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EPISTAR SUES TO STOP LUMILEDS FROM CONTINUED UNFAIR COMPETITION AND FOR BREACH OF CONTRACT

Hsinchu, Taiwan – October 15, 2007 – Epistar Corporation today announced that, on October 10, 2007 (U.S. time) it filed a complaint (“the Complaint”) against Philips Lumileds Lighting Company to stop Lumileds from competing unfairly and interfering with Epistar’s business relations, for breaching the terms of a Settlement Agreement, and for a declaration of contractual rights.

As the Complaint alleges, Lumileds has been misleading customers and potential customers into believing that many of Epistar’s LEDs other than those at issue were also affected by the Limited Exclusion Order entered by the ITC. According to the Complaint, Lumileds’ statements falsely suggest that Epistar is barred from importing any of its advanced AlGaInP products into the United States and that the six products at issue infringe two patents they were expressly found not to infringe. In addition, Customs and Border Patrol has earlier indicated that Epistar’s new Phoenix and Aquarius lines of LEDs are not within the scope of the order. Through the filing of the Complaint, Epistar seeks to stem the flow of misleading information about the scope of the ITC order.

The Complaint also addresses other conduct of Lumileds related to the ITC proceeding. Several years ago, Epistar and Lumileds settled a dispute over whether certain Epistar Omnidirectional Mirror Adhesive (“OMA”) products infringed one of Lumileds’ patents, the ‘718 patent. As part of the settlement, Lumileds agreed not to sue Epistar for infringement of the ‘718 patent based on those OMA products and granted a license to Epistar under the patent to make, sell, use, offer to sell and import AlGaInP absorbing-substrate LEDs. During the course of that investigation, (*In the Matter of Certain High-Brightness Light Emitting Diodes and Products Containing Same*, Investigation No. 337-TA-556) Lumileds alleged that Epistar’s OMA products infringed the ‘718 patent. The Complaint explains that the assertion of the ‘718 patent against Epistar’s OMA LED products was a violation of the terms of the Epistar/Lumileds Settlement Agreement.

The Complaint seeks an injunction against Lumileds to prevent further irreparable harm, as well as compensatory and exemplary damages to redress and deter the ongoing injury to Epistar being caused by Lumileds’ alleged illegal practices.

Epistar is a leading manufacturer of advanced LEDs used in display, signaling and lighting applications.

About Epistar Corporation

Epistar Corporation, headquartered in the Hsinchu 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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