



# Investor Presentation

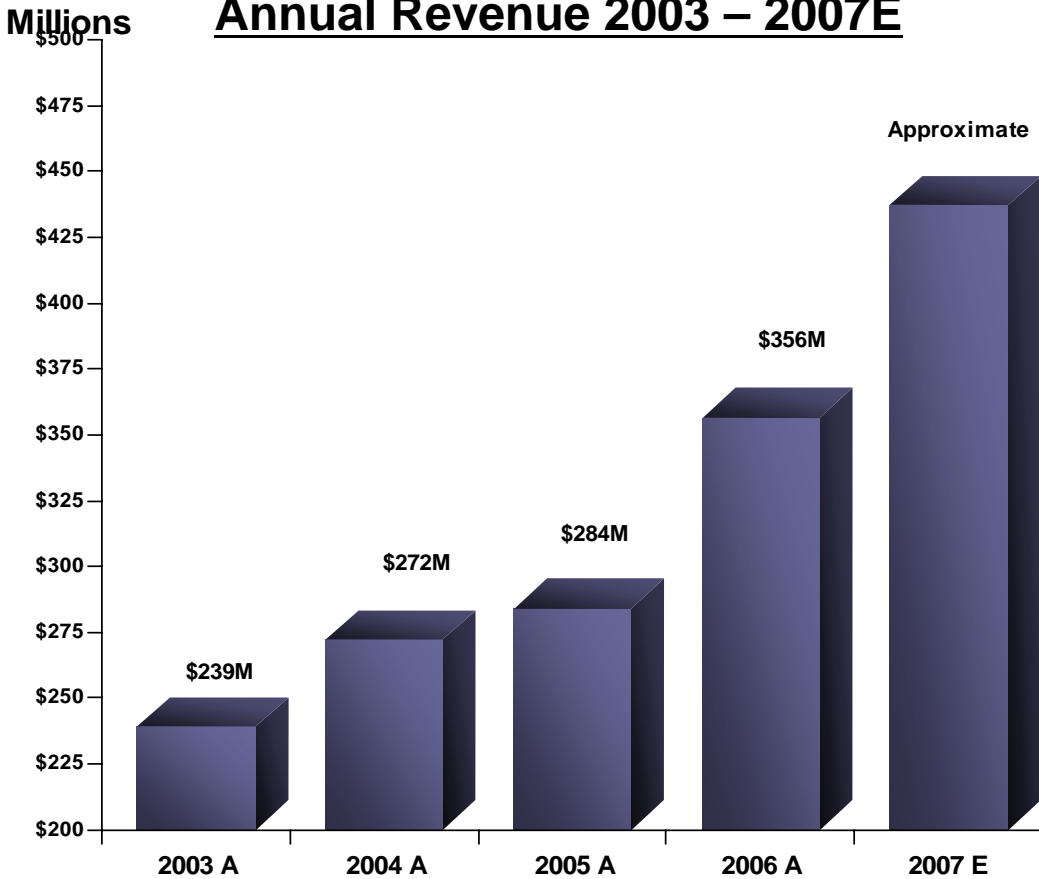
**Needham & Co. Growth Stock Conference**

**This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, and is subject to the safe harbor created by that section. These forward-looking statements include statements by MRV's management team relating to the competitive environment in 2008 and the Company's expectations of future success in achieving its objectives. Any forward-looking statements in this press release/teleconference/presentation are subject to a number of risks and uncertainties, including the strength of the overall economy and the high technology market in particular, competition, product development efforts, and acceptance of MRV Communications' current and future products. Actual results could differ materially from those projected in our forward-looking statements. For further information regarding risks and uncertainties associated with MRV's business, please refer to the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Risk Factors" sections of MRV's SEC filings, including, but not limited to, its annual report on Form 10-K, quarterly reports on Form 10-Q and interim reports on Form 8-K, copies of which may be obtained by contacting MRV's investor relations department or at MRV's investor relations website at <http://ir.mrv.com>.**

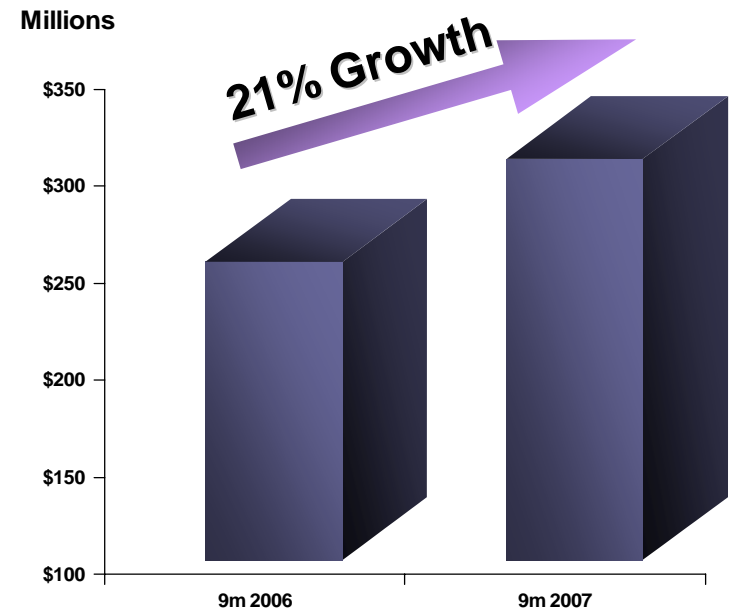
**All information in this presentation is as of January 8, 2008. MRV undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in MRV's expectations.**

- **Fast growing market opportunities**
  - Metro Ethernet /Optical Transport/ The Fiber Revolution
  - 10gb/s Connectivity
  - Fiber to the Home
  - Data Center / Lab Infrastructure
  
- **Solid Revenue Growth**
  - FY'06 consolidated revenue up 26% year-over-year
  - Q3'07 and 9 months '07 consolidated revenue up 29% and 21% from prior year

## Annual Revenue 2003 – 2007E



## 9 Months '07 vs. 9 Month '06



# Networking Group

## MRV Networking Group (820 EEs)

### Network Equipment

(480 EEs)

- Internally developed MRV networking products focused on growing markets
- Good gross margin and consistent strong year-over-year growth
- Expanded sales force focused on North America growth



OS9000 Aggregation



LambdaDriver WDM



MR Series



Point-to-point EFM  
Transport FiberDriver



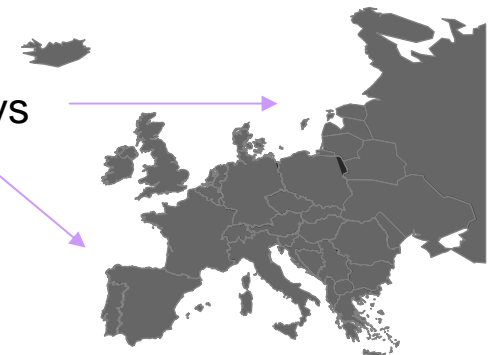
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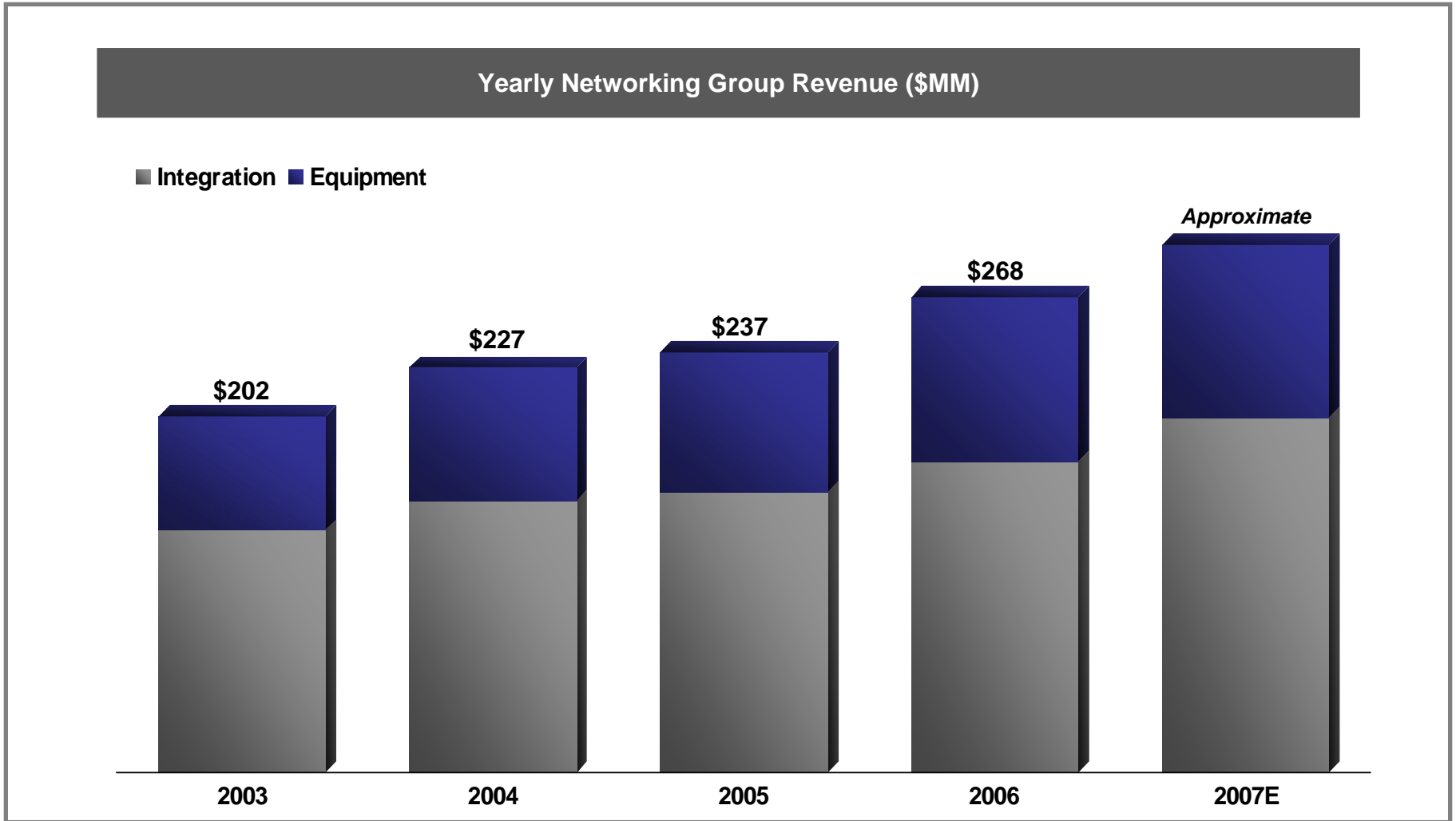
### Network Integration

(340 EEs)

- Provides both MRV and 3<sup>rd</sup> party networking products and integration services
- Consistent cash flow and profitability
- Provides access to Tier One carriers in Europe

MRV Deploys  
Networks  
Throughout  
Europe





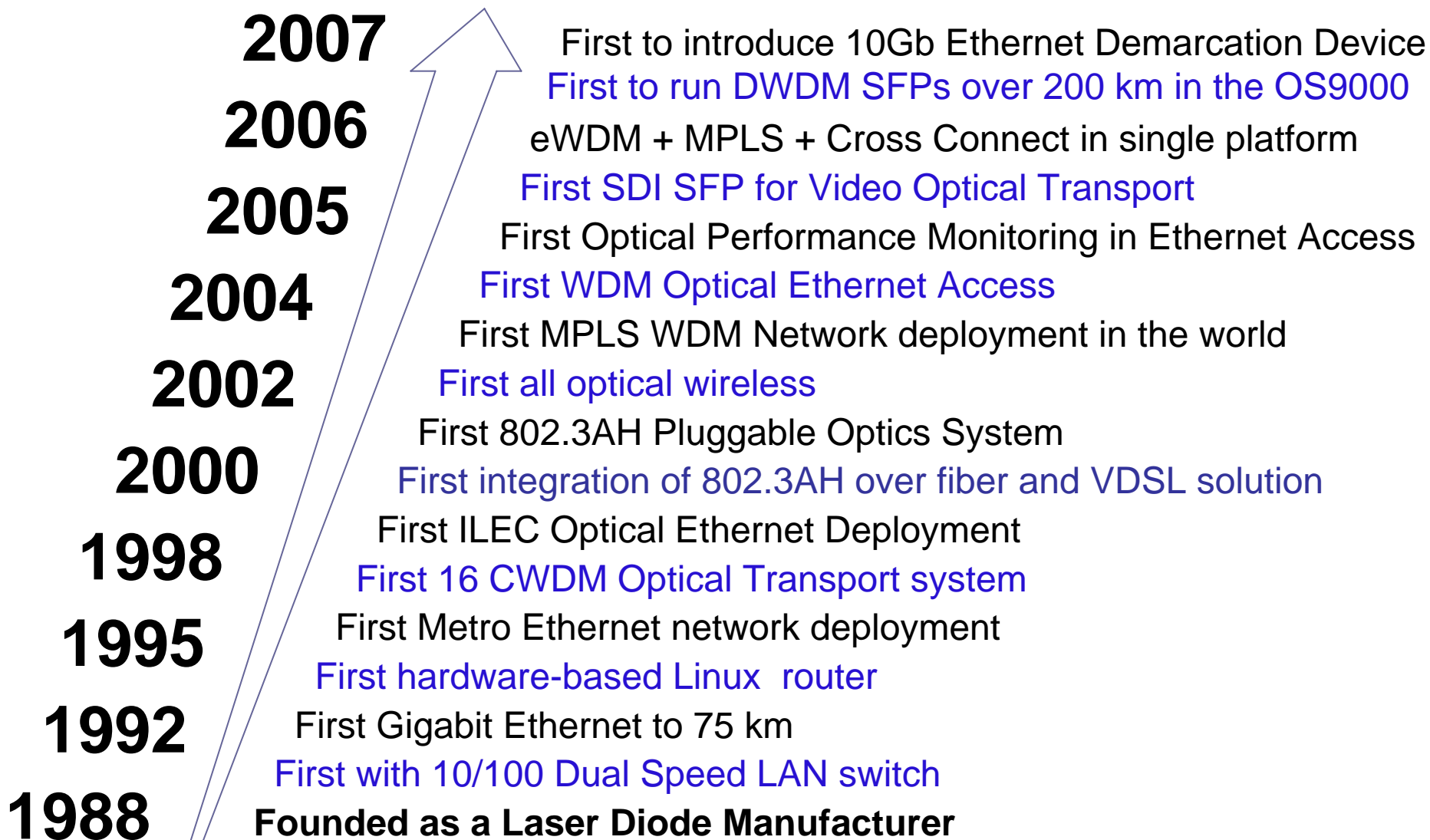


# Network Equipment - MRV Technology Spans From Wafer to System

- In-depth optical leadership since 1988
- 200 engineers, with more than 15% PhDs



Wafer → Chip → Module → Transceiver → System



## Metro Ethernet Access



OS9000 Aggregation and Demarcation



OS300 EFM



- Provide carriers with a robust suite of metro Ethernet access and optical transport solutions

## Optical Transport – WDM



LambdaDriver WDM



Point-to-point EFM Transport FiberDriver

- Rapidly expanding market and growth driver for the MRV Networking Group

- Expanded sales force focused on winning bids with tier one carriers in North America



## Out-of-Band Networking, Power, Console Sensor and Configuration Management



MCC



FSO



MR Series

- Provide remote access and control of an organization's networks and infrastructures

- Reduce costs and improve service levels by providing access to critical IT resources from any location



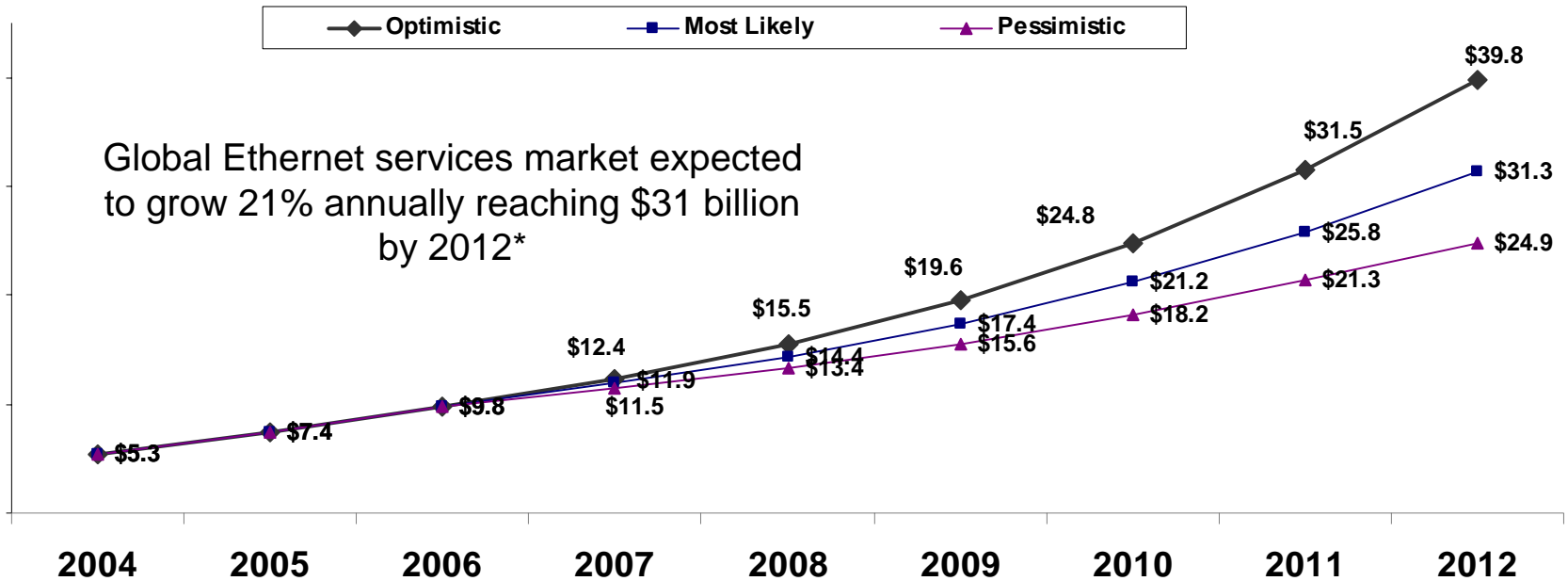
## Various military applications



- Provide system support for aerospace design and other applications



## Global Ethernet Services Forecast Range (\$Billions), 2004-12\*



### MARKET DRIVERS

- Video traffic is creating huge network upgrade requirements
- FTTX - Triple play services - IPTV
- Market demand shifting from legacy to Ethernet














Broadcast Yourself

Users are now downloading more than 100 million videos per day.

\*Source: Ovum RHK

## *Providing Carriers with a Robust Suite of Metro Ethernet Access and Optical Transport Solutions*

Product	Competitors	MRV Advantages
<p><b>Metro Ethernet Access</b></p>  <p>OS9000 Aggregation</p>  <p>OS900 Service Demarcation</p> 	  	<ul style="list-style-type: none"> <li>• Technologically advanced award winning solutions</li> <li>• Cost of ownership</li> <li>• Tactical engineering</li> <li>• Support all protocols</li> <li>• High level of customer support</li> </ul>
<p><b>Optical Transport – WDM</b></p>  <p>LambdaDriver WDM</p>  <p>Point-to-point EFM Transport FiberDriver</p>	  	<ul style="list-style-type: none"> <li>• Deep optical know-how from wafer to system</li> <li>• Cost of ownership</li> <li>• Tactical engineering</li> <li>• Strong 10Gbps and 40Gbps support</li> <li>• High level of customer support</li> </ul>



- Ethernet/MPLS/IP intelligence and WDM services
- Intelligent Demarcation Devices for Metro Ethernet Access
- Carrier-class small form factor design
- Optical Interfaces flexibility/modularity
- Enhanced Traffic Management for premium SLA
- Enhanced end-to-end OAM to measure SLA
- Link, Service & Device protection at sub50ms

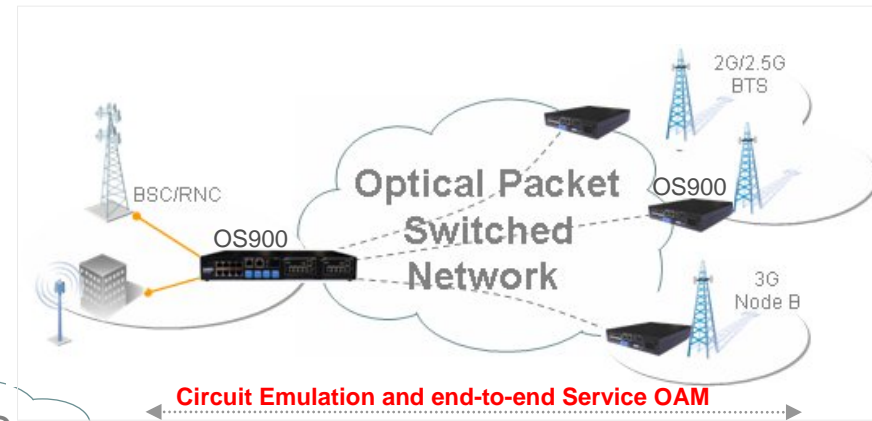
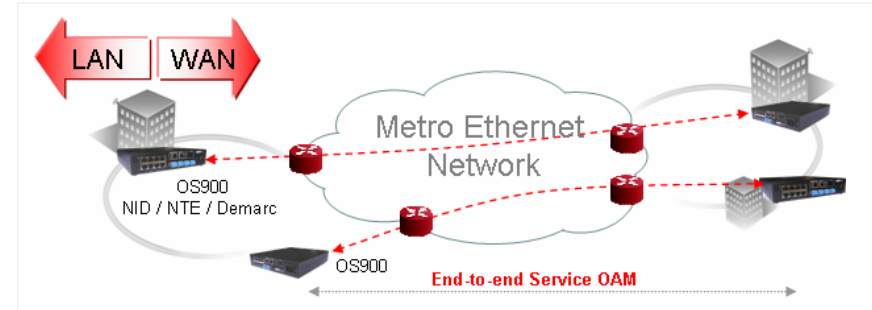
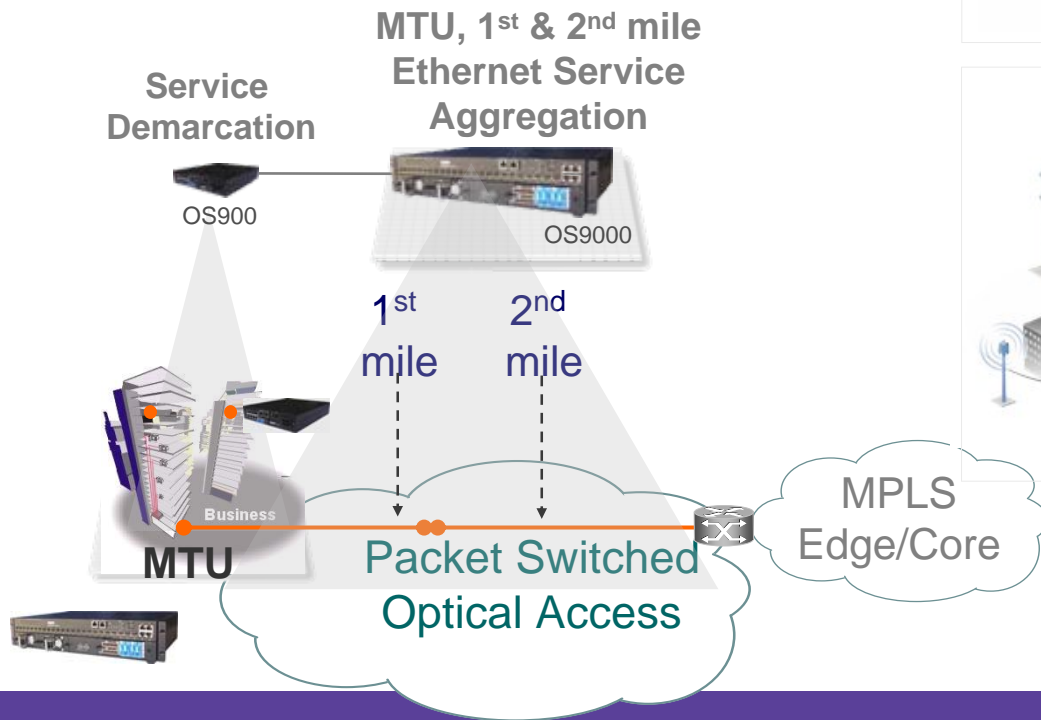
## Product Excellence, Industry Recognition



"In the emerging demarc segment, MRV has truly established itself with the range of features supported on its products, an impressive customer base and a successful strategy." Frost & Sullivan Principal Analyst



- Enabling technology & platforms for 1<sup>st</sup> & 2<sup>nd</sup> mile networks for:
  - Incumbent carriers / PTT
  - Greenfield / Emerging carriers
  - Cable TV Operators (MSOs)
  - Cellular Operators



- Modular chassis for CWDM/DWDM
- Line/Path/Equipment Protection
- Point-to-Point, Linear ADM and Ring topologies
- Supports any data centric protocol up to 10Gbps
- Line Amplification – RAMAN
- 40Gbps transponder
- Sub-rate TDM
- ROADM
- GMPLS
- Industry Certifications



## Lambda Driver Optical Transport WDM

LD400



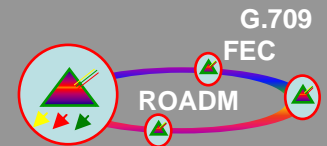
LD800



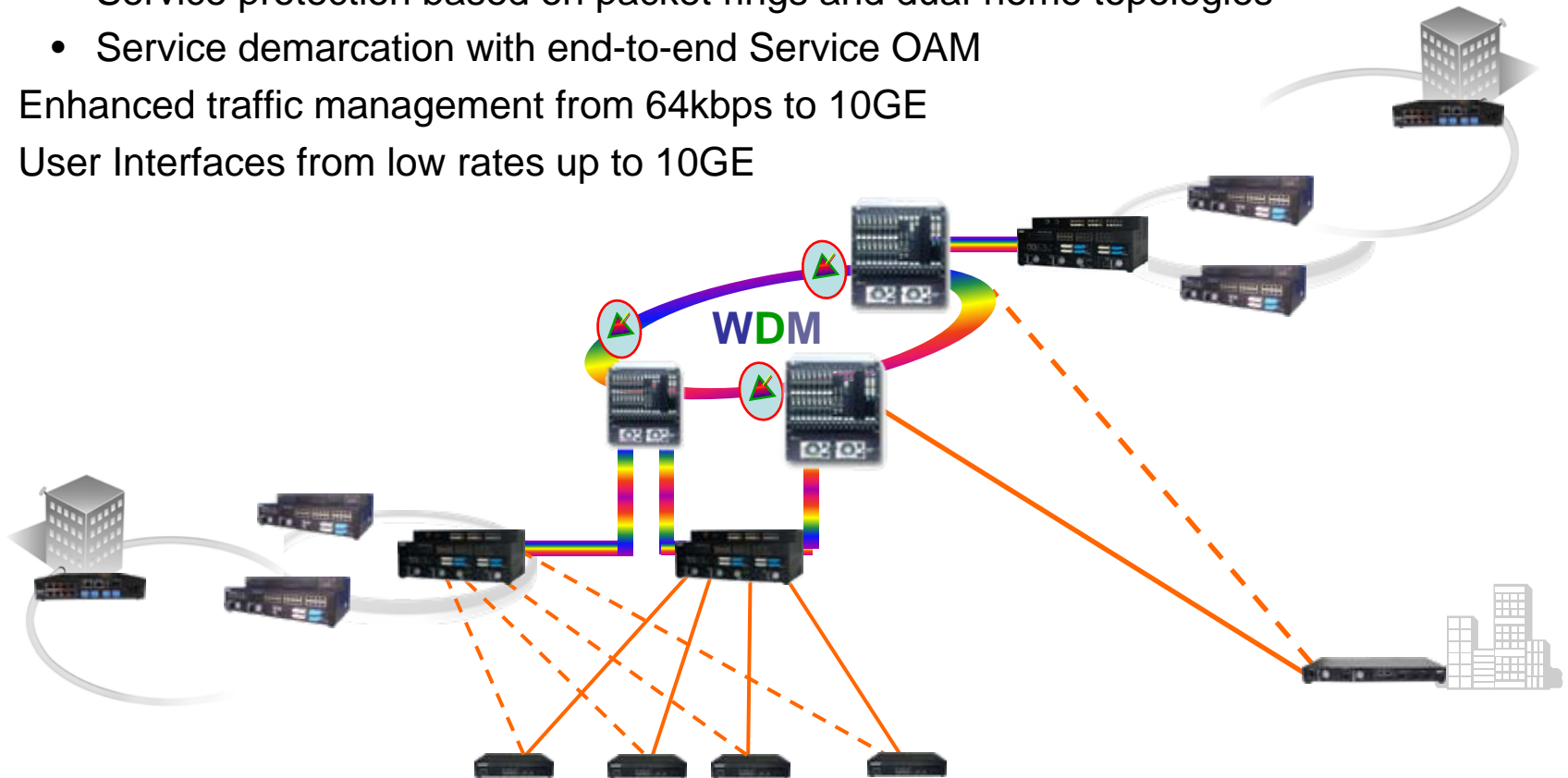
LD1600



GMPLS



- Packet Access rings and core WDM transport
  - Packet switching to backhaul Ethernet access circuits over WDM backbone
    - Service protection based on packet rings and dual-home topologies
    - Service demarcation with end-to-end Service OAM
  - Enhanced traffic management from 64kbps to 10GE
  - User Interfaces from low rates up to 10GE

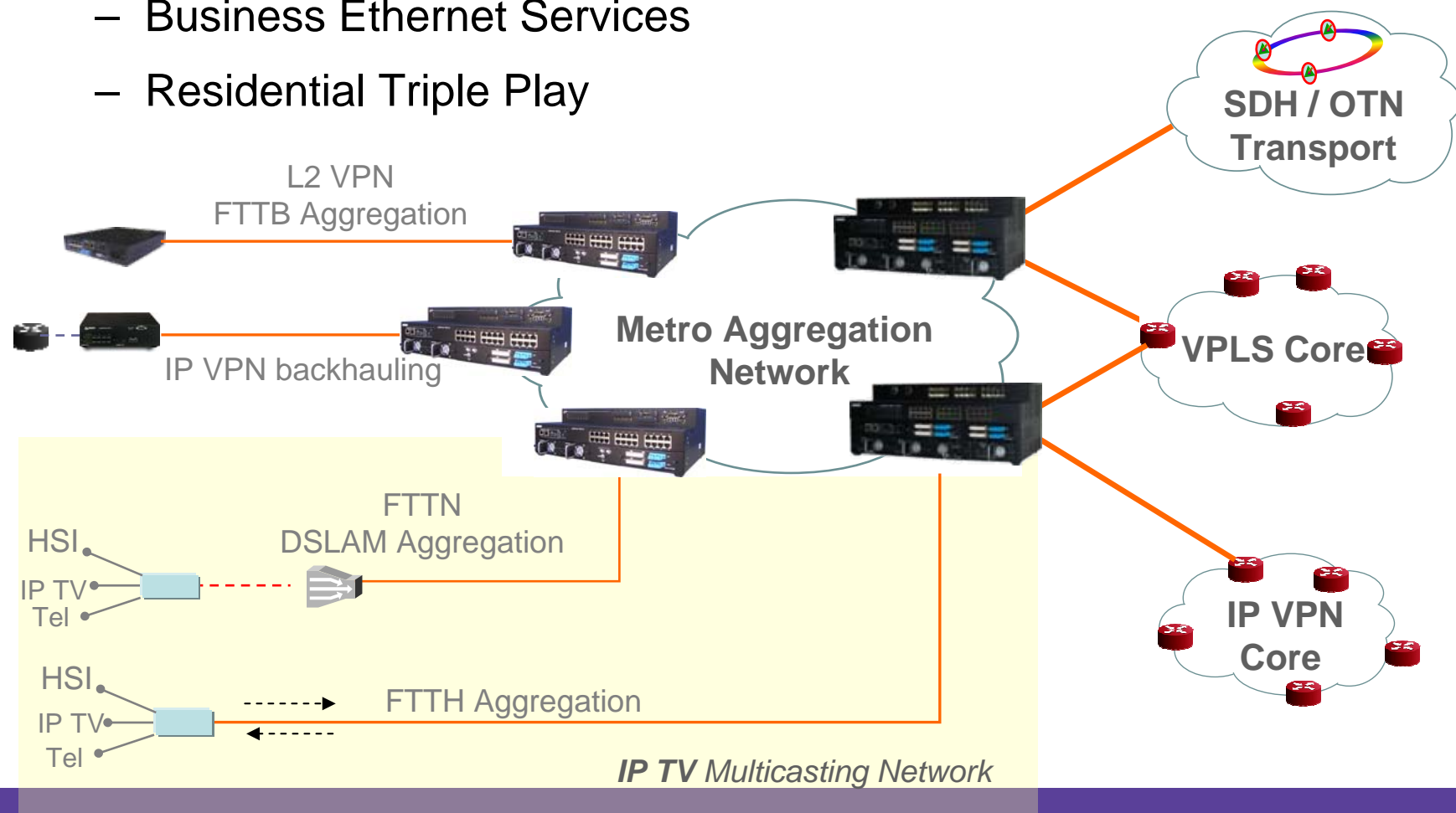


- Access to **Tier One** Carriers in Europe
- Enhances **MRV** Brand Name
- Consistent **Cash Flow** and **Profitability**

**Strong European  
Systems integration  
Presence in Europe**

Sweden  
Germany  
France  
Belgium  
Switzerland  
UK  
Italy  
Israel  
Finland  
Norway  
Denmark  
Netherlands  
Russia  
Spain  
Hungary

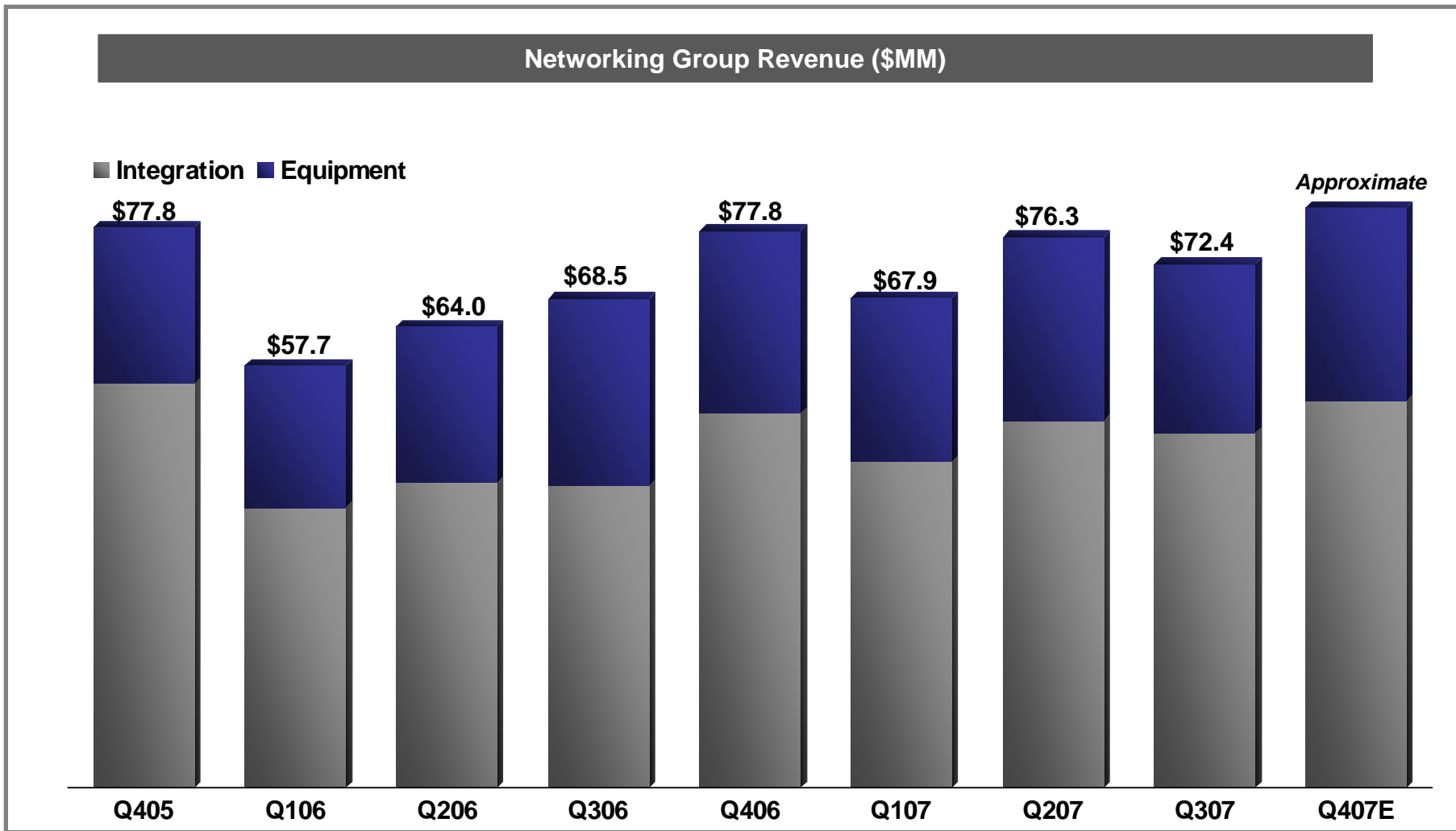
- Converged Metro Ethernet aggregation network for: **TeliaSonera**
  - Business Ethernet Services
  - Residential Triple Play



# Financial Information

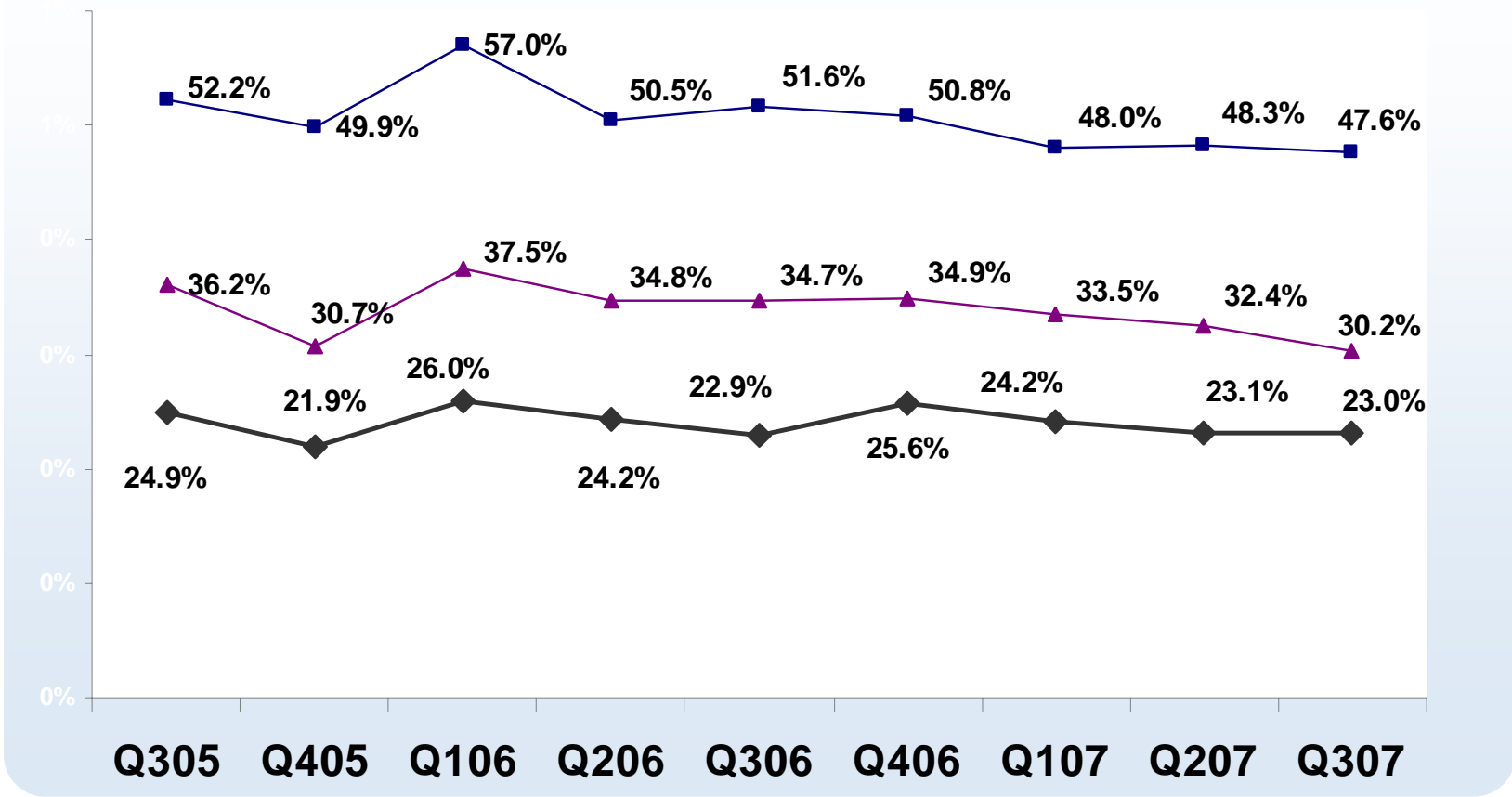


# Quarterly Networking Group Revenue



% of Revenue

—◆— Integration —■— Equipment —▲— Combined





- **Gross margin improvement initiatives**
  - Increasing the sale of higher margin products as well as support contracts and services.
  - Measuring regional vertical sales managers not only by their contribution to revenue but also by their contribution to gross profit and ability to manage expenses.
  - Ongoing efforts to reduce manufacturing costs through consolidation and outsourcing.
  - Improving supply chain management.
- **Tight control over operating expenses**
  - Continue to grow while keeping operating expenses relatively constant.



## Q3 '07 Key Balance Sheet Measures (entire company)

(in 000s)	Q3 '06	Q4 '06	Q1 '07	Q2 '07	Q3 '07
Cash <sup>(1)</sup>	116,759	118,407	116,726	107,435	86,214
Accounts Receivable	87,513	95,244	84,956	98,264	116,231
Days Sales Outstanding <sup>(2)</sup>	89	84	86	88	91
Inventory	70,399	61,361	65,215	68,800	85,539
Days in Inventory <sup>(2)</sup>	105	78	97	87	91
Short-Term Obligations <sup>(3)</sup>	23,352	26,289	21,565	22,765	34,651
Convertible Notes	23,000	23,000	23,000	23,000	-

(1) Includes cash and cash equivalents, time deposits and short- and long-term marketable securities

(2) Presented in terms of days

(3) Includes short-term obligations and current portion of long-term debt

- **MRV Networking Group**
  - **Innovative Network Equipment products focused on fast growing metro Ethernet opportunity**
  - **Established Network Integration business**
  - **Strong balance sheet and growth**
  - **Focused on improving gross margin and controlling expenses**



**Thank You !**