debt conversion	(4,899)	-	(4,899)	-
Other income, net	201	1,646	2,843	3,312
Net income (loss) before taxes	(11,297)	1,159	(13,382)	(2,711)
Provision for taxes	1,274	943	3,865	3,397
Net income (loss)	\$ (12,571)	\$ 216	\$ (17,247)	\$ (6,108)
Net loss per share:				
Basic	\$ (0.08)	\$ 0.00	\$ (0.13)	\$ (0.05)
Diluted	\$ (0.08)	\$ 0.00	\$ (0.13)	\$ (0.05)
Weighted average number of shares:				
Basic	151,183	125,202	134,411	119,394
Diluted	151,183	125,202	134,411	119,394