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FOR IMMEDIATE RELEASE

**LANOPTICS ANNOUNCES RECORD
2007 FIRST QUARTER RESULTS**

Revenues totaling \$3.9 million, a 172% increase over first quarter 2006

YOKNEAM, Israel, May 15, 2007 - LanOptics Ltd. (NASDAQ: LNOP), a provider of network processors, today announced results for the first quarter ended March 31, 2007.

Main Highlights:

- Record revenues; increase of 172% over first quarter 2006
- NP-2 processor contributed over 60% of revenues
- Substantial decline in net loss to \$1.1 million
- Non-GAAP net loss declined to \$0.3 million
- First sampling of next generation NP-3 processor completed, started lab testing after end of first quarter

Total revenues in the first quarter of 2007 were \$3.9 million, an increase of 15% compared to \$3.4 million in the fourth quarter of 2006, and an increase of 172% compared to \$1.4 million in the first quarter of 2006. All of LanOptics' revenues were attributable to its 78% owned EZchip Technologies Ltd. subsidiary.

Net loss for the first quarter of 2007 was \$1.1 million, or \$0.07 per share, compared to a net loss of \$5.1 million, or \$0.42 per share, in the fourth quarter of 2006, and a net loss of \$2.7 million, or \$0.24 per share, in the first quarter of 2006.

On a **non-GAAP basis**, **net loss** for the first quarter of 2007 was \$0.3 million, or \$0.02 per share, compared with a non-GAAP net loss of \$0.8 million, or \$0.06 per share, in the fourth quarter of 2006, and a non-GAAP net loss of \$2.2 million, or \$0.19 per share, in the first quarter of 2006.

Commencing with this earnings release, LanOptics is also providing information on a non-GAAP basis as management believes it is a better measure of the Company's actual performance and enables better comparison of the performance of the core business between periods on an on-going basis. Reconciliation of the non-GAAP measures to the most comparable GAAP measures are provided in the schedules attached to this release.

"This quarter was a significant quarter for LanOptics, both in terms of business development and financial performance," **commented Eli Fruchter, Chairman of the Board of LanOptics and CEO of EZchip**. "Two of the three leading tier-1 CESR vendors are building several of their strategic platforms based on EZchip's network processors. The first vendor that began production of several NP-2 based products in the third quarter last year, started production of several additional products this quarter, with more on the way. The second vendor received samples of a special version of our next generation NP-3 processor for testing. We are developing the NP-3 in two distinct versions, a special version jointly developed with Marvell specifically for this tier-1

customer and a second version intended for general availability and expected to sample later this year. All in all, we are extremely encouraged by EZchip's progress with our two major CESR customers.”

Mr. Fruchter concluded, “We generated record revenues in the first quarter, showing substantial sequential growth with a continuing decline in our net loss. Our substantial revenue growth was primarily attributable to the strong ramp up in sales of EZchip's second-generation network processor, the NP-2, which we launched in July 2006, and contributed over 60% of the quarter's revenues. In terms of design wins, this was another strong quarter. During the quarter, EZchip added five new design wins for NP-2 and NP-3, while five prior design wins entered production. This brings our total design wins to date to a record 109, of which over 70 are for NP-2 and NP-3 and 32 are currently in production.”

Use of Non-GAAP Financial Information

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this release of operating results also contains non-GAAP financial measures, which LanOptics believes are the principal indicators of the operating and financial performance of its business. The non-GAAP financial measures exclude the effects of stock-based compensation charges recorded in accordance with SFAS 123R, amortization of intangible assets, an in-process research and development charge and non-cash interest expense relating to redeemable preferred shares in EZchip. Management believes the non-GAAP financial measures provided are useful to investors' understanding and assessment of LanOptics' on-going core operations and prospects for the future, as the charges eliminated are not part of the day-to-day business or reflective of the core operational activities of the Company. Management uses these non-GAAP financial measures as a basis for strategic decisions, forecasting future results and evaluating the Company's current performance. However, such measures should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Reconciliation of the non-GAAP measures to the most comparable GAAP measures are provided in the schedules attached to this release.

Conference Call

The Company will be hosting a conference call later today, May 15, 2007 at 10:00am EDT, 07:00am PDT, 03:00pm UK time and 05:00pm Israel time. On the call, management will review and discuss the results, and will be available to answer investor questions. To participate, please call one of the following teleconferencing numbers below. Please begin placing your calls at least 10 minutes before the start of the conference call. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 281 1167

UK Dial-in Number: 0 800 917 5108

Israel Dial-in Number: 03 918 0610

International Dial-in Number: +972 3 918 0610

The conference will be broadcast live on <http://www.ezchip.com>. For those unable to listen to the live call, a replay of the call will be available the day after the call under the investor relations section of the website.

About LanOptics

LanOptics is focused on its majority-owned subsidiary, EZchip Technologies Ltd., a fabless semiconductor company providing high-speed network processors. EZchip's network processors provide the flexibility and integration that enable triple-play data, voice and video services in systems that make up the new Carrier Ethernet networks. Flexibility and integration make EZchip's solutions ideal for building systems for a wide range of applications in telecom networks, enterprise backbones and data centers.

For more information on LanOptics and EZchip, visit the web site at <http://www.ezchip.com>.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. These statements are only predictions based on LanOptics' current expectations and projections about future events. There are important factors that could cause LanOptics' actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Those factors include, but are not limited to, the impact of competitive products, product demand and market acceptance risks, customer order cancellations, reliance on key strategic alliances, fluctuations in operating results, delays in development of highly-complex products and other factors indicated in LanOptics' filings with the Securities and Exchange Commission (SEC). For more details, refer to LanOptics' SEC filings and the amendments thereto, including its Annual Report on Form 20-F filed on March 30, 2007 and its Current Reports on Form 6-K. LanOptics undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in our expectations, except as may be required by law.

-- FINANCIAL TABLES FOLLOW --

LanOptics Ltd.
Condensed Consolidated Statements of Operations
(U.S. Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		
	March 31, 2007	December 31, 2006	March 31, 2006
Revenues	\$ 3,905	\$ 3,382	\$ 1,435
Cost of revenues	1,668	1,422	634
Amortization of technology	498	103	86
Gross profit	1,739	1,857	715
Operating expenses:			
Research and development, net	1,697	2,032	2,260
In-process research and development charge	--	2,033	--
Selling, general and administrative	1,197	1,173	1,113
Total operating expenses	2,894	5,238	3,373
Operating loss	(1,155)	(3,381)	(2,658)
Financial and other income (expenses), net	28	(1,880)	(81)
Loss before minority interest	(1,127)	(5,261)	(2,739)
Minority interest in loss of EZchip	20	161	--
Net loss	\$ (1,107)	\$ (5,100)	\$ (2,739)
Net loss per share	\$ (0.07)	\$ (0.42)	\$ (0.24)
Weighted average number of shares used in per share calculation	15,709,081	12,043,240	11,633,952

LanOptics Ltd.
Reconciliation of GAAP to Non-GAAP measures
(U.S. Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2007		Three Months Ended December 31, 2006		Three Months Ended March 31, 2006	
	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenues	\$ 3,905	\$ 3,905	\$ 3,382	\$ 3,382	\$ 1,435	\$ 1,435
Cost of revenues	1,668	1,604	1,422	1,403	634	619
Amortization of technology	498	--	103	--	86	--
Gross profit	1,739	2,301	1,857	1,979	715	816
	44.5%	58.9%	54.9%	58.5%	49.8%	56.9%
Operating expenses:						
Research and development, net	1,697	1,588	2,032	1,927	2,260	2,158
In-process research and development charge	--	--	2,033	--	--	--
Selling, general and administrative	1,197	1,110	1,173	1,069	1,113	1,068
Total operating expenses	2,894	2,698	5,238	2,996	3,373	3,226
Operating loss	(1,155)	(397)	(3,381)	(1,017)	(2,658)	(2,410)
Financial and other income (expenses), net	28	89	(1,880)	85	(81)	169
Loss before minority interest	(1,127)	(308)	(5,261)	(932)	(2,739)	(2,241)
Minority interest in loss of EZchip	20	20	161	161	--	--
Net loss	\$ (1,107)	\$ (288)	\$ (5,100)	\$ (771)	\$ (2,739)	\$ (2,241)
Net loss per share	\$ (0.07)	\$ (0.02)	\$ (0.42)	\$ (0.06)	\$ (0.24)	\$ (0.19)
Weighted average number of shares used in per share calculation	15,709,081	15,709,081	12,043,240	12,043,240	11,633,952	11,633,952
Non-GAAP net loss		\$ (288)		\$ (771)		\$ (2,241)
Reconciliation items:						
Stock-based compensation		(193)		(214)		(148)
Amortization of intangible assets and discount on long-term loan		(626)		(183)		(100)
In-process research and development charge		--		(2,033)		--
Accretion to redemption value of redeemable preferred shares in EZchip *		--		(1,899)		(250)
GAAP net loss		\$ (1,107)		\$ (5,100)		\$ (2,739)

* As of January 1, 2007 the Company stopped the accretion to redemption value since the redemption right became within the control of the Company.

LanOptics Ltd.
Condensed Consolidated Balance Sheet

(U.S. Dollars in thousands)

	March 31, 2007	December 31, 2006
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and marketable securities	\$ 16,330	\$ 17,658
Trade receivables, net	1,897	1,706
Other receivables	487	683
Inventories	4,633	3,489
Total current assets	23,347	23,536
LONG-TERM INVESTMENTS:		
Prepaid development and production costs, Net	233	290
Severance pay fund	2,028	1,951
Total long-term investments	2,261	2,241
PROPERTY & EQUIPMENT, NET	460	352
Goodwill	36,531	36,531
Intangible assets, net	3,127	3,633
TOTAL ASSETS	\$ 65,726	\$ 66,293
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 864	\$ 1,017
Other payables and accrued expenses	3,140	3,092
Total current liabilities	4,004	4,109
LONG TERM LIABILITIES:		
Accrued severance pay	2,662	2,464
Long-term loan	3,398	3,337
Total long-term liabilities	6,060	5,801
EMPLOYEE STOCK OPTIONS IN EZchip	751	557
PREFERRED SHARES IN EZchip	23,770	23,770
SHAREHOLDERS' EQUITY:		
Share capital	94	93
Additional paid-in capital	118,048	117,716
Accumulated other comprehensive loss	(15)	(19)
Accumulated deficit	(86,986)	(85,734)
Total shareholders' equity	31,141	32,056
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 65,726	\$ 66,293

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