

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

KEVIN D. RAMSEY, Individually And On
Behalf of All Similarly Situated,

Plaintiff,

v.

MRV COMMUNICATIONS INC., NOAM
LOTAN, SHAY GONEN, MICHAEL BLUST,
KEVIN RUBIN, GUY AVIDAN, GUENTER
JAENSCH, IGAL SHIDLOVSKY, DANIEL
TSUI, BARUCH FISHCHER,

Defendants.

Civil Action No. CV-08-04561
GAF(RCx)

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT

TO: ALL PERSONS THAT PURCHASED THE COMMON STOCK OF MRV COMMUNICATIONS, INC. ("MRV" OR THE "COMPANY") DURING THE PERIOD BETWEEN MARCH 31, 2003 AND OCTOBER 8, 2009, INCLUSIVE (THE "CLASS PERIOD"), AND WERE DAMAGED THEREBY (THE "SETTLEMENT CLASS").

**YOU MAY BE ENTITLED TO A PAYMENT
FROM THIS PROPOSED SETTLEMENT.**

A federal court authorized this notice. This is not a solicitation from a lawyer.

- If approved by the Court,¹ the proposed Settlement will create a \$10 million settlement fund for the benefit of eligible investors who purchased the common stock of MRV during the Class Period.
- The Settlement would resolve a class action lawsuit alleging that MRV and Noam Lotan ("Lotan"), Shay Gonen ("Gonen"), Kevin Rubin ("Rubin"), Guy Avidan ("Avidan"), Michael Blust ("Blust"), Guenter Jaensch ("Jaensch"), Igal Shidlovsky ("Shidlovsky"), Daniel Tsui ("Tsui") and Baruch Fischer ("Fischer") (collectively, "Individual Defendants" and together with MRV, "Defendants") misled investors about MRV's financial condition (the "Litigation"). The Settlement Class is represented in the Litigation by court-appointed Lead Plaintiff Kwok Wong ("Lead Plaintiff").
- The Court will review the Settlement at the Settlement Hearing to be held on November 15, 2010 at 9:30 a.m.
- **Your legal rights are affected whether you act or do not act. Read this notice carefully.**

¹ All capitalized terms not otherwise defined in this document shall have the meaning provided in the Stipulation and Agreement of Settlement, dated April 16, 2010.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY SEPTEMBER 25, 2010	The <i>only</i> way to get a payment.
EXCLUDE YOURSELF BY NOVEMBER 1, 2010	Get no payment. This is the <i>only</i> option that allows you to ever bring or be part of any <i>other</i> lawsuit against the Defendants and the other "Released Defendant Parties" about the "Released Claims." This is the <i>only</i> option that removes you from the Settlement Class, if you are a Class Member.
OBJECT BY NOVEMBER 1, 2010	Write to the Court about why you do not like the Settlement. This will not exclude you from the Settlement Class.
GO TO A HEARING ON NOVEMBER 15, 2010	Ask to speak in Court about the Settlement at the Settlement Hearing.
DO NOTHING	Get no payment. Give up rights if you are a Class Member.

SUMMARY OF THIS NOTICE

Statement of Plaintiff's Recovery

This proposed Settlement will create a Settlement Fund of \$10 million, plus interest as it accrues. Based on Lead Plaintiff's estimate of the number of shares of common stock that may have been damaged by the alleged fraud, and assuming that all those shares participate in the Settlement, Lead Plaintiff estimates that the average recovery would be approximately \$0.065 per share.² This estimate is before deduction of any court-awarded expenses, such as attorneys' fees and litigation expenses, and the cost of sending this Notice and administering the distribution of the Settlement. The amount an eligible Class Member will actually recover will depend on numerous factors. These factors are explained below and in the Plan of Allocation beginning on page 11. Please refer to the Plan of Allocation for more information on your potential "Recognized Loss" (defined below on page 12).

Statement of Potential Outcome if the Claims Continued to Be Litigated

The Parties disagree about whether each or any of the Defendants is liable for the claims asserted against them and whether each or any of the Defendants caused any damages. The issues on which the Parties disagree include, for example: (1) whether Defendants made any false or material misstatements or omissions; (2) whether Defendants acted with the required state of mind; (3) the amount by which the prices of MRV common stock were artificially inflated (if at all) during the Class Period as a result of the alleged fraud; (4) the extent that MRV's alleged compensation expenses and stock option granting practices influenced (if at all) the trading price of MRV's common stock during the Class Period; (5) whether any purchasers of MRV common stock suffered damages as a result of the alleged misstatements in and omissions from the Company's public statements; and (6) the amount of such damages, assuming they exist.

The Defendants deny that they are liable to the Settlement Class and deny that the Settlement Class has suffered any damages attributable to Defendants' actions. While Lead Plaintiff believes he and the Settlement Class have meritorious claims, he recognizes that there are significant obstacles to be overcome before there could be any recovery.

Statement of Attorneys' Fees and Costs Sought

Lead Plaintiff and Settlement Class are represented by the law firm of Labaton Sucharow LLP ("Lead Counsel"). Lead Counsel has not received any payment for its services in litigating the claims, nor has it been reimbursed for its litigation expenses. Lead Counsel intends to make a motion asking the Court to award it attorneys' fees of no more than 25% of the Settlement Fund (including any accrued interest), and reimbursement

² An allegedly damaged share might have been traded more than once during the Class Period, and this average recovery would be the total for all purchasers of that share.

from the Settlement Fund of expenses incurred during the litigation, in an amount not to exceed \$125,000, plus interest. Lead Plaintiff may also request that the Court award him up to \$22,000 for his reasonable costs and expenses, including lost wages relating to his representation of the Settlement Claims. If the Court approves the fee and expense motions, the average amount of fees and expenses per damaged share of common stock will be approximately \$0.017. This amount will vary depending on the number of eligible claims submitted.

Further Information

Further information regarding the Settlement and this Notice may be obtained by contacting the Claims Administrator: MRV Communications Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914; toll-free at 800-766-3330; by fax at 516-931-0810; or at www.berdonclaims.com; or Lead Counsel Labaton Sucharow LLP, 140 Broadway, New York, NY 10005; 888-753-2796; www.labaton.com. **Please Do Not Call the Court or MRV With Questions About the Settlement.**

Reasons for the Settlement

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit of an excellent cash recovery for the Settlement Class. This benefit must be compared to the risk that no recovery or a smaller recovery might be achieved after motions to dismiss are made by Defendants, fact and expert discovery is complete, summary judgment motions are made by Defendants, a contested trial and likely appeals, possibly years into the future. For Defendants, who deny all allegations of wrongdoing, the principal reason for the Settlement is to eliminate the burden, expense, uncertainty and risk of further litigation.

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BASIC INFORMATION

1. Why did I get this notice packet?

You or someone in your family may have purchased MRV common stock during the period between March 31, 2003 and October 8, 2009, inclusive, and may be a Class Member in this Litigation. This packet explains the lawsuit, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them and how to get them.

The Court directed that this Notice and the Proof of Claim and Release form ("Claim Packet") be sent to Class Members because they have a right to know about a proposed settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If approved, the Settlement will end all of the Settlement Class's claims against Defendants. The Court will review the Settlement at a Settlement Hearing on November 15, 2010 at 9:30 a.m. If the Court approves the Settlement, and after any objections and appeals are resolved, the claims administrator appointed by the Court will make the payments that the Settlement allows.

Claim Packets are being mailed by First-Class Mail to potential members of the Settlement Class identified in the records of MRV or its transfer agent, or through other reasonable efforts. As these mailings will be made to potential Class Members' last known addresses, it is possible that Claim Packets will be returned by the post office. If a forwarding address is provided by the post office, the Claims Administrator will re-send a Claim Packet to that new address. If the post office does not provide an updated address, then the Claims Administrator will attempt to locate a new address through a search of the National Change of Address database. If an address can be found in that database, a Claim Packet will be re-mailed to the updated address. The Claims Administrator will also mail Claim Packets to brokerage firms, banks, institutions and other nominees, who in turn are to notify their customers of the Litigation and proposed Settlement or request that the Claims Administrator mail Claim Packets to their customers at an address provided by the institution. Additionally, Claim Packets will be posted on the Claims Administrator and Lead Counsel's websites, a notice will be published in *Investor's Business Daily* and a notice will be transmitted over *PR Newswire*.

The Court in charge of the case is the United States District Court for the Central District of California, and the case is known as *Ramsey v. MRV Communications, Inc. et al.*, No. 08-04561 (GAF) (RCx). This case was assigned to United States District Judge Gary A. Feess. The person bringing the case is called the "lead plaintiff," and the company and the persons being sued are called "defendants."

2. What is this lawsuit about and what has happened so far?

The Litigation commenced on July 11, 2008 and on December 1, 2008 Kwok Wong was appointed Lead Plaintiff for the proposed class by the Court. The defendants in the Litigation are: MRV, Noam Lotan, Shay Gonen, Kevin Rubin, Guy Avidan, Michael Blust, Guenter Jaensch, Igal Shidlovsky, Daniel Tsui and Baruch Fischer. MRV is a Delaware corporation with its principal executive offices in Chatsworth, California. It provides communications equipment and services to carriers, governments and enterprise customers worldwide.

The main complaint in the Litigation is the Second Amended Consolidated Class Action Complaint for Violation of the Federal Securities Laws (the "Second Amended Complaint"). The Second Amended Complaint alleges, among other things, that Defendants violated Section 10(b) and 14(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 by issuing allegedly false and misleading statements to investors during the Class Period regarding the Company's stock option grants and compensation expenses. The Second Amended Complaint also alleges that the Individual Defendants were "control persons" and are liable under Section 20(a) of the Exchange Act. The Second Amended Complaint further alleges that Lead Plaintiff and other Class Members purchased MRV common stock during the Class Period at artificially inflated prices and were allegedly damaged when the truth was disclosed and the stock price dropped. The Litigation seeks money damages against the Defendants for violations of these federal securities laws.

The Parties have been litigating the case since Lead Plaintiff was appointed on December 1, 2008. Lead Plaintiff filed a First Amended Consolidated Class Action Complaint for Violation of the Federal Securities Laws on January

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30, 2009, after an extensive investigation that included, among other things: (a) review and analysis of publicly available information concerning Defendants, including newspaper articles, online publications, stock price charts, statements at analyst conferences, and Bloomberg reports; (b) review and analysis of regulatory filings made by Defendants with the United States Securities and Exchange Commission (“SEC”); (c) review and analysis of securities analyst reports; (d) review and analysis of press releases and media reports issued by and disseminated by Defendants; (e) consultation with a damages expert; and (f) consultations with the leading statistician studying stock options backdating whose scholarly work on the issue is largely responsible for identifying potential backdating practices at hundreds of publicly traded companies. On February 16, 2010, Lead Plaintiff filed the Second Amended Complaint, which incorporated analysis and allegations about MRV’s restated financial statements as of and for the years ended December 31, 2007 and December 31, 2006, and restated related disclosures and financial data for the years ended December 31, 2007, December 31, 2006, December 31, 2005 and December 31, 2004, and the quarter ended March 31, 2008 (the “Restatement”). As part of confirmatory discovery preceding the Settlement, Lead Plaintiff has also analyzed key documents concerning the alleged backdating practices, numbering approximately 17,000 pages. Lead Plaintiff interviewed Chris King, MRV’s current Chief Financial Officer, who uncovered the options backdating issues and was intimately involved in the investigation of the Company’s stock options practices. Lead Plaintiff also interviewed Anne-Marie Frisch, who has served as the Company’s stock options administrator since December, 2000.

Defendants deny all allegations of wrongdoing contained in the Second Amended Complaint and deny that they are liable. The Settlement should not be seen as an admission or concession on the part of any Defendant about any of the claims, their fault or liability for damages.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case the Lead Plaintiff) sue on behalf of people or entities, known as “Class Members,” who have similar claims. A class action allows one court to resolve in a single case many similar claims that, if brought separately by individuals, might be economically so small that they would never be brought. One court resolves the issues for all class members, except for those who exclude themselves, or “opt out,” from the class (*see* Question 13 below).

4. Why is there a Settlement?

The Court did not finally decide in favor of Lead Plaintiff or Defendants. The Settlement will end all the claims against the Defendants in the Litigation and avoid the uncertainties, time delay and costs of further litigation and any future trial. Affected investors will get compensation immediately, rather than after the time it would take to conduct additional litigation and discovery, have a trial and exhaust all appeals. The Settlement was reached after Lead Plaintiff conducted a thorough investigation, analyzed numerous documents about MRV’s stock option program produced by Defendants as part of confirmatory discovery, interviewed a key current officer of MRV as well as the administrator of MRV’s stock option plan, thoroughly analyzed MRV’s stock option grants with the assistance of a preeminent expert in the field of statistics, consulted with an expert in the field of damages, and engaged in arms-length negotiations about a settlement. Several settlement discussions took place, including before an experienced impartial mediator. These discussions ultimately resulted in an agreement to settle the claims asserted in the Litigation. Lead Plaintiff and Lead Counsel believe the Settlement provides an excellent recovery and is in the best interest of Class Members.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement?

The Court will be asked to certify this Litigation as a class action for Settlement purposes only and to order that everyone who fits the following description is a Class Member, unless they take steps to exclude themselves:

all Persons that purchased the common stock of MRV during the period between March 31, 2003 and October 8, 2009, inclusive, and were damaged thereby. Excluded from the Settlement Class

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are: Defendants; the current and former officers and directors of the Company; the members of the immediate families of any excluded Person; the legal representatives, heirs, successors or assigns of any excluded Person; any entity in which any Defendant has or had a controlling interest; and any Person that timely and validly seeks exclusion from the Settlement Class.

Receipt of this Notice does not mean that you are a Class Member. Please check your records or contact your broker to see if you purchased or acquired MRV common stock during the Class Period.

6. Are there exceptions to being included in the Settlement Class?

There are some people who cannot be in the Settlement Class. The excluded persons are: (a) Defendants; (b) the current and former officers and directors of the Company; (c) the members of the immediate families of any excluded Person; (d) the legal representatives, heirs, successors or assigns of any excluded Person; (e) any entity in which any Defendant has or had a controlling interest; and (f) any Person that timely and validly seeks exclusion from the Settlement Class.

If you do not want to be a Class Member, for example if you want to bring or continue with your own lawsuit against the Defendants for these claims, **you must** exclude yourself by filing a request for exclusion in accordance with the requirements explained below.

If one of your mutual funds purchased or acquired shares of MRV common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you (or your broker on your behalf) purchased or acquired MRV common stock during the Class Period.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help from the Claims Administrator: MRV Communications Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914; toll-free at 800-766-3330; by fax at 516-931-0810; or at www.berdonclaims.com. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described in Question 10, to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the Settlement provide?

In the Settlement, the Defendants have agreed to fund a \$10 million (before interest) account to be divided, after deduction of Court-awarded attorneys' fees and expenses, reimbursement of any award to Lead Plaintiff, settlement administration costs and any applicable taxes ("Net Settlement Fund"), among all Class Members who timely submit valid Proofs of Claim.

9. How much will my payment be?

The Plan of Allocation discussed on page 12 explains how claimants' "Recognized Losses" will be calculated. Your share of the settlement fund will depend on several things, including: (a) the amount of Recognized Losses of other Class Members; (b) how many shares of MRV stock you bought during the Class Period; (c) how much you paid for the shares; (d) when you bought them; and (e) whether or when you sold them (and, if so, for how much you sold them).

It is unlikely that you will get a payment for your entire Recognized Loss, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment you get will be a portion of the Net Settlement Fund. Your share will be your Recognized Loss divided by the total of all Class Members' Recognized Losses and then multiplied by the total amount in the Net Settlement Fund. *See* the Plan of Allocation beginning on page 11 for more information.

Once all the Proofs of Claim are processed and reviewed and the claims are calculated, Lead Counsel, without further notice to the Settlement Class, will apply to the Court for an order distributing the Net Settlement Fund to

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the members of the Settlement Class. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's fees and expenses incurred in connection with administering the Settlement that have not already been reimbursed.

HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

10. How can I get a payment?

To qualify for a payment, you must timely send in a validly completed Proof of Claim with supporting documents (**do not send originals of your supporting documents**). A Proof of Claim is being circulated with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator: www.berdonclaims.com, or for Lead Counsel: www.labaton.com. Please read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it to the Claims Administrator by First-Class Mail, **postmarked no later than September 25, 2010**. *The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine what you may be entitled to.*

Proofs of Claim that do not meet the submission requirements may be rejected, in whole or in part. Prior to rejection of your Proof of Claim, the Claims Administrator will communicate with you, in writing and in a timely fashion (assuming your claim is timely filed), in order to give you an opportunity to remedy curable deficiencies in the Proof of Claim submitted. The Claims Administrator's notice will state the reasons for the rejection of your claim. You will also be given the right to a review of the rejection of your claim by the Court if you, within the deadline established by the Claims Administrator, (1) serve upon the Claims Administrator a notice and statement of reasons you are contesting the rejection along with any supporting documentation, and (2) request a review by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel will present your request for review to the Court.

11. When would I get my payment?

The Court will hold a hearing on November 15, 2010 at 9:30 a.m., to decide whether to approve the Settlement. All Proofs of Claim need to be submitted **postmarked no later than September 25, 2010**. If the Court approves the Settlement, there may still be appeals which would delay payment, perhaps for more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up by staying in the Settlement Class and getting a payment?

Unless you exclude yourself, you will stay in the Settlement Class, which means that once the Settlement becomes effective (the "Effective Date"), you will forever give up and release all "Released Claims" (as defined below) against the "Released Defendant Parties."³ You will not in the future be able to bring a case asserting any Released Claims against the Released Defendant Parties.

"Released Claims" means all claims and causes of action of every nature and description, whether known or unknown (as defined below), arising from the beginning of time to the Effective Date, whether under federal, state, common or foreign law, that Lead Plaintiff or any member of the Settlement Class (i) claimed or could have claimed against any Defendant in this Litigation arising out of or related in any way to any of the facts, matters, transactions, allegations, claims in the Second Amended Complaint or MRV's grants of stock options between 1995 and 2008, or (ii) has or could have, arising out of the defense, settlement or resolution of the Litigation (other than claims to enforce the Settlement). However, the release of the Released Claims shall not release, bar, waive, or otherwise affect claims that have been brought or could have been brought in the shareholder derivative actions captioned *In re MRV Communications, Inc. Derivative Litigation*, Docket No. 2:08-CV-03800 GAF (RCx), pending in the Central District of California, and *Ke v. Margalit, et al.*, Docket No. BC393856, pending in the Superior Court of California, Los Angeles County, with respect to which all parties reserve their rights.

³ "Released Defendant Parties" means any and all of the Defendants, their heirs, executors, administrators, trustees, predecessors, successors, representatives or assigns, and the current or former officers, directors, employees, insurers, reinsurers, attorneys, affiliates, subsidiaries, committees, managers, or fiduciaries of any Defendant, including, without limitation, MRV and current or former members of its board of directors and its current or former officers.

“Unknown Claims” means any and all Released Claims, which the Lead Plaintiff or any Class Member does not know to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants’ Claims that any Defendant does not know exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by such Person might have affected such Person’s decisions with respect to the Settlement. The Parties intend the releases contained in this Stipulation to be full and complete. Consequently, with respect to any and all Released Claims and Released Defendants’ Claims, the Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiff and the Defendants shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was an essential element of the Settlement.

The “Effective Date” will occur after the Judgment by the Court approving the Settlement becomes final and is not subject to appeal. If you remain a member of the Settlement Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue the Released Defendant Parties on your own about the Released Claims, then you must take steps to exclude yourself from the Settlement. Excluding yourself is known as “opting out” of the Settlement Class.

13. How do I “opt out” (exclude myself) from the proposed Settlement?

To “opt out” (exclude yourself) from the Settlement Class, you must send a signed letter by First-Class Mail stating that you “request exclusion from the Settlement Class in MRV Communications, Inc. Settlement, No. 08-04561 (GAF) (RCx).” Your letter must state the date(s), price(s) and number of shares of all your purchases, acquisitions and sales of MRV common stock during the Class Period. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and your signature. You must mail your exclusion request by First-Class Mail, **postmarked no later than November 1, 2010**, to the Claims Administrator at:

MRV Communications Securities Litigation – EXCLUSIONS
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914

You cannot exclude yourself or opt out by telephone or by e-mail. Your exclusion request must comply with these requirements in order to be valid. If you write to request to be excluded, you will not get any settlement payment and you cannot object to the Settlement.

If you change your mind about excluding yourself, you may submit a written revocation of your request for exclusion to the Claims Administrator. If your revocation is **received no later than November 12, 2010**, you will become a member of the Settlement Class and be eligible to receive a payment from the Settlement, provided that you timely submit a valid Proof of Claim.

Questions? Call Toll-Free 1-800-766-3330

14. If I do not exclude myself, can I sue the Defendants and the other Released Defendant Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue Defendants and the other Released Defendant Parties for all Released Claims. If you have a pending lawsuit speak to your lawyer in that case **immediately**. You must exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is November 1, 2010.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may exercise any right you may have to sue, continue to sue or be part of a different lawsuit against the Defendants and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The law firm of Labaton Sucharow LLP in New York, New York was appointed to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses, which will be paid from the Settlement Fund if they are approved. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel has not received any payment for its services in pursuing the claims against Defendants on behalf of the Settlement Class, nor has it been reimbursed for its litigation expenses. At the Settlement Hearing described below, or at such other time as the Court may order, Lead Counsel will ask the Court to award it, from the Settlement Fund, attorneys' fees of no more than 25% of the Settlement Fund (including accrued interest), and to reimburse it for its litigation expenses, such as the cost of experts, that it has incurred in pursuing the Litigation. The request for reimbursement of expenses will not exceed \$120,000, plus interest on the expenses at the same rate as may be earned by the Settlement Fund. If the application for attorneys' fees and expenses is approved, the average amount of such fees and expenses per damaged share would be approximately \$0.017.

The fee requested by Lead Counsel would compensate it for its efforts in achieving the Settlement for the benefit of the Settlement Class and for the risk in undertaking the Litigation on a contingency basis. A request of 25% may be determined by the Court to be reasonable given: (a) the time and labor spent by counsel; (b) the novelty and difficulty of the claims; (c) the risk that Lead Plaintiff would not prevail; (d) the result achieved; (e) the quality of counsel's representation; and (f) the fees awarded in similar cases. The Court will determine the amount of the award.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I do not like the proposed Settlement?

If you are a Class Member you can object to any part of the Settlement, the proposed Plan of Allocation, the application by Lead Counsel for attorneys' fees and expenses and the application by Lead Plaintiff for reimbursement of his costs and expenses. You must write to the Court setting out your objection, giving reasons why you think the Court should not approve any part or all of the Settlement.

To object, you must send a signed letter stating that you object to the proposed settlement in the case known as: *MRV Communications, Inc. Settlement*, No. 08-04561 (GAF) (RCx). You must include your name, address, telephone number and your signature; identify the date(s), price(s) and number of shares of all purchases,

acquisitions and sales of MRV stock you made during the Class Period; and state the reasons why you object to the Settlement. This information is needed to demonstrate your membership in the Settlement Class.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will not be able to make any objection to the Settlement in the future.

Your objection must be filed with the Court and delivered or mailed First-Class (with a corresponding postmark) **no later than November 1, 2010** to all the following:

CLERK OF THE COURT
United States District Court for
the Central District of California
The Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

LABATON SUCHAROW LLP
Jonathan Gardner, Esq.
140 Broadway
New York, NY 10005
Lead Counsel

SULLIVAN & CROMWELL LLP
Robert A. Sacks, Esq.
1888 Century Park East, Suite 2100
Los Angeles, California 90067
Defendants' Counsel

19. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can still recover from the Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Hearing at 9:30 a.m. on November 15, 2010, in Courtroom 740 of the Roybal Federal Building, the United States District Court for the Central District of California, 255 East Temple Street, Los Angeles, CA 90012. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. The Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement, the application of Lead Counsel for attorneys' fees and reimbursement of expenses, and the application of Lead Plaintiff, if any, for his costs and expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out above in the answer to Question 18. We do not know how long it will take the Court to make these decisions.

You should also be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you validly submit an objection, you do not have to come to Court to talk about it.

Questions? Call Toll-Free 1-800-766-3330

22. May I speak at the hearing and submit additional evidence?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 18 above) a statement that it is your “notice of intention to appear in *MRV Communications, Inc. Settlement*, No. 08-04561 (GAF) (RCx).” Persons who intend to object and want to present evidence at the Settlement Hearing must also include in their written objection the identity of any witness they may call to testify and exhibits they intend to introduce at the Settlement Hearing. You cannot speak at the hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 18.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims in this case. To share in the Net Settlement Fund you must submit a Proof of Claim (*see* Question 10). To start, continue or be a part of any *other* lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims in this case you must exclude yourself from this Settlement Class (*see* Question 13).

GETTING MORE INFORMATION

24. Are there more details about the proposed settlement and the lawsuit?

This Notice summarizes the proposed Settlement. More details are in the Stipulation and Agreement of Settlement dated April 16, 2010 (the “Stipulation”). You may review the Stipulation filed with the Court and all documents filed in the Litigation during business hours at the Office of the Clerk of the United States District Court for the Central District of California, The Roybal Federal Building, 255 East Temple Street, Los Angeles, CA 90012.

You also can call the Claims Administrator toll free at 800-766-3330 or Lead Counsel at 888-753-2796; write to MRV Communications Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11754-8914, or by fax at 516-9831-0180; or visit the websites www.berdonclaims.com or www.labaton.com, where you can find answers to common questions about the Settlement, download copies of the Proof of Claim, and locate other information to help you determine whether you are a Class Member and whether you are eligible for a payment. **Please do not call the Court or MRV with questions about the Settlement.**

**INFORMATION ABOUT THE PLAN OF ALLOCATION
OF NET SETTLEMENT FUND AMONG CLASS MEMBERS**

The \$10 million Settlement Amount and any interest it earns is called the Settlement Fund. The Settlement Fund, minus all taxes, costs, fees and expenses (the “Net Settlement Fund”), will be distributed according to the Plan of Allocation described below to members of the Settlement Class who timely submit valid Proofs of Claim (“Authorized Claimants”). Class Members who do not timely submit valid Proofs of Claim will not share in the Net Settlement Fund, but will otherwise be bound by the terms of the Settlement.

The Claims Administrator will determine each Authorized Claimant’s share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Loss,” as described below. The Plan of Allocation is not intended to estimate the amount a Class Member might have been able to recover after a trial, nor is it intended to estimate the amount that will be paid to Authorized Claimants. The Plan of Allocation is intended to fairly apportion the Settlement and it is the basis upon which the Net Settlement Fund will be proportionately divided among all the Authorized Claimants. The Court will be asked to approve the Claims Administrator’s determinations before the Net

Settlement Fund is distributed to Authorized Claimants. No distributions to Authorized Claimants who would receive less than \$10.00 will be made, given the administrative expenses of processing and mailing such checks.

Defendants, their respective counsel, and all other Released Defendant Parties will have no responsibility for or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation or the payment of any claim. The Lead Plaintiff and Lead Counsel likewise will have no liability for their reasonable efforts to execute, administer and distribute the Settlement pursuant to the Stipulation and orders of the Court.

The following Plan of Allocation reflects the allegations that the price of MRV common stock during the Class Period was inflated artificially by reason of allegedly false and misleading statements made by the Defendants about MRV's stock option granting practices and compensation expenses. The Defendants deny any allegations of liability. The artificial inflation allegedly began on March 31, 2003 after MRV issued its annual report for 2002 in a Form 10-K filed with the SEC. Lead Plaintiff alleges that this statement, and subsequent statements throughout the Class Period, made materially false and misleading representations and omissions about the business, management, and operations of MRV, specifically MRV's stock option granting practices and its accounting for stock option grants.

Lead Plaintiff alleges that the artificial inflation was partially removed from MRV's common stock on June 6, 2008 when the Company disclosed that MRV's board of directors had established a special committee of independent directors to review the Company's historical stock option practices and related accounting. The remainder of the artificial inflation was removed from MRV's common stock on October 9, 2009 in response to the Company's previous evening's disclosure that it had filed its Restatement, and that it was now current with its SEC filings. The Plan of Allocation described below was created with the assistance of a consulting damages expert who analyzed the movement of MRV's common stock after the alleged disclosures. It takes into account the portion of these two stock drops attributable to the alleged fraud.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total of all Recognized Losses, then each Authorized Claimant will be paid the percentage of the Net Settlement Fund that each Authorized Claimant's recognized claim bears to the total of the claims of all Authorized Claimants ("*pro rata share*").

In processing the claims, the first-in, first-out basis ("*FIFO*") will be applied to purchases and sales. If a claimant held MRV common stock at the opening of the Class Period, any sales of MRV common stock during the Class Period will be matched first against such holdings and then against purchases during the Class Period in chronological order. No Recognized Loss will be attributed to the shares purchased or otherwise acquired before the Class Period.

A purchase or sale of MRV common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. Any person or entity that sold MRV common stock "short" will have no Recognized Loss with respect to such purchase during the Class Period to cover said short sale. Gifts and transfers of stock are also not eligible purchases. Payment in this manner will be deemed conclusive against all Authorized Claimants.

Publicly Traded MRV Common Stock

Each Recognized Loss is based on the daily per share amount of artificial inflation allegedly present in MRV's stock price set forth below and calculated for each share of common stock purchased and sold. A Recognized Loss cannot be less than zero for any transaction. A Recognized Loss shall be calculated as follows:

1. For shares of MRV common stock purchased or otherwise acquired on or after March 31, 2003 through and including June 5, 2008 and:

- (a) Sold on or before June 5, 2008, the Recognized Loss per share is \$0. This determination was made because the purchase and the sale occurred before any alleged corrective disclosures were publicly

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revealed. Thus, any losses that Class Members may have suffered with respect to shares of MRV common stock that were purchased on or after March 31, 2003 through and including June 5, 2008, that were sold on or before June 5, 2008, were not related to the alleged misstatements or omissions and are not compensable through this Litigation for violation of the securities laws;

- (b) Sold on or after June 6, 2008 and before October 9, 2009, the Recognized Loss per share is the lesser of: (i) the purchase price minus the sale price; and (ii) \$0.37;
- (c) Still held as of the close of business on October 8, 2009, the Recognized Loss per share is the lesser of: (i) the purchase price minus \$0.85; and (ii) \$0.40.

2. For shares of MRV common stock purchased or otherwise acquired on or after June 6, 2008 through and including October 8, 2009 and:

- (a) Sold on or before October 8, 2009, the Recognized Loss per share is \$0. This determination was made because a purchase was made during the class period, but the share or shares were not held through a corrective disclosure. Thus, any losses that Class Members may have suffered with respect to shares of MRV common stock that were purchased on or after June 6, 2008 through and including October 8, 2009, that were sold on or before October 8, 2009, were not related to the alleged misstatements or omissions and are not compensable through this Litigation for violation of the securities laws;
- (b) Still held as of the close of business on October 8, 2009, the Recognized Loss per share is the lesser of: (i) the purchase price minus \$0.85; and (ii) \$0.03.

SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES

If you purchased or acquired MRV common stock (NASDAQ ticker: MRVC; CUSIP 553477100) during the period between March 31, 2003 and October 8, 2009, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE**, you either: (1) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired MRV common stock during such time period (preferably in an MS Excel data table, setting forth (a) title/registration, (b) street address, (c) city/state/zip; or electronically in MS Word or WordPerfect files; or on computer-generated mailing labels) or; (2) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) calendar days send by First-Class Mail the Notice and Proof of Claim form directly to the beneficial owners of those MRV shares.

If you choose to follow alternative procedure (2), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses may be paid after request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator at:

MRV Communications Securities Litigation
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914
Toll-free phone: 800-766-3330
Fax: 516-931-0810
Website: www.berdonclaims.com

Dated: May 28, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Questions? Call Toll-Free 1-800-766-3330