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EPISTAR ANNOUNCES DECISION BY U.S. INTERNATIONAL TRADE COMMISSION AFFIRMING NO INFRINGEMENT OF TWO LUMILEDS PATENTS

Hsinchu, Taiwan – May 10, 2007 – Epistar Corporation today announced that, on May 9, 2007 (U.S. time) the United States International Trade Commission ("USITC") issued a Notice of Commission Decision announcing its Final Determination and Limited Exclusion Order based on the complaint filed by Phillips Lumileds Lighting Co. LLC ("Lumileds"). Lumileds filed its complaint on November 4, 2005, alleging that Epistar's OMA, GB and MB LEDs infringe Lumileds' U.S. Patent Nos. 5,376,580, 5,502,316 and 5,008,718. (Respectively "the '580 patent, "the '316 patent" and "the '718 patent."). In today's opinion, the USITC affirmed that none of the OMA, GB and MB products infringe the '580 or '316 patents. However, it reversed the earlier findings of the Administrative Law Judge Sidney Harris and instead found that these products infringe two claims in the '718 patent. The '580 and '316 patents are directed to LEDs manufactured using a "wafer bonding" process. The '718 patent is directed to LEDs with a "transparent semiconductor window layer."

As a result of its infringement determination, the USITC has issued a Limited Exclusion Order that, if approved by the President of the United States, would prohibit importation into the United States of those Epistar AlGaInP LEDs. The order applies only to LED chips, packaged lamps and boards primarily consisting of arrays of the packaged LEDs. It does not, however, bar the importation of completed "downstream" products that may include the Epistar LEDs. The order does not apply to any other Epistar LED products, either. The Limited Exclusion Order will not become final for 60 days while it is subject to review by the office of the U.S. Trade Representative on behalf of the President. During this period the Epistar LEDs may be imported subject to a bond of the full value of the LED, lamp or boards imported.

Epistar believes that the USITC's ruling is neither legally nor factually supportable, and intends to appeal. "We are obviously disappointed with the decision of the USITC. In reaching this decision, Epistar believes that the USITC has interpreted these patents erroneously to grant exclusive rights to Lumileds to technology that it did not invent and has never used," said Epistar's President Dr. B. J. Lee. "For this

reason, Epistar is considering an appeal of the USITC's ruling, and will ask for a stay of enforcement of the Limited Exclusion Order until the appeal is decided."

Nevertheless, Epistar expects the impact of this ruling on its customers to be minimal. As previously announced, Epistar has completed its next generation design of the MB products (the PE and PN series products) that have no infringement issues related to the '718 patent. These new products are already shipping to customers. Epistar has also developed its next generation of OMA and GB products, the Phoenix series, which likewise has no issues with the '718 patent. The Phoenix series products are now ready either for customers' qualification or shipping. Epistar will work with its customers to protect its customers' interest and minimize any effect of the exclusion order.

Epistar is a leading producer of advanced LEDs used in display, signaling and lighting applications. On November 4, 2005, Lumileds filed a complaint with the USITC, alleging that Epistar's OMA LEDs and the GB and Metal Bond ("MB") LEDs of United Epitaxy Corp. ("UEC") infringe Lumileds' U.S. Patent Nos. 5,376,580, 5,502,316 and 5,008,718. (Respectively "the '580 patent, "the '316 patent" and "the '718 patent.") On December 31, 2005, the merger between Epistar and UEC was completed, and Epistar became the only respondent in the investigation.

About Epistar Corporation

Epistar Corporation, headquartered in the Hsin-chu Science-based Industrial Park, Taiwan since September 1996, focuses on developing, manufacturing and marketing high brightness Light Emitting Diode (LED) products. Applying its own proprietary Metal Organic Vapor Phase Epitaxy (MOVPE) technology, Epistar has successfully commercialized the full spectrum range of high brightness LEDs with the characteristics of compact size, low power consumption and long operation life. For further information, please visit: http://www.epistar.com.tw/news-e.htm

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