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EPISTAR ANNOUNCES AVAILABILITY OF ITS NEW PHOENIX AND AQUARIUS PRODUCTS

Hsinchu, Taiwan – July 13, 2007 –Epistar Corporation announced today that it has introduced its new Phoenix and Aquarius lines of ultra-bright AlGaInP LEDs. These new products offer increased performance over Epistar's previous MB, OMA and GB products, and they have been specifically designed so that they are not subject to the recent Limited Exclusion Order issued by the U.S. International Trade Commission (ITC). With these products, Epistar continues to provide its customers a complete line of high-performance, cost effective AlGaInP LEDs.

Regarding the Limited Exclusion Order, it bars the importation into the U.S. of Epistar's previous OMA, Metal Bond (MB), and Glue Bond (GB), and their next generation of OMA II, MB II and GB II LEDs, packaged lamps including those LEDs and boards consisting primarily of arrays of such lamps. That Order was based on the ITC's determination that those earlier Epistar product designs infringed one of the patents asserted by Phillips Lumileds Lighting US LLC ("Lumileds"). All of the new Phoenix and Aquarius products are designed to remove the feature the ITC believes infringes the Lumileds patent in the previous generation of the ultra-bright AlGaInP products. The Limited Exclusion Order became final this week after the 60-day period for review by the President of the United States has passed.

"Epistar has always been committed to ensuring that its customers can buy its products with confidence," said Epistar president B.J. Lee. "In light of the ITC's ruling we accelerated our development program and are now manufacturing the Phoenix and Aquarius products in volume. Those products remove entirely the feature Lumileds claims is the basis for its patent, and also provide significantly improved performance over the previous designs." Dr. Lee continued by noting that "we continue to believe that the ITC's opinion is incorrect, and will appeal the ITC's determination. In the meantime we can offer our customers these new, improved and clearly non-infringing products."

In light of these developments, Epistar is urging LED packagers, downstream customers and distributors to be aware of the following facts:

- Epistar is working with the Department of Homeland Security - U.S. Customs and Border Protection to assure that its customer importing, selling or using Epistar's Phoenix and Aquarius products will not be subject to the Limited Exclusion Order. Epistar expects a favorable determination shortly.
- Epistar is confident that Lumileds has no basis to claim that those products infringe its patent.
- The ITC's decision that Epistar's previous OMA, GB and MB product designs infringe Lumileds' patent claims is not binding on any U.S. court that would decide whether the sale or use of those products infringes. Epistar continues to believe that the ITC's decision is contrary to the facts and the law. Epistar will appeal that determination, and is confident that Court of Appeals for the Federal Circuit will reverse the ITC decision.
- Epistar has assured its customers that it will stand behind their decisions to purchase Epistar products.

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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