
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2007
or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-29472

AMKOR TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

23-1722724
*(I.R.S. Employer
Identification Number)*

**1900 South Price Road
Chandler, AZ 85248
(480) 821-5000**
(Address of principal executive offices and zip code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a nonaccelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's Common Stock as of April 30, 2007 was 179,732,866.

QUARTERLY REPORT ON FORM 10-Q
March 31, 2007

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

AMKOR TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands, except per share data)	
Net sales	\$650,988	\$645,089
Cost of sales	503,650	490,352
Gross profit	147,338	154,737
Operating expenses:		
Selling, general and administrative	62,667	60,204
Research and development	9,625	9,430
Provision for legal settlements and contingencies	—	1,000
Total operating expenses	72,292	70,634
Operating income	75,046	84,103
Other (income) expense:		
Interest expense, net	35,160	41,157
Interest expense, related party	1,563	1,788
Foreign currency (gain) loss	(15)	3,928
Debt retirement (gain) loss, net	—	(471)
Other (income) expense, net	(686)	(465)
Total other expense	36,022	45,937
Income before income taxes and minority interests	39,024	38,166
Income tax expense	4,107	3,612
Income before minority interests	34,917	34,554
Minority interests, net of tax	(327)	(115)
Net income	\$ 34,590	\$ 34,439
Net income per common share:		
Basic	\$ 0.19	\$ 0.19
Diluted	\$ 0.18	\$ 0.19
Shares used in computing net income per common share:		
Basic	178,513	176,801
Diluted	206,540	190,764

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31,	December 31,
	2007	2006
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 177,138	\$ 244,694
Restricted cash	2,510	2,478
Accounts receivable:		
Trade, net of allowances	381,394	380,888
Other	5,520	5,969
Inventories, net	147,835	164,178
Other current assets	39,947	39,650
Total current assets	754,344	837,857
Property, plant and equipment, net	1,428,082	1,443,603
Goodwill	672,345	671,900
Intangibles, net	26,911	29,694
Investments	6,006	6,675
Restricted cash	1,680	1,688
Other assets	51,612	49,847
Total assets	<u>\$ 2,940,980</u>	<u>\$ 3,041,264</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 120,681	\$ 185,414
Trade accounts payable	284,824	291,847
Accrued expenses	143,774	145,501
Total current liabilities	549,279	622,762
Long-term debt	1,629,278	1,719,901
Long-term debt, related party	100,000	100,000
Pension and severance obligations	182,985	170,070
Other non-current liabilities	34,155	30,008
Total liabilities	2,495,697	2,642,741
Commitments and contingencies (see Note 15)		
Minority interests	4,877	4,603
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized, designated Series A, none issued	—	—
Common stock, \$0.001 par value, 500,000 shares authorized, issued and outstanding of 179,427 in 2007 and 178,109 in 2006	179	178
Additional paid-in capital	1,454,519	1,441,194
Accumulated deficit	(1,006,800)	(1,041,390)
Accumulated other comprehensive loss	(7,492)	(6,062)
Total stockholders' equity	440,406	393,920
Total liabilities and stockholders' equity	<u>\$ 2,940,980</u>	<u>\$ 3,041,264</u>

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 34,590	\$ 34,439
Depreciation and amortization	71,364	66,061
Other non-cash items	4,055	15,007
Changes in assets and liabilities	13,440	3,462
Net cash provided by operating activities	123,449	118,969
Cash flows from investing activities:		
Payments for property, plant and equipment	(51,386)	(79,098)
Proceeds from the sale of property, plant and equipment	3,945	923
Other investing activities	(1,177)	—
Net cash used in investing activities	(48,618)	(78,175)
Cash flows from financing activities:		
Borrowings under revolving credit facilities	35,221	63,092
Payments under revolving credit facilities	(45,272)	(52,628)
Payments for debt issuance costs	(351)	(485)
Payments on long-term debt	(145,149)	(32,742)
Proceeds from issuance of stock through stock compensation plans	12,524	832
Net cash used in financing activities	(143,027)	(21,931)
Effect of exchange rate fluctuations on cash and cash equivalents	640	805
Net increase (decrease) in cash and cash equivalents	(67,556)	19,668
Cash and cash equivalents, beginning of period	244,694	206,575
Cash and cash equivalents, end of period	\$ 177,138	\$ 226,243
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 25,240	\$ 40,400
Income taxes	\$ 5,098	\$ 1,508
Non cash investing and financing activities:		
Application of deposit upon closing of acquisition of minority interest	\$ —	\$ 17,822

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Interim Financial Statements

Basis of Presentation. The Condensed Consolidated Financial Statements and related disclosures as of March 31, 2007 and for the three months ended March 31, 2007 and 2006 are unaudited, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The December 31, 2006 Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the results for the interim periods. These financial statements should be read in conjunction with the financial statements included in our latest annual report for the year ended December 31, 2006 filed on Form 10-K with the SEC on February 26, 2007. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year. Certain previously reported amounts have been reclassified to conform to the current presentation.

Use of Estimates. The Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S."), using management's best estimates and judgments where appropriate. These estimates and judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments.

New Accounting Standards.

Recently Adopted Standards

In February 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 155, *Accounting for Certain Hybrid Financial Instruments* ("SFAS No. 155"), which amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133") and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ("SFAS No. 140"). SFAS No. 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 also clarifies and amends certain other provisions of SFAS No. 133 and SFAS No. 140. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal years beginning after September 15, 2006. We adopted the provisions of SFAS No. 155 on January 1, 2007. The adoption of this statement did not have any impact on our financial statements and disclosures.

In June 2006, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 06-03, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)* ("Issue No. 06-03"). Under Issue No. 06-03, a company must disclose its accounting policy regarding the gross or net presentation of certain taxes. If taxes included in gross revenues are significant, a company must disclose the amount of such taxes for each period for which an income statement is presented (i.e., both interim and annual periods). Taxes within the scope of this Issue are those that are imposed on and concurrent with a specific revenue-producing transaction. Taxes assessed on an entity's activities over a period of time, such as gross receipts taxes, are not within the scope of the issue. Issue No. 06-03 is effective for the first annual or interim reporting period beginning after December 15, 2006. We adopted the provisions of EITF Issue No. 06-03 on January 1, 2007. We present applicable taxes on a net basis in our consolidated financial statements. The adoption of Issue No. 06-03 did not have a material impact on our financial statements and disclosures.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”), which clarifies the accounting and disclosure for uncertainty in income tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. FIN 48 requires that we recognize in our consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosures. This interpretation is effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings. We adopted the provisions of FIN 48 on January 1, 2007. The adoption of FIN 48 did not have a material impact on the opening balance of retained earnings. See Note 4 for more information.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* an amendment of SFAS Statement No. 87, *Employers' Accounting for Pensions*, SFAS No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and Termination Benefits*, SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, and SFAS No. 132(R), *Employers' Disclosure about Pensions and Other Postretirement Benefits* (“SFAS No. 158”). SFAS No. 158 requires the recognition of the funded status of a defined benefit pension plan (other than a multi-employer plan) as an asset or liability in the statement of financial position and the recognition of changes in the funded status through comprehensive income in the year in which such changes occur. We adopted the recognition provisions of SFAS No. 158 and initially applied those to the funded status of our defined benefit pension plans as of December 31, 2006. The initial recognition of the funded status of our defined benefit pension plans resulted in a decrease in stockholders' equity of \$11.8 million, which was net of a tax benefit of \$0.8 million.

SFAS No. 158 also requires that the funded status of a plan be measured as of the date of the year-end statement of financial position effective for fiscal years ending after December 15, 2008. We currently measure our funded status as of the balance sheet date. Accordingly, the adoption of the measurement provisions of SFAS No. 158 will have no impact on our financial statements.

Recently Issued Standards

The FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”), which provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors' requests for more information about (1) the extent to which companies measure assets and liabilities at fair value, (2) the information used to measure fair value, and (3) the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements and disclosures.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (“SFAS No. 159”). SFAS No. 159 provides the option to report certain financial assets and liabilities at fair value, with the intent to mitigate volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. SFAS No. 159 also amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, by providing the option to record unrealized gains and losses on held-for-sale and held-to-maturity securities currently. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements and disclosures.

2. Stock Compensation Plans

We account for our stock option plans in accordance with SFAS No. 123(R) *Share-Based Payments* (“SFAS No. 123(R)"). SFAS No. 123(R) requires that all share-based payments to employees, including grants

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

of employee stock options, be measured at fair value and expensed over the service period (generally the vesting period).

The following table presents stock-based employee compensation expense included in the condensed consolidated statement of operations:

	Three Months Ended	
	March 31, 2007	March 31, 2006
	(In thousands)	
Cost of sales	\$ 329	\$ 281
Selling, general, and administrative	472	814
Stock-based compensation expense	\$ 801	\$ 1,095

Stock Option Plans. Substantially all of the options granted are generally exercisable pursuant to a two, three or four-year vesting schedule and the term of the options granted is no longer than ten years. A summary of the stock option plans and the respective plan termination dates and shares available for grant as of March 31, 2007 is shown below.

Stock Option Plans	1998 Director Option Plan	1998 Stock Plan	2003 Inducement Plan
Contractual Life (yrs)	10	10	10
Plan termination date	January 2008	January 2008	Board of Directors Discretion
Shares available for grant at March 31, 2007	141,666	7,320,367	368,600

In order to calculate the fair value of stock options at the date of grant, we used the Black-Scholes option pricing model. Expected volatilities are weighted based on the historical performance of our stock. We also use historical data to estimate the timing and amount of option exercises and forfeitures within the valuation model. The expected term of the options is based on evaluations of historical and expected future employee exercise behavior and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The following assumptions were used to calculate weighted average fair values of the options granted for the three months ended March 31, 2006. There were no grants during the three months ended March 31, 2007:

	For the Three Months Ended March 31, 2006
Expected life (in years)	5.8
Risk-free interest rate	4.6%
Volatility	77%
Dividend yield	—
Weighted average grant date fair value per option granted	\$ 4.83

The intrinsic value of options exercised for the three months ended March 31, 2007 and 2006 was \$3.3 million and \$0.6 million, respectively.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following is a summary of all option activity for the three months ended March 31, 2007:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	15,334,089	\$ 10.47		
Granted	—			
Exercised	(1,318,017)	9.50		
Forfeited or expired	(600,277)	12.70		
Outstanding at March 31, 2007	<u>13,415,795</u>	10.47	<u>5.56</u>	<u>\$ 32,641,306</u>
Exercisable at March 31, 2007	<u>11,549,651</u>	11.22	<u>5.12</u>	<u>\$ 20,212,957</u>
Fully vested and expected to vest at March 31, 2007	<u>13,298,228</u>	10.51	<u>5.54</u>	<u>\$ 31,858,320</u>

Total unrecognized compensation expense from stock options, excluding any forfeiture estimate, was \$5.6 million as of March 31, 2007, which is expected to be recognized over a weighted-average period of 1.4 years.

For the three months ended March 31, 2007 and 2006, cash received from option exercises under all share-based payment arrangements was \$12.5 million and \$0.8 million, respectively. There was no tax benefit realized. The related cash receipts are included in financing activities in the accompanying Condensed Consolidated Statements of Cash Flows.

Employee Stock Purchase Plan (ESPP). A total of 1,000,000 shares of common stock were available for sale under the ESPP annually until the plan was terminated in April 2006. During 2006, we issued 999,981 shares under the plan at a weighted average fair value of \$2.78 per share.

We valued our ESPP purchase rights using the Black-Scholes option pricing model, which incorporates the assumptions noted in the table below. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

	For the Three Months Ended March 31, 2006
Expected life (in years)	0.5
Risk-free interest rate	4.4%
Volatility	64%
Dividend yield	—

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Comprehensive Income

The components of comprehensive income are summarized below:

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Net income	\$ 34,590	\$ 34,439
Unrealized loss on investments, net of tax	(712)	(2,570)
Change in unrecognized pension costs, net of tax	123	—
Foreign currency translation adjustment	(841)	2,301
Total comprehensive income	<u>\$ 33,160</u>	<u>\$ 34,170</u>

The components of accumulated other comprehensive loss consisted of the following:

	March 31,	December 31,
	2007	2006
	(In thousands)	
Unrealized gains on securities	\$ 248	\$ 960
Unrecognized pension costs	(11,712)	(11,835)
Cumulative unrealized foreign currency translation gains	<u>3,972</u>	<u>4,813</u>
Total accumulated other comprehensive loss	<u>\$ (7,492)</u>	<u>\$ (6,062)</u>

4. Income Taxes

We operate in and file income tax returns in various U.S. and foreign jurisdictions that are subject to examination by tax authorities. Our estimated tax liability is subject to change as examinations of our tax returns are completed by the tax authorities in the respective jurisdictions. We believe that any additional taxes or related interest over the amounts accrued will not have a material effect on our financial condition, results of operations or cash flows, nor do we expect that such examinations will result in a material favorable impact. However, resolution of these matters involves uncertainties and there are no assurances that the outcome will be favorable.

Income tax expense for the three months ended March 31, 2007 and 2006 is attributable to foreign withholding taxes and income taxes at certain of our profitable foreign operations. Our effective tax rate reflects the utilization of U.S. and foreign net operating loss carryforwards and tax holidays in certain foreign jurisdictions. At March 31, 2007, we had U.S. net operating loss carryforwards totaling \$400.2 million, which expire at various times through 2027. Additionally, at March 31, 2007, we had \$60.0 million of non-U.S. operating loss carryforwards, which expire at various times through 2012.

We maintain a valuation allowance on substantially all of our deferred tax assets, including our net operating loss carryforwards, and we will release such valuation allowance as the related tax benefits are realized on our tax returns or when sufficient net positive evidence exists to conclude that the deferred tax assets will be realized.

We adopted the provisions of FIN 48 on January 1, 2007. We recognized no cumulative effect of the adoption of FIN 48 to the opening balance of retained earnings as a result of the implementation of FIN 48. The total amount of unrecognized tax benefits upon adoption of FIN 48 is \$11.8 million. The gross amount of unrecognized tax benefits resulting from prior periods did not change during the quarter ended March 31, 2007. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$1.6 million as of January 1, 2007 and March 31, 2007.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We have recognized less than \$0.1 million of interest and penalties in the income statement for the quarter ended March 31, 2007 in connection with our unrecognized tax benefits. Interest and penalties are classified as income taxes in the financial statements. The total amount of interest and penalties included in long-term liabilities in connection with our unrecognized tax benefits is \$0.3 million and \$0.4 million as of January 1, 2007 and March 31, 2007, respectively.

As of January 1, 2007 and March 31, 2007, the following tax years remain subject to examination in the following major tax jurisdictions:

China — 2001 through 2006
 Japan — 2001 through 2006
 Korea — 2001 through 2006
 Philippines — 2003 through 2006
 Singapore — 2004 through 2006
 Taiwan — 2001 through 2006
 United States (Federal) — 2003 through 2006

5. Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS adjusts net income and the outstanding shares for the dilutive effect of stock options and convertible debt. The following table summarizes the computation of basic and diluted EPS:

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands, except per share data)	
Net income	\$ 34,590	\$ 34,439
Adjustment for dilutive securities on net income:		
Interest on 2.5% convertible notes due 2011, net of tax	1,187	—
Interest on 6.25% convertible notes due 2013, net of tax	1,563	1,788
Net income — diluted	<u>\$ 37,340</u>	<u>\$ 36,227</u>
Weighted average shares outstanding — basic	178,513	176,801
Effect of dilutive securities:		
Stock options	1,653	—
Employee stock purchase plan	—	612
2.5% convertible notes due 2011	13,023	—
6.25% convertible notes due 2013	<u>13,351</u>	<u>13,351</u>
Weighted average shares outstanding — diluted	<u>206,540</u>	<u>190,764</u>
EPS:		
Basic	\$ 0.19	\$ 0.19
Diluted	\$ 0.18	\$ 0.19

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the potential shares of common stock that were excluded from diluted EPS, because the effect of including these potential shares was antidilutive:

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Stock options	4,777	15,065
5.0% convertible notes due 2007	2,042	2,554
5.75% convertible notes due 2013	—	3,781
Total potentially dilutive shares	<u>6,819</u>	<u>21,400</u>
Stock options excluded from diluted EPS because the exercise price was greater than the average market price of the common shares	<u>4,777</u>	<u>15,065</u>

6. Accounts Receivable

Accounts receivable, trade consists of the following:

	March 31,	December 31,
	2007	2006
	(In thousands)	
Accounts receivable	\$392,669	\$ 392,370
Allowance for sales credits	(9,842)	(9,247)
Allowance for doubtful accounts	(1,433)	(2,235)
	<u>\$381,394</u>	<u>\$ 380,888</u>

7. Inventories

Inventories consist of the following:

	March 31,	December 31,
	2007	2006
	(In thousands)	
Raw materials and purchased components, net of reserves of \$30.1 million and \$25.5 million, respectively	\$109,327	\$ 126,492
Work-in-process	35,599	34,676
Finished goods	<u>2,909</u>	<u>3,010</u>
	<u>\$147,835</u>	<u>\$ 164,178</u>

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	March 31, 2007	December 31, 2006
(In thousands)		
Land	\$ 110,309	\$ 110,730
Land use rights in China	19,945	19,945
Buildings and improvements	790,857	790,847
Machinery and equipment	2,082,132	2,057,939
Furniture, fixtures and other equipment	143,078	141,621
Construction and assets in progress	18,002	8,617
	<u>3,164,323</u>	<u>3,129,699</u>
Less — Accumulated depreciation and amortization	(1,736,241)	(1,686,096)
	<u>\$ 1,428,082</u>	<u>\$ 1,443,603</u>

The following table reconciles our activity related to property, plant and equipment as presented on the Condensed Consolidated Statements of Cash Flows to property, plant and equipment additions as reflected in the Condensed Consolidated Balance Sheets:

	For the Three Months Ended March 31,	
	2007	2006
(In thousands)		
Payments for property, plant, and equipment	\$51,386	\$ 79,098
Increase in property, plant, and equipment in accounts payable and accrued expenses, net	3,935	23,854
Property, plant and equipment additions	<u>\$55,321</u>	<u>\$102,952</u>

9. Goodwill and Other Intangibles Assets

The change in the carrying value of goodwill, all of which relates to our packaging services segment, is as follows:

	(In thousands)
Balance as of December 31, 2006	\$ 671,900
Additions	782
Translation adjustments	(337)
Balance as of March 31, 2007	<u>\$ 672,345</u>

In March 2007, we increased goodwill by \$0.8 million for additional consideration paid with respect to an earn-out provision in connection with our investment in Unitive Semiconductor Taiwan ("UST").

During the second quarter of 2006, in accordance with the provisions of FASB Statement No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"), we performed our annual impairment test on goodwill and as the fair value of our packaging service exceeded its carrying value, we concluded that goodwill was not impaired.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangibles as of March 31, 2007 consist of the following:

	<u>Gross</u>	<u>Accumulated Amortization (In thousands)</u>	<u>Net</u>
Patents and technology rights	\$74,860	\$ (52,782)	\$22,078
Customer relationship and supply agreements	8,858	(4,025)	4,833
	<u>\$83,718</u>	<u>\$ (56,807)</u>	<u>\$26,911</u>

Intangibles as of December 31, 2006 consist of the following:

	<u>Gross</u>	<u>Accumulated Amortization (In thousands)</u>	<u>Net</u>
Patents and technology rights	\$74,468	\$ (50,167)	\$24,301
Customer relationship and supply agreements	8,858	(3,465)	5,393
	<u>\$83,326</u>	<u>\$ (53,632)</u>	<u>\$29,694</u>

Amortization of identifiable intangible assets was \$3.2 million and \$2.3 million for the three months ended March 31, 2007 and 2006.

Based on the amortizing assets recognized in our balance sheet at March 31, 2007, amortization for each of the next five fiscal years is estimated as follows:

	<u>(In thousands)</u>
2007 Remaining	\$ 7,058
2008	9,252
2009	4,494
2010	2,540
2011	860

10. Investments

Investments include non-current marketable securities and equity investments as follows:

	<u>March 31, 2007</u>	<u>December 31, 2006</u>
	<u>(In thousands)</u>	
Marketable securities classified as available for sale:		
Dongbu Electronics Inc. (ownership of 1% at March 31, 2007 and December 31, 2006)	\$ 5,975	\$ 6,643
Other marketable securities classified as available for sale	31	31
Total marketable securities	6,006	6,674
Equity investments	—	1
	<u>\$ 6,006</u>	<u>\$ 6,675</u>

As of March 31, 2007 and December 31, 2006, unrealized gains of \$0.2 million and \$1.0 million are reported as a separate component of accumulated other comprehensive income in stockholders' equity.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Accrued Expenses

Accrued expenses consist of the following:

	March 31, 2007	December 31, 2006
	(In thousands)	
Accrued interest	\$ 34,232	\$ 22,721
Accrued payroll	23,393	39,998
Customer advances	15,447	17,533
Accrued income taxes	4,565	5,382
Other accrued expenses	66,137	59,867
	<u>\$143,774</u>	<u>\$ 145,501</u>

12. Debt

Following is a summary of short-term borrowings and long-term debt:

	March 31, 2007	December 31, 2006
	(In thousands)	
Debt of Amkor Technology, Inc.		
Senior secured credit facilities		
\$100 million revolving credit facility, LIBOR plus 1.5% — 2.25%, due November 2009	\$ —	\$ —
Second lien term loan, LIBOR plus 4.5%, due October 2010	300,000	300,000
Senior notes		
9.25% Senior notes due February 2008	88,206	88,206
7.125% Senior notes due March 2011	248,934	248,877
7.75% Senior notes due May 2013	425,000	425,000
9.25% Senior notes due June 2016	400,000	400,000
Senior subordinated notes		
10.5% Senior subordinated notes due May 2009	21,882	21,882
2.5% Convertible senior subordinated notes due May 2011	190,000	190,000
Subordinated notes		
5.0% Convertible subordinated notes due March 2007, convertible at \$57.34 per share	—	142,422
6.25% Convertible subordinated notes due December 2013, convertible at \$7.49 per share, related party	100,000	100,000
Debt of subsidiaries		
Secured term loans		
Term loan, Taiwan 90-Day Commercial Paper secondary market rate plus 2.25% due June 20, 2008	7,568	8,411
Term loan, Taiwan 90-Day Commercial Paper primary market rate plus 1.2%, due November 2010	44,559	45,024
Secured equipment and property financing	10,953	12,626
Revolving credit facilities	12,837	22,571
Other debt	20	296
	<u>1,849,959</u>	<u>2,005,315</u>
Less: Short-term borrowings and current portion of long-term debt	<u>(120,681)</u>	<u>(185,414)</u>
Long-term debt (including related party)	<u>\$ 1,729,278</u>	<u>\$ 1,819,901</u>

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

*Debt of Amkor Technology Inc.*Senior Secured Credit Facilities

In November 2005, we entered into a \$100.0 million first lien revolving credit facility available through November 2009, with a letter of credit sub-limit of \$25.0 million. Interest is charged under the credit facility at a floating rate based on the base rate in effect from time to time plus the applicable margins which range from 0.0% to 0.5% for base rate revolving loans, or LIBOR plus 1.5% to 2.25% for LIBOR revolving loans. The LIBOR-based interest rate at March 31, 2007 was 6.85%; however, no borrowings were outstanding on this credit facility. Amkor Technology, Inc., along with, Unitive Inc. ("Unitive") and Unitive Electronics, Inc. ("UEI"), were co-borrowers under the loan and granted a first priority lien on substantially all of their assets, excluding inter-company loans and the capital stock of foreign subsidiaries and certain domestic subsidiaries. In November 2006, Unitive and UEI were merged into Amkor. As of March 31, 2007, we had utilized \$0.2 million of the available letter of credit sub-limit, and had \$99.8 million available under this facility. The borrowing base for the revolving credit facility is based on the valuation of our eligible accounts receivable. We incur commitment fees on the unused amounts of the revolving credit facility ranging from 0.25% to 0.50%, based on our liquidity. This facility includes a number of affirmative and negative covenants, which could restrict our operations. If we were to default under the first lien revolving credit facility, we would not be permitted to draw additional amounts, and the banks could accelerate our obligation to pay all outstanding amounts.

In October 2004, we entered into a \$300.0 million second lien term loan with a group of institutional lenders. The term loan bears interest at a rate of LIBOR plus 450 basis points (9.86% and 9.87% at March 31, 2007 and December 31, 2006, respectively); and matures in October 2010. In 2006, we liquidated certain of our subsidiaries, and Unitive, UEI, Amkor International Holdings, LLC ("AIH") and P-Four, Inc. ("P-Four") ceased to be guarantors under the term loan. The second lien term loan is secured by a second lien on substantially all of our U.S. subsidiaries' assets, including a portion of the shares of certain of our foreign subsidiaries. As of October 27, 2006 we have the option to prepay the loan at any time, subject to an initial prepayment premium of 3% of the principal amount prepaid. The second lien term loan agreements contain a number of affirmative and negative covenants which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts. The second lien term loan was refinanced and paid in full on April 5, 2007. See Subsequent Events Note 18 for further details.

Senior and Senior Subordinated Notes

In February 2001, we issued \$500.0 million of 9.25% Senior Notes due February 2008 (the "2008 Notes"). As of December 31, 2005, we had purchased \$29.5 million of these notes. In January 2006, we purchased an additional \$30.0 million of these notes and recorded a gain on extinguishment of \$0.7 million which is included in debt retirement costs, net, which was partially offset by the write-off of a proportionate amount of our deferred debt issuance costs of \$0.2 million. A portion of the 2008 Notes are not redeemable prior to their maturity. In April 2006, we announced a tender offer for the 2008 Notes. We used the net proceeds from the 2016 Notes (described below) to purchase \$352.3 million in notes tendered. We recorded a \$20.2 million loss on extinguishment related to premiums paid for the purchase of the 2008 Notes and a \$2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net.

In March 2004, we issued \$250.0 million of 7.125% Senior Notes due March 2011 (the "2011 Notes"). The 2011 Notes were priced at 99.321%, yielding an effective interest rate of 7.25%. The 2011 Notes are redeemable by us at any time provided we pay the holders a "make-whole" premium. Prior to March 15, 2007, we could have redeemed up to 35% of the aggregate principal amount of the 2011 Notes from the proceeds of one or more equity offerings at a price of 107.125% of the principal amount plus accrued and unpaid interest. No redemptions were made as of March 31, 2007.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In May 2003, we issued \$425.0 million of 7.75% Senior Notes due May 2013 (the “2013 Notes”). The 2013 Notes are not redeemable at our option until May 2008.

In May 2006, we issued \$400.0 million of 9.25% Senior Notes due June 2016 (the “2016 Notes”). The Notes are redeemable by us prior to June 1, 2011 provided we pay the holders a “make-whole” premium. After June 1, 2011, the 2016 Notes are redeemable at specified prices. In addition, prior to June 1, 2009, we may redeem up to 35% of the 2016 Notes at a specified price with the proceeds of certain equity offerings. After deducting fees to the underwriter, the net proceeds were used to purchase a portion of the 2008 Notes, and to pay respective accrued interest and tender premiums.

In May 1999, we issued \$200.0 million of 10.5% Senior Subordinated Notes due May 2009 (the “2009 Notes”). In June 2006, we used the proceeds from the May 2011 Notes (described below) in connection with a partial call of the 2009 Notes for which \$178.1 million of the 2009 Notes were repurchased. We recorded a \$3.1 million loss on extinguishment related to premiums paid for the purchase of the 2009 Notes and a \$2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net. As of March 31, 2007, the 2009 Notes were redeemable at our option at a price of 101.25% of the principal of the notes plus accrued and unpaid interest.

The senior and senior subordinated notes contain a number of affirmative and negative covenants, which could restrict our operations. Unitive, UEI, AIH, P-Four and Amkor Technology Limited (“ATL”) previously guaranteed the senior and senior subordinated notes. In 2006, we liquidated certain of our subsidiaries and the guarantees of the senior and senior subordinated notes terminated or were released in accordance with the terms of the indentures governing the notes.

Senior Subordinated and Subordinated Convertible Notes

In May 2006, we issued \$190.0 million of our 2.5% Convertible Senior Subordinated Notes due 2011 (the “May 2011 Notes”). The May 2011 Notes are convertible at any time prior to the maturity date into our common stock at a price of \$14.59 per share, subject to adjustment. The May 2011 Notes are subordinated to the prior payment in full of all of our senior debt. After deducting fees to the underwriter, the net proceeds from the issuance of the May 2011 Notes were used to repurchase a portion of the 2009 Notes, pay respective accrued interest and call premiums.

In March 2000, we issued \$258.8 million of our 5.0% Convertible Subordinated Notes due March 2007 (the “2007 Notes”). The 2007 Notes are convertible at any time prior to the maturity date into our common stock at any time at a conversion price of \$57.34 per share, subject to adjustment. The 2007 Notes are subordinated to the prior payment in full of all of our senior and senior subordinated debt. In November 2003, we repurchased \$112.3 million of our 2007 Notes with the proceeds of an equity offering. In 2003, we recorded a \$2.5 million loss on extinguishment related to premiums paid for the purchase of the 2007 Notes and a \$2.2 million charge for the associated unamortized deferred debt issuance costs. In June 2006, we repurchased \$4.0 million of our 2007 Notes at 99.875%. In March 2007, we repaid the remaining balance of \$142.4 million at the maturity date with cash on hand.

In November 2005, we issued \$100.0 million of our 6.25% Convertible Subordinated Notes due December 2013 (the “December 2013 Notes”) in a private placement to James J. Kim, our Chairman and Chief Executive Officer, and certain Kim family members. The December 2013 Notes are convertible at any time prior to the maturity date into our common stock at an initial price of \$7.49 per share (the market price of our common stock on the date of issuance of the December 2013 Notes was \$6.20 per share), subject to adjustment. The December 2013 Notes are subordinated to the prior payment in full of all of our senior and senior subordinated debt. In March 2006, we filed a registration statement with the SEC registering the notes and the shares of common stock issuable upon conversion, pursuant to the requirements of a registration rights agreement. The proceeds from the sale of the

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 2013 Notes were used to purchase a portion of the 2006 Notes described above. The December 2013 Notes are not redeemable at our option until December 2010.

Debt of Subsidiaries

Secured Term Loans

In June 2005, UST entered into a New Taiwan Dollar (“NT\$”) 400.0 million (approximately \$12.2 million) term loan due June 20, 2008 (the “UST Note”), which accrues interest at the Taiwan 90-Day Commercial Paper Secondary Market rate plus 2.25% (4.28% and 4.23% as of March 31, 2007 and December 31, 2006). The proceeds of the UST Note were used to satisfy notes previously held by UST. Amkor has guaranteed the repayment of this loan. The agreement governing the UST Note includes a number of affirmative and negative covenants which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

In September 2005, Amkor Technology Taiwan, Inc. (“ATT”) entered into a short-term interim financing arrangement with two Taiwanese banks for NT\$1.0 billion (approximately \$30.0 million) (the “Bridge Loan”) in connection with a syndication loan led by the same lenders. In November 2005, ATT finalized the NT\$1.8 billion (approximately \$53.5 million) syndication loan due November 2010 (the “Syndication Loan”), which accrues interest at the Taiwan 90-Day Commercial Paper Primary Market rate plus 1.2%. At March 31, 2007 and December 31, 2006, the interest rate was 3.31% and 3.22%, respectively. A portion of the Syndication Loan was used to pay off the Bridge Loan. Amkor has guaranteed the repayment of this loan. The agreement governing the Syndication Loan includes a number of affirmative, negative and financial covenants, which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

Secured Equipment and Property Financing

Our secured equipment and property financing consists of loans secured with specific assets at our Japanese, Singaporean and Chinese subsidiaries. Our credit facility in Japan provides for equipment financing on a three-year basis for each piece of equipment purchased. The Japanese facility accrues interest at 3.59% on all outstanding balances and has maturities at various times between 2006 and 2008. In December 2005, our Singaporean subsidiary entered into a loan with a finance company for \$10.0 million, which accrues interest at 4.86% and is due December 2008. The loan, guaranteed by Amkor Technology, Inc., is secured by a monetary security deposit and certain equipment in our Singapore facility. In May 2004, our Chinese subsidiary entered into a \$5.5 million credit facility secured with buildings at one of our Chinese production facilities and is payable ratably through January 2012. The interest rate for the Chinese financing at March 31, 2007 and December 31, 2006, was 6.14%. These equipment and property financings contain affirmative and negative covenants, which could restrict our operations, and, if we were to default on our obligations under these financings, the lenders could accelerate our obligation to repay amounts borrowed under such facilities.

Revolving Credit Facilities

Amkor Iwate Corporation, a Japanese subsidiary (“AIC”), has a revolving line of credit with a Japanese bank for 2.5 billion Japanese yen (approximately \$21.2 million), maturing in September 2007, that accrues interest at the Tokyo Interbank Offering Rate (“TIBOR”) plus 0.6%. The interest rate at March 31, 2007 ranged from 1.13% to 1.22%, and December 31, 2006 from 0.97% to 1.04%. Amounts drawn on the line of credit were \$12.8 million and \$7.6 million at March 31, 2007 and December 31, 2006, respectively.

Additionally, AIC has a revolving line of credit at a Japanese bank for 300.0 million Japanese yen (approximately \$2.5 million), maturing in June 2007, that accrues interest at TIBOR plus 0.5%. The interest rate at

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

March 31, 2007 and at December 31, 2006 was 1.13% and 0.92%, respectively. There were no amounts drawn on the line of credit as of March 31, 2007 and December 31, 2006, respectively.

In March 2007, our Philippine subsidiary renewed and increased its revolving line of credit from 795.0 million Philippine peso (approximately \$15.5 million) to 895.0 million Philippine peso (approximately \$18.5 million), maturing May 2007, that accrues interest at LIBOR plus 1.0% (6.32% at March 31, 2007). There were no amounts outstanding at March 31, 2007 and December 31, 2006, respectively. We expect to renew the line again in May 2007.

In January 2006, Amkor Assembly & Test (Shanghai) Co. Ltd., a Chinese subsidiary ("AATS"), entered into a \$15.0 million working capital facility which accrues interest at LIBOR plus 1.25%, and was paid off at maturity in January 2007 with cash on hand. The borrowings outstanding as of December 31, 2006 were \$15.0 million. At December 31, 2006, the interest rate ranged from 6.62% to 6.81% based on the dates of borrowing.

UST has a revolving line of credit with a Taiwan bank for NTS60.0 million (approximately \$1.9 million), maturing in May 2007, that accrues interest at a variable interest rate. The interest rate at March 31, 2007 and December 31, 2006 was 3.86% and 3.60%, respectively. There were no amounts drawn on the line of credit as of March 31, 2007 and December 31, 2006, respectively.

These lines of credit contain certain affirmative and negative covenants, which could restrict our operations. If we were to default on our obligations under any of these lines of credit, we would not be permitted to draw additional amounts, and the lenders could accelerate our obligation to pay all outstanding amounts.

Other Debt

Other debt includes debt related to our Taiwanese subsidiaries with fixed and variable interest rates maturing in 2007. The interest rate on this debt was 4.5% as of March 31, 2007 and ranged from 3.14% to 4.5% as of December 31, 2006.

Compliance with Debt Covenants

We were in compliance with all of our covenants as of March 31, 2007 and December 31, 2006.

13. Pension and Severance Plans

Our Philippine, Taiwanese and Japanese subsidiaries sponsor defined benefit plans that cover substantially all of their respective employees who are not covered by statutory plans. Charges to expense are based upon costs computed by independent actuaries. The components of net periodic pension cost for these defined benefit plans are as follows:

	For the Three Months Ended	
	March 31,	
	2007	2006
	(In thousands)	
Components of net periodic pension cost and total pension expense:		
Service cost	\$ 1,505	\$ 1,157
Interest cost	861	684
Expected return on plan assets	(444)	(390)
Amortization of transitional obligation	18	17
Amortization of prior service cost	18	18
Recognized actuarial loss	107	—
Total pension expense	\$ 2,065	\$ 1,486

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For the three months ended March 31, 2007, \$0.5 million was contributed to fund the pension plans. In 2007, we anticipate contributing an additional \$8.5 million to fund the pension plans.

Our Korean subsidiary participates in an accrued severance plan that covers employees and directors with at least one year of service. Eligible employees are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service, seniority and rate of pay at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. Our contributions to the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities. For the three months ended March 31, 2007 and 2006, the provision recorded for severance benefits was \$14.5 million and \$9.3 million, respectively. The balance recorded in pension and severance obligations for accrued severance at our Korean subsidiary was \$152.8 million and \$142.3 million at March 31, 2007 and December 31, 2006, respectively.

14. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	March 31, 2007	December 31, 2006
	(In thousands)	
Customer advances	\$ 22,201	\$ 24,397
Other non-current liabilities	11,954	5,611
	<u>\$ 34,155</u>	<u>\$ 30,008</u>

Customer advances relate to supply agreements with customers where we commit capacity in exchange for customer prepayment of services.

15. Commitments and Contingencies***Indemnifications and Guarantees***

We have indemnified members of our Board of Directors and our corporate officers against any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that the individual is or was a director or officer of the company. The individuals are indemnified, to the fullest extent permitted by law, against related expenses, judgments, fines and any amounts paid in settlement. We also maintain directors and officers insurance coverage in order to mitigate our exposure to these indemnification obligations. The maximum amount of future payments is generally unlimited. There is no amount recorded for these indemnifications at March 31, 2007 and December 31, 2006. Due to the nature of these indemnifications, it is not possible to make a reasonable estimate of the maximum potential loss or range of loss. No assets are held as collateral and no specific recourse provisions exist related to these indemnifications.

As of March 31, 2007, we have outstanding \$0.2 million of standby letters of credit and have available an additional \$24.8 million. Such standby letters of credit are used in the ordinary course of our business and are collateralized by our cash balances.

We generally warrant that our services will be performed in a professional and workmanlike manner and in compliance with our customers' specifications. We accrue costs for known warranty issues. Historically, our warranty costs have been immaterial.

Legal Proceedings

We are involved in claims and legal proceedings and we may become involved in other legal matters arising in the ordinary course of our business. We evaluate these claims and legal matters on a case-by-case basis to make a

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

determination as to the impact, if any, on our results of operations or financial condition. Except as indicated below, we currently believe that the ultimate outcome of these claims and proceedings, individually and in the aggregate, will not have a material adverse impact on our financial position, results of operations or cash flows. The estimate of the potential impact of these claims and legal proceedings on our financial position, results of operations or cash flows could change in the future.

We currently are party to the legal proceedings described below. Attorney fees related to legal matters are expensed as incurred. During the three months ended March 31, 2006, we recorded a provision of \$1.0 million related to the epoxy mold compound matter discussed below. There were no charges in 2007.

Tessera, Inc. v. Amkor Technology, Inc.

On March 2, 2006, Tessera, Inc. filed a Request for Arbitration (the "Request") with the International Court of Arbitration of the International Chamber of Commerce, captioned *Tessera, Inc. v. Amkor Technology, Inc.* The subject matter of the arbitration is a Limited TCC License Agreement ("Agreement") entered into between Tessera and our predecessor in 1996. The Agreement licenses certain patents and know-how relating to semiconductor packaging. In their Request, Tessera alleges breach of contract, that is, Amkor owes Tessera royalties under the Agreement in an amount between \$85 and \$115 million for semiconductor packages assembled by us through 2005. In our Answer and Counterclaim, we denied that any royalties were owed, and asserted that we are not using any of the licensed Tessera patents or know-how. We also asserted defenses and counterclaims of invalidity and unenforceability of the four patents identified by Tessera in their Request as the basis for their claim (U.S. Patent Nos. 5,697,977, 5,852,326, 6,433,419 and 6,465,893). On November 10, 2006, Tessera provided their Preliminary Claim Charts and added two additional patents to the proceeding, U.S. Patent Nos. 6,133,627 and 5,861,666.

On April 17, 2007, Tessera served notice to Amkor that it has terminated the Agreement, which is the basis for the breach of contract dispute in the ICC Arbitration. Amkor has disputed Tessera's purported notice that it is entitled to terminate the Agreement.

The arbitration is currently set for a hearing beginning October 2007. Although we believe that we have meritorious defenses and counterclaims in this matter and will seek a judgment in our favor, it is not possible to predict the outcome of the arbitration or the total cost of resolving this controversy including the impact of possible future claims of additional royalties by Tessera. The final resolution of this controversy could result in significant liabilities and could have a material adverse effect on our financial condition, results of operations and cash flows.

Securities Class Action Litigation

On January 23, 2006, a purported securities class action suit entitled *Nathan Weiss et al. v. Amkor Technology, Inc. et al.*, was filed in U.S. District Court for the Eastern District of Pennsylvania against Amkor and certain of its current and former officers. Subsequently, other law firms filed two similar cases, which were consolidated with the initial complaint. In August 2006 and again in November 2006, the plaintiffs amended the complaint. The plaintiffs added additional officer, director and former director defendants and allege improprieties in certain option grants. The amended complaint further alleges that defendants improperly recorded and accounted for the options in violation of generally accepted accounting principles and made materially false and misleading statements and omissions in its disclosures in violation of the federal securities laws, during the period from July 2001 to July 2006. The amended complaint seeks certification as a class action pursuant to Fed. R. Civ. Proc. 23, compensatory damages, costs and expenses, and such other further relief as the Court deems just and proper. On December 28, 2006, pursuant to motion by defendants, the U.S. District Court for the Eastern District of Pennsylvania transferred this action to the U.S. District Court for the District of Arizona.

Shareholder Derivative Lawsuits

On February 23, 2006, a purported shareholder derivative lawsuit entitled *Scimeca v. Kim, et al.* was filed in the U.S. District Court for the District of Arizona against certain of Amkor's current and former officers and

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

directors. Amkor is named as a nominal defendant. In September 2006 and again in November 2006, the plaintiff amended the complaint to add allegations relating to option grants and added additional defendants, including the remaining members of the current board, former board members, and former officers. The complaint includes claims for violation of Section 14(a) of the Exchange Act, breach of fiduciary duty, abuse of control, waste of corporate assets, unjust enrichment and mismanagement, and is generally based on the same allegations as in the securities class action litigation described above.

On March 2, 2006, a purported shareholder derivative lawsuit entitled *Khan v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor's current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment, and is based on allegations similar to those made in the previously filed federal shareholder derivative action. This action has been stayed pending resolution of the federal derivative suit referenced above.

On or about October 10, 2006, a purported shareholder derivative lawsuit entitled *Feldgus v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor's current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment and contains allegations relating to option grants similar to those made in the previously filed federal shareholder derivative action referred to above. This action has been stayed pending resolution of the federal derivative suit referenced above.

The derivative complaints seek monetary damages, an order directing the Company to take all necessary actions to improve corporate governance as may be necessary, equitable and/or injunctive relief as permitted by law, disgorgement, restitution, costs, fees, expenses and such other relief as the Court deems just and proper.

Securities and Exchange Commission Investigation

In August 2005, the Securities and Exchange Commission ("SEC") issued a formal order of investigation regarding certain activities with respect to Amkor securities. The primary focus of the investigation appears to be activities during the period from June 2003 to July 2004. We believe that the investigation continues to relate primarily to transactions in our securities by certain individuals, and that the investigation may in part relate to whether tipping with respect to trading in our securities occurred. The matters at issue involve activities with respect to Amkor securities during the subject period by certain insiders or former insiders and persons or entities associated with them, including activities by or on behalf of certain current and former members of the Board of Directors and Amkor's Chief Executive Officer. Amkor has cooperated fully with the SEC on the formal investigation and the informal inquiry that preceded it. Amkor cannot predict the outcome of the investigation. We have learned that our former general counsel, whose employment with us terminated in March of 2005, has been indicted by the United States Attorney's Office for the Eastern District of Pennsylvania for violation of the securities laws. The indictment alleges that the former general counsel traded in Amkor securities on the basis of material non-public information. We have also learned that the SEC has filed a civil action against our former general counsel based on substantially the same allegations as contained in the indictment.

As previously disclosed, in July 2006, the Board of Directors established a Special Committee to review our historical stock option practices and informed the SEC of these efforts. The SEC informed us that it is expanding the scope of its investigation and has requested that we provide documentation related to these matters. We intend to continue to cooperate with the SEC. Additionally, we have voluntarily provided information to the Department of Justice relating to our historical stock option practices.

Amkor Technology, Inc. v. Motorola, Inc.

In August 2002, we filed a complaint against Motorola, Inc. ("Motorola") seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. ("Citizen") to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

“License Agreement”) and concurrent assignment by Citizen to us of Citizen’s interest in U.S. Patents 5,241,133 and 5,216,278 (the “’133 and ’278 Patents”) which patents relate to ball grid array packages; and (ii) our obligation to make certain payments pursuant to an immunity agreement (the “Immunity Agreement”) dated June 30, 1993 between us and Motorola, pending in the Superior Court of the State of Delaware in and for New Castle County.

We and Motorola resolved the controversy with respect to all issues relating to the Immunity Agreement, and all claims and counterclaims filed by the parties in the case relating to the Immunity Agreement were dismissed or otherwise disposed of without further litigation. The claims relating to the License Agreement and the ’133 and ’278 Patents remained pending.

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard in September 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola’s motion for summary judgment. Motorola filed an appeal in the Supreme Court of Delaware. In May 2004, the Supreme Court reversed the Superior Court’s decision, and remanded for further development of the factual record. The bench trial in this matter was concluded on January 27, 2006. Post-trial briefs were submitted and post-trial oral arguments were heard by the Court in April 2006. Additional post-trial oral arguments were heard by the Court on September 11, 2006. A decision from the Court is still pending. Although we believe that we have meritorious claims in this matter and will continue to seek judgment in our favor, as of the date of this Annual Report, it is not possible to predict the outcome of this litigation or the total cost of resolving this controversy, including the impact of possible future claims for royalties which may be made by Motorola if the final outcome is unfavorable. The final resolution of this controversy could result in potential liabilities that could have a material adverse effect on our financial condition, results of operations and cash flows.

Alcatel Business Systems v. Amkor Technology, Inc., Anam Semiconductor, Inc.

On November 5, 1999, we agreed to sell certain semiconductor parts to Alcatel Microelectronics, N.V. (“AME”), a subsidiary of Alcatel S.A. The parts were manufactured for us by Anam Semiconductor, Inc. (“ASI”) and delivered to AME. AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems (“ABS”), which incorporated the parts into cellular phone products. In early 2001, a dispute arose as to whether the parts sold by us were defective.

Paris Commercial Court. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of approximately 50.4 million Euros (approximately \$67.2 million based on the spot exchange rate at March 31, 2007.) We have denied all liability and have not established a loss accrual associated with this claim. Additionally, we have entered into a written agreement with ASI whereby ASI has agreed to indemnify us fully against any and all loss related to the claims of AME, ABS and ABS’ insurer. Dongbu Electronics, successor in interest to ASI, has acknowledged that it is the indemnifying party with respect to claims against us in this matter and in the Arbitration matter described below. The Paris Commercial Court commenced a special proceeding before a technical expert to report on the facts of the dispute. The report of the court-appointed expert was put forth on December 31, 2003. The report does not specifically allocate liability to any particular party. On May 18, 2004, the Paris Commercial Court of France declared that it did not have jurisdiction over the matter. The Court of Appeal of Paris heard the appeal regarding jurisdiction during October 2004, confirmed the first tier ruling and dismissed the appeal on November 3, 2004. A motion was filed by ABS and its insurer before the French Supreme Court (the highest court in the French judicial system) to challenge the lack of jurisdiction ruling and a brief was filed by ABS and its insurer in June 2005. We filed a response brief before the French Supreme Court in August 2005. On March 27, 2007, the French Supreme Court issued a final non-appealable ruling in our favor that the Paris Commercial Court of France does not have jurisdiction over this matter. Based on this ruling, we do not anticipate any further proceedings in the French courts on this matter.

Arbitration. In response to the French lawsuit described above, on May 22, 2002, we filed a petition to compel arbitration in the United States District Court for the Eastern District of Pennsylvania (“U.S. District Court

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

proceeding” against ABS, AME and ABS’ insurer, claiming that the dispute is subject to the arbitration clause of the November 5, 1999 agreement between us and AME. The U.S. District Court proceeding has been stayed pending resolution of the French lawsuit described above. Until recently, ABS had refused to arbitrate. However, in December 2006, ABS filed a demand with the American Arbitration Association (“AAA”) for arbitration under the 1999 agreement, which demand is based on substantially the same claims raised in the French lawsuit described above. Notwithstanding the French Supreme Court’s final ruling in our favor described above, the arbitration filed with the AAA in December 2006 remains pending.

Amkor Technology, Inc. v. Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc.

In November 2003, we filed a complaint against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively “Carsem”) with the International Trade Commission (“ITC”) in Washington, D.C., alleging infringement of our United States Patent Nos. 6,433,277; 6,455,356 and 6,630,728 (collectively the “Amkor Patents”) and seeking an exclusionary order barring the importation by Carsem of infringing products. Subsequently, we filed a complaint in the Northern District of California, alleging infringement of the Amkor Patents and seeking an injunction enjoining Carsem from further infringing the Amkor Patents, treble damages plus interest, costs and attorney’s fees. We allege that by making, using, selling, offering for sale, or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *Micro* LeadFrame packaging technology claims in the Amkor Patents. The District Court action had been stayed pending resolution of the ITC case. The ITC Administrative Law Judge (“ALJ”) conducted an evidentiary hearing during July and August of 2004 in Washington D.C. and issued an initial determination that Carsem infringed some of our patent claims relating to our *Micro* LeadFrame package technology, that some of our 21 asserted patent claims are valid, and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of the Tariff Act. We filed a petition in November 2004 to have the ALJ’s ruling reviewed by the full International Trade Commission. The ITC ordered a new claims construction related to various disputed claim terms and remanded the case to the ALJ for further proceedings. On November 9, 2005, the ALJ issued an Initial Determination that Carsem infringed some of our patent claims and ruled that Carsem violated Section 337 of the Tariff Act. The ITC subsequently authorized the ALJ to reopen the record on certain discovery issues related to third party documents. On February 9, 2006, the ITC ordered a delay in issuance of the Final Determination, pending resolution of the third party discovery issues. The discovery issues are the subject of a subpoena enforcement action which is pending in the District Court for the District of Columbia. The case we filed in 2003 in the Northern District of California remains stayed pending completion of the ITC investigation.

Epoxy Mold Compound Litigation

Much of our litigation in prior years related to an allegedly defective epoxy mold compound, formerly used in some of our packaging services, which was alleged to have been responsible for certain semiconductor chip failures. As previously disclosed, the cases of *Fujitsu Limited v. Cirrus Logic, Inc., et al.*, *Seagate Technology LLC v. Atmel Corporation, et al.*, *Fairchild Semiconductor Corporation v. Sumitomo Bakelite Singapore Pte. Ltd., et al.*, *Maxtor Corporation v. Koninklijke Philips Electronics N.V., et al.*, and *Maxim Integrated Products, Inc. v. Amkor Technology, Inc., et al.* have each been resolved through trial or settlement, with a complete dismissal or release of all claims.

16. Related Party Transactions

In November 2005, we sold \$100.0 million of our 6.25% Convertible Subordinated Notes due 2013 in a private placement to James J. Kim, Chairman and Chief Executive Officer, and certain Kim family trusts. The 2013 Notes are convertible into Amkor’s common stock and are subordinated to the prior payment in full of all of Amkor’s senior and senior subordinated debt. In March 2006, we filed a registration statement with the SEC to affect the registration of the notes and the common stock issuable upon conversion of the notes. See Note 12 for additional information.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Mr. JooHo Kim is an employee of Amkor and a brother of Mr. James J. Kim, our Chairman and CEO. Previously, Mr. JooHo Kim owned with his children and other Kim family members, 58.1% of Anam Information Technology, Inc., a company that provided computer hardware and software components to Amkor Technology Korea, Inc. (a subsidiary of Amkor). Mr. JooHo Kim sold all of his shares in the fourth quarter of 2006. Other Kim family members owned 38.5% as of March 31, 2007. As of September 30, 2006, a decision was made to discontinue services. For the three months ended March 31, 2007, there were no purchases from Anam Information Technology, Inc, compared to \$0.2 million the three months ended March 31, 2006. There were no amounts due to Anam Information Technology, Inc. at March 31, 2007 and December 31, 2006.

Mr. JooHo Kim, together with his wife and children, owns 96.1% of Jesung C&M, a company that provides cafeteria services to Amkor Technology Korea, Inc. For each of the three months ended March 31, 2007 and 2006, purchases from Jesung C&M were \$1.6 million. Amounts due to Jesung C&M at March 31, 2007 and December 31, 2006 were \$0.6 million and \$0.5 million, respectively.

We purchase leadframe inventory from Acqutek Semiconductor & Technology Co., Ltd. James J. Kim's ownership in Acqutek Semiconductor & Technology Co., Ltd. is approximately 17.7%. For the three months ended March 31, 2007 and 2006, purchases from Acqutek Semiconductor & Technology Co., Ltd. were \$4.0 million and \$2.7 million, respectively. Amounts due to Acqutek Semiconductor & Technology Co., Ltd. at March 31, 2007 and December 31, 2006 were \$1.5 million and \$1.3 million, respectively.

We lease 2,700 square feet of office space in West Chester, Pennsylvania from trusts related to James J. Kim. Amounts paid for this lease for the three months ended March 31, 2007 and 2006 were less than \$0.1 million. The lease term is for two years, through June 30, 2007 subject to a two year renewal. Current plans are to vacate the space in June 2007.

17. Business Segments

In accordance with SFAS No. 131 *Disclosures about Segments of an Enterprise and Related Information*, in the second quarter of 2006 we determined we had two reportable segments, packaging and test. Due to the expansion of our test operations, we no longer met the aggregation criteria under which packaging and test were previously considered a single reportable segment. We have included all prior period comparative information on the basis of the current reportable segments. Packaging and test are integral parts of the process of manufacturing semiconductor devices and our customers will engage with us for both packaging and test services or just packaging or test services. Our packaging services process creates an electrical interconnect between the semiconductor chip and the system board through wire bonding or bumping technologies. In packaging, individual chips are separated from the fabricated semiconductor wafers, attached to a substrate and then encased in a protective material to provide optimal electrical connectivity and thermal performance. Our test services include the probing of fabricated wafers and testing of packaged chips using sophisticated equipment to ensure that design specifications are satisfied.

AMKOR TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The accounting policies for segment reporting are the same as those for our consolidated financial statements. We evaluate our operating segments based on gross margin and gross property, plant and equipment. We do not specifically identify and allocate total assets by operating segment. Summarized financial information concerning reportable segments is shown in the following table. The "other" column includes other corporate adjustments, sales office and corporate property, plant and equipment.

	Packaging	Test	Other	Total
	(In thousands)			
Three Months Ended Months March 31, 2007				
Net sales	\$ 578,725	\$ 72,503	\$ (240)	\$ 650,988
Gross profit	122,715	22,964	1,659	147,338
Three Months Ended Months March 31, 2006				
Net sales	\$ 583,678	\$ 61,587	\$ (176)	\$ 645,089
Gross profit	137,213	17,690	(166)	154,737
Gross Property, Plant and Equipment				
March 31, 2007	\$2,438,900	\$607,741	\$117,682	\$3,164,323
December 31, 2006	2,421,171	596,079	112,449	3,129,699

18. Subsequent Events

Amkor Technology Korea, Inc., a Korean subsidiary ("ATK"), entered into a \$300 million, 7-year secured credit facility with Woori Bank, a member of Woori Financial Group, effective April 5, 2007. The loan is guaranteed on an unsecured basis by Amkor Technology, Inc. The loan is secured by substantially all the land, factories, and equipment located at our ATK facility. The loan bears interest at Woori's base rate plus 50 basis points (6.6% at inception of the loan, or approximately LIBOR plus 125 basis points) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Woori loan were used to refinance Amkor's existing \$300 million second lien term loan, due October 2010, which bears interest at a rate of LIBOR plus 450 basis points (9.86% at March 31, 2007). This financing transaction, together with payment of prepayment fees and accrued and unpaid interest, fully discharged all of Amkor's obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan.

After taking into consideration the \$300 million in proceeds from the ATK term loan and the repayment of the second lien term loan, total future scheduled principal payments on our debt as of March 31, 2007 would be \$63.6 million for the remainder of 2007, \$151.1 million in 2008, \$76.5 million in 2009, \$54.6 million in 2010, \$482.5 million in 2011, and \$1,021.7 million thereafter.

In connection with the early repayment of the second lien term loan, we expect to record a charge of approximately \$16 million in the second quarter of 2007, including \$9 million in prepayment fees and \$7 million to write-off unamortized deferred debt issuance costs. We incurred approximately \$2 million in debt issuance costs in connection with the Woori loan, which amount was funded from cash on hand.

We are commencing a phased transition of wafer level processing production from our wafer bumping facility in North Carolina to our facility in Taiwan as part of our ongoing efforts to help our customers shorten time-to-market and get closer to upstream production sources. The North Carolina facility will focus on research and development. In April 2007, the specific details surrounding the related reduction in force were communicated to the impacted employees at our North Carolina facility. The costs associated with this activity will be accounted for under SFAS No. 146 (As Amended), *Accounting for Costs Associated with Exit or Disposal Activities*. We currently anticipate \$0.8 million related to termination benefits will be charged to cost of goods sold and selling, general and administrative expense over the following twelve month transition period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This report contains forward-looking statements within the meaning of the federal securities laws, including but not limited to statements regarding: trends in outsourcing and reductions in inventory, demand and selling prices for our services and products; future capacity utilization rates, revenue, gross margins and operating performance; our ability to focus capital investments on increasing wafer bumping, flip chip, test, advanced laminate packaging capacity and information systems; entry into supply agreements with customers and forecast customer demand; anticipated tax rate; sufficient cash flows and liquidity to fund working capital, estimated capital expenditures of \$250 million to 300 million, debt service requirements and no declaration of cash dividends; our substantial indebtedness; the continued service of key senior management and technical personnel; increase in the scope and growth of our operations and ability to implement expansion plans; our ability to offset an increase in fixed commodity prices; the favorable outcome of litigation proceedings; our ability to comply with environmental regulations and foreign laws; our ability to quickly respond to a natural disaster or terrorist attack; the condition, growth and cyclical nature of the semiconductor industry; our contractual obligations; and other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "intend" or the negative of these terms or other comparable terminology. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward — looking statements as a result of certain factors, including those set forth in the following discussion as well as in "Risk Factors that May Affect Future Operating Performance" set forth in this quarterly report on Form 10-Q in Part II, Item 1A "Risk Factors." The following discussion provides information and analysis of our results of operations for the three months ended March 31, 2007 and our liquidity and capital resources. You should read the following discussion in conjunction with our Condensed Consolidated Financial Statements and the related notes included elsewhere in this quarterly report, as well as other reports we file with the Securities and Exchange Commission.

Results of Operations

Overview

Amkor is one of the world's largest subcontractors of semiconductor packaging and test services. Packaging and test are integral parts of the process of manufacturing semiconductor devices. This process begins with silicon wafers and involves the fabrication of electronic circuitry into complex patterns, thus creating large numbers of individual chips on the wafers. The fabricated wafers are then probed to ensure the individual devices meet design specifications. The packaging process creates an electrical interconnect between the semiconductor chip and the system board. In packaging, individual chips are separated from the fabricated semiconductor wafers, and typically attached through wire bond or wafer bump technologies to a substrate or leadframe, and then encased in a protective material. Packages are designed to provide optimal electrical connectivity and thermal performance. The packaged chips are then tested using sophisticated equipment to ensure that each packaged chip meets its design specifications. Increasingly, packages are custom designed for specific chips and specific end-market applications. We are able to provide turnkey solutions including semiconductor wafer bump, wafer probe, wafer backgrind, package design and assembly, test and drop shipment services.

Our first quarter net income was \$34.6 million, or \$0.18 per diluted share, versus net income in the first quarter of 2006 of \$34.4 million, or \$0.19 per diluted share. In the three months ended March 31, 2007, sales increased \$5.9 million or 1.0% to \$651.0 million from \$645.1 million in the three months ended March 31, 2006. During the first quarter of 2007, we experienced continued growth in flip chip, wafer level processing, 3D packaging services, modules and test services which is consistent with the investments we made in these areas over the past two years. This is offset by decreased volumes in wirebond packaging services.

Gross margin for the first quarter of 2007 was 22.6% compared to 24.0% for the first quarter of 2006 reflecting a change in product mix supporting higher material cost products as well as additional labor and factory overhead costs.

We have an ongoing effort to manage our production lines, allocate assets and selectively expand our capacity. First quarter 2007 capital additions totaled \$55.3 million. We expect that our full year 2007 capital additions will be in the range of \$250 million to \$300 million, which is subject to adjustment based on business conditions. Our capital investments have been, and we expect will continue to be, primarily focused on increasing our wafer bump, flip chip, test and advanced laminate packaging capacity. In addition, we continue to make investments in our information systems.

Cash provided by operating activities increased \$4.4 million to \$123.4 million for the three months ended March 31, 2007 as compared to \$119.0 million for the three months ended March 31, 2006. Cash flow from operations generated during the three months ended March 31, 2007 funded capital purchases of \$51.4 million leaving \$72.1 of Free Cash Flow (defined below). Please see the Liquidity and Capital Resources section below for a further analysis of the change in our balance sheet and cash flows during the first quarter of 2007.

The following table sets forth certain operating data as a percentage of net sales for the periods indicated:

	For the Three Months Ended March 31,	
	2007	2006
Net sales	100.0%	100.0%
Gross profit	22.6%	24.0%
Operating income	11.5%	13.0%
Income before income taxes and minority interests	6.0%	5.9%
Net income	5.3%	5.3%

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Net Sales. Sales increased \$5.9 million, or 1.0%, to \$651.0 million in the three months ended March 31, 2007 from \$645.1 million in the three months ended March 31, 2006 principally driven by growth in flip chip, wafer level processing, 3D packaging services, modules and test services. This is offset by decreased volumes in wirebond packaging services.

Packaging Net Sales. Packaging net sales decreased \$5.0 million, or 1.0%, to \$578.7 million in the three months ended March 31, 2007 from \$583.7 million in the three months ended March 31, 2006 principally driven by decreased volume for wirebond packaging services partially offset by improved flip chip and module packaging services. Packaging unit volume decreased to 2.0 billion units in the first quarter of 2007 from 2.2 billion units in the first quarter of 2006. The decrease in unit volume is principally attributed to our wirebond packaging services due to higher seasonal declines than the first quarter of 2006 and customer inventory corrections occurring this quarter.

Test Net Sales. Test net sales increased \$10.9 million, or 17.7%, to \$72.5 million in the three months ended March 31, 2007 from \$61.6 million in the three months ended March 31, 2006 principally due to the production ramp of our new test facility in Singapore and an increase in units tested in our other test facilities.

Cost of Sales. Our cost of sales consists principally of materials, labor, depreciation and manufacturing overhead. Because a substantial portion of our costs at our factories is fixed, relatively insignificant increases or decreases in capacity utilization rates can have a significant effect on our gross margin.

Material costs as a percent of revenue increased from 39.1% for the three months ended March 31, 2006 to 39.3% for the three months ended March 31, 2007 due to change in product mix resulting in higher material costs per product.

Labor costs as a percentage of net sales, increased to 16.4% for the three months ended March 31, 2007 from 15.1% for the three months ended March 31, 2006 due to higher labor and benefit costs partially offset by a net reduction in headcount.

As a percentage of net sales, other manufacturing costs decreased to 21.6% for the three months ended March 31, 2007 from 21.8% for the three months ended March 31, 2006. The first quarter of 2006 included a \$4.1 million impairment charge primarily related to our decision to close down a camera module line in Korea. The first quarter of 2007 includes additional costs associated with our newer factories and increased depreciation costs

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as a result of our capital expenditures, which are focused on increasing our wafer bump, flip chip, test and advanced laminate packaging capacity.

Stock-based compensation included in cost of sales was \$0.3 million for the three months ended March 31, 2007 and March 31, 2006.

Gross Profit. Gross profit decreased \$7.4 million to \$147.3 million, or 22.6% of net sales in the three months ended March 31, 2007 from \$154.7 million, or 24.0% of net sales, in the three months ended March 31, 2006. The decrease in gross profit and gross margin was due to higher labor and overhead costs and material costs due to a change in product mix.

Packaging Gross Profit. Gross profit for packaging decreased \$14.5 million to \$122.7 million, or 21.2% of packaging net sales, in the three months ended March 31, 2007 from \$137.2 million, or 23.5% of packaging net sales, in the three months ended March 31, 2006. The packaging gross profit decrease was primarily due to decreased volume partially offset by improved product mix.

Test Gross Profit. Gross profit for test increased \$5.3 million to \$23.0 million, or 31.7% of test net sales, in the three months ended March 31, 2007 from \$17.7 million, or 28.7% of test net sales, in the three months ended March 31, 2006. This increase was primarily due to production ramp of our new test facility in Singapore and an increase in units tested in our other test facilities.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$2.5 million, or 4.1%, to \$62.7 million for the three months ended March 31, 2007, from \$60.2 million for the three months ended March 31, 2006 reflecting higher spending for professional fees, indirect factory costs and incentive compensation partially offset by a \$3.1 million gain recognized on the disposition of real property in Korea used for administrative purposes.

Other (Income) Expense. Other expenses, net decreased \$9.9 million from the three months ended March 31, 2006 to the three months ended March 31, 2007. This decrease is primarily driven by the decrease in interest expense of \$6.2 million due to our continued focus to strengthen our liquidity by reducing debt as well as refinancing debt with lower interest rate instruments.

Income Tax Expense. Income tax expense for the three months ended March 31, 2007 and 2006 is attributable to foreign withholding taxes and income taxes at certain of our profitable foreign tax jurisdictions. For the full year of 2007, we anticipate an effective income tax rate of approximately 6.7%, which reflects the utilization of U.S. and foreign net operating loss carryforwards and tax holidays in certain foreign jurisdictions. At March 31, 2007, we had U.S. net operating loss carryforwards totaling \$400.2 million, which expire at various times through 2027. Additionally, at March 31, 2007, we had \$60.0 million of non-U.S. operating loss carryforwards, which expire at various times through 2012.

We maintain a valuation allowance on substantially all of our deferred tax assets, including our net operating loss carryforwards, and will release such valuation allowance as the related deferred tax benefits are realized on our tax returns or once we achieve sustained profitable operations.

Liquidity and Capital Resources

We generated net income of \$34.6 and \$34.4 for the three months ended March 31, 2007 and 2006, respectively. Our operating activities provided cash totaling \$123.4 and \$119.0 in the three months ended March 31, 2007 and 2006, respectively. In March 2007, we used existing cash resources to retire the remaining \$142.4 million in 5% convertible notes at maturity.

We have a significant level of debt, with \$1,850.0 million outstanding at March 31, 2007, of which \$120.7 million is current. The terms of such debt require significant scheduled principal payments in the coming years (excluding the impact of the April 2007 refinancing described in more detail below), including \$31.5 million during the remainder of 2007, \$108.3 million in 2008, \$33.6 million in 2009, \$311.8 million in 2010, \$439.6 million in 2011 and \$925.2 million thereafter.

Amkor Technology Korea, Inc., a Korean subsidiary (“ATK”), entered into a \$300 million, 7-year secured credit facility with Woori Bank effective April 5, 2007. The loan is guaranteed on an unsecured basis by Amkor Technology, Inc. The loan is secured by substantially all the land, factories, and equipment located at our ATK facility. The loan bears interest at Woori’s base rate plus 50 basis points (6.6% at inception of the loan, or approximately LIBOR plus 125 basis points) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Woori loan were used to refinance Amkor’s existing \$300 million second lien term loan due, October 2010, which bears interest at a rate of LIBOR plus 450 basis points (9.86% at March 31, 2007). This financing transaction, together with payment of prepayment fees and accrued and unpaid interest, fully discharged all of Amkor’s obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan. After taking into consideration the \$300 million in proceeds from the new ATK term loan and the repayment of the second lien term loan, total future scheduled principal payments on our debt as of March 31, 2007 would be \$63.6 million for the remainder of 2007, \$151.1 million in 2008, \$76.5 million in 2009, \$54.6 million in 2010, \$482.5 million in 2011, and \$1,021.7 million thereafter. With the retirement of our \$142.4 million in 5% convertible notes and the refinance of our \$300 million second lien term loan, we currently anticipate approximately \$13 million of cash interest savings for the remainder of 2007.

The interest payments required on our debt are also substantial. For example, in the three months ended March 31, 2007, we paid \$25.2 million of interest. (See “Capital Additions and Contractual Obligations” below for a summary of principal and interest payments.) We were in compliance with all debt covenants at March 31, 2007 and expect to remain in compliance with these covenants through March 31, 2008.

We operate in a capital intensive industry. Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures, which are generally made in advance of the related revenues and without any firm customer commitments. During the first quarter of 2007, we had capital additions of \$55.3 million and for all of 2007 we currently anticipate making capital additions in the range of \$250 million to \$300 million, which estimate is subject to adjustment based on business conditions. Our 2007 capital additions budget remains focused on strategic growth areas of wafer bump, test and flip chip packaging.

The source of funds for our operations, including making capital expenditures and servicing principal and interest obligations with respect to our debt, are cash flows from our operations, current cash and cash equivalents, borrowings under available debt facilities, or proceeds from any additional debt or equity financing. As of March 31, 2007, we had cash and cash equivalents of \$177.1 million and \$99.8 million available under our senior secured revolving credit facility.

We assess our liquidity based on our current expectations regarding sales, operating expenses, capital spending and debt service requirements. Based on this assessment, we believe that our cash flow from operating activities together with existing cash and cash equivalents and availability under our senior secured revolving credit facility will be sufficient to fund our working capital, capital expenditure and debt service requirements through March 31, 2008. Thereafter, our liquidity will continue to be affected by, among other things, the performance of our business, our capital expenditure levels and our ability to either repay debt out of operating cash flow or refinance debt with the proceeds of debt or equity offerings at or prior to maturity. If our performance or access to the capital markets differs materially from our expectations, our liquidity may be adversely impacted.

If we fail to generate the necessary net income or operating cash flows to meet the funding needs of our business beyond March 31, 2008 due to a variety of factors, including the cyclical nature of the semiconductor industry and the other factors discussed in Part II, Item 1A “Risk Factors”, our liquidity would be adversely affected. We would consider taking a variety of actions, including: attempting to reduce our high fixed costs (for example, closing facilities and reducing the size of our work force), curtailing or reducing planned capital additions, raising additional equity, borrowing additional funds, refinancing existing indebtedness or taking other actions. There can be no assurance, however, that we will be able to successfully take any of these actions, including adjusting our expenses sufficiently or in a timely manner, or raising additional equity, increasing borrowings or completing refinancings on any terms or on terms which are acceptable to us. Our inability to take these actions as and when necessary would materially adversely affect our liquidity, results of operations and financial condition.

Many of our debt agreements restrict our ability to pay dividends. We have never paid a dividend to our shareholders and we do not anticipate paying any cash dividends in the foreseeable future. We expect cash flows, if any, to be used in the operation and expansion of our business and the repayment of debt.

Cash flows

Cash provided by operating activities was \$123.4 million for the three months ended March 31, 2007 compared to \$119.0 million for the three months ended March 31, 2006. Free cash flow (defined below) increased by \$32.2 million to \$72.1 million for the three months ended March 31, 2007 compared to \$39.9 million for the three months ended March 31, 2006.

Net cash provided by (used in) operating, investing and financing activities for the three months ended March 31, 2007 and 2006 was as follows:

	For the Three Months Ended	
	March 31,	
	2007	2006
	(In thousands)	
Operating activities	\$ 123,449	\$118,969
Investing activities	(48,618)	(78,175)
Financing activities	(143,027)	(21,931)

Operating activities: Our cash flows from operating activities for the three months ended March 31, 2007 increased \$4.5 million over the three months ended March 31, 2006. Adjustments to reconcile net income to cash flow from operating activities decreased by \$5.6 million driven by a \$7.4 million decrease in loss on disposal of assets and asset impairments. In the first quarter of 2006, we recognized a loss of \$4.1 million due to an impairment associated with our decision to close down a camera module line in Korea. In the first quarter of 2007, we recognized a gain of \$3.1 million on the sale of real property in Korea used for administrative purposes. Cash flows resulting from changes in assets and liabilities increased by \$10.0 million during the three months ended March 31, 2007 compared with the three months ended March 31, 2006. This increase in changes in assets and liabilities is primarily attributed to a \$26.4 million decrease in the change in inventory. Inventory purchases for the first quarter of 2006 reflected a build up of inventory ahead of demand in contrast to purchases for the first quarter of 2007 which are more consistent with expected demand. The improvement in our working capital attributed to the decrease in inventory was partially offset by a \$14.6 million increase in the change in other current assets as a result of additional prepayments of value added tax on a changed supply chain flow.

Investing activities: Our cash flows used in investing activities for the three months ended March 31, 2007 decreased by \$29.6 million over the comparable prior year period primarily due to a \$27.7 million decrease in payments for property, plant and equipment from \$79.1 million in the three months ended March 31, 2006 to \$51.4 million in the three months ended March 31, 2007. The decrease is attributable to our expansion of our facilities in China and Singapore in 2006. In addition, there was an increase in proceeds from the sale of property, plant and equipment of \$3.0 million primarily driven by a sale of real property in Korea used for administrative purposes.

Financing activities: Our net cash used in financing activities for the three months ended March 31, 2006 was \$143.0 million, compared with \$21.9 million for the three months ended March 31, 2006. The net cash used in financing activities for the three months ended March 31, 2007 is primarily driven by the repayment of the \$142.4 million of our 5% convertible notes at maturity in March 2007. Proceeds from the issuance of stock through our stock compensation plans for the three months ended March 31, 2007 was \$12.5 million, compared with \$0.8 million for the three months ended March 31, 2006.

We provide the following supplemental data to assist our investors and analysts in understanding our liquidity and capital resources. Free cash flow represents net cash provided by operating activities less investing activities related to the acquisition of property, plant and equipment. Free cash flow is not defined by generally accepted accounting principles ("GAAP") and our definition of free cash flow may not be comparable to similar companies and should not be considered a substitute for cash flow measures in accordance with GAAP. We believe free cash flow provides our investors and analysts useful information to analyze our liquidity and capital resources.

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Net cash provided by operating activities	\$123,449	\$118,969
Less purchases of property, plant and equipment	(51,386)	(79,098)
Free cash flow	<u>\$ 72,063</u>	<u>\$ 39,871</u>

Debt Instruments and Related Covenants

We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to service payments on our debt. (See table included in "Capital Additions and Contractual Obligations" below). Total debt decreased to \$1,850.0 million at March 31, 2007 from \$2,005.3 at December 31, 2006. In March 2007, we used existing cash resources to retire the remaining \$142.4 million in 5% convertible notes at maturity. Amkor Technology, Inc. also guarantees certain debt of our subsidiaries.

We were in compliance with all our debt covenants contained in our loan agreements at March 31, 2007. Additional details about our debt are available in Note 12 accompanying the unaudited Condensed Consolidated Financial Statements included within Part I, Item 1 of this quarterly report.

Capital Additions and Contractual Obligations

Our first quarter capital additions were \$55.3 million. We expect that our full year 2007 capital additions will be in the range of \$250 million to \$300 million, as discussed above in the "Overview." Ultimately, the amount of our 2007 capital additions will depend on several factors including, among others, the performance of our business, the need for additional capacity to service anticipated customer demand and the availability of suitable cash flow from operations or financing. The following table reconciles our activity related to property, plant and equipment payments as presented on the cash flow statement to property, plant and equipment additions as reflected in the balance sheets:

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Payments for property, plant, and equipment	\$51,386	\$ 79,098
Increase in property, plant, and equipment in accounts payable, accrued expenses and deposits, net	<u>3,935</u>	<u>23,854</u>
Property, plant and equipment additions	<u>\$55,321</u>	<u>\$102,952</u>

The following table summarizes our contractual obligations at March 31, 2007, and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Total	2007 — Remaining	2008	2009	2010	2011	Thereafter
	(In thousands)						
Total debt(1)	\$1,849,959	\$ 31,503	\$108,247	\$ 33,628	\$311,784	\$439,619	\$ 925,178
Scheduled interest payment obligations(2)	791,757	105,848	132,444	129,644	123,550	80,954	219,317
Purchase obligations(3)	46,052	—	46,052	—	—	—	—
Operating lease obligations	49,356	5,871	5,466	3,895	3,668	3,815	26,641
Total contractual obligations	<u>\$2,737,124</u>	<u>\$ 143,222</u>	<u>\$292,209</u>	<u>\$167,167</u>	<u>\$439,002</u>	<u>\$524,388</u>	<u>\$1,171,136</u>

(1) The decrease in our total debt from the Annual Report on Form 10-K/A as of December 31, 2006, is primarily driven by the repayment of \$142.4 million of our 5% convertible notes at maturity. In addition, ATK entered

into a \$300 million, 7-year secured credit facility with Woori Bank effective April 5, 2007. The loan is guaranteed on an unsecured basis by Amkor Technology, Inc. The loan is secured by substantially all the land, factories, and equipment located at our ATK facility. The loan bears interest at Woori's base rate plus 50 basis points (6.6% at inception of the loan, or approximately LIBOR plus 125 basis points) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Woori loan, were used to refinance Amkor's existing \$300 million second lien term loan due, October 2010, which bears interest at a rate of LIBOR plus 450 basis points (9.86% at March 31, 2007). This financing transaction, together with payment of prepayment fees and accrued and unpaid interest, fully discharged all of Amkor's obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan. After taking into consideration the \$300 million in proceeds from the new ATK term loan and the repayment of the second lien term loan, total future scheduled principal payments on our debt as of March 31, 2007 would be \$63.6 million for the remainder of 2007, \$151.1 million in 2008, \$76.5 million in 2009, \$54.6 million in 2010, \$482.5 million in 2011, and \$1,021.7 million thereafter.

- (2) Scheduled interest payment obligations were calculated using stated coupon rates for fixed rate debt and interest rates applicable at March 31, 2007 for variable rate debt.
- (3) Includes \$40.3 million of capital-related purchase obligations.

In addition to the obligations identified in the table above, non-current liabilities recorded in our unaudited Condensed Consolidated Balance Sheet at March 31, 2007, include \$183.0 million related to pension and severance obligations, which the timing of the ultimate payment of these obligations was uncertain at March 31, 2007. Additionally, \$22.2 million of customer advances are included in non-current liabilities and relate to supply agreements with customers that commit capacity in exchange for customer prepayment of services. Generally customers forfeit the prepayment if the capacity is not utilized per contract terms.

Off-Balance Sheet Arrangements

We had no off-balance sheet guarantees or other off-balance sheet arrangements as of March 31, 2007. Operating lease commitments are included in the contractual obligation table above.

Contingencies, Indemnifications and Guarantees

Details about the company's contingencies, indemnifications and guarantees are available in Note 15 accompanying the unaudited Condensed Consolidated Financial Statements included within Part I, Item 1 of this quarterly report. As for our contingencies related to our patent litigation, securities litigation, and other litigation and legal matters, if an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our results of operations in the period in which the ruling occurs. The estimate of the potential impact from the legal proceedings, discussed in Note 15 accompanying the unaudited Condensed Consolidated Financial Statements, on our financial position, results of operations, or cash flows, could change in the future.

Critical Accounting Policies

Our critical accounting policies are disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006. During the three months ended March 31, 2007, there have been no significant changes in our critical accounting policies.

New Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 1 to the unaudited Condensed Consolidated Financial Statements included within Part I, Item 1 of this quarterly report.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market Risk Sensitivity

We are exposed to market risks, primarily related to foreign currency and interest rate fluctuations. In the normal course of business, we employ established policies and procedures to manage the exposure to fluctuations in

foreign currency values and changes in interest rates. Our use of derivative instruments, including forward exchange contracts, has been historically insignificant, and it is expected that our use of derivative instruments will continue to be minimal.

Foreign Currency Risks

Our primary exposures to foreign currency fluctuations are associated with transactions and related assets and liabilities denominated in Chinese renminbi, Japanese yen, Korean won, Philippine pesos, Singapore dollar, and Taiwanese dollar. The objective in managing these foreign currency exposures is to minimize the risk through minimizing the level of activity and financial instruments denominated in those currencies. Our foreign currency financial instruments primarily consist of cash, trade receivables, investments, deferred taxes, trade payables, accrued expenses and debt.

For an entity with various financial instruments denominated in a foreign currency in a net asset position, an increase in the exchange rate would result in less net assets when converted to U.S. dollars. Conversely, for an entity with various financial instruments denominated in a foreign currency in a net liability position, a decrease in the exchange rate would result in more net liabilities when converted to U.S. dollars. Changes period over period are caused by changes in our net asset or net liability position and changes in currency exchange rates. Based on our portfolio of foreign currency based financial instruments at March 31, 2007 and December 31, 2006, a 20% increase (decrease) in the foreign currency to U.S. dollar spot exchange rate would result in the following foreign currency risk for our entities in a net asset (liability) position:

	Chart of Foreign Currency Risk					
	Chinese Renminbi	Japanese Yen	Korean Won	Philippine Peso	Singapore Dollar	Taiwanese Dollar
	(In thousands)					
As of March 31, 2007	\$ (1,340)	\$ 1,374	\$(2,003)	\$ (3,059)	\$ (698)	\$(11,751)
As of December 31, 2006	(2,178)	2,048	(4,750)	(3,734)	(992)	(10,861)

In addition, at March 31, 2007 and December 31, 2006 we had other foreign currency denominated liabilities, including denominations of the Euro, Swiss franc and Great Britain pound, whereby a 20% decrease in the related exchange rates would result in an aggregate of \$0.2 million and less than \$0.1 million of additional foreign currency risk, respectively.

Interest Rate Risks

We have interest rate risk with respect to our long-term debt. As of March 31, 2007, we had a total of \$1,850.0 million of debt of which 80.0% was fixed rate debt and 20.0% was variable rate debt. Our variable rate debt principally relates to our second lien term loan, foreign borrowings and any amounts outstanding under our \$100.0 million revolving line of credit, of which no amounts were drawn as of March 31, 2007 but which had been reduced by \$0.2 million related to outstanding letters of credit at that date. The fixed rate debt consists of senior notes, senior subordinated notes and subordinated notes. In April 2007 our second lien term loan was refinanced with a new term loan which is also a variable interest rate debt. As of December 31, 2006, we had a total of \$2,005.3 million of debt of which 80.9% was fixed rate debt and 19.1% was variable rate debt. Changes in interest rates have different impacts on our fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the fair value of the instrument but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not impact the fair value of the instrument. The fair value of the convertible notes is also impacted by changes in the market price of our common stock.

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The table below presents the interest rates, maturities and fair value of our fixed and variable rate debt as of March 31, 2007 and has not been adjusted to reflect the refinancing activities that occurred in April 2007.

	2007	2008	2009	2010	2011	Thereafter	Total	Fair Value
	(In thousands)							
Long term debt:								
Fixed rate debt	\$ 2,521	\$91,539	\$21,882	\$ —	\$438,934	\$925,000	\$1,479,876	\$1,593,824
Average interest rate	4.9%	9.1%	10.5%	0%	5.1%	8.2%	7.5%	
Variable rate debt	\$28,982	\$16,708	\$11,746	\$311,784	\$ 685	\$ 178	\$ 370,083	\$ 380,584
Average interest rate	2.6%	3.7%	3.4%	9.6%	5.6%	5.6%	8.6%	

Equity Price Risks

We have convertible notes that are convertible into our common stock. We currently intend to repay our remaining convertible notes upon maturity, unless converted, repurchased or refinanced. If investors were to decide to convert their notes to common stock, our future earnings would benefit from a reduction in interest expense and our common stock outstanding would be increased. If we paid a premium to induce such conversion, our earnings could include an additional charge.

Further, the trading price of our common stock has been and is likely to continue to be highly volatile and could be subject to wide fluctuations. Such fluctuations could impact our decision or ability to utilize the equity markets as a potential source of our funding needs in the future.

Item 4. Controls and Procedures

Restatement of Stock-based Compensation Expense from 1998 through March 2006, Special Committee and Company Findings Relating to Stock Options

In October 2006, we restated our historical consolidated financial statements included in our 2005 Annual Report on Form 10-K and restated certain other historical financial information relating to accounting for stock options. As a result of a report by a third party financial analyst issued on May 25, 2006, we commenced an initial review of our historical stock option granting practices. This review included a review of hard copy documents as well as a limited set of electronic documents. Following this initial review, on July 24, 2006 our Board of Directors established a Special Committee comprised of independent directors to conduct a review of our historical stock option granting practices since our initial public offering in 1998 through June 30, 2006.

Based on the findings of the Special Committee and our internal review, we identified a number of occasions on which we used an incorrect measurement date for financial accounting and reporting purposes. In accordance with APB No. 25, and related interpretations, with respect to the period through December 31, 2005, we should have recorded compensation expense in an amount per share subject to each option to the extent that the fair market value of our stock on the correct measurement date exceeded the exercise price of the option. For periods commencing January 1, 2006, compensation expense is recorded in accordance with SFAS No. 123(R). We have also identified a number of other option grants for which we failed to properly apply the provisions of APB No. 25 or SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123") and related interpretations of each pronouncement. In considering the causes of the accounting errors set forth below, the Special Committee concluded that the evidence did not support a finding of intentional manipulation of stock option grant pricing by any member of existing management. However, based on its review, the Special Committee identified evidence that supported a finding of intentional manipulation of stock option pricing with respect to the annual grants in 2001 and 2002 by a former executive and that other former executives may have been aware of, or participated in, this conduct. In addition, the Special Committee identified a number of other factors related to our internal controls that contributed to the accounting errors that led to the October 2006 restatement of our prior filings.

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We previously reported the following material weaknesses in our internal control over financial reporting in our 2006 Form 10-K, as amended. These material weaknesses were remediated as of March 31, 2007:

1. We did not maintain effective governance and oversight, controls to prevent or detect instances of management override, and risk assessment procedures. Specifically, we failed to establish effective governance and oversight by the Compensation Committee of the Board of Directors of our activities related to the granting of stock options. Additionally, controls were not effective in adequately identifying, assessing and addressing significant risks associated with the granting of stock options that could impact our financial reporting. Finally, our controls were not adequate to prevent or detect instances of potential misconduct by members of senior management. This control deficiency resulted in the restatement of our consolidated financial information for each of the years ended from 1998 through 2005, for each of the quarters of 2005 and 2004, as well as for the first quarter of 2006. Additionally, this control deficiency could result in misstatements of our financial statement accounts and disclosures that would result in a material misstatement of the annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness. This material weakness also contributed to the existence of the following additional material weakness.

2. We did not maintain effective controls over our accounting for and disclosure of our stock-based compensation expense. Specifically, effective controls, including monitoring, were not maintained to ensure the existence, completeness, accuracy, valuation and presentation of activity related to our granting and modification of stock options. This control deficiency resulted in the misstatement of our stock-based compensation expense and additional paid-in capital accounts and related disclosures, and in the restatement of our consolidated financial information for each of the years ended from 1998 through 2005, for each of the quarters of 2005 and 2004, as well as for the first quarter of 2006. Additionally, this control deficiency could result in misstatements of the aforementioned accounts and disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

Our remediation efforts relating to the material weaknesses in our internal controls described above were substantially complete as of December 31, 2006 and completed as of March 31, 2007. We assessed operating effectiveness of the improved internal control over financial reporting as of March 31, 2007. Our remediation efforts included the following changes or additional control procedures to remediate the material weaknesses:

- We created and implemented formal, documented stock award grant procedures and practices to ensure systematic approval and execution of stock award grants and modifications and the proper recording of such grants and modifications in our stock administration records and financial statements;
- We conducted additional training for personnel and directors in areas associated with the stock award granting processes and other compensation practices. We also conducted training related to accounting for stock-based compensation; and
- We improved the manner of documenting the actions of the Compensation Committee and we are ensuring the timely reporting of Compensation Committee actions to the Board of Directors.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports to the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934. In designing and evaluating the disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. Also, we have minority investments in certain other entities.

We do not control or manage these entities, its disclosure controls and procedures with respect to such entities are substantially more limited than those we maintain with respect to our subsidiaries.

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2007. Based on the foregoing, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2007.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent quarter that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

During 2006, we have made changes in our internal control over financial reporting in conjunction with the implementation of a new Enterprise Resource Planning system at two of our subsidiaries which have materially changed our internal control over financial reporting. During the third quarter of 2007, we expect that we will complete our implementation efforts at our largest subsidiary.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

Information about legal proceedings is set forth in Note 15 to the Condensed Consolidated Financial Statements included in this quarterly report.

Item 1A. *Risk Factors*

RISK FACTORS THAT MAY AFFECT FUTURE OPERATING PERFORMANCE

The factors discussed below are cautionary statements that identify important factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this report. For more information regarding the forward-looking statements contained in this report, see the introductory paragraph to Part I, Item 2 of this quarterly report. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this report, in considering our business and prospects. The risks and uncertainties described below are not the only ones facing Amkor. Additional risks and uncertainties not presently known to us also may impair our business operations. The occurrence of any of the following risks could affect our business, financial condition or results of operations.

The matters relating to the Special Committee's review of our historical stock option granting practices and the restatement of our consolidated financial statements has resulted in expanded litigation and regulatory proceedings against us and may result in future litigation, which could have a material adverse effect on us.

On July 24, 2006, we established a Special Committee, consisting of independent members of the Board of Directors, to conduct a review of our historical stock option granting practices during the period from our initial public offering on May 1, 1998 through the present. As previously disclosed, the Special Committee identified a number of occasions on which the measurement date used for financial accounting and reporting purposes for stock options granted to certain of our employees was different from the actual grant date. To correct these accounting errors, we amended our Annual Report on Form 10-K for the year ended December 31, 2005 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2006, to restate our financial information from 1998 through March 31, 2006. The review of our historical stock option granting practices, related activities and the resulting restatements, required us to incur substantial expenses for legal, accounting, tax and other professional services and diverted our management's attention from our business and could in the future adversely affect our business, financial condition, results of operations and cash flows.

Our historical stock option granting practices and the restatement of our prior financial statements have exposed us to greater risks associated with litigation and regulatory proceedings. As described in Note 15 to our consolidated financial statements, the complaints in several of our existing litigation matters were subsequently amended to include allegations relating to stock option grants. In addition, the scope of the existing SEC investigation that began in August 2005 has been expanded to include an investigation into our historical stock option grant practices. We cannot assure you that this litigation, the SEC investigation or any future litigation or regulatory action will result in the same conclusions reached by the Special Committee. The conduct and resolution of these matters will be time consuming, expensive and distracting from the conduct of our business. Furthermore, if we are subject to adverse findings in any of these matters, we could be required to pay damages or penalties or have other remedies imposed upon us which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We could also become subject to litigation brought on behalf of purchasers of the debt securities issued in our May 2006 public offering because of the subsequent restatement of the consolidated financial statements contained in the related registration statements as a result of the stock option accounting errors mentioned above. Finally, as a result of our delayed filing of Form 10-Q for the quarter ended June 30, 2006, we will be ineligible to register our securities on Form S-3 for sale by us or resale by others until we have timely filed all periodic reports under the Securities Exchange Act of 1934 for one year from the date the Form 10-Q for the quarter ended June 30, 2006 was due. We may use Form S-1 to raise capital or complete acquisitions, which could increase transaction costs and adversely impact our ability to raise capital or complete acquisitions of other companies in a timely manner.

Pending SEC Investigation — The Pending SEC Investigation Could Adversely Affect Our Business and the Trading Price of Our Securities.

In August 2005, the SEC issued a formal order of investigation regarding certain activities with respect to Amkor securities. We previously announced that the primary focus of the investigation appears to be activities during the period from June 2003 to July 2004. We believe that the investigation in part relates to transactions in Amkor's securities by certain individuals, and that the investigation may in part relate to whether tipping with respect to trading in Amkor securities occurred. The matters at issue involve activities with respect to Amkor securities during the subject period by certain insiders or former insiders and persons or entities associated with them, including activities by or on behalf of certain current and former members of the Board of Directors and Amkor's Chief Executive Officer. We have learned that our former general counsel, whose employment with us terminated in March of 2005, has been indicted by the United States Attorney's Office for the Eastern District of Pennsylvania for violation of the securities laws. The indictment alleges that the former general counsel traded in Amkor securities on the basis of material non-public information. We have also learned that the SEC has filed a civil action against our former general counsel based on substantially the same allegations as contained in the indictment.

In July 2006, the Board of Directors established a Special Committee to review Amkor's historical stock option practices and informed the SEC of these efforts. The SEC subsequently informed us that it is expanding the scope of its investigation and has requested that Amkor provide documentation related to these matters. We have cooperated fully with the SEC on the formal investigation and the informal inquiry that preceded it. We cannot predict the outcome of the investigation. In the event that the investigation leads to SEC action against any current or former officer or director of Amkor, or Amkor itself, our business (including our ability to complete financing transactions) or the trading price of our securities may be adversely impacted. In addition, if the SEC investigation continues for a prolonged period of time, it may have the same impact regardless of the ultimate outcome of the investigation. Additionally, we have voluntarily provided information to the Department of Justice relating to our historical stock option practices.

Fluctuations in Operating Results and Cash Flows — Our Operating Results and Cash Flows Have Varied and May Vary Significantly as a Result of Factors That We Cannot Control.

Many factors could materially and adversely affect our net sales, gross profit, operating results and cash flows, or lead to significant variability of quarterly or annual operating results. Our profitability and ability to generate cash from operations is principally dependent upon demand for semiconductors, the utilization of our capacity, semiconductor package mix, the average selling price of our services and our ability to control our costs including labor, material, overhead and financing costs.

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Our operating results and cash flows have varied significantly from period to period. Our net sales, gross margins, operating income and cash flows have historically fluctuated significantly as a result of many of the following factors, for which we have little or no control over and which we expect to continue to impact our business:

- Fluctuation in demand for semiconductors and conditions in the semiconductor industry;
- changes in our capacity utilization;
- changes in average selling prices;
- changes in the mix of semiconductor packages;
- evolving package and test technology;
- absence of backlog and the short-term nature of our customers' commitments and the impact of these factors on the timing and volume of orders relative to our production capacity;
- changes in costs, availability and delivery times of raw materials and components;
- changes in labor costs to perform our services;
- the timing of expenditures in anticipation of future orders;
- changes in effective tax rates;
- the availability and cost of financing;
- intellectual property transactions and disputes;
- high leverage and restrictive covenants;
- warranty and product liability claims;
- costs associated with litigation judgments and settlements;
- international events or environmental or natural events, such as earthquakes, that impact our operations;
- difficulties integrating acquisitions; and
- our ability to attract qualified employees to support our geographic expansion.

We have historically been unable to accurately predict the impact of these factors upon our results for a particular period. These factors, as well as the factors set forth below which have not significantly impacted our recent historical results, may impair our future business operations and may materially and adversely affect our net sales, gross profit, operating results and cash flows, or lead to significant variability of quarterly or annual operating results:

- loss of key personnel or the shortage of available skilled workers;
- rescheduling and cancellation of large orders; and
- fluctuations in our manufacturing yields.

Dependence on the Highly Cyclical Semiconductor and Electronic Products Industries — We Operate in Volatile Industries, and Industry Downturns Harm Our Performance.

Our business is tied to market conditions in the semiconductor industry, which is cyclical by nature. The semiconductor industry has experienced significant, and sometimes prolonged, downturns. Because our business is, and will continue to be, dependent on the requirements of semiconductor companies for subcontracted packaging and test services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as consumer electronic products, telecommunication devices, or computing devices could have a material adverse effect on our business and operating results. If industry conditions deteriorate, we

could suffer significant losses, as we have in the past, which could materially impact our business, results of operations and financial condition.

High Fixed Costs — Due to Our High Percentage of Fixed Costs, We Will Be Unable to Maintain Our Gross Margin at Past Levels if We Are Unable to Achieve Relatively High Capacity Utilization Rates.

Our operations are characterized by relatively high fixed costs. Our profitability depends in part not only on pricing levels for our products and services, but also on the utilization rates for our testing and packaging equipment, commonly referred to as “capacity utilization rates.” In particular, increases or decreases in our capacity utilization rates can significantly affect gross margins since the unit cost of packaging and test services generally decreases as fixed costs are allocated over a larger number of units. In periods of low demand, we experience relatively low capacity utilization rates in our operations, which lead to reduced margins during that period. From time to time we have experienced lower than optimum utilization rates in our operations due to a decline in worldwide demand for our packaging and test services. This can lead to significantly reduced margins during that period. Although our capacity utilization rates at times have been strong, we cannot assure you that we will be able to achieve or maintain relatively high capacity utilization rates, and if we fail to do so, our gross margins may decrease. If our gross margins decrease, our results of operations and financial condition could be materially adversely affected.

In addition, our fixed operating costs have increased in part as a result of our efforts to expand our capacity through significant capital additions in connection with the opening of a wafer bump facility in Singapore in 2006. In the event that forecasted customer demand for which we have made and, on a more limited basis, expect to make advance capital additions does not materialize, our sales may not adequately cover our substantial fixed costs resulting in reduced profit levels or causing significant losses, both of which may adversely impact our liquidity, results of operations and financial condition. Additionally, we could suffer significant losses if current industry conditions deteriorate, which could materially impact our business including our liquidity.

Guidance — Our Failure to Meet Our Guidance or Analyst Projections Could Adversely Impact the Trading Prices of Our Securities.

We periodically provide guidance to investors with respect to certain financial information for future periods. Securities analysts also periodically publish their own projections with respect to our future operating results. As discussed above under “Fluctuations in Operating Results and Cash Flows — Our Operating Results and Cash Flows Have Varied and May Vary Significantly as a Result of Factors That We Cannot Control,” our operating results and cash flow vary significantly and are difficult to accurately predict. To the extent we fail to meet or exceed our own guidance or the analyst projections for any reason, the trading prices of our securities may be adversely impacted. Moreover, even if we do meet or exceed that guidance or those projections, the analysts and investors may not react favorably, and the trading prices of our securities may be adversely impacted.

Declining Average Selling Prices — The Semiconductor Industry Places Downward Pressure on the Prices of Our Products.

Prices for packaging and test services have generally declined over time. Historically, we have been able to partially offset the effect of price declines by successfully developing and marketing new packages with higher prices, such as advanced leadframe and laminate packages, by negotiating lower prices with our material vendors, recovering material cost increases from our customers, and by driving engineering and technological changes in our packaging and test processes which resulted in reduced manufacturing costs. We expect general downward pressure on average selling prices for our packaging and test services in the future. If we are unable to offset a decline in average selling prices, including developing and marketing new packages with higher prices, reducing our purchasing costs, recovering more of our material cost increases from our customers and reducing our manufacturing costs, our future operating results will suffer.

Decisions by Our IDM Customers to Curtail Outsourcing May Adversely Affect Our Business.

Historically, we have been dependent on the trend in outsourcing of packaging and test services by integrated device manufacturers ("IDM"). Our IDM customers continually evaluate the outsourced services against their own in-house packaging and test services. As a result, at any time, and for a variety of reasons, IDMs may decide to shift some or all of their outsourced packaging and test services to internally sourced capacity.

The reasons IDMs may shift their internal capacity include:

- their desire to realize higher utilization of their existing test and packaging capacity, especially during downturns in the semiconductor industry;
- their unwillingness to disclose proprietary technology;
- their possession of more advanced packaging and test technologies; and
- the guaranteed availability of their own packaging and test capacity.

Furthermore, to the extent we continue to limit capacity commitments for certain customers, these customers may begin to increase their level of in-house packaging and test capabilities, which could adversely impact our sales and profitability and make it more difficult for us to regain their business when we have available capacity. Any shift or a slowdown in this trend of outsourcing packaging and test services is likely to adversely affect our business, financial condition and results of operations.

In a downturn in the semiconductor industry, IDMs may be especially likely to respond by shifting some outsourced packaging and test services to internally serviced capacity on a short term basis. This would have a material adverse effect on our business, financial condition and results of operations, especially during a prolonged industry downturn.

High Leverage and Restrictive Covenants — Our Substantial Indebtedness Could Adversely Affect Our Financial Condition and Prevent Us from Fulfilling Our Obligations.

Substantial Leverage. We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. As of March 31, 2007, our total debt balance was \$1,850.0 million, of which \$120.7 million was classified as a current liability. In addition, despite current debt levels, the terms of the indentures governing our indebtedness allow us or our subsidiaries to incur more debt, subject to certain limitations. If new debt is added to our consolidated debt level, the related risks that we now face could intensify.

Covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. The agreements also impose affirmative covenants on us including financial reporting obligations. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans and we are unable to amend such financial covenants. Bondholder groups may be aggressive and may attempt to call defaults for technical violations of covenants that have little or nothing to do with our financial performance in an effort to extract consent fees from us or to force a refinancing. A default and acceleration under one debt instrument may also trigger cross-acceleration under our other debt instruments. A default or event of default under one or more of our revolving credit facilities would also preclude us from borrowing additional funds under such facilities. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

For example, on August 11, 2006, we received a letter dated August 10, 2006 from U.S. Bank National Association ("US Bank") as trustee for the holders of our 5% Convertible Subordinated Notes due 2007, 10.5% Senior Subordinated Notes due 2009, 9.25% Senior Notes due 2008, 9.25% Senior Notes due 2016, 6.25% Convertible Subordinated Notes Due 2013, 7.75% Senior Notes due 2013 and 2.5% Convertible Senior Subordinated Notes due 2011 stating that US Bank, as trustee, had not received our financial statements for the quarter ended June 30, 2006, and that we have 60 days from the date of the letter to file our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2006 or it will be considered an "Event of Default" under the indentures governing each of the above-listed notes. On the same day, we received a letter from Wells Fargo Bank

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National Association (“Wells Fargo”), as trustee for our 7.125% Senior Notes due 2011, stating that we failed to file our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2006, demanding that we immediately file such quarterly report and indicating that unless we file a Form 10-Q within 60 days after the date of such letter, it will ripen into an “Event of Default” under the indenture governing our 7.125% Senior Notes due 2011.

We cured the alleged defaults described in the US Bank and Wells Fargo letters by filing our Quarterly Report for the quarter ended June 30, 2006 within the 60 day period and avoided the occurrence of an alleged “Event of Default.” However, had we not filed our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 within the requisite period, the bondholders may have been able to accelerate all outstanding amounts under the above listed notes and trigger acceleration under our other debt agreements, which could have resulted in a material adverse effect.

Our substantial indebtedness could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to service payments on our debt;
- limit our flexibility to react to changes in our business and the industry in which we operate;
- place us at a competitive disadvantage to any of our competitors that have less debt; and
- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds.

History of Losses.

Although we achieved net income and positive operating cash flow in 2006 and the first quarter of 2007, we have had net losses in four of the previous five years and negative operating cash flow in several previous quarters. There is no assurance that we will be able to sustain our current profitability or avoid net losses in the future.

Ability to Fund Liquidity Needs.

We operate in a capital intensive industry. Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures, which are generally made in advance of the related revenues and without any firm customer commitments. During 2006, we had capital additions of \$299 million and in 2007 we currently anticipate making capital additions of approximately \$250 to \$300 million, which estimate is subject to adjustment based on business conditions. In addition, we have a significant level of debt, with \$1,850.0 million outstanding at March 31, 2007, \$120.7 million of which is current. The terms of such debt require significant scheduled principal payments in the coming years, including \$31.5 million due during the remainder of 2007, \$108.3 million due in 2008, \$33.6 million due in 2009, \$311.8 million due in 2010, \$439.6 million due in 2011 and \$925.2 million due thereafter. ATK entered into a \$300 million, 7-year secured credit facility with Woori Bank effective April 5, 2007. The loan is guaranteed on an unsecured basis by Amkor Technology, Inc. The loan is secured by substantially all the land, factories, and equipment located at our ATK facility. The loan bears interest at Woori’s base rate plus 50 basis points (6.6% at inception of the loan, or approximately LIBOR plus 125 basis points) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Woori loan were used to refinance Amkor’s existing \$300 million second lien term loan due, October 2010, which bears interest at a rate of LIBOR plus 450 basis points (9.86% at March 31, 2007). This financing transaction, together with payment of prepayment fees and accrued and unpaid interest, fully discharged all of Amkor’s obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan. After taking into consideration the \$300 million in proceeds from the new ATK term loan and the repayment of the second lien term loan, total future scheduled principal payments on our debt as of March 31, 2007 are \$63.6 million for the remainder of 2007, \$151.1 million in

2008, \$76.5 million in 2009, \$54.6 million in 2010, \$482.5 million in 2011, and \$1,021.7 million thereafter. The interest payments required on our debt are also substantial. For example, in the three months ended March 31, 2007, we paid \$25.2 million of interest. (See Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Capital Additions and Contractual Obligations” for a summary of principal and interest payments.) The source of funds to fund our operations, including making capital expenditures and servicing principal and interest obligations with respect to our debt, are cash flows from our operations, current cash and cash equivalents, borrowings under available debt facilities, or proceeds from any additional debt or equity financing. As of March 31, 2007, we had cash and cash equivalents of \$177.1 million and \$99.8 million available under our senior secured revolving credit facility.

We assess our liquidity based on our current expectations regarding sales, operating expenses, capital spending and debt service requirements. Based on this assessment, we believe that our cash flow from operating activities together with existing cash and cash equivalents and availability under our senior secured revolving credit facility will be sufficient to fund our working capital, capital expenditure and debt service requirements through March 31, 2008. Thereafter, our liquidity will continue to be affected by, among other things, the performance of our business, our capital expenditure levels and our ability to repay debt out of our operating cash flow or refinance the debt with the proceeds of debt or equity offerings at or prior to maturity. If our performance or access to the capital markets differs materially from our expectations, our liquidity may be adversely impacted.

If we fail to generate the necessary net income or operating cash flows to meet the funding needs of our business beyond March 31, 2008 due to a variety of factors, including the cyclical nature of the semiconductor industry and the other factors discussed in this “Risk Factors” section, our liquidity would be adversely affected. We would consider taking a variety of actions, including: attempting to reduce our high fixed costs (for example, closing facilities and reducing the size of our work force), curtailing or reducing planned capital additions, raising additional equity, borrowing additional funds, refinancing existing indebtedness or taking other actions. There can be no assurance, however, that we will be able to successfully take any of these actions, including adjusting our expenses sufficiently or in a timely manner, or raising additional equity, increasing borrowings or completing refinancings on any terms or on terms that are acceptable to us. Our inability to take these actions as and when necessary would materially adversely affect our liquidity, results of operations and financial condition.

Absence of Backlog — The Lack of Contractually Committed Customer Demand May Adversely Affect Our Sales.

Our packaging and test business does not typically operate with any material backlog. Our quarterly net sales from packaging and test services are substantially dependent upon our customers’ demand in that quarter. None of our customers have committed to purchase any significant amount of packaging or test services or to provide us with binding forecasts of demand for packaging and test services for any future period, in any material amount. In addition, our customers often reduce, cancel or delay their purchases of packaging and test services for a variety of reasons including industry-wide, customer-specific and Amkor-related reasons. Recently, our customers’ demand for our services has been strong; however, we cannot predict if this demand trend will continue. Because a large portion of our costs is fixed and our expense levels are based in part on our expectations of future revenues, we may not be able to adjust costs in a timely manner to compensate for any sales shortfall. If we are unable to do so, it would adversely affect our margins, operating results, cash flows and financial condition. If customer demand does not materialize as anticipated, our net sales, margins, operating results, cash flows and financial condition will be materially and adversely affected.

Risks Associated With International Operations — We Depend on Our Factories and Operations in China, Japan, Korea, the Philippines, Singapore and Taiwan. Many of Our Customers’ and Vendors’ Operations Are Also Located Outside of the U.S.

We provide packaging and test services through our factories and other operations located in the China, Japan, Korea, the Philippines, Singapore and Taiwan. Moreover, many of our customers’ and vendors’ operations are located outside the U.S. The following are some of the risks inherent in doing business internationally:

- regulatory limitations imposed by foreign governments;

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- fluctuations in currency exchange rates;
- political, military and terrorist risks;
- disruptions or delays in shipments caused by customs brokers or government agencies;
- unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers;
- difficulties in staffing and managing foreign operations; and
- potentially adverse tax consequences resulting from changes in tax laws.

Our Management Information Systems May Prove Inadequate — We Face Risks in Connection With Our Current Project to Install a New Enterprise Resource Planning System For Our Business.

We depend on our management information systems for many aspects of our business. Some of our key software has been developed by our own programmers and this software may not be easily integrated with other software and systems. We are implementing a new enterprise resource planning system to replace many of our existing systems at significant locations. We face risks in connection with our current project to install a new enterprise resource system for our business. These risks include:

- we may face delays in the design and implementation of that system;
- the cost of the system may exceed our plans and expectations; and
- such system may damage our ability to process transactions or harm our control environment.

Our business will be materially and adversely affected if our management information systems are disrupted or if we are unable to improve, upgrade, integrate or expand upon our systems, particularly in light of our intention to implement a new enterprise resource planning system.

Difficulties Expanding and Evolving Our Operational Capabilities — We Face Challenges as We Integrate New and Diverse Operations and Try to Attract Qualified Employees to Support Our Operations.

We have experienced, and expect to continue to experience, growth in the scope and complexity of our operations. For example, each business we have acquired had, at the time of acquisition, multiple systems for managing its own production, sales, inventory and other operations. Migrating these businesses to our systems typically is a slow, expensive process requiring us to divert significant amounts of resources from multiple aspects of our operations. This growth has strained our managerial, financial, plant operations and other resources. Future expansions may result in inefficiencies as we integrate new operations and manage geographically diverse operations. Our success depends to a significant extent upon the continued service of our key senior management and technical personnel, any of whom may be difficult to replace. Competition for qualified employees is intense, and our business could be adversely affected by the loss of the services of any of our existing key personnel, including senior management, as a result of competition or for any other reason. We evaluate our management team and engage in long-term succession planning in order to ensure orderly replacement of key personnel. We cannot assure you that we will be successful in these efforts or in hiring and properly training sufficient numbers of qualified personnel and in effectively managing our growth. Our inability to attract, retain, motivate and train qualified new personnel could have a material adverse effect on our business.

Dependence on Materials and Equipment Suppliers — Our Business May Suffer If The Cost, Quality or Supply of Materials or Equipment Changes Adversely.

We obtain from various vendors the materials and equipment required for the packaging and test services performed by our factories. We source most of our materials, including critical materials such as leadframes, laminate substrates and gold wire, from a limited group of suppliers. Furthermore, we purchase the majority of our materials on a purchase order basis. From time to time, we enter into supply agreements, generally up to one year in duration, to guarantee supply to meet projected demand. Our business may be harmed if we cannot obtain materials and other supplies from our vendors in a timely manner, in sufficient quantities, in acceptable quality or at competitive prices.

We need to purchase new test and packaging equipment if we decide to expand our operations (sometimes in anticipation of expected market demand), to manufacture some new types of packaging, perform some different testing or to replace equipment that breaks down or wears out. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by equipment vendors. For example, in the past, increased demand for equipment caused some equipment suppliers to only partially satisfy our equipment orders in the normal lead time frame or increase prices during market upturns for the semiconductor industry. The unavailability of equipment or failures to deliver equipment could delay implementation of our future expansion plans and impair our ability to meet customer orders. If we are unable to implement our future expansion plans or meet customer orders, we could lose potential and existing customers. Generally, we do not enter into binding, long-term equipment purchase agreements and we acquire our equipment on a purchase order basis, which exposes us to substantial risks. For example, changes in foreign currency exchange rates could result in increased prices for equipment purchased by us, which could have a material adverse effect on our results of operations.

We are a large buyer of gold and other commodity materials including substrates and copper. The price of gold and other commodities used in our business fluctuate. Historically, we have been able to partially offset the effect of commodity price increases through price adjustments to some customers and changes in our product designs. Significant price increases may adversely impact our gross margin in future quarters to the extent we are unable to pass along past or future commodity price increases to our customers.

Loss of Customers — The Loss of Certain Customers May Have a Significant Adverse Effect on the Operations and Financial Results.

The loss of a large customer or disruption of our strategic partnerships or other commercial arrangements may result in a decline in our sales and profitability. Although we have over 300 customers, we have derived and expect to continue to derive a large portion of our revenues from a small group of customers during any particular period due in part to the concentration of market share in the semiconductor industry. Our five largest customers together accounted for approximately 29.4%, 28.3% and 25.2% of our net sales in the first quarter of 2007, and the fiscal years 2006 and 2005, respectively. No customer accounts for more than 10% of our net sales.

The demand for our services from each customer is directly dependent upon that customer's level of business activity, which could vary significantly from year to year. The loss of a large customer may adversely affect our sales and profitability. Our key customers typically operate in the cyclical semiconductor business and, in the past, order levels have varied significantly from period to period based on a number of factors. Our business is likely to remain subject to this variability in order levels, and we cannot assure you that these key customers or any other customers will continue to place orders with us in the future at the same levels as in past periods. The loss of one or more of our significant customers, or reduced orders by any one of them, and our inability to replace these customers or make up for such orders could reduce our profitability. For example, our facility in Iwate, Japan, is primarily dedicated to a single customer, Toshiba Corporation. If we were to lose Toshiba as a customer or if it were to materially reduce its business with us, it could be difficult for us to find one or more new customers to utilize the capacity, which could have a material adverse effect on our operations and financial results.

Capital Additions — We Believe We Need To Make Substantial Capital Additions, Which May Adversely Affect Our Business If Our Business Does Not Develop As We Expect.

We believe that our business requires us to make significant capital additions in order to capitalize on what we believe is an overall trend to outsource packaging and test services. The amount of capital additions will depend on several factors, including the performance of our business, our assessment of future industry and customer demand, our capacity utilization levels and availability, our liquidity position and the availability of financing. Our ongoing capital addition requirements may strain our cash and short-term asset balances, and we expect that depreciation expense and factory operating expenses associated with our recent capital additions to increase production capacity will put downward pressure on our gross margin, at least over the near term.

Furthermore, if we cannot generate or borrow additional funds to pay for capital additions as well as research and development activities, our growth prospects and future profitability may be adversely affected. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for financing activities by semiconductor companies; and
- economic, political and other global conditions.

The lead time needed to order, install and put into service various capital additions is often significant, and as a result we often need to commit to capital additions in advance of our receipt of firm orders or advance deposits based on our view of anticipated future demand with only very limited visibility. Although we seek to limit our exposure in this regard, in the past we have from time to time expended significant capital for additions for which the anticipated demand did not materialize for a variety of reasons, many of which were outside of our control. To the extent this occurs in the future, our margins, liquidity, results of operations and financial condition could be materially adversely affected.

Impairment Charges — Any Impairment Charges Required Under GAAP May Have a Material Adverse Effect on Our Net Income.

Under GAAP, we are required to review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. In addition, goodwill and other intangible assets with indefinite lives are required to be tested for impairment at least annually. We may be required in the future to record a significant charge to earnings in our financial statements during the period in which any impairment of our long-lived assets is determined. Such charges have a significant adverse impact on our results of operations and financial condition.

Increased Litigation Incident to Our Business — Our Business May Suffer as a Result of Our Involvement in Various Lawsuits.

We are currently a party to various legal proceedings, including those described in Note 15 to the Consolidated Financial Statements included in the quarterly report. For example, we are engaged in an arbitration proceeding entitled *Tessera, Inc. v. Amkor Technology, Inc.* We were also named as a party in a purported securities class action suit entitled *Nathan Weiss et al. v. Amkor Technology, Inc. et al.* (and several similar cases which have now been consolidated), and in purported shareholder derivative lawsuits entitled *Scimeca v. Kim, et al.*, *Khan v. Kim, et al.* and *Feldgus v. Kim, et al.* If an unfavorable ruling or outcome were to occur in arbitration or litigation, there exists the possibility of a material adverse impact on our results of operations, financial condition or cash flows. An unfavorable ruling or outcome could also have a negative impact on the trading price of our securities. The estimate of the potential impact from the legal proceedings referred to in this annual report on our financial condition, results of operations or cash flows could change in the future.

We Could Suffer Adverse Tax and Other Financial Consequences if Taxing Authorities Do Not Agree with Our Interpretation of Applicable Tax Laws.

Our corporate structure and operations are based, in part, on interpretations of various tax laws, including withholding tax and other relevant laws of applicable taxing jurisdictions. From time to time, the taxing authorities of the relevant jurisdictions may conduct examinations of our income tax returns and other regulatory filings. We cannot assure you that the taxing authorities will agree with our interpretations. To the extent they do not agree, we may seek to enter into settlements with the taxing authorities which require significant payments or otherwise adversely affect our results of operations or financial condition. We may also appeal the taxing authorities' determinations to the appropriate governmental authorities, but we can not be sure we will prevail. If we do not prevail, we may have to make significant payments or otherwise record charges (or reduce tax assets) that adversely affect our results of operations or financial condition.

For example, during 2003 the Internal Revenue Service ("IRS") conducted an examination of our U.S. federal income tax returns relating to years 2000 and 2001, which resulted in a settlement pursuant to which various

adjustments were made, including reductions in our U.S. net operating loss carryforwards. In addition, during 2005, the IRS conducted a limited scope examination of our U.S. federal income tax returns relating to years 2002 and 2003, primarily reviewing inter-company transfer pricing and cost-sharing issues carried over from the 2000 and 2001 examination cycle, as a result of which we agreed to further reductions in our net operating loss carryforwards. Future examinations by the taxing authorities in the United States or other jurisdictions may result in additional adverse tax consequences. Our tax examinations and the related adjustments are described in greater detail in Note 4 to the Consolidated Financial Statements.

Rapid Technological Change — Our Business Will Suffer If We Cannot Keep Up With Technological Advances in Our Industry.

The complexity and breadth of semiconductor packaging and test services are rapidly increasing. As a result, we expect that we will need to offer more advanced package designs in order to respond to competitive industry conditions and customer requirements. Our success depends upon our ability to acquire, develop and implement new manufacturing processes and package design technologies and tools. The need to develop and maintain advanced packaging capabilities and equipment could require significant research and development and capital expenditures and acquisitions in future years. In addition, converting to new package designs or process methodologies could result in delays in producing new package types, which could adversely affect our ability to meet customer orders and adversely impact our business.

Technological advances also typically lead to rapid and significant price erosion and may make our existing products less competitive or our existing inventories obsolete. If we cannot achieve advances in package design or obtain access to advanced package designs developed by others, our business could suffer.

Packaging and Test — The Packaging and Test Process Is Complex and Our Production Yields and Customer Relationships May Suffer from Defects in the Services We Provide.

Semiconductor packaging and test are complex processes that require significant technological and process expertise. The packaging process is complex and involves a number of precise steps. Defective packages primarily result from:

- contaminants in the manufacturing environment;
- human error;
- equipment malfunction;
- changing processes to address environmental requirements;
- defective raw materials; or
- defective plating services.

Testing is also complex and involves sophisticated equipment and software. Similar to most software programs, these software programs are complex and may contain programming errors or “bugs.” The testing equipment is also subject to malfunction. In addition, the testing process is subject to operator error by our employees who operate our testing equipment and related software.

These and other factors have, from time to time, contributed to lower production yields. They may also do so in the future, particularly as we expand our capacity or change our processing steps. In addition, to be competitive we must continue to expand our offering of packages. Our production yields on new packages typically are significantly lower than our production yields on our more established packages.

Our failure to maintain high standards or acceptable production yields, if significant and prolonged, could result in loss of customers, increased costs of production, delays, substantial amounts of returned goods and claims by customers relating thereto. Any of these problems could have a material adverse effect on our business, financial condition and results of operations.

In addition, in line with industry practice, new customers usually require us to pass a lengthy and rigorous qualification process that may take several months, at a significant cost to the customer. If we fail to qualify packages with potential customers or customers with which we have recently become qualified, our operating results and financial condition could be adversely affected.

Competition — We Compete Against Established Competitors in the Packaging and Test Business as Well as Internal Customer Capabilities.

The subcontracted semiconductor packaging and test market is very competitive. We face substantial competition from established packaging and test service providers primarily located in Asia, including companies with significant processing capacity, financial resources, research and development operations, marketing and other capabilities. These companies also have established relationships with many large semiconductor companies that are our current or potential customers.

We also face competition from the internal capabilities and capacity of many of our current and potential IDM customers.

In addition, we may in the future have to compete with a number of companies that may enter the market and with companies that may offer new or emerging technologies that compete with our products and services.

We cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our customers will not rely on internal sources for packaging and test services, or that our business, financial condition and results of operations will not be adversely affected by such increased competition.

Environmental Regulations — Future Environmental Regulations Could Place Additional Burdens on Our Manufacturing Operations.

The semiconductor packaging process uses chemicals, materials and gases and generates byproducts that are subject to extensive governmental regulations. For example, at our foreign facilities we produce liquid waste when silicon wafers are diced into chips with the aid of diamond saws, then cooled with running water. In addition, semiconductor packages have historically utilized metallic alloys containing lead (Pb) within the interconnect terminals typically referred to as leads, pins or balls. Federal, state and local regulations in the U.S., as well as international environmental regulations, impose various controls on the storage, handling, discharge and disposal of chemicals used in our production processes and on the factories we occupy and are increasingly imposing restrictions on the materials contained in semiconductor products.

Increasingly, public attention has focused on the environmental impact of semiconductor operations and the risk to neighbors of chemical releases from such operations and to the materials contained in semiconductor products. For example, the European Union's recently enacted Directives on Waste Electrical and Electronic Equipment ("WEEE"), and Restriction of Use of Certain Hazardous Substances ("RoHS") impose strict restrictions on the use of lead and other hazardous substances in electrical and electronic equipment. WEEE and RoHS became effective on July 1, 2006. In response to these directives, we have implemented changes in a number of our manufacturing processes in an effort to achieve RoHS compliance across all of our package types. Complying with existing and future environmental regulations may impose upon us the need for additional capital equipment or other process requirements, restrict our ability to expand our operations, disrupt our operations, subject us to liability or cause us to curtail our operations.

Intellectual Property — We May Become Involved in Intellectual Property Litigation.

We maintain an active program to protect our investment in technology by augmenting and enforcing our intellectual property rights. Intellectual property rights that apply to our various products and services include patents, copyrights, trade secrets and trademarks. We have filed and obtained a number of patents in the U.S. and abroad the duration of which varies depending on the jurisdiction in which the patent is filed. While our patents are an important element of our intellectual property strategy and our success as a whole, we are not materially dependent on any one patent or any one technology. We expect to continue to file patent applications when

appropriate to protect our proprietary technologies, but we cannot assure you that we will receive patents from pending or future applications.

Any patents we do obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us. The semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. If any third party makes an enforceable infringement claim against us or our customers, we could be required to:

- discontinue the use of certain processes;
- cease to provide the services at issue;
- pay substantial damages;
- develop non-infringing technologies; or
- acquire licenses to the technology we had allegedly infringed.

We may need to enforce our patents or other intellectual property rights or defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources. Furthermore, if we fail to obtain necessary licenses, our business could suffer. We are currently involved in three legal proceedings involving the acquisition of intellectual property rights, the enforcement of our existing intellectual property rights or the enforcement of the intellectual property rights of others. We refer you to the matters of *Tessera, Inc. v. Amkor Technology, Inc.*, *Amkor Technology, Inc. v. Motorola, Inc.*, and *Amkor Technology, Inc. v. Carsem, et al.*, which are described in more detail in Note 15 to the Consolidated Financial Statements included in this quarterly report. Unfavorable outcomes in one or more of these matters could result in significant liabilities and could have a material adverse effect on our financial condition, results of operations or cash flows. An unfavorable ruling or outcome could also have a negative impact on the trading price of our securities. The estimate of the potential impact from the legal proceedings referred to in this report on our financial condition, results of operations, or cash flows could change in the future.

Fire, Flood or Other Calamity — With Our Operations Conducted in a Limited Number of Facilities, a Fire, Flood or Other Calamity at one of Our Facilities Could Adversely Affect Us.

We conduct our packaging and test operations at a limited number of facilities. Significant damage or other impediments to any of these facilities, whether as a result of fire, weather, disease, civil strife, industrial strikes, breakdowns of equipment, difficulties or delays in obtaining materials and equipment, natural disasters, terrorist incidents, industrial accidents or other causes could temporarily disrupt or even shut down our operations, which would have a material adverse effect on our business, financial condition and results of operations. In the event of such a disruption or shutdown, we may be unable to reallocate production to other facilities in a timely or cost-effective manner (if at all) and may not have sufficient capacity to service customer demands in our other facilities. For example, our operations in Asia are vulnerable to regional typhoons that can bring with them destructive winds and torrential rains, which could in turn cause plant closures and transportation interruptions. In addition, some of the processes that we utilize in our operations place us at risk of fire and other damage. For example, highly flammable gases are used in the preparation of wafers holding semiconductor devices for flip-chip packaging. While we maintain insurance policies for various types of property, casualty and other risks, we do not carry insurance for all the above referred risks and with regard to the insurance we do maintain, we cannot assure you that it would be sufficient to cover all of our potential losses.

SARS, Avian Flu and Other Contagious Diseases — Any Recurrence of SARS or Outbreak of Avian Flu or Other Contagious Disease May Have an Adverse Effect on the Economies and Financial Markets of Certain Asian Countries and May Adversely Affect Our Results of Operations.

In the first half of 2003, various countries encountered an outbreak of severe acute respiratory syndrome, or SARS, which is a highly contagious form of atypical pneumonia. In addition, there have been outbreaks of avian flu and other contagious diseases in various parts of the world. There is no guarantee that an outbreak of SARS, avian flu or other contagious disease will not occur again in the future (and maybe with much more widespread and

devastating effects) and that any such future outbreak of SARS, avian flu or other contagious disease, or the measures taken by the governments of the affected countries against such potential outbreaks, will not seriously disrupt our production operations or those of our suppliers and customers, including by resulting in quarantines or closures. In the event of such a facility quarantine or closure, if we were unable to quickly identify alternate manufacturing facilities, this would have a material adverse effect on our financial condition and results of operations, as would the inability of our suppliers to continue to supply us and our customers continuing to purchase from us.

Continued Control By Existing Stockholders — Mr. James J. Kim and Members of His Family Can Substantially Control The Outcome of All Matters Requiring Stockholder Approval.

As of March 31, 2007, Mr. James J. Kim, our Chief Executive Officer and Chairman of the Board, and certain Family trusts beneficially owned approximately 45% of our outstanding common stock. This percentage includes beneficial ownership of the securities underlying our 6.25% convertible subordinated notes due 2013. Mr. James J. Kim's family, acting together, have the ability to effectively determine matters (other than interested party transactions) submitted for approval by our stockholders by voting their shares, including the election of all of the members of our Board of Directors. There is also the potential, through the election of members of our Board of Directors, that Mr. Kim's family could substantially influence matters decided upon by the Board of Directors. This concentration of ownership may also have the effect of impeding a merger, consolidation, takeover or other business consolidation involving us, or discouraging a potential acquirer from making a tender offer for our shares, and could also negatively affect our stock's market price or decrease any premium over market price that an acquirer might otherwise pay.

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
10.1	Credit Facility Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.
10.2	Additional Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.
10.3	General Terms and Conditions for Bank Credit Transactions, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.
10.4	Kun-Mortgage Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.
10.5	Kun-Guarantee, dated March 30, 2007, delivered by Amkor Technology, Inc. to Woori Bank.
10.6	Second Amendment to Loan and Security Agreement, dated as of March 28, 2007, among Amkor Technology, Inc. and its subsidiaries party thereto, the Lenders party to the Loan and Security Agreement dated November 28, 2005 (as amended), and Bank of America, N.A. as administrative agent for the Lenders.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., pursuant to Rule 13a — 14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Kenneth T. Joyce, Chief Financial Officer of Amkor Technology, Inc., pursuant to Rule 13a — 14(a) under the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

AMKOR TECHNOLOGY, INC.

By: /s/ KENNETH T. JOYCE
Kenneth T. Joyce
Chief Financial Officer
(Principal Financial, Chief Accounting Officer
and Duly Authorized Officer)

Date: May 4, 2007

EXHIBIT INDEX

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Additional Agreement

To: Woori Bank

As to the Credit Facility Agreement dated as of March 30, 2007, for a loan of 300,000,000 U.S. dollars (the "Credit Facility Agreement"), the parties to the Credit Facility Agreement hereby additionally agree to the following:

1. In the event of additional borrowings from a financial institution other than Woori Bank, the Borrower shall have a prior consultation thereof with Woori Bank.
2. The Borrower shall pay Woori Bank loan management fees (the "Management Fees") in the amount equal to 0.6% of the amount of the loan under the Credit Facility Agreement. (The Management Fees shall include fees for all consultation, assistance and other financial consulting services with respect to the financing provided by Woori Bank to the Borrower, and the Borrower, other than the Management Fees, has no obligation to pay to Woori Bank any fees or consideration for the financial consulting services). The Borrower shall in no event claim against Woori Bank for the return of the Management Fees paid, and the Management Fees shall be paid as follows: (i) the amount equal to 0.3% of the amount of the loan under the Credit Facility Agreement shall be paid on the drawdown date, and (ii) the amount equal to 0.3% of the amount of the loan under the Credit Facility Agreement shall be paid within 6 months from the drawdown date.
3. Amkor Technology, Inc., the head company in the United States of America, shall jointly and severally guarantee this foreign currency loan of 300,000,000 U.S. dollars up to the amount of 390,000,000 U.S. dollars, which is 130% of the loan amount.
4. The machines and equipment provided by the Borrower as security in favor of Woori Bank may increase or decrease up to, and including, 10% of the appraised value, and the Borrower shall give a prior notice of the details of such change to Woori Bank and effect an amendment registration within one (1) month.
5. The loan proceeds shall be deposited into an escrow account opened with Woori Bank and, pursuant to the escrow agreement, shall be paid to Citicorp North America, Inc. to replace, renew, refinance or refund in full Amkor Technology, Inc.'s obligations under its Second Lien Credit Agreement, dated as of October 27, 2004.
6. The repayment of principal in installments and interest payments may be, at the option of the Borrower, made in Korean Won or U.S. Dollars.

March 30, 2007

Borrower: Amkor Technology Korea, Inc.
By: /s/ Kyu-Hyun Kim ((seal))
Title: Representative Director

SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT (“Amendment”), dated as of March 27, 2007 (the “Amendment Date”), is among Amkor Technology, Inc. and its Subsidiaries party hereto, the Lenders party to the Loan and Security Agreement referred to below, and Bank of America, N.A., as administrative agent for the Lenders.

RECITALS:

A. The Borrowers, the Lenders, and the Agent have entered into that certain Loan and Security Agreement, dated as of November 28, 2005 (as amended, waived or otherwise modified to date, the “Loan and Security Agreement”).

B. The Borrowers have requested that the Lenders amend the Credit Agreement in certain respects as specifically provided hereinbelow.

C. Subject to satisfaction of the conditions set forth herein, the Requisite Lenders are willing to amend the Credit Agreement as specifically provided hereinbelow.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1

Definitions

Section 1.1 Definitions. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment shall have the same meanings in this Amendment as in the Loan and Security Agreement, as amended hereby.

ARTICLE 2

Amendment to Loan and Security Agreement

Section 2.1 Amendment to Section 1.1. Effective as of the Amendment Date, the definition of “Permitted Bank Debt” in Section 1.1 of the Loan and Security Agreement is hereby amended and restated to read as follows:

Permitted Bank Debt – Indebtedness incurred by Amkor or any Restricted Subsidiary other than a Foreign Subsidiary pursuant to the Credit Facilities, any Receivables Program, any indenture, or one or more other term loan and/or revolving credit or commercial paper facilities (including any letter of credit subfacilities) entered into with commercial banks and/or institutional lenders, and

any replacement, extension, renewal, refinancing or refunding thereof, but excluding the Obligations.

ARTICLE 3

Conditions and Postclosing Agreements

Section 3.1 Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent:

- (a) no Default or Event of Default shall be in existence as of the Amendment Date after giving effect to this Amendment;
- (b) the proceeds of the loan to be made to Amkor Technology Korea, Inc. ("ATK") by Woori Bank ("WB") in the principal amount of \$300,000,000 (to be guaranteed by Amkor) shall have been delivered to the escrow agent in accordance with the Escrow Agreement dated as of March __, 2007 among Amkor, ATK and WB, as Lender-Escrow Agent, and shall be applied contemporaneously with the effectiveness of this Amendment, together with such other funds as may be required therefor directly from Amkor, to pay in full all Indebtedness outstanding under the Second Lien Credit Agreement and cause all Liens thereunder to be released or terminated;
- (c) the Agent shall have received a written opinion of Paul, Hastings, Janofsky & Walker LLP in form and substance satisfactory to the Agent; and
- (d) the Agent shall have received (i) a fully executed copy of this Amendment, (ii) a payoff and release agreement, executed by the holder of the Indebtedness and Liens under the Second Lien Credit Agreement that, upon receipt of the funds referenced in Section 3.1(b), such Indebtedness and Liens, and the Intercreditor Agreement, will terminate, and (iii) and each other agreement, document, certificate or instrument reasonably requested by the Agent in connection with this Amendment, in each case in form and substance satisfactory to the Agent.

ARTICLE 4

Ratifications, Representations, and Warranties

Section 4.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Loan and Security Agreement and the other Loan Documents and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Loan and Security Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. The Borrowers, the Agent, and the Lenders agree that the Loan and Security Agreement and the other Loan Documents, as amended hereby, shall continue to be legal, valid, binding, and enforceable in accordance with their respective terms.

Section 4.2 Borrowers' Representations and Warranties. The Borrowers hereby represent and warrant to the Agent and the Lenders that (a) the execution, delivery, and

performance of this Amendment and any and all other Loan Documents executed and/or delivered in connection herewith have been authorized by all requisite action on the part of the Borrowers and will not violate the certificate of incorporation or bylaws of any Borrower, (b) the representations and warranties of the Borrowers contained in the Loan and Security Agreement, as amended hereby, and any other Loan Document are true and correct on and as of the Amendment Date as though made on and as of the Amendment Date (except to the extent that such representations and warranties were expressly made only in reference to a specific date), and (c) after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

ARTICLE 5

Miscellaneous

Section 5.1 Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Document including any Loan Document furnished in connection with this Amendment shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by the Agent or any Lender shall affect the representations and warranties or the right of the Agent or any Lender to rely upon them.

Section 5.2 Reference to Loan and Security Agreement and Other Loan Documents. Each of the Loan Documents, including the Loan and Security Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Loan and Security Agreement and the other Loan Documents as amended hereby, are hereby amended so that any reference in such Loan Documents to the Loan and Security Agreement or any other Loan Document shall mean a reference to the Loan and Security Agreement and the other Loan Documents as amended hereby.

Section 5.3 Severability. Any provision in this Amendment that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Amendment are declared to be severable.

Section 5.4 Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, PROVIDED THAT IN THE EVENT ANY COURT DETERMINES THAT NEW YORK LAW DOES NOT GOVERN THE LAWS OF THE STATE OF TEXAS SHALL GOVERN, IN ANY SUCH CASE WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS).

Section 5.5 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of the Borrowers, the Agent, and the Lenders and their respective successors and assigns, except the Borrowers may not assign or transfer any of their respective rights or

obligations hereunder without the prior written consent of the Lenders and any assignment by the Lenders shall be made only in accordance with the terms of the Loan and Security Agreement.

Section 5.6 Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart and a telecopy of any such executed signature page shall be valid as an original. This Amendment shall be effective when it has been executed by the Borrowers, the Agent, and the Requisite Lenders.

Section 5.7 Effect of Amendment. No consent or waiver, express or implied, by the Agent or any Lender to or for any breach of or deviation from any covenant, condition, or duty by the Borrowers shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition, or duty. The Borrowers hereby (a) agree that this Amendment shall not limit or diminish the obligations of the Borrowers under the Loan Documents delivered in connection with the Credit Agreement, executed or joined in by the Borrowers and delivered to the Agent, (b) reaffirms the Borrowers' obligations under each of such Loan Documents, and (c) agrees that each of such Loan Documents to which the Borrowers are a party remains in full force and effect and is hereby ratified and confirmed.

Section 5.8 Further Assurances. The Borrowers shall execute and deliver, or cause to be executed and delivered, to the Agent such documents and agreements, and shall take or cause to be taken such actions as the Agent may, from time to time, reasonably request to carry out the terms of this Amendment and the other Loan Documents.

Section 5.9 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 5.10 Entire Agreement. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS, AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Section 5.11 Amendment as a Loan Document. This Amendment constitutes a Loan Document and any failure of the Borrowers to comply with the terms and conditions of this Amendment shall result in a Default under the Credit Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have entered into this Amendment on the date first above written.

BORROWER:

AMKOR TECHNOLOGY, INC.

By: /s/ KENNETH T. JOYCE _____

Name: Kenneth T. Joyce

Title: Chief Financial Officer

AGENT:

BANK OF AMERICA, N.A.

By: /s/ JOY L. BARTHOLOMEW

Name: Joy L. Bartholomew

Title: Senior Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: /s/ JOY L. BARTHOLOMEW

Name: Joy L. Bartholomew

Title: Senior Vice President

WACHOVIA CAPITAL FINANCE CORPORATION (WESTERN)

By: /s/ ROBIN L. VANMETER

Name: Robin L. VanMeter

Title: Vice President

TEXTRON FINANCIAL CORPORATION

By: /s/ ROBERT L. DYSART

Name: Robert L. Dysart

Title: Senior Account Executive

Woori Bank must explain the material contents hereof to the Borrower, and deliver the General Terms and Conditions for Bank Credit Transactions and a copy of this Credit Facility Agreement to the Borrower.

Credit Facility Agreement
(For Corporate Borrower)

To: Woori Bank

Date: March 30, 2007

Borrower: Amkor Technology Korea, Inc. ((seal))
 Representative Director Kyu-Hyun Kim
/s/ KYU-HYUN KIM
 Address: 280-8, Sungsoo-dong 2-ga, Sungdong-gu
 Seoul

Seal Authenticity Verification
(seal affixed)

The Borrower hereby acknowledges and agrees that, in entering into a transaction with Woori Bank (the "Bank") as contemplated by the terms of this credit facility agreement, the "Bank Credit Transaction Basic Terms and Conditions (For Corporate Borrower)" shall apply, and hereby also agree to the following terms:

Article 1. Transaction Terms

The terms of the transaction are as follows:

Classification of Credit Facility (Credit Type)	Foreign Currency Loan	Transaction Category	<input type="checkbox"/> credit line <input checked="" type="checkbox"/> separate credit
Amount of Credit Facility (Limit)	USD 300,000,000		
Drawdown Date	April 5, 2007	Maturity Date	April 5, 2014
Interest Rate	[Intentionally deleted]	(base rate applicable to USD credit facility + 0.5%)	
Default Interest Rate (Article 3, Section 5 of the Bank Credit Transaction Basic Terms and Conditions is applicable)	Less than 3 months: 17% p.a. 3 months or more: 19% p.a.		
Calculation of	Calculated on a daily basis based on 365 days a year (provided		

Woori Bank

Interest	that, in foreign exchange transactions, the international practice, commercial business practice, etc. shall be followed)	
[intentionally deleted]		
[intentionally deleted]		
Prepayment Fees	[intentionally deleted]	[intentionally deleted]
	Loan denominated in a foreign currency: 0.5%, if the remaining period is shorter than 1 year; and 1.0%, if the remaining period is 1 year or longer.	
Drawdown	Drawdown of the entire amount on the drawdown date.	
Repayment Method	There will be a grace period of 0 years 0 months from the drawdown date, and the repayment shall be made in installments of every three (3) months, the first installment of which shall be repaid on July 5, 2007.	
Interest Payment Dates and Method	The first interest payment shall be made on or prior to the date falling three (3) months from the drawdown date, and the interest thereafter shall be made within three (3) months from the date falling one (1) day after the end of the previous interest period.	
[intentionally deleted]		

Article 2. Default Interest

- (1) As to any due but unpaid interest, installment payment of principal, and installment payment of principal and interest, a default interest thereof shall be paid immediately.
- (2) If there is a failure to satisfy the debt on the maturity date or the loan becomes accelerated pursuant to Article 7 of General Terms and Conditions for Bank Credit Transactions, a default interest shall be paid immediately as to the outstanding credit facility amount.
- (3) [intentionally deleted]

Article 3. Determination of Total Amount of Loan and Notification of Installment Repayment Schedule

- (1) [intentionally deleted]
- (2) In case of any credit facility to be repaid in installments except for either loans based on regular installment savings (*jeokkeum* in Korean) or grants, the Bank shall prepare and notify the obligors of a schedule for the repayment in installments of the fixed total debt amount.

Woori Bank

Article 4. [intentionally deleted]

Article 5. [intentionally deleted]

Article 6. [intentionally deleted]

Article 7. [intentionally deleted]

Article 8. [intentionally deleted]

Article 9. Prepayment Fees

- (1) If the Borrower prepays the loan provided by the Bank prior to the agreed maturity date (including, if the maturity is extended, the maturity date as extended; hereinbelow the same), the Borrower shall pay the Bank the prepayment fees as set forth in Section 9(2) below.
- (2) The prepayment fees shall be an amount equal to the Prepaid Amount multiplied by the applicable prepayment fee rate as set forth in Article 1, and the Prepaid Amount, etc. shall be calculated as follows:
 - . “Prepaid Amount” shall mean an amount of the loan prepaid prior to the agreed due date or, in case of a loan to be repaid in installments, an amount of the loan prepaid prior to the due date of any installment repayment.
 - ↓. “Remaining Period” shall mean a period from the date of prepayment to the agreed due date or, in case of a loan to be repaid in installments, the Remaining Period shall be calculated with respect to each scheduled installment repayment, and, in case of prepayment of a loan in part, the prepayment shall be applied in the order of the installment payments of which the due date comes first.
 - ↵. [intentionally deleted]
 - ↶. [intentionally deleted]
- (3) In any of the following cases, the prepayment fees shall be exempted:
 - . If the Remaining Period is less than 1 month;
 - ↓. If the Bank collects the loan prior to the maturity date for the reason of acceleration or otherwise as set forth in the “General Terms and Conditions for Bank Credit Transactions”;
 - ↵. If the Borrower is a company subject to workout or restructuring proceedings and the prepayment is made upon agreement with the Bank;

Woori Bank

- ㄱ. If an outside source loan, however, excluding a credit line loan (including a passbook loan), consumer financing, and a loan subject to the limit of a maximum amount;
- ㄴ. If a floating P-Rate loan is prepaid within 1 month from the interest rate change date due to the increase of P-Rate; and
- ㄷ. If the amount of the credit facility does not exceed the amount of deposits in a savings account or a regular installment savings account with the Bank, a beneficiary certificate of the Bank or financial receivables that could be utilized as security.

Article 10. Stamp Tax

- (1) The Borrower shall be responsible for all stamp taxes relating to this Agreement.
- (2) If the Bank pays on behalf of the Borrower any stamp tax payable by the Borrower under Section 10(1) above, the Borrower shall promptly repay the Bank such stamp tax amount pursuant to Article 4 of the Bank Credit Transaction Basic Terms and Conditions.

Article 11. [intentionally deleted]

Article 12. Currency and Exchange Rate

The principal and interest of a foreign-currency denominated loan may be repaid in the foreign currency in which the loan was extended or Korea Won, and in case of repayment in Korean Won, an applicable exchange rate shall be the telegraphic transfer selling rate to the customers as of the date of repayment.

Article 13. Security; Insurance

Unless otherwise expressly communicated by the Bank, the Borrower shall grant to the Bank the facilities constructed or installed with the funds from the credit facility extended hereby, together with the land and buildings at which they are established and other facilities inside of them, as security in favor of the Bank, and if requested by the Bank, the Borrower shall subscribe to insurance in such types and amounts as agreed to by the Bank and shall grant a pledge over the rights to claim the insurance proceeds in favor of the Bank.

Article 14. [intentionally deleted]

Article 15. [intentionally deleted]

Article 16. Submission of Materials, etc.

Woori Bank

- (1) The Borrower shall submit to the Bank the following materials which are requested to be periodically submitted pursuant to Sections 17 and 19 of General Terms and Conditions for Bank Credit Transactions, and, at the request of the Bank, submit any other materials necessary for the post-drawdown supervision of the credit facility:
1. Every quarter: a value added tax report, a total balance schedule, a table of status of liabilities, a list of buyers, and a table of estimated sales per goods, etc.;
 2. Every half year: a semi-annual financial statement, a value added tax report, a total balance schedule, a table of status of liabilities, a list of buyers, and a table of estimated sales per goods, etc.;
 3. Every year: an audit report prepared by a CPA (final financial statements), consolidated financial statements, corporate registry extracts, business registration certificate, a shareholder registry, articles of incorporation, a summary sheet of earned income taxes withheld, business plan, a projected financial statements (for 3 years), information on major business partners, copies of various permits, approvals and documents relating to certified technology (KS, ISO, patent, etc.), a confirmation letter on labor disputes, other operating manuals for goods, reference materials regarding the Borrower's industry, etc.; and
 4. At any time: a total balance schedule, a table of status of liabilities, document confirming use of proceeds, etc.
- (2) The Borrower shall, at the request of the Bank, submit to the Bank the following materials which the Bank, at the time of evaluating the credit standing of the Borrower, requests for the purpose of understanding the Borrower's status of foreign exchange risks and its management thereof:
1. Status of management system on FX risks and rules on management of FX risks;
 2. Status of procurement, and use/operation, of foreign currency funds; and
 3. Status of transactions of foreign-currency denominated derivatives.

Article 17. Other Special Agreement

If there is any conflict or discrepancy between the Korean version of this Agreement and the English version of this Agreement, the Korean version of this Agreement shall prevail.	Borrower	Amkor Technology Korea, Inc., Representative Director Kyu-Hyun Kim <u>/s/ KYU-HYUN KIM</u> ((seal)) 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul
The Borrower has received the Bank Credit Transaction Basic Terms and Conditions and a copy of this Agreement, and have been sufficient explained of, and understands, the material contents thereof.	Borrower	Amkor Technology Korea, Inc., Representative Director <u>/s/ KYU-HYUN KIM</u> ((seal)) 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul

Woori Bank

General Terms and Conditions for Bank Credit Transactions
(Corporate Borrower)

These General Terms and Conditions for Bank Credit Transactions (the "General Terms and Conditions") are established to facilitate the prompt and accurate credit transactions between Woori Bank (the "Bank") and the customer (the "Obligor") based on mutual trust. The Bank shall keep and post a copy of the General Terms and Conditions at each of the Bank's offices and the e-banking media so that the Obligor may review them or request a copy thereof.

Article 1. Scope of Application

- (1) The General Terms and Conditions shall apply to all credit transactions arising between the Bank and the Obligor (the person owing obligations to the Bank including a borrower, a discount applicant and a payment guarantee applicant, hereinafter the same) including loans evidenced by promissory notes, discounting of bills of exchange or promissory notes, loans evidenced by deeds, overdrafts, payment guarantees and foreign exchange transactions.
- (2) In the event that the Bank has, through credit transactions with any third party, acquired bills (including checks, collectively, the "Bills") drawn, endorsed, accepted or guaranteed by the Obligor, the Obligor shall be also bound by the General Terms and Conditions in the performance of the obligations evidenced by such Bills; provided, that Articles 2, 3, 5, 7, 9 and Article 12, Paragraph (1) and Article 15, Paragraph (1) shall not be applicable.
- (3) The General Terms and Conditions shall apply to all transactions and performance of obligations between the principal office and branches of the Bank and the principal office and branches of the Obligor to the extent that the transaction or the obligation falls within the scope of the above Paragraph (1) or (2).

Article 2. Obligations on Bills and Credits

In the event that the credit has been granted through Bills drawn, endorsed, accepted or guaranteed by the Obligor, the Bank may demand from the Obligor the payment of the Obligor's obligations by exercising the Bank's rights either under the Bills or under the underlying credits.

Article 3. Interest and Default Interest

- (1) The rates, computation method or the time and manner of payment, respectively, of the

interest, discount charge, guarantee fee or commission (hereinafter referred to as "Interest, etc.") shall be determined by the Bank, to the extent permitted under applicable laws and regulations.

- (2) The Obligor may select one of following in respect of rate of Interest, etc. in executing the transaction agreement.
 1. The Bank shall not change, in principle, the rate until the Obligor's obligations are fully performed.
 2. The Bank may change the rate from time to time until the Obligor's obligations are fully performed.
- (3) If the Obligor selects Paragraph (2) Item 1 and there is any significant change in circumstance due to sudden change in national economy and financial condition which could not be expected at the time of execution of the agreement, before the obligations are fully performed, the Bank may increase or decrease the rate by giving a notice to the Obligor separately. In this case, if the cause for change ceases to exist, the Bank shall immediately change such rate in order to conform to such circumstance.
- (4) If the Obligor selects Paragraph (2) Item 2, the increase or decrease of rate of Interest, etc. by the Bank shall be made within reasonable extent in accordance with the sound banking customary practice.
- (5) Any amount not paid by the Obligor when due and payable shall bear interest at the default rate determined by the Bank, to the extent permitted under the applicable laws and regulations, on the basis of the actual number of days elapsed and a year of 365 days; provided, that the Bank may change such rate to the extent permitted under the applicable laws and regulations due to change in financial condition and any other reasonable cause; and provided, further, that in the case of foreign exchange transactions, international practices and commercial customs shall apply.
- (6) The Obligor shall be bound by any changes in the computation manner or time and manner of payment, respectively, of the Interest, etc. or default interest from the first date on which the Obligor should pay the interest after such change, if such change is made by the Bank as a result of any change in the financial circumstances or any other condition affecting the credit transaction or any other reasonable causes to the extent permitted under applicable laws and regulations.
- (7) If the change is made in accordance with Paragraphs (4), (5) and (6), the Bank shall post such change at each of the Bank's offices and the electronic media determined by the Bank for one (1) month from the effective date of such change; provided, that if the change applies to certain Obligor, the change shall be notified to such Obligor separately.

- (8) If the Obligor incurs unexpected disadvantages pursuant to Paragraphs (3) and (6) above, the Obligor may terminate the relevant contract within one (1) month from the first date on which the Obligor should pay the interest after change. In this case, the interest for the period from the effective date of such change to the date of termination shall be calculated at the interest rate that was effective prior to the change. Any amount not paid by the Obligor to the Bank when due and payable as a result of such termination shall bear interest at the default interest rate that was effective prior to the change.

Article 4. Cost and Expenses

- (1) The Obligor shall bear the expenses set forth in the following items:
1. the expenses incurred by the Bank in enforcing or protecting (including terminating) the Bank's rights including claims and security rights against the Obligor, the guarantor or the owner of collateral;
 2. the expenses incurred by the Bank for inspection, foreclosure or disposition of any collateral; and
 3. the expenses incurred by the Bank for sending demand or notice as a result of delay of payment or performance of the Obligor's obligation.
- (2) In the event that the Bank pays on the Obligor's behalf any incidental cost or expenses not paid by the Obligor, the Obligor shall immediately reimburse the Bank for such payment. Any of such payment not paid immediately on the Bank's demand shall bear default interest at the default interest rate as determined pursuant to Article 3, Paragraph (5) for the period from the date of the payment by the Bank to the date of full reimbursement by the Obligor.
- (3) In executing any loan agreement, the Bank shall inform the type and amount of incidental costs and expenses required for extending secured loans, in addition to the agreed interest, to make the Obligor know in advance.

Article 5. Purpose and Use of Loan Proceeds

The Obligor shall expressly describe the purpose of the loan proceeds in the application for credit. The loan proceeds disbursed to the Obligor by the Bank under the credit transactions shall not be used for any purposes other than the purposes agreed to under the transaction. The same shall apply in the case of payment guarantees and other types of credit extended by the Bank.

Article 6. Security

- (1) [Intentionally deleted]
- (2) The Bank shall in principle make collections on or dispose of any security in accordance with statutorily prescribed procedures; however, if the price of security is prevailing price in the exchange market, or a collection or disposition otherwise than in accordance with the statutory procedures is expected to be more likely to result in a profitable sale, the Bank may make collections on or dispose of the security in such a manner, at such a time, for such a price, etc. as are generally deemed appropriate. The Bank may deduct expenses from the proceeds and apply the remainder to the payment of the Obligor's obligations to the Bank pursuant to Article 13. The Obligor shall promptly pay any deficiency to the Bank. In this case, the Bank shall notify the Obligor ten (10) days prior to the disposition of such security; provided, that the Bank expects that the recovery of claims would be seriously difficult before the court gives a decision to commence rehabilitation or bankruptcy proceeding pursuant to the Act on Debtor Rehabilitation and Bankruptcy, the Bank shall make collections on or dispose of any security and then, immediately notify the Obligor thereof.
- (3) In case of any delay in the Obligor's performance of any obligations owing to the Bank, the Bank may continue to possess or make collections on or dispose of, pursuant to the Paragraph (2), the Obligor's personal properties, Bills, and other negotiable instruments and securities in the Bank's possession, even if they were not furnished to the Bank for security purposes.

Article 7. Acceleration of Payment

- (1) Upon occurrence and during the continuance of any of the events set forth below, Bank may, in its sole discretion upon notice to Obligor, declare all obligations that the Obligor owes to the Bank immediately due and payable, and cause the Obligor to immediately pay and perform such obligations, including, without limitation, the obligation to make advance reimbursements for a payment guarantee:
 - 1. an order or notice of attachment, provisional attachment or attachment for delinquent taxes or public imposts is issued, or a compulsory execution or disposition due to delinquent taxes or public imposts is commenced with respect to any of the Obligor's deposits or other claims against the Bank in an amount in excess of KRW 900 million; provided, that in case of obligation secured by any collateral, the foregoing shall only apply if the recovery of claims is seriously difficult;
 - 2. an order or notice of attachment or attachment for delinquent taxes or public imposts is issued, or a compulsory execution or disposition due to delinquent taxes or public

imposts is commenced with respect to any of the collaterals provided by the Obligor (excluding the Obligor's deposit or other claims against the Bank set forth in the preceding Item);

3. an application is filed by the Obligor for bankruptcy, compulsory composition or corporate reorganization of the Obligor; a bankruptcy proceeding is commenced against the obligor or the Obligor is listed on the registry of delinquent debtors and such proceeding is not dismissed or listing continues for a period of thirty (30) consecutive days;
 4. the Clearing House suspends the Obligor's transactions;
 5. the Obligor is deemed to stop payment due to suspension of its business for a period of thirty (30) consecutive days;
 6. [Intentionally deleted]
- (2) [Intentionally deleted]
- (3) Upon the occurrence and during the continuance of any of the events set forth below, Bank may, in its sole discretion upon notice to Obligor, declare all obligations which the Obligor owes to the Bank and are related to each such event immediately due and payable, and cause the Obligor to immediately pay and perform such obligations; provided, that on or before three (3) business days prior to the date on which such obligations of the Obligor shall become due and payable, the Bank shall give a notice to the Obligor that the Obligor has failed to pay or perform the relevant obligations as set forth in any of the following Items and the relevant obligations of the Obligor will become due and payable, and if the Bank fails to give such notice to the Obligor before three (3) business days prior to the date on which such obligations of the Obligor shall become due and payable, the relevant obligations of the Obligor will become due and payable on the third business day after the date of actual arrival of notice and the Obligor shall pay and perform the relevant obligations:
1. the Obligor has failed to pay Interest, etc. for fourteen (14) days continuously after the due date thereof; or
 2. the Obligor has failed to pay an installment payment on the due date and it remains unpaid for thirty (30) days.
 3. Provided, that, the Bank, upon the drawdown of the loan, will provide the Obligor with the payment schedule for the principal of and interest on the loan.
- (4) Upon the occurrence and during the continuance of any of the events set forth below, and as

a result the Bank's rights are put in jeopardy, the Bank may, in its sole discretion upon notice to Obligor, demand the Obligor to repay obligations and to cancel attachment, etc. and to restore creditworthiness, and declare all obligations that the Obligor owes to the Bank immediately due and payable on the due date designated in written notice or demand tendered by the Bank more than ten (10) days prior to the due date, and the Obligor shall immediately pay and perform such obligations:

1. the Obligor fails to pay the obligations which are immediately due and payable pursuant to Paragraph (3) or (5);
 2. an order or notice of attachment or an attachment for delinquent taxes or public imposts is issued with respect to properties of the Obligor other than those described in Item 1 or 2 of Paragraph (1) above and such attachment continues for a period of thirty (30) consecutive days, and for this reason the creditworthiness of the Obligor is substantially deteriorated and the recovery of claims is seriously difficult;
 3. a public sale on collateral commences in order to enforce the security right or a notice of provisional attachment is issued pursuant to the Civil Enforcement Act with respect to any property of the Obligor other than those specified in Paragraph (1) Item 1 above, for this reason, the creditworthiness of the Obligor is substantially deteriorated and the recovery of claims is seriously difficult;
 4. it shall become difficult for the Bank to maintain a normal banking business with the Obligor due to the breach by the Obligor of any provisions in Article 5 or Article 19 of the General Terms and Conditions and such breach continues for a period of thirty (30) consecutive days following notice to the Obligor by Bank;
 5. the Obligor is found to have intentionally submitted to Bank in connection with a credit transaction, documents that are forged or altered or found to be false in a material respect, or intentionally submitted to Bank in connection with a credit transaction, materials deemed to be, when taken together with all materials submitted to Bank, incomplete in a material respect;
 6. the creditworthiness of the Obligor deteriorates substantially as a result of the commencement of liquidation procedures against Obligor or shutdown or suspension of Obligor's business due to labor disputes, and such liquidation procedures or shutdown or suspension of the Obligor's business shall continue for a period of ten (10) days from the day Obligor first has notice of such occurrence;
 7. [Intentionally deleted]
- (5) Upon the occurrence and during the continuance of any of the events set forth below, the Bank may, in its sole discretion upon notice to Obligor, declare all obligations that the

Obligor owed to the Bank with respect to which such event occurs immediately due and payable on the due date designated in written notice or demand tendered by the Bank more than ten (10) days prior to the due date, and the Obligor shall immediately pay and perform such obligations:

1. [Intentionally deleted]
 2. any breach by the Obligor of a material provision of the agreements with the Bank, including, without limitation, the agreement to obtain fire insurance with respect to the collateral, or the agreement to provide to the Bank as collateral the machinery or building which has been constructed, installed or manufactured with proceeds of the loans extended by the Bank to the Obligor, and such breach continues for a period of thirty (30) consecutive days following notice from Bank to the Obligor.
 3. [Intentionally deleted]
- (6) Even when any of the Obligor's obligations to the Bank are accelerated under Paragraphs (1) through (5), if the Bank expressly waives the effect of such Paragraphs or if normal transactions are resumed between the Bank and the Obligor notwithstanding the acceleration (e.g., the Bank receives an installment payment, principal of and interest on installment indebtedness, interest or default interest), the acceleration shall be deemed to have been rescinded with respect to such obligation or the obligation designated by the Bank as of the time of the Bank's waiver or of the resumption of the normal banking transactions.
- (7) In the event that there is an interested party of the Obligor competing over the Obligor's claim against the Bank, the Bank may exercise its right of set-off.

Article 8. Notice to Joint and Several Guarantor of Accelerated Obligation

- (1) If the payment obligation is accelerated pursuant to each Item of Article 7 Paragraph (1) above, the Bank shall notify such fact in writing to the joint and several guarantor within fifteen (15) business days from the date on which such obligations of the Obligor shall become due and payable if any event under Item 1 or 6 occurs or if the Clearing House suspends the Obligor's transactions under Item 4, or otherwise, from the date on which the Bank recognizes such event of acceleration.
- (2) The obligation is immediately due and payable in accordance with Article 7, Paragraphs (4) and (5), the Bank shall notify the joint and several guarantor in writing within fifteen (15) business days from the date on which such obligations of the Obligor shall become due and payable.
- (3) Even if the joint and several guarantor receives a notice of acceleration in accordance with

Paragraphs (1) and (2), the consent of the joint and several guarantor for continuous transaction is not required in respect of such obligation of which acceleration has been rescinded pursuant to Article 7, Paragraph (6). In this case, the Bank shall give a notice of rescission of acceleration in writing to the joint and several guarantor of such obligation within fifteen (15) business days .

Article 9. Obligation to Repurchase Discounted Bills

- (1) The Obligor shall automatically repurchase and immediately pay at face value, without demand or notice from the Bank, all the discounted Bills set forth below. If the Obligor performs its repurchase obligation before the due date of each Bill, the Bank shall refund the discount charge for the period from the date of performance of repurchase obligation to the due date;
 1. all of Bills requested for discount, if any of the events described in Article 7, Paragraph (1) occurs with respect to the Obligor;
 2. if any of the events described in Article 7, Paragraph (1) occurs with respect to the person who issued or accepted the Bills or such person fails to pay the Bill when due, which are issued or accepted by him/her, all Bills which he/she issued or accepted.
- (2) The Obligor shall repurchase and immediately pay at face value all the discounted Bills as set forth below on the due date designated in notice or demand tendered by the Bank in writing more than ten (10) days prior to the due date. In this case, if the Obligor performs its repurchase obligation before due, the Bank shall refund the amount equivalent to the discount charge from the date of performance of repurchase obligation to the due date;
 1. all Bills requested to be discounted, if any of the events described in Article 7, Paragraphs (4) and (5) occurs with respect to the Obligor;
 2. if any of the events described in Article 7, Paragraphs (4) and (5) occurs with respect to the person who issued or accepted the Bills, all Bills which he/she issued or accepted.
- (3) Until the Obligor performs its repurchase obligations under Paragraphs (1) and (2) above, the Bank may exercise all rights as holder of the Bills.
- (4) The provision of Article 7, Paragraph (6) shall apply to the cases of the preceding Paragraphs (1) and (2) *mutatis mutandis*.

Article 10. Set-off by the Bank

- (1) In the event that the Obligor's obligation is due and payable whether by maturity in accordance with its term, or by acceleration upon occurrence of any of the events described in Article 7, or by occurrence of the Obligor's obligation to repurchase the discounted Bills under Article 9, or for any other causes, the Bank may set off by written notice to the Obligor any such obligation at any time against any of the Obligor's deposits with the Bank and any other of the Obligor's claims against the Bank irrespective of the due dates thereof.
- (2) In the event that the Bank exercises the right to set-off against any advance reimbursement obligation of the Obligor pursuant to the preceding Paragraph, the Obligor hereby waives any defense permitted under Article 443 of the Civil Code against such set-off by the Bank, whether or not any security is furnished to the Bank with respect to the guaranteed obligation or the reimbursement obligation; provided, that the Bank shall immediately perform its guarantee obligation after such set-off.
- (3) In the event that the Obligor becomes obligated to the Bank as referred to in Paragraph (1), the Bank may, on behalf of the Obligor, also make withdrawals from the Obligor's deposits in the Obligor's name provided by the Obligor as security, and may apply such withdrawals to the payment of the Obligor's obligations regardless of the arrival of the maturity of such deposits, without any advance notice and without complying with any particular procedures; provided, however, that immediately after such withdrawal and application, the Bank shall give a notice to the Obligor.
- (4) If the Bank sets off any obligation of the Obligor against any of the Obligor's or the guarantor's deposits and any other of the Obligor's or the guarantor's claims ("deposits, etc.") against the Bank pursuant to Paragraphs (1) and (2), the Bank may take payment suspension measures in respect of deposits, etc. for the time being prior to set-off; provided, that if the guarantor takes payment suspension measure in respect of deposits, etc. of the guarantor, the Bank shall immediately notify the guarantor thereof.
- (5) In the event that the Bank effects a set-off in accordance with the provisions of Paragraphs (1) and (2) or makes any withdrawals and application in accordance with the provisions of Paragraph (3), such set-off or withdrawal and application shall be promptly effected taking into account the fair benefits of the Obligor guarantor security provider and the period for purposes of computation of Interest, etc. on the Obligor's credits and obligations and default interest, shall extend up to and including the date on which the notice of set-off is delivered to the Obligor and the date on which such set-off, withdrawal and application is made, and the rate shall be determined by the Bank, and the foreign exchange rate shall be determined as the market rate prevailing at the time of the computation by the Bank.

Article 11. Set-off by the Obligor

- (1) The Obligor may at any time set off any of the Obligor's deposits or any other of the Obligor's claims against the Bank, the due date of which has arrived, against any obligations owed to the Bank irrespective of the due dates of such obligations.
- (2) In the event that the Obligor effects a set-off against a Bill which was discounted by the Bank prior to its due date pursuant to Paragraph (1) above, the Obligor shall repurchase such Bill at its face value deducting the discount charge for the period from the date of repurchase until its due date; provided, that the Obligor shall not effect a set-off against any discounted Bills which the Bank has negotiated to any third party.
- (3) Notwithstanding the provisions of the preceding two Paragraphs, the set-off of any claims and obligations denominated in a foreign currency may not be effected by the Obligor unless and until their respective due dates arrive and all procedures are completed in accordance with the laws and regulations with respect to foreign exchange.
- (4) In the event that the Obligor effects a set-off in accordance with Paragraphs (1) through (3), the Obligor shall send the Bank a written notice and shall promptly submit to the Bank any passbook or other certificate evidencing deposits or claims against which such set-off is effected after having the previously reported signature and/or seal affixed thereon.
- (5) In the event that the Obligor effects a set-off in accordance with Paragraphs (1) through (3), the period for purposes of computing interest on the Obligor's credits and obligations, discount charge, etc. and default interest, shall be up to and including the date on which the Bank receives the Obligor's notice of set-off, and the rate shall be prescribed by the Bank, and the foreign exchange rate shall be determined as the market rate prevailing at the time of computation by the Bank. The Obligor shall pay to the Bank such fees with respect to the set-off, as are agreed to be payable with respect to prepayment between the Bank and the Obligor.

Article 12. Presentment and Delivery of Bills

- (1) With respect to Bill transaction, if the Bank effects set-offs or makes withdrawals and appropriations as set forth in Article 10 without exercising the Bank's rights under the Bills, the Bank will not be required to simultaneously return any such Bills to the Obligor. In the event that the Bills are returned to the Obligor, the Bills shall be returned at the Bank's office, which conducts banking transactions with the Obligor, and the Bank shall request prompt acceptance by the Obligor of the Bill. Same procedures shall apply to the handling of the Bills in the event of set-offs by the Obligor under Article 11.
- (2) If the Bank effects set-offs or makes withdrawals and appropriations as set forth in Article 10 by exercising the Bank's rights under the Bills, the Bank will not be required to present or deliver any such Bills to the Obligor if any of the following conditions is satisfied and the

provision of Paragraph (1) shall apply with respect to the handling of the Bills:

1. If the Bank does not know the Obligor's current whereabouts;
 2. If the Bank is the place designated as the place at which such Bills are payable; or
 3. If the Bank deems it unavoidable to omit presentment or delivery of the Bills to the Obligor for such reasons as interruption of transport or communication, or use for collection, etc.
- (3) If any of the Obligor's obligations to the Bank that are due and payable are not paid in full after a set-off, etc. has been effected as set forth in Articles 10 and 11, and other parties are liable under the Bills in addition to the Obligor, the Bank may retain such Bills, and may apply the proceeds of collection or disposition of them to the payment of the Obligor's obligations in accordance with Article 13.
- (4) The Bank may make a demand for payments without presenting the Bills for the purpose of tolling the statute of limitations for recovery on the Bills.

Article 13. Order of Application by the Bank

- (1) In the event that payments made by the Obligor or set-offs or withdrawals and applications made by the Bank as provided for in Article 10 are insufficient to satisfy all of the Obligor's obligations, the Bank shall apply such payments and/or such set-offs or withdrawals to the satisfaction of first, the expenses, second, the interest and third, the principal of the Obligor's obligation, in such order as applicable; provided, however, the Bank may change the order of application unless such change is adverse to the Obligor's interest.
- (2) In the event that there are two or more of the Obligor's obligations against which payment or set-off is made and such obligations are not discharged in full by such payment or set-off, the Civil Code and other laws shall apply to the amount recovered in the compulsory execution or public sale by exercise of security rights.
- (3) In the event that there are two or more of the Obligor's obligations against which payment or set-off is made and any voluntary repayments or deposits which does not fall under Paragraph (2) above are insufficient to satisfy all of the Obligor's obligations, such repayments or deposits, etc. may be applied to the satisfaction of the Obligor's obligations in such order and in such manner as the Obligor may determine. In this case, if the determination of the order of application is likely to adversely affect the Bank's rights, the Bank may without delay raise an objection thereto, and change and designate the obligation to be paid or set off, as determined considering the availability of securities or guarantees, the value and marketability of such securities or guarantees, the due date and the possibility

of settlement of the discounted Bills, etc.

- (4) In the event that the Bank applies the payments and/or set-offs or withdrawals to the satisfaction of the Obligor's obligations in such order different from statutory order specified in the Civil Code or any other laws in accordance with Paragraph (3), the Bank shall take into consideration the reasonable interests of the Obligor, the security provider and the guarantor not to contrary for the protection of the Bank's rights.

Article 14. Order of Application by the Obligor

- (1) In the event of the set-offs effected by the Obligor, as set forth in Article 11, if the deposits, etc. are insufficient to satisfy all of the Obligor's obligations, such deposits, etc. may be applied to the satisfaction of the Obligor's obligations in such order as the Obligor may determine.
- (2) When the Obligor fails to make the determination as set forth in the preceding Paragraph, or if the determination of the order of application provided in Paragraph (1) is likely to adversely affect the Bank's rights, the Bank shall designate the obligation to be satisfied by set-off pursuant to Article 13 *mutatis mutandis*.

Article 15. Assumption of Risks and Indemnification

- (1) In the event that the Bills which the Obligor has drawn, endorsed, accepted or guaranteed, or the instruments which the Obligor has furnished to the Bank are lost, destroyed, damaged or delayed in arrival, due to causes not attributable to the Bank, such as force majeure, disasters, calamities or accidents during transit, the Obligor shall pay the Obligor's obligations as recorded on the Bank's books, vouchers, etc.; provided, that if the Obligor presents the materials different from those recorded in books and vouchers of the Bank, the Bank shall compare them and fix the Obligor's obligation and then, the Obligor shall pay and perform such obligations.
- (2) The Obligor shall forthwith furnish any substitute Bills or other instruments, upon the Bank's demand, in the event of loss, destruction or damage stated in Paragraph (1) above; provided, that this provision shall not apply to the Bills or other instruments which the Bank acquired in the course of transactions with a third party.
- (3) The Bank shall be liable for any damage incurred by the Obligor without any negligence of the Obligor from bearing double payment obligations as a result of payments or provision of Bills or other instruments pursuant to Paragraph (1) or (2).
- (4) If the Bank has entered into transactions or has handled matters after making an adequate

inspection with due care to check the seal impression or signature on the Bills or instruments against the Obligor's specimen seal impression or specimen signature previously filed with the Bank and finding such to be genuine, the Obligor shall be liable for any losses and damages arising from forgery, alteration, wrongful use, etc., of the Bills, instruments and seals or signatures, and shall be liable in accordance with the terms of any such Bills or instruments.

Article 16. Filing with the Bank and Changes thereof

- (1) The Obligor shall file with the Bank in the form prescribed by the Bank in advance the following: the Obligor's name, trade name, representative, address and seal or signature, etc., and the name and seal or signature of the Obligor's agent, if any transaction is performed with the Bank through such agent.
- (2) The Obligor shall forthwith notify the Bank in writing of any change in the matters filed with the Bank as set forth in Paragraph (1). Before the Obligor notifies such change, the Bank may treat as if there is no such change in the matters filed with the Bank and the Obligor shall not raise any objection thereto. The foregoing shall apply to any changes which have been registered in the Company Registry. The Obligor's losses or damages arising from such treatment of the Bank shall be borne by the Obligor and the Bank shall have no responsibility therefor.

Article 17. Faithful Preparation of Materials

In connection to a credit transaction, the Obligor shall faithfully prepare and submit required materials to the Bank.

Article 18. Effect of Notice

- (1) Any notice given by the Bank or any document dispatched by the Bank to the Obligor's latest address filed with the Bank shall be assumed to have been delivered at the time it normally should have been delivered.
- (2) If any notice given or any documents dispatched by the Bank in accordance with Paragraph (1) above has not been delivered or delayed to be delivered to the Obligor due to the Obligor's negligence to notify any change pursuant to Article 16, Paragraph (2), such notice or documents shall be deemed to have been delivered at the time it normally should have been delivered; provided, that notice of set-off or acceleration of payment and any other important expression of intention shall be deemed to have been delivered only if such notice was sent by the delivery-certified and content-certified mail.

- (3) Copies kept by the Bank of the notices or documents forwarded by the Bank to the Obligor and the Bank's record indicating such forwarding and the date thereof shall constitute *prima facie* evidence that the Bank has given the notices or documents on such date recorded on the Bank's book, etc.

Article 19. Report and Investigation

- (1) Upon the Bank's demand, the Obligor shall promptly submit to the Bank, reports with respect to the Obligor's assets, liabilities, management, the status of business or performance of credit conditions and any other important matters; and the Obligor shall also provide assistance necessary for the Bank's investigation of the Obligor's accounts, factories, place of business or any other matters, upon the Bank's request.
- (2) The Obligor shall promptly submit to the Bank, without the Bank's request, a report of any material change that has occurred or is likely to occur with respect to the Obligor's assets, management or the status of business or other matters which may affect the Obligor's transactions with the Bank.
- (3) If it is likely that it would be impossible for the Bank to collect its credit extended to the Obligor due to the suspension of trade by the Clearing House, non-performing credit or deterioration of management conditions of the Obligor based on the reports and investigations submitted in accordance with Paragraphs (1) and (2), the Bank may at any time send members of its own staff, to the extent necessary for the purpose of protecting the Bank's rights, to manage or supervise the Obligor's assets and business management.

Article 20. Amendments to Terms of Credit Transaction

- (1) [Intentionally deleted]
- (2) [Intentionally deleted]
- (3) [Intentionally deleted]

Article 21. Place of Performance, Governing Law

- (1) Any obligations in connection with the Obligor's transactions with the Bank shall be performed at the Bank's office that conducts transactions with the Obligor, unless otherwise agreed; provided, however, if deemed necessary for the management of non-performing credit or for any other reasonable causes, the Bank may transfer the management of credit to

the principal office, local main office or other business offices of the Bank. Such transferred obligations of the Obligor shall be performed at the principal office, local main office or other business offices of the Bank to which the management of credit has been transferred.

- (2) The credit transactions under the General Terms and Conditions shall be governed by and be construed in accordance with the laws of the Republic of Korea, even if the Obligor is not a Korean person or company.

Article 22. [Intentionally deleted]

Article 23. Jurisdiction

The Obligor hereby agrees and consents that, in addition to the jurisdiction prescribed by law, the district court having jurisdiction over the business offices of the Bank that conducts transactions with the Obligor shall have jurisdiction over any legal action instituted between the Bank and the Obligor, the guarantor or the owner of collateral in connection with the credit transaction under the General Terms and Conditions; provided, however, if the Bank transferred the management of credit to the principal office, local main office or other business offices of the Bank for the purpose of the management of non-performing credit occurred as a result of causes attributable to the Obligor, the Obligor agrees and consents, in addition to the jurisdiction prescribed by law, that the district court having jurisdiction over the principal office, local main office or other business offices of the Bank to which the management of credit has been transferred shall have jurisdiction over such legal actions.

The Obligor may request the dispute resolution department of its trading bank to resolve any disputes in connection with a banking transaction or may request the Financial Dispute Resolution Commission, etc. to resolve such dispute.

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IN WITNESS WHEREOF, the Parties have executed two (2) original copies of this Agreement as of the date above written, and each shall keep one (1) copy thereof.

March 30, 2007

AMKOR TECHNOLOGY KOREA, INC.

/s/ KYU-HYUN KIM

Title: Representative Director

Name: Kyu-Hyun Kim

WOORI BANK

/s/ HAN SIK KIM

Title: Relationship Manager

Name: Han Sik Kim

[FRONT PAGE OF THE KUN-GUARANTEE]

Woori Bank must explain the material contents hereof to the Guarantor and deliver the General Terms and Conditions for Bank Credit Transactions and a copy of this Agreement to the Guarantor.

Kun-guarantee
(for Bank)

Date: March 30, 2007

* As this joint and several guarantee is a material legal action that may cause property loss, please make a prudent decision after carefully reading in advance the contents of this Kun-guarantee (this "Agreement") and the "Matters That a Joint and Several Guarantor Must Know" set out on the reverse page, and please fill in the parts with bold lines in the Guarantor's own handwriting.

Joint and several guarantor: Amkor Technology, Inc. (signature)
Name: Kenneth T. Joyce
Title: Executive Vice President And
Chief Financial Officer
Address: 1900 South Price Road, Chandler, Arizona 85248, U.S.A.

Seal Authenticity
Verification

/s/ KENNETH T. JOYCE

Agreement on Provision and Usage of Personal Credit Information
[intentionally deleted]

The joint and several guarantor (the "Guarantor") hereby agrees that it will be responsible jointly and severally with the Obligor for any and all obligations owed as of now or to be owed hereinafter by the Obligor to Woori Bank (the "Bank") to the extent set forth in Article 1, hereby approves that the performance of this guarantee obligation shall be subject to each provision of the General Terms and Conditions for Bank Credit Transactions and other transaction agreements on the following guaranteed obligations that the Obligor has submitted to the Bank, and hereby acknowledges and agrees to each of the following terms:

Article 1. Contents of Guaranteed Obligations

1.1 The Guarantor hereby undertakes the guarantee pursuant to the terms set forth below:

- (1) Obligor's name: Amkor Technology Korea, Inc.
Representative Director Kyu-Hyun Kim
Obligor's address: 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul

(2) Scope of obligations guaranteed

The Bank has explained to the Guarantor that the Guarantor may elect any one of the following 3 types of guarantee, under which the scope of respective obligations guaranteed varies from one another, and among them, the Guarantor hereby agrees to guarantee those obligations (including interest, default interest, and any other ancillary obligations) as set forth in

Specific kun-guarantee

- (i) Specific kun-guarantee: all of the following obligations owed by the Obligor to the Bank (head office and branch offices), which are now existing or will exist hereinafter as a result of the transactions under the following agreements (if the maturity date or transaction period of any of the following agreements is extended with the Guarantor's consent, including such obligations):
 - Foreign currency credit facility agreement dated as of _____; and
 - _____ agreement dated as of _____
 - (ii) Limited kun-guarantee: all of the following obligations owed by the Obligor to the Bank (head office and branch offices), which are now existing or will exist hereinafter as a result of the following types of transaction:
 - _____ transaction; and
 - _____ transaction
 - (iii) Comprehensive kun-guarantee: all of the following obligations owed by the Obligor to the Bank (head office and branch offices), which are now existing or will exist hereinafter:
 - (a) all obligations resulting from borrowings based on promissory notes, borrowings based on certificates, borrowings based on overdraft accounts, promissory note discounts, payment guarantees, factoring, transactions relating to installment deposits for mutual aid (*sanghobukeum*), acquisition of corporate bonds, lending of securities, foreign exchange transactions, and other credit transactions;
 - (b) all guarantee obligations with respect to any transaction set forth in paragraph (a) above entered into with the creditor and a third party; and
 - (c) all obligations under promissory notes or checks acquired by the creditor as a result of any transaction set forth in paragraph (a) above entered into with a third party.
- (3) Maximum Kun-guarantee Amount

USD Three Hundred Ninety (390) Million

(4) Settlement Date of Kun-guarantee

The Bank has explained to the Guarantor that the Guarantor may elect any one of the following 3 types in determining the kun-guarantee settlement date, and the Guarantor hereby elects the date determined in accordance with:

Future Designation

as the settlement date.

- (i) Future Designation: The settlement date is not currently set. Three (3) years after the date hereof, however, the Guarantor can designate the kun-guarantee settlement date by giving written notice; provided that such designated settlement date must be at least fourteen (14) days after the date on which the notice is received, and if fewer days are left after the notice is received, then the settlement date shall be the date falling on the 14th day after the date on which the notice is received.
- (ii) Automatic Determination: The settlement date is not currently set. Three (3) years after the date hereof, however, the Guarantor can designate the kun-guarantee settlement date by giving written notice; provided that such designated settlement date must be at least fourteen (14) days after the date on which the notice is received, and if fewer days are left after the notice is received, then the settlement date shall be the date falling on the 14th day after the date on which the notice is received; provided further that if the Guarantor does not express any intention until five (5) years have passed from the date hereof, then the settlement date shall be the date falling on the fifth (5th) year after the date hereof.
- (iii) Designation: Year _____ Month ___ Day _____

1.2 Of the obligations owed by the Obligor to the Bank, those guaranteed by any of the following financial institutions or its equivalent shall be excluded from the scope of obligations guaranteed under Section 1.1 (2):

1. Financial institutions under the Banking Act and banks under special laws;
2. Credit guarantee funds under the Credit Guarantee Fund Act;
3. Technology credit guarantee funds under the Act on Financial Support of New Technology Business;
4. Housing financing credit guarantee funds under the Act on Stability of Workers' Housing and Support for Accumulation of Large Sum Holdings;
5. Incorporated guarantee insurance companies under the Insurance Business Act; and
6. Other institutions that issue guarantees under agreements with the Bank.

Article 2. Special Agreement

Guarantor:

/s/ **KENNETH T. JOYCE** (seal)

The guarantee by the Guarantor is provided in consideration for the repayment of US\$ 300 million bonds issued by the Obligor.

Consultant Title: Sr. Manager Name: /s/ YONG SU KIM (seal)

* The Guarantor shall read the following and set out the Guarantor's intent below in handwriting based on fact. (Examples: 1. Received; 2. and 3. Heard)

1. Have you received the General Terms and Conditions for Bank Credit Transactions, other transaction agreements and a copy of this Agreement? Received

2. Have you been explained the material contents of the above terms and conditions and in the front and reverse pages of this Agreement? Heard

3. Have you been explained the Obligor's liability status, any late payment, and the like? Heard

[REVERSE PAGE OF THE KUN-GUARANTEE]

Article 3. Restrictions on Set-off

The Guarantor shall not act against the Bank by setting off the relevant primary debt against any of the Obligor's deposit at and/or other claims/rights with respect to the Bank before such primary debt becomes due or before the Guarantor must perform its/his/her guarantee obligation as a result of pre-payment being required under Article 7 of the general terms and conditions for credit transactions (in the case of corporate funds, including the occurrence of an event triggering a promissory note repurchase request under Article 9).

Article 4. Relationship with Other Security • Guarantee Agreements

4.1 In case the Guarantor separately provides any collateral or guarantee in favor of the Bank with respect to the same debt owed by the Obligor to the Bank, such collateral or guarantee, unless agreed otherwise, shall not be changed by this Agreement and shall be applied cumulatively as being separate from the guarantee obligation hereunder.

4.2 Notwithstanding 4.1 above, in case the Guarantor, pursuant to the request of the Bank concerned about decrease in the value of a collateral or otherwise, guarantees jointly and severally the same amount with respect to the same guaranteed obligation at the same time as such collateral is provided, the other obligation shall be released if any one of them is performed in whole or part to the extent of such performance.

Article 5. Change • Termination • Cancellation of Security, Etc.

The Bank may change, terminate or cancel other collaterals or guarantees as may be necessary for the transaction if the Guarantor consents or if there is no adverse impact on claim enforcement when the Guarantor subrogates such as, among others, substituting an existing collateral with a new collateral of the same or higher value, replacing the Guarantor with a new guarantor of the same or better qualification and ability, terminating or canceling the collateral or guarantee proportional to the amount repaid in part.

[FRONT PAGE OF THE KUN-MORTGAGE AGREEMENT]

Woori Bank must explain the material contents hereof to the Mortgagor and deliver the General Terms and Conditions for Bank Credit Transactions and a copy of this Kun-mortgage Agreement to the Mortgagor.

Kun-mortgage Agreement
(for Bank)

Date: March 30, 2007

* As the provision of any property as security is a material legal action that may cause property loss, please make a prudent decision after carefully reading in advance the contents of this Kun-mortgage agreement (“Agreement”) and “Matters That a Security Provider Must Know” set out on the reverse page, and please fill in the blanks below in the Mortgagor’s own handwriting.

Creditor and Kun-mortgagee: Woori Bank
/s/ Han Sik Kim ((signature))
Title: Relationship Manager
Woori Bank Chongro Corporate Banking Center
(seal of registered general manager affixed)
Address: 203, Heohyeon-dong 1 ga, Joong-gu, Seoul

Obligor: Amkor Technology Korea, Inc. ((seal))
Representative Director /s/ Kyu-Hyun Kim
Address: 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul

Seal Authenticity Verification
(seal affixed)

Kun-mortgagor: Amkor Technology Korea, Inc. ((seal))
Representative Director /s/ Kyu-Hyun Kim
Address: 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul

Seal Authenticity Verification
(seal affixed)

The parties set forth above hereby enter into a kun-mortgage agreement (this “Agreement”) as follows:

Article 1. Granting of Kun-mortgage

The mortgagor (the “Mortgagor”) approves the “General Terms and Conditions for Bank Credit Transactions” (the “General Terms and Conditions”) and grants a kun-

mortgage with respect to the property set forth in the “List of property subject to kun-mortgage” on the reverse page (the “Mortgaged Property”) subject to the following terms:

1.1 Scope of Secured Obligations

The Creditor has explained to the Mortgagor that the Mortgagor may elect to grant one of the following three (3) types of mortgages, and the Mortgagor hereby elects to have:

Specified kun-mortgage

granted to secure its obligations (including interest, default interest, and other incidental obligations).

- (i) Specified kun-mortgage: all obligations owed by the Obligor to the Creditor (including its head office and branch offices), which are existing now or will exist hereafter arising from or in connection with the following agreements:
 - Foreign currency credit facility agreement dated as of _____; and
 - _____ agreement dated as of _____;
 - (ii) Limited kun-mortgage: all obligations owed by the Obligor to the Creditor (including its head office and branch offices), which are existing now or will exist hereafter arising from or in connection with the following transactions:
 - _____ transaction; and
 - _____ transaction;
 - (iii) All-inclusive kun-mortgage: all of the following obligations owed by the Obligor to the Creditor (including its head office and branch offices), which are existing now or will exist hereafter:
 - (a) all obligations arising from or in connection with borrowings based on promissory notes, certificates or overdraft accounts, promissory note discounts, payment guarantee, factoring, transactions relating to installment deposits for mutual aid (*sanghobukeum*), transfer of corporate bonds, lending of securities, foreign exchange transactions, and other credit transactions;
 - (b) all obligations arising from or in connection with credit card transactions (except where a third party other than the Obligor provides property as security);
 - (c) all obligations under a guarantee relating to any transaction set forth in paragraph (a) and entered into between the Creditor and a third party;
and
-

(d) all obligations under promissory notes or cheques acquired by the Creditor in connection with any transaction set forth in paragraph (a) and entered into between the Creditor and a third party.

1.2 Maximum Claim Amount

(i) USD Three Hundred Ninety (390) Million

(ii) Notwithstanding the fact that the maximum claim amount is determined based on the initial claim amount for purposes of saving registration fees, etc., this Agreement shall in no event be construed as a kun-mortgage agreement securing certain specified obligations for such reason.

1.3 Settlement Date of Security Interest under Kun-mortgage

The Creditor has explained to the Mortgagor that the Mortgagor may elect to grant one of the following three (3) types of settlement date, and the Mortgagor hereby elects the date determined in accordance with:

Future Designation

as the settlement date.

- (i) Future Designation: The settlement date is not currently set. Three (3) years after the date hereof, however, the Mortgagor can designate the kun-mortgage settlement date by giving written notice; provided that such designated settlement date must be at least fourteen (14) days after the date on which the notice is received, and if fewer days are left after the notice is received, then the settlement date shall be the date falling on the 14th day after the date on which the notice is received.
- (ii) Automatic Determination: The settlement date is not currently set. Three (3) years after the date hereof, however, the Mortgagor can designate the kun-mortgage settlement date by giving written notice; provided that such designated settlement date must be at least fourteen (14) days after the date on which the notice is received, and if fewer days are left after the notice is received, then the settlement date shall be the date falling on the 14th day after the date on which the notice is received; provided further that if the Guarantor does not express any intention until five (5) years have passed from the date hereof, then the settlement date shall be the date falling on the fifth (5th) year after the date hereof.
- (iii) Designation: Year _____ Month ____ Day _____

Article 2. Taking All Procedures and Responsibility for Costs

2.1 The Mortgagor shall, at the request of the Creditor, promptly take all procedures necessary for registration, recordation of granting, modification, correction, transfer, assignment, and deregistration, etc. of the kun-mortgage.

2.2 The Creditor has explained to the Obligor and the Mortgagor the types of costs incurred in connection with the procedures described in Section 2.1 above and the basis of calculation of such costs, and shall mark "☐" below in the relevant boxes (☐) to designate which party is responsible for such costs, and the parties agree to be responsible for the relevant costs:

Category	Responsible Party		
	Obligor	Mortgagor	Creditor
Registration Tax	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Education Tax	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchase of People's Residence Bonds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judicial Scrivener's Fees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deregistration (Termination of Kun-mortgage)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assessment/evaluation Fees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.3 Even where it is agreed that the Creditor shall be responsible for certain costs under Section 2.2 above, if it is otherwise separately agreed in connection with the Obligor's or Mortgagor's prepayment prior to the maturity date, the Obligor and the Mortgagor shall be jointly and severally responsible for such costs pursuant to the separate agreement.

2.4 If, on behalf of the Obligor or the Mortgagor, the Creditor has paid any costs agreed to be paid by the Obligor or Mortgagor under Section 2.2 or any costs for investigation, occupancy, maintenance, disposal, etc. of the Mortgaged Property, the Obligor and the Mortgagor shall immediately repay them to the Creditor pursuant to Article 4 of the General Terms and Conditions for Bank Credit Transactions.

Article 3. Revocation of Provision of Security and Waiver of Right to Revocation

If the Mortgagor provides a house as collateral to a third party, the Mortgagor may revoke such provision of house as collateral within three (3) days from the date hereof. In addition, the Mortgagor may, by waiving in advance the right to revoke its provision of house as collateral, immediately have this Agreement fixed immediately. If necessary, the Mortgagor shall set out its intent below in handwriting within the above period (For example, I hereby revoke on _____, _____, I hereby waive on _____, _____, I hereby waive on _____)

_____, _____).

Do you revoke the provision of house as collateral? (If you revoke, this Agreement shall be cancelled and the Mortgagor shall not bear any responsibility as a mortgagor. In such case, all costs for granting and terminating the mortgage shall be borne by the Mortgagor)

_____, _____
(month/day/year)

Do you waive your right to revoke the provision of house as collateral? (If you waive, this Agreement shall become fixed immediately.)

_____, _____
(month/day/year)

Article 4. Special Agreement

Consultant Title: Manager

Name:
/s/ Hongbin Lim ((signature))

* The Mortgagor shall read the following and set out the Mortgagor's intent below in handwriting based on fact (Examples: 1. Received; and 2.Heard).

Have you certainly received the General Terms and Conditions for Bank Credit Transactions and a copy of this Agreement? Received

Have you been explained of the material contents of the above terms and conditions and in the front and reverse pages of this Agreement? Heard

[REVERSE PAGE OF THE KUN-MORTGAGE AGREEMENT]

Article 5. Discrepancy between a Cadastral Book and Facts

5.1 Even if there is any discrepancy between the facts and descriptions in a cadastral book or a list attached to this Agreement with respect to the Mortgaged Property, the kun-mortgage granted hereunder over the actual Mortgaged Property shall be in full force and effect, and the Mortgagor shall, at the request of the Creditor as necessary for the preservation of its claims, promptly take all necessary procedures, including without limitation, modification of the registrations or correction of such descriptions.

5.2 If there is any building unregistered on the land subject to the kun-mortgage hereunder, or if a building is newly built on such land after the date hereof, at the request of the Creditor as necessary for the preservation of its claims, the Mortgagor shall without delay make a preservation registration with respect to such building and simultaneously grant all additional kun-mortgage over such building pursuant to Article 1.

Article 6. Maintenance of Value of Security, Etc.

6.1 The Mortgagor shall obtain the prior consent of the Creditor if the Mortgagor intends to take any action to change the current state of the Mortgaged Property which action may cause to impede the preservation of the Creditor's claims with respect to the Mortgaged Property (such as destruction/loss, damages to the Mortgaged Property, etc.).

6.2 The Mortgagor shall promptly notify the Creditor in case of any destruction/loss, damages or expropriation of or to the Mortgaged Property, other accidents to the Mortgaged Property and considerable price decrease, or if there is any concern about such destruction, etc.

6.3 In the case of Section 6.2, if there arise any claims, such as compensation, remedy, etc. due to the Mortgagor from a third party, the Mortgagor shall assign such claims to the Creditor and take all necessary procedures, and the Creditor may apply such amount received to the repayment of debts under Article 13 of the General Terms and Conditions for Bank Credit Transactions, unless there is any special reason (such as provision of another mortgaged property, etc.).

Article 7. Insurance Contracts

7.1 To extent necessary for the preservation of the claims of the Creditors with respect to the Mortgaged Property, the Mortgagor shall enter into insurance contracts in such amount and type as designated by the Creditor, grant a pledge over the rights under the insurance contracts and deliver the pledged insurance policies to the Creditor, and maintain them until there no longer exist secured obligations subject to the kun-mortgage hereunder.

7.2 If the Mortgagor enters into a separate insurance contract other than those set forth in Section 7.1 above with respect to the Mortgaged Property, the Mortgagor shall promptly notify the Creditor and, at the request of the Creditor as necessary for the preservation of its claims, grant a pledge over the rights under such contract in favor of the Creditor.

7.3 If the Mortgagor fails to comply with Section 7.1 or 7.2 and the Creditor enters into or continues an insurance contract on behalf of the Mortgagor and pays insurance premiums thereunder, the Obligor and the Mortgagor shall jointly and severally repay such premiums paid by the Creditor and any and all costs incurred, promptly to the Creditor pursuant to Article 4 of the General Terms and Conditions for Bank Credit Transactions.

7.4 If the Creditor receives an insurance amount based on insurance contracts provided in Sections 7.1 through 7.3, the Creditor may apply such amount to the repayment of debts hereunder pursuant to Article 13 of the General Terms and Conditions for Bank Credit Transactions, even prior to the maturity date, unless there is any justifiable reason (such as, provision of another mortgaged property, etc.).

Article 8. Superficies, Chonsei-kwon & Leasehold

8.1 If the Mortgaged Property is a building, where any superficies or chonsei-kwon is granted over the land on which the building is located, the Mortgagor shall, immediately upon their expiry, take all procedures necessary to have such superficies or chonsei-kwon agreements (as the case may be) continue to be in full force and effect.

8.2 If Section 8.1 is applicable, even if the relevant right to the land is leasehold, the Mortgagor shall, immediately upon its expiry, take all procedures necessary to have the lease agreement continue to be in full force and effect and, if the owner of the land is changed or the substance of the leasehold will be changed, the Mortgagor shall notify the Creditor immediately or in advance, respectively.

8.3 The Mortgagor shall not take any action that may cause termination, nullification or change of such superficies, chonsei-kwon or leasehold as provided in Section 8.1 or 8.2 (as the case may be), and if there is a concern that any of them may be terminated, nullified or changed, the Mortgagor shall take all procedures necessary for its preservation, and even if the building is destroyed or substantially damaged, the Mortgagor shall not at its discretion dispose of any such superficies, chonsei-kwon or leasehold without the consent of the Creditor.

8.4 In case the building is destroyed or substantially damaged, if there still remain debts owed to the Creditor after appropriation of an insurance amount, etc., to the repayment and the Creditor and the Mortgagor does not immediately build a new building, the Mortgagor shall be entitled to dispose of any such superficies, chonsei-kwon or leasehold, but only with the consent of the Creditor, in which case the Creditor

may apply any proceeds from such disposal to the repayment of any outstanding debts pursuant to Section 6.3.

Article 9. Disposal, Management, Etc. of the Mortgaged Property

9.1 In principle, disposal of the Mortgaged Property shall be made only through court proceedings; provided that if the Mortgagor consents, the Bank may dispose of the Mortgaged Property in such manner, time, price, etc., as the Bank deems appropriate, and apply an amount remaining after deduction of costs incurred from the proceeds from such disposal, to the repayment of any outstanding debts pursuant to Article 13 of the General Terms and Conditions for Bank Credit Transactions.

9.2 Other than as set out in Section 9.1, the Creditor may, for the benefit of the Mortgagor, manage the Mortgaged Property and apply any proceeds therefrom to the repayment of any outstanding debts pursuant to Section 9.1.

9.3 If there is a concern that the Mortgaged Property may be improperly managed and destroyed, damaged or lost as the Mortgagor disappears or for any other reasons, the Creditor may take possession of the Mortgaged Property and manage it.

9.4 If Section 9.1, 9.2 or 9.3 is applicable, the Mortgagor shall without delay extend all cooperation necessary for the disposal or management of the Mortgaged Property by the Creditor.

Article 10. Response and Investigation

The Mortgagor shall, at the request of the Creditor, immediately respond to the questions of the Creditor concerning the status of the Mortgaged Property or extend all cooperation necessary for investigation.

Article 11. Relationship with Other Security or Guarantee Agreements

11.1 If the Mortgagor separately provides as security any property or guarantee in favor of the Creditor with respect to the debts owed by the Obligor to the Creditor, unless otherwise agreed, no change shall be made to such security or guarantee by this Agreement and shall be applicable cumulatively, separate from any guarantee responsibility hereunder.

11.2 If, simultaneously with providing any property as security, (to cover any possible decrease in the value of any provided security) the Mortgagor at the request of the Creditor also guarantees the Obligor's performance of its obligations jointly and severally with the Obligor with respect to the same secured obligations, if and to the extent any such obligations under the security or guarantee are performed in part or in whole, any such obligations under the other (i.e., the guarantee or security (as the case may be)) shall be released, notwithstanding Section 11.1.

Article 12. Change • Termination • Cancellation of Security, etc.

If necessary for the transaction, the Creditor may terminate or cancel another security or guarantee, in case where the Mortgagor consents or there is no adverse impact on the enforcement of claims for compensation caused by the Mortgagor's substitution of an existing security with a new security of the same value or more, replacement of an existing guarantor with a new guarantor of the same financial capability or more, or subrogation of the Creditor's right to the security or guarantee (including without limitation, termination or cancellation of the security or guarantee concerned on a pro rata basis in case and to the extent of any partial repayment to the Creditor).

List of property subject to kun-mortgage

Property

Priority

<See Attachment>

The completion of the registration pursuant to this Agreement is hereby confirmed, and the original certificate of registration has been received.

March 30, 2007

Mortgagor /s/ **Kyu-Hyun Kim** ((seal))

<Attachment>

List of property subject to kun-mortgage¹

Factory at Seoul

- (i) Land located at 280, 280-1, 280-2, 280-6, 280-8, 280-9, 281-18 through 281-21, 281-23 and 281-24, Sungsu-dong 2-Ga, Sungdong-gu, Seoul, Korea
- (ii) All buildings on the land (i) above
- (iii) 2,064 items of machinery & equipment at the land and buildings (i) and (ii) above

Factory at Incheon

- (i) Land located at 516-1 through 516-3, 517-2, 517-3 and 518-1 through 518-6, Hyosung-dong, Keyang-gu, Incheon, Korea
- (ii) All buildings on the land (i) above
- (iii) 1,623 items of machinery & equipment at the land and buildings (i) and (ii) above
- (iv) Land located at 412 and 419-1, Chungcheon-dong, Bupyung-gu, Incheon, Korea
- (v) All buildings on the land (iv) above

Factory at Gwangju

- (i) Land located at 957, Daechon-dong, Buk-gu, Gwangju, Korea
- (ii) All buildings on the land (i) above
- (iii) 3,526 items of machinery and equipment at the land and buildings (i) and (ii) above

¹ This is a summary, not a full translation, of the list of mortgaged properties submitted to the court, which list contains the descriptions of each building and every item of machinery/equipment.

AMKOR TECHNOLOGY, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratio data)

	Year Ended December 31,					Three Months
	2002	2003	2004	2005	2006	Ended March 31, 2007
Earnings						
Income (loss) before income taxes, minority interests and discontinued operations	\$(825,403)	\$ (55,833)	\$ (28,868)	\$(145,288)	\$182,494	\$ 39,024
Equity Investment losses	(208,165)	(3,290)	(2)	(55)	—	—
Income (loss) before income taxes, equity investment losses, minority interests and discontinued operations	(617,238)	(52,543)	(28,866)	(145,233)	182,494	39,024
Interest expense	143,441	138,775	145,897	163,125	160,909	37,071
Amortization of debt issuance costs	8,251	7,428	6,182	7,948	7,250	1,724
Interest portion of rent	4,995	5,463	5,928	6,215	5,583	1,544
Less (earnings) loss of affiliates	—	—	—	—	—	—
	<u>\$(460,551)</u>	<u>\$ 99,123</u>	<u>\$129,141</u>	<u>\$ 32,055</u>	<u>\$356,236</u>	<u>\$ 79,363</u>
Fixed Charges						
Interest expense	\$ 143,441	\$138,775	\$145,897	\$ 163,125	\$160,909	\$ 37,071
Amortization of debt issuance costs	8,251	7,428	6,182	7,948	7,250	1,724
Interest portion of rent	4,995	5,463	5,928	6,215	5,583	1,544
	<u>\$ 156,687</u>	<u>\$151,666</u>	<u>\$158,007</u>	<u>\$ 177,288</u>	<u>\$173,742</u>	<u>\$ 40,339</u>
Ratio of earnings to fixed charges	<u>— x(1)</u>	<u>—x(1)</u>	<u>—x(1)</u>	<u>— x(1)</u>	<u>2.05</u>	<u>1.97</u>

- (1) The ratio of earnings to fixed charges was less than 1:1 for 2005. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$145.2 million of earnings in 2005. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2004. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$28.9 million of earnings for the year ended December 31, 2004. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2003. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$52.5 million of earnings in the year ended December 31, 2003. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2002. In order to achieve a ratio of earnings to fixed charges of (1) 1:1, we would have had to generate an additional \$617.2 million of earnings in the year ended December 31, 2002.

SECTION 302(a) CERTIFICATION

I, James J. Kim, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amkor Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ JAMES J. KIM
James J. Kim
Chief Executive Officer

May 4, 2007

SECTION 302(a) CERTIFICATION

I, Kenneth T. Joyce, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amkor Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ KENNETH T. JOYCE
Kenneth T. Joyce
Chief Financial Officer

May 4, 2007

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Kim, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMES J. KIM
James J. Kim
Chief Executive Officer

May 4, 2007

In connection with the quarterly report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth T. Joyce, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KENNETH T. JOYCE
Kenneth T. Joyce
Chief Financial Officer

May 4, 2007