

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 31, 1998
 REGISTRATION NO. 333-37235

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

AMENDMENT NO. 3
 TO

FORM S-1
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

AMKOR TECHNOLOGY, INC.
 (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
 (STATE OR OTHER JURISDICTION OF
 INCORPORATION OR ORGANIZATION)

3674
 (PRIMARY STANDARD INDUSTRIAL
 CLASSIFICATION CODE NUMBER)

23-292-5614
 (I.R.S. EMPLOYER
 IDENTIFICATION NUMBER)

AMKOR TECHNOLOGY, INC.
 1345 ENTERPRISE DRIVE
 WEST CHESTER, PA 19380
 (610) 431-9600

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
 REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

FRANK J. MARCUCCI
 CHIEF FINANCIAL OFFICER
 AMKOR TECHNOLOGY, INC.
 1345 ENTERPRISE DRIVE
 WEST CHESTER, PA 19380
 (610) 431-9600

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
 OF AGENT FOR SERVICE)

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 ONE LIBERTY PLAZA
 NEW YORK, NY 10006
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
 As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on
 a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
 1933, check the following box. []

If this form is filed to register additional securities for an offering
 pursuant to Rule 462(b) under the Securities Act, please check the following box
 and list the Securities Act registration statement number of the earlier

effective registration statement for the same offering. []

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	MAXIMUM OFFERING PRICE PER SECURITY	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1) (2)
Common Stock, \$.001 par value(3)...	40,250,000 Shares	\$12.00	\$483,000,000
% Convertible Subordinated Notes due 2003 and Common Stock, \$.001 par value...	\$172,500,000		\$172,500,000

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT OF REGISTRATION FEE
Common Stock, \$.001 par value(3)...	\$142,485 (3)
% Convertible Subordinated Notes due 2003 and Common Stock, \$.001 par value...	\$50,888 (4)

- (1) Includes the aggregate value offered if the Underwriters exercise the options to purchase shares of Common Stock and Convertible Notes to cover over-allotments, if any.
- (2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) promulgated under the Securities Act of 1933, as amended.
- (3) \$121,970 of the fee paid previously; \$20,515 paid herewith.
- (4) Fee paid previously.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

EXPLANATORY NOTE

This Registration Statement contains a Prospectus relating to an offering in the United States and Canada of an aggregate of 28,000,000 shares of Common Stock and \$120,000,000 aggregate principal amount of % Subordinated Convertible Notes due 2003 (the "Convertible Notes") of Amkor Technology, Inc. (the "U.S. Offering"), together with separate Prospectus pages relating to a

concurrent offering outside the United States and Canada of an aggregate of 7,000,000 shares of Common Stock and \$30,000,000 aggregate principal amount of the Convertible Notes of Amkor Technology, Inc. (the "International Offering"), in each case excluding shares issuable upon exercise of the Underwriters' over-allotment options. The complete Prospectus for the U.S. Offering follows immediately. Following such Prospectus are the following alternate pages from the Prospectus for the International Offering: a front cover page, five pages comprising the "Underwriting" section and a back cover page. All of the other pages of the Prospectus for the U.S. Offering are to be used for both the U.S. Offering and the International Offering.

If this Registration Statement becomes effective in accordance with Rule 430A under the Securities Act of 1933, as amended, the complete Prospectus for each of the U.S. and International Offerings in the forms in which they are to be used will be filed with the Securities and Exchange Commission pursuant to Rule 424 under the Securities Act of 1933, as amended.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED MARCH 31, 1998

PROSPECTUS

35,000,000 SHARES

COMMON STOCK

[AMKOR LOGO]

\$150,000,000

% CONVERTIBLE SUBORDINATED NOTES DUE 2003

AMKOR TECHNOLOGY, INC.

Amkor Technology, Inc. ("Amkor" or the "Company") hereby offers 30,000,000 shares of Common Stock, par value \$.001 per share ("Common Stock"), and \$150,000,000 aggregate principal amount of % Convertible Subordinated Notes due 2003 (the "Convertible Notes"). In addition, certain stockholders of the Company (the "Selling Stockholders") are hereby offering 5,000,000 shares of Common Stock. The Convertible Notes will mature on , 2003. Interest on the Convertible Notes is payable on and of each year, commencing , 1998. The Convertible Notes are convertible into shares of Common Stock at any time on or before the close of business on the last trading day prior to maturity, unless previously redeemed, at a conversion price of \$ per share, subject to adjustment in certain events as described herein.

The Convertible Notes are subordinated in right of payment to all existing and future Senior Debt (as defined) of the Company and effectively subordinated to all existing and future liabilities and obligations of the Company's subsidiaries. The Convertible Notes are not redeemable by the Company prior to , 2001. On or after , 2001, the Convertible Notes are redeemable, in whole or from time to time in part, at the option of the Company, at the redemption prices set forth herein plus accrued interest, if the closing price of the Common Stock is at least 125% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the notice of redemption. No sinking fund is provided for the Convertible Notes. In addition, following the occurrence of a Designated Event (i.e., a Change of Control or Termination of Trading (each as defined)), each holder has the right to cause the Company to purchase the Convertible Notes at 101% of their principal amount together with accrued and unpaid interest. See "Description of Convertible Notes."

Of the 35,000,000 shares of Common Stock (the "Shares") and \$150,000,000

aggregate principal amount of Convertible Notes offered hereby, 28,000,000 Shares and \$120,000,000 aggregate principal amount of Convertible Notes are being offered by the U.S. Underwriters (as defined) in the United States and Canada (the "U.S. Offering") and 7,000,000 Shares and \$30,000,000 aggregate principal amount of Convertible Notes are being offered by the International Underwriters (as defined) in a concurrent offering outside the United States and Canada (the "International Offering" and, together with the U.S. Offering, the "Offerings"), subject to transfers between the U.S. Underwriters and the International Underwriters (collectively, the "Underwriters"). The Price to the Public and Underwriting Discount per Share and per Convertible Note will be identical for the U.S. Offering and the International Offering. See "Underwriting." The closing of the U.S. Offering and International Offering are conditioned upon each other. Following the Offerings, certain members of management and their family will beneficially own approximately 68.9% of the Company's outstanding Common Stock. See "Principal and Selling Stockholders."

Prior to the Offerings, there has not been a public market for the Common Stock or the Convertible Notes. It is currently estimated that the initial public offering price of the Common Stock will be between \$10.00 and \$12.00 per share. See "Underwriting" for information relating to the factors considered in determining the initial public offering price. The Common Stock has been approved for listing on the Nasdaq National Market under the symbol "AMKR," subject to official notice of issuance. The Company has applied for quotation of the Convertible Notes on the Nasdaq Stock Market under the symbol "AMKRG."

SEE "RISK FACTORS" BEGINNING ON PAGE 9 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SHARES AND THE CONVERTIBLE NOTES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO THE COMPANY (2)	PROCEEDS TO THE SELLING STOCKHOLDERS (2)
Per Share.....	\$	\$	\$	\$
Per Convertible Note.....	%	%	%	--
Total Shares.....	\$	\$	\$	\$
Total Convertible Notes.....	\$	\$	\$	--
Total (3).....	\$	\$	\$	\$

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(1) For information regarding indemnification of the Underwriters, see "Underwriting."

(2) Before deducting expenses payable by the Company, estimated at \$5,000,000.

(3) The Company has granted the U.S. Underwriters and the International Underwriters 30-day options to purchase up to 4,200,000 and 1,050,000 additional shares of Common Stock, respectively, and \$18,000,000 and \$4,500,000 additional principal amount of Convertible Notes, respectively, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to the Public, Underwriting Discounts and Proceeds to the Company will be \$, \$ and \$, respectively. See "Underwriting."

The Shares and the Convertible Notes are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Shares and the Convertible Notes will be made at the office of Smith Barney Inc., 333 West 34th Street, New

York, New York 10001 or through the facilities of The Depository Trust Company,
on or about , 1998.

SALOMON SMITH BARNEY

BANCAMERICA ROBERTSON STEPHENS
COWEN & COMPANY

, 1998

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[ARTWORK]

[Photograph of manufacturing facilities; pictures of products; and diagram
of wafer fabrication, packaging and test operations.]

PowerQuad(R) and SuperBGA(R) are registered trademarks of the Company and
ChipArray(TM), fleXBGA(TM) and PowerSOP(TM) are trademarks of the Company.
MicroBGA(TM) is a trademark of Tessera, Inc. This Prospectus includes other
trademarks and trade names of the Company and other entities.

CERTAIN PERSONS PARTICIPATING IN THE OFFERINGS MAY ENGAGE IN TRANSACTIONS
THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED
HEREBY, INCLUDING PURCHASES OF SUCH SECURITIES TO STABILIZE THEIR MARKET PRICE,
PURCHASES OF SUCH SECURITIES TO COVER SOME OR ALL OF A SHORT POSITION IN SUCH
SECURITIES MAINTAINED BY THE UNDERWRITERS AND THE IMPOSITION OF PENALTY BIDS.
FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed
information found elsewhere in this Prospectus, including under "Risk Factors"
and the Combined Financial Statements and Notes thereto. Certain statements
contained in "Prospectus Summary," "Risk Factors," "Management's Discussion and
Analysis of Financial Condition and Results of Operations" and "Business,"
including statements regarding the anticipated growth in the market for the
Company's products, the Company's anticipated capital expenditures and financing
needs, the Company's expected capacity utilization rates, the belief of the
Company as to its future operating performance, and other statements contained
in this Prospectus that are not historical facts, are "forward-looking"
statements within the meaning of the U.S. federal securities laws. 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 "Risk Factors," "Management's Discussion
and Analysis of Financial Condition and Results of Operations" and "Business."
These forward-looking statements are made as of the date of this Prospectus and
the Company assumes no obligation to update such forward-looking statements or
to update the reasons why actual results could differ materially from those
anticipated in such forward-looking statements.

THE COMPANY

Amkor is the world's largest independent provider of semiconductor
packaging and test services. The Company believes that it is also one of the
leading developers of advanced semiconductor packaging and test technology in
the industry. The Company offers a complete and integrated set of packaging and
test services including integrated circuit ("IC") package design, leadframe and
substrate design, IC package assembly, final testing, burn-in, reliability
testing, and thermal and electrical characterization. As of December 31, 1997,
the Company had in excess of 150 customers, including many of the largest
semiconductor companies in the world. Such customers include, among others,
Advanced Micro Devices, Inc., International Business Machines Corp., Intel
Corporation, Lucent Technologies, Inc., Motorola, Inc., National Semiconductor
Corp., Philips Electronics N.V., SGS-THOMSON Microelectronics N.V., Siemens AG
and Texas Instruments, Inc. ("TI").

Today, nearly all of the world's major semiconductor companies outsource some or all of their packaging and test needs. The increasing complexities, investment requirements and time to market pressures associated with IC design and production, combined with the growth in the number of ICs being produced and sold, are driving increasing demand for independent packaging and test services. According to industry estimates, independent packaging foundry revenues are expected to grow at a compound annual rate of 16% over a period of five years from \$5.6 billion in 1997 to \$11.6 billion in 2002.

The Company provides packaging and test services through its three factories in the Philippines as well as four factories of Anam Industrial Co., Ltd. ("AICL") in Korea pursuant to a supply agreement between the Company and AICL. The Company and AICL have had a long-standing relationship. In 1996 and 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and 1997 were derived from services sold by the Company. Mr. James Kim, the Company's Chairman and Chief Executive Officer, is a director of AICL, and he and other members of his family beneficially own approximately 40.7% of AICL's outstanding common stock. The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, overlaps and family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights.

The Company recently began offering wafer fabrication services through AICL's new deep submicron CMOS foundry capable of producing 15,000 8" wafers per month. Through a strategic relationship with TI, the Company and AICL have qualified .25 micron CMOS process technology, and TI has agreed to provide to AICL .18 micron CMOS process technology during 1998. AICL's foundry will primarily manufacture DSPs, ASICs and other logic devices. By leveraging the Company's leading position in semiconductor packaging and test services, the new wafer fabrication services have enabled the Company to become one of the first providers of a fully integrated, turnkey semiconductor fabrication, packaging and test service solution.

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The Company's strategy is to: (i) maintain its product technology leadership by continuing to design and produce leading-edge packaging technology; (ii) maintain advanced manufacturing capabilities through continuous advancement and refinement of its process technology; (iii) leverage the scale and scope of its packaging and test capabilities to provide Amkor with several competitive advantages, including procurement of key materials and manufacturing equipment, the ability to capitalize on economies of scale and the ability to offer an industry-leading breadth of product offerings; (iv) establish industry packaging standards to bolster sales of leading-edge, high margin and high growth product lines; (v) enhance customer and supplier relationships; (vi) continue to focus on customer support; and (vii) provide an integrated, turnkey solution comprised of wafer fabrication, packaging and test services.

The Company was organized under the laws of Delaware in September 1997 to consolidate the ownership of several affiliated entities in the same business and under common management. See "Reorganization." The Company's principal executive offices are located at 1345 Enterprise Drive, West Chester, PA 19380 and its telephone number at that address is (610) 431-9600.

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THE COMMON STOCK OFFERINGS

Common Stock offered by the Company	
U.S. Offering.....	24,000,000 shares
International Offering.....	6,000,000 shares

Total.....	30,000,000 shares
Common Stock offered by Selling Stockholders	
U.S. Offering.....	4,000,000 shares
International Offering.....	1,000,000 shares

Total.....	5,000,000 shares
Common Stock to be outstanding after the	
Offerings(1).....	112,610,000 shares
Proposed Nasdaq National Market symbol.....	"AMKR"

(1) Excludes 2,730,000 shares of Common Stock issuable upon exercise of options to be granted immediately prior to the Offerings under the Company's 1998 Stock Plan and 1998 Director Option Plan. Also excludes an aggregate of shares reserved for future issuance upon conversion of the Convertible Notes and 3,570,000 additional shares reserved for future issuance under the Company's 1998 Stock Plan, 1998 Director Option Plan and 1998 Employee Stock Purchase Plan. See "Management" and "Description of Capital Stock" and Notes 1 and 16 of Notes to Combined Financial Statements.

THE CONVERTIBLE NOTES OFFERINGS

Convertible Notes offered by the Company

U.S. Offering.....	\$120,000,000 aggregate principal amount
International Offering...	\$ 30,000,000 aggregate principal amount

Total.....	\$150,000,000 aggregate principal amount
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Maturity.....	The Convertible Notes will mature on , 2003, unless earlier redeemed or converted.
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Payment of Interest.....	Interest on the Convertible Notes at the rate of % per annum is payable semi-annually on and of each year, commencing , 1998.
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Conversion Rights.....	The Convertible Notes are convertible into Common Stock of the Company at the option of the holder at any time on or before the close of business on the last trading day prior to maturity, unless previously redeemed, at a conversion price of \$ per share, subject to adjustment in certain events. The initial conversion price will be determined on the basis of the initial public offering price per share. See "Description of Convertible Notes -- Conversion."
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Redemption at the Option of the Company.....	The Convertible Notes are not redeemable by the Company prior to , 2001. On or after , 2001, the Company may, upon at least 15 days' notice, redeem the Convertible Notes at the redemption prices set forth herein, together with accrued and unpaid interest thereon, if the closing price of the Common Stock is at least 125% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the notice
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of redemption. See "Description of Convertible Notes -- Optional Redemption."

Repurchase Upon Designated
Event.....

The Convertible Notes are required to be repurchased at 101% of their principal amount together with accrued and unpaid interest thereon, at

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the option of the holder, upon the occurrence of a Designated Event (i.e., a Change of Control or a Termination of Trading (each as defined)). See "Risk Factors -- Limitations on Repurchase of Convertible Notes" and "Description of Convertible Notes -- Repurchase at Option of Holders Upon a Designated Event."

Subordination.....

The Convertible Notes will be unsecured obligations of the Company and will be subordinated in right of payment to all existing and future Senior Debt of the Company and effectively subordinated to all existing and future liabilities and obligations of the Company's subsidiaries. As of December 31, 1997 (after giving effect to the Reorganization (as defined)), the Company had approximately \$32 million of outstanding indebtedness that would have constituted Senior Debt, and the indebtedness and other liabilities of the Company's subsidiaries (excluding intercompany liabilities and obligations of a type not required to be reflected on the balance sheet of such subsidiary in accordance with GAAP) that would effectively have been senior to the Convertible Notes were approximately \$642 million. After giving effect to planned debt repayments by the Company prior to the Offerings and the application of the estimated net proceeds to the Company of the Offerings (assuming an initial public offering price of \$11.00 per share of Common Stock), such amounts will be approximately \$32 million and \$217 million, respectively. See "Risk Factors -- Subordination of Convertible Notes," "Use of Proceeds" and "Description of Convertible Notes -- Subordination."

Proposed Nasdaq Stock

Market Symbol..... "AMKRG"

Securities Lending

Arrangement..... In connection with market-making activities in the Convertible Notes, Smith Barney Inc. may from time to time borrow, return and reborrow up to 7,000,000 shares of Common Stock from certain stockholders of the Company. The Underwriters are not obligated, however, to make a market in the Convertible Notes and any such market-making may be discontinued at any time at the sole discretion of the Underwriters. See "Underwriting."

USE OF PROCEEDS

The net proceeds to the Company of the Offerings, estimated to be approximately \$450 million (assuming an initial public offering price of \$11.00 per share of Common Stock), will be used primarily to repay approximately \$331

million of short-term and long-term debt, including \$106 million of amounts due to Anam USA, Inc., a wholly-owned subsidiary of AICL ("AUSA"), and to repurchase AICL's minority interest in one of the Company's Philippine manufacturing subsidiaries for approximately \$34 million. The remaining \$85 million of such net proceeds will be used for capital expenditures and working capital. See "Use of Proceeds."

RISK FACTORS

See "Risk Factors" beginning on page 9 for a discussion of certain factors that should be considered by potential investors.

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SUMMARY COMBINED FINANCIAL DATA (IN THOUSANDS, EXCEPT PER SHARE AND RATIO DATA)

	YEAR ENDED DECEMBER 31,				
	1993	1994	1995	1996	1997
INCOME STATEMENT DATA:					
Net revenues.....	\$442,101	\$572,918	\$932,382	\$1,171,001	\$1,455,761
Gross profit.....	70,778	58,270	149,047	148,923	213,092
Operating income.....	26,374	13,843	84,855	71,368	100,841
Net income(1).....	17,236	11,574	61,932	32,922	43,281
Pro forma adjustment for income taxes(2).....	2,900	200	10,400	2,900	3,613
Pro forma net income(2).....	14,336	11,374	51,532	30,022	39,668
Basic and diluted pro forma net income per common share.....	.17	.14	.62	.36	.48
Shares used in per share calculation.....	82,610	82,610	82,610	82,610	82,610
OTHER DATA:					
EBITDA(3).....	\$ 37,437	\$ 34,197	\$103,434	\$ 123,082	\$ 175,111
Ratio of earnings to fixed charges(4)					
Actual.....	3.7x	2.0x	4.6x	2.4x	2.5x
Supplemental pro forma.....					3.1x

		DECEMBER 31, 1997		
	DECEMBER 31, 1996	ACTUAL	PRO FORMA(5)	AS ADJUSTED(6)
BALANCE SHEET DATA:				
Cash and cash equivalents.....	\$ 49,644	\$ 90,917	\$ 63,217	\$ 68,191
Working capital (deficit).....	36,785	(196,870)	(224,570)	52,704
Total assets.....	804,864	855,592	827,892	864,197
Short-term borrowings and current portion of long-term debt.....	191,813	325,968	325,968	53,668
% Convertible Subordinated Notes due 2003...	--	--	--	150,000
Due to AUSA (non-current).....	234,894	149,776	149,776	--
Other long-term debt.....	167,444	38,283	38,283	35,283
Stockholders' equity.....	45,812	90,875	61,075	367,838

- (1) Net income for 1997 reflects a \$17.3 million loss related primarily to the impairment of value of the Company's equity interest in AICL. This investment was sold in 1998. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 6 of Notes to Combined Financial Statements.
- (2) Prior to the reorganization of the Company, Amkor Electronics, Inc. ("AEI"), a predecessor of the Company, elected to be taxed as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. Accordingly, AEI did not recognize any provision for federal income tax expense during the periods presented herein. The pro forma adjustment for income taxes reflects the additional U.S. federal income taxes which would have been recorded by the Company if AEI had not been an S Corporation during these periods. See "Reorganization" and Note 1 of Notes to Combined

Financial Statements.

- (3) EBITDA is defined as earnings before interest, taxes on income, depreciation and amortization. EBITDA is presented here to provide additional information about the Company's ability to meet its future debt service, capital expenditure, and working capital requirements and should not be construed as a substitute for or a better indicator of results of operations or liquidity than net income or cash flow from operating activities computed in accordance with generally accepted accounting principles.
- (4) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes less undistributed earnings in less than 50%-owned subsidiaries, plus fixed charges. Fixed charges consist of interest expense incurred and one-third of rental expense which amount is deemed by the Company to be representative of the interest factor of rental payments under operating leases. The supplemental pro forma ratio of earnings to fixed charges reflects the effect on the ratio of earnings to fixed charges if the Offerings had been completed and the estimated net proceeds to the Company applied as described in "Use of Proceeds" at the beginning of the period presented.
- (5) Pro forma balance sheet data reflects (i) the termination of AEI's S Corporation status which resulted in the recording of a deferred tax liability of \$2.1 million and (ii) a distribution by the Company of undistributed earnings of AEI through December 31, 1997 of \$27.7 million to stockholders of AEI prior to the reorganization of the Company. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following December 31, 1997 and prior to such reorganization. See "Reorganization -- Termination of S Corporation Status and Distributions" and Notes 1, 16 and 17 of Notes to Combined Financial Statements.
- (6) As adjusted to give effect to the application of the estimated net proceeds to the Company of the Offerings based on an assumed initial public offering price of \$11.00 per share of Common Stock, including the purchase from AICL of its 40% interest in Amkor/Anam Pilipinas, Inc. for approximately \$34 million and the related elimination of minority interest and recording of goodwill. The acquisition of the minority interest will result in additional amortization of approximately \$2.5 million per year. Also reflects repayments made after December 31, 1997 and prior to the Offerings of \$50.3 million of short-term borrowings and current portion of long-term debt and \$30 million of amounts due to AUSA (non-current), as well as the assumption by an affiliate of the Company of \$13.9 million of amounts due to AUSA (non-current), in February 1998. See "Reorganization," "Use of Proceeds" and Notes 1, 6 and 16 of Notes to Combined Financial Statements.

Capitalized terms used in this summary have the meanings ascribed to such terms elsewhere in this Prospectus. Unless the context otherwise requires, all references in this Prospectus to the "Company" or "Amkor" are to Amkor Technology, Inc. and its subsidiaries. Prior to the Reorganization (as defined under "Reorganization"), such subsidiaries were under common management and were in the same business. As a result, the financial statements presented herein have been prepared on a combined basis. Unless otherwise indicated, all information in this Prospectus (i) gives effect to the Reorganization, including the issuance of 82,610,000 shares of Common Stock in connection therewith, and (ii) assumes that the Underwriters have not exercised the over-allotment options. See "Reorganization," "Description of Capital Stock," "Underwriting," and Note 1 of Notes to Combined Financial Statements. References in this Prospectus to "Korea" are to the Republic of Korea, and references to "won" or "W" are to the currency of the Republic of Korea. The won has depreciated significantly against the U.S. dollar and other foreign currencies in recent months. On March 24, 1998, the base rate under the market average exchange rate system, as announced by the Korea Financial Telecommunications and Clearings Institute in Seoul, Korea (the "Market Average Exchange Rate"), was W1,415 to

\$1.00. No representation is made that the won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or won, as the case may be, at any particular rate or at all. Financial information for AICL contained in this Prospectus has been prepared on the basis of Korean generally accepted accounting principles ("GAAP"), which differ in certain significant respects from U.S. GAAP.

Certain technical terms used throughout this Prospectus are defined in the Glossary appearing immediately prior to the Combined Financial Statements at the end of this Prospectus.

RISK FACTORS

Prospective investors should consider carefully the following risk factors, in addition to the other information contained in this Prospectus concerning the Company and its business, before purchasing the shares of Common Stock or the Convertible Notes offered hereby. Certain statements contained in "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected capacity utilization rates, the belief of the Company as to its future operating performance and other statements contained in this Prospectus that are not historical facts, are "forward-looking" statements within the meaning of the U.S. federal securities laws. 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 herein and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." These forward-looking statements are made as of the date of this Prospectus and the Company assumes no obligation to update such forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

FLUCTUATIONS IN OPERATING RESULTS; DECLINES IN AVERAGE SELLING PRICES

The Company's operating results have varied significantly from period to period. A variety of factors could materially and adversely affect the Company's revenues, gross profit and operating income, or lead to significant variability of quarterly or annual operating results. These factors include, among others, the cyclical nature of both the semiconductor industry and the markets addressed by end-users of semiconductors, the short-term nature of its customers' commitments, timing and volume of orders relative to the Company's production capacity, changes in capacity utilization, evolutions in the life cycles of customers' products, rescheduling and cancellation of large orders, rapid erosion of packaging selling prices, availability of manufacturing capacity, allocation of production capacity between the Company's facilities and those of AICL, fluctuations in package and test service charges paid to AICL, changes in costs, availability and delivery times of labor, raw materials and components, effectiveness in managing production processes, fluctuations in manufacturing yields, changes in product mix, product obsolescence, timing of expenditures in anticipation of future orders, availability of financing for expansion, changes in interest expense, the ability to develop and implement new technologies on a timely basis, competitive factors, changes in effective tax rates, the loss of key personnel or the shortage of available skilled workers, international political or economic events, currency and interest rate fluctuations, environmental events, and intellectual property transactions and disputes. Unfavorable changes in any of the above factors may adversely affect the Company's business, financial condition and results of operations. In addition, the Company increases its level of operating expenses and investment in manufacturing capacity based on anticipated future growth in revenues. If the Company's revenues do not grow as anticipated and the Company is not able to decrease its expenses, the Company's business, financial condition and operating results would be materially and adversely affected. See "Management's Discussion

and Analysis of Financial Condition and Results of Operations."

Beginning in the third quarter of 1996, intense competition in the semiconductor industry worldwide resulted in decreases in the average selling prices of many of the Company's lead frame packages. The Company expects that average selling prices for its services will continue to decline in the future, principally due to intense competitive conditions. A decline in average selling prices of the Company's services, if not offset by reductions in the cost of producing those services or by a shift to higher margin products, would decrease the Company's gross margins and could materially and adversely affect the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON THE HIGHLY CYCLICAL SEMICONDUCTOR AND PERSONAL COMPUTER INDUSTRIES

The Company's business is substantially affected by market conditions in the semiconductor industry, which is highly cyclical and, at various times, has been subject to significant economic downturns character-

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ized by reduced product demand, rapid erosion of average selling prices and production overcapacity. In addition, the markets for semiconductors are characterized by rapid technological change, evolving industry standards, intense competition and fluctuations in end-user demand. Because the Company's business will be dependent on the requirements of semiconductor companies for independent packaging, test and wafer fabrication services for the foreseeable future, any future downturn in the semiconductor industry could have a material adverse effect on the Company's business, financial condition and results of operations. The Company's operating results for 1996 and 1997 were adversely affected by a downturn in the semiconductor market. In addition, a significant portion of the Company's net revenues from packaging and test services depends on the packaging and testing of semiconductors used in personal computer ("PC") products. The PC industry is subject to intense competition, is highly volatile and is subject to significant shifts in demand. As a result, any deterioration of business conditions in the PC industry could have a material adverse effect on the Company. See "Business -- Industry Background" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RISKS ASSOCIATED WITH LEVERAGE

The Company has historically operated with significant amounts of debt relative to its equity. At December 31, 1997, the Company had outstanding \$514.0 million in principal amount of indebtedness, including non-current amounts due to Anam USA, Inc. ("AUSA"), a wholly-owned subsidiary of AICL, and the Company intends to incur additional bank debt prior to and following the Offerings in addition to the Convertible Notes issued as part of the Offerings. In 1996 and 1997, the Company's payments under long-term debt agreements (excluding payments to AUSA as described in Note 11 of Notes to Combined Financial Statements) were \$3.1 million and \$43.5 million, respectively. Following the expected application of the estimated net proceeds to the Company of the Offerings and planned repayments of debt after December 31, 1997 and prior to the Offerings, the Company will continue to have at least \$239 million in principal amount of indebtedness outstanding, including \$54 million of short-term borrowings and current portions of long-term debt.

The Company is not in compliance with certain covenants with respect to certain of its loans, the aggregate outstanding amount of which was \$176 million at December 31, 1997 (the "Non-Compliant Loans"). Such non-compliance in turn triggered cross-defaults with respect to an additional \$10 million of the Company's loans. These loan covenants include restrictions on the ability of one of the Company's subsidiaries to enter into transactions with affiliates, requirements that the subsidiary maintain certain debt-to-equity ratios and requirements that the subsidiary comply with certain notice requirements. The Company's obligation to repay these loans (including the cross-defaulted loans) may be accelerated by the lenders at any time. As a result of such

non-compliance, these loans have been classified as current liabilities in the Company's financial statements included herein, and the report of the Company's independent public accountants with respect to such financial statements contains a paragraph stating that there is substantial doubt as to the ability of the Company to continue as a going concern. The Company will eliminate such non-compliance and cross-defaults by repaying such loans using part of the net proceeds to the Company from the Offerings, as well as working capital. See "Use of Proceeds."

At December 31, 1997, the Company had also guaranteed borrowing facilities available to companies affiliated with James Kim and other stockholders of the Company totalling \$55.7 million, of which \$38.2 million was outstanding at December 31, 1997. At December 31, 1997, the Company had \$90.9 million of stockholders' equity and a working capital deficit of \$196.9 million (which amounts were \$61.1 million and \$224.6 million, respectively, on a pro forma basis, after giving effect to the termination of AEI's S Corporation status and the distribution of undistributed net income of AEI through December 31, 1997). See "Reorganization -- Termination of S Corporation Status and Distributions."

Following the Offerings, the Company will continue to be subject to the risks associated with leverage, which risks include (i) principal and interest repayment obligations which require the expenditure of substantial amounts of cash, the availability of which will be dependent on the Company's future performance, (ii) inability to repay principal or interest when due, which could result in a default on the debt and legal actions against the Company, (iii) adverse effects of interest expense on the Company's financial condition and results of operations and (iv) potential violations of loan covenants which could lead to loans being called

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by banks. In addition, a significant portion of the debt is owed to banks located in Korea or branches of such banks located outside Korea. Due to the deterioration of the Korean economy in recent months and the resulting liquidity crisis in Korea, banks in Korea and their overseas branches have been experiencing financial difficulties and are reducing their lending, in particular to companies which have significant amounts of debt relative to their equity. See "-- Dependence on International Operations and Sales; Concentration of Operations in the Philippines and Korea.

DEPENDENCE ON RELATIONSHIP WITH AICL; POTENTIAL CONFLICTS OF INTEREST

AICL was founded in 1956 by Mr. H. S. Kim, who currently serves as the honorary Chairman and a Representative Director of AICL. AICL is a member of the Anam group of companies (the "Anam Group"), consisting principally of companies in Korea in the electronics industries. The management of AICL and the other companies in the Anam Group are influenced to a significant degree by the family of H. S. Kim, which, together with the Company, collectively owned approximately 40.7% of the outstanding common stock of AICL as of December 31, 1997. A significant portion of the shares owned by the Kim family are leveraged and as a result of this, or for other reasons, the family's ownership could be substantially reduced. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of H. S. Kim. Since January 1992, in addition to his other responsibilities, James Kim has been serving as acting Chairman of the Anam Group and a director of AICL. Mr. In-Kil Hwang, the President and a Representative Director of AICL, is the brother-in-law of James Kim. In addition, four other members of Mr. Kim's family are on the 13-member Board of Directors of AICL. After the Offerings, James Kim and members of his family will beneficially own approximately 68.9% of the outstanding Common Stock of the Company, and Mr. Kim and other members of his family will continue to exercise significant control over the Company. See "-- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders" and "Principal and Selling Stockholders."

The businesses of the Company and AICL have been interdependent for many years. In 1996 and 1997, approximately 72% and 68%, respectively, of the

Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and 1997 were derived from services sold by the Company. The Company expects the proportion of its revenues derived from sales of services performed for the Company by AICL and the proportion of AICL's revenues from services sold by the Company to increase as the Company begins selling the wafer fabrication output of AICL's new wafer foundry and with the Company's assumption from AICL in January 1998 of substantially all of the marketing rights for the Japanese market. In the event the ability of AICL to supply the Company were disrupted for any reason, the Company's facilities in the Philippines would be able to fill only a small portion of the resulting shortfall in capacity. In addition, there are currently no significant third party suppliers of packaging and test services from which the Company could fill its orders. As a result, the Company's business, financial condition and operating results will continue to be significantly dependent on the ability of AICL to effectively provide contracted services on a cost-efficient and timely basis. The termination of the Company's relationship with AICL for any reason, or any material adverse change in AICL's business resulting from underutilization of its capacity, the level of its debt and its guarantees of affiliate debt, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other change, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has recently entered into new supply agreements with AICL (the "Supply Agreements"). Under the Supply Agreements, AICL has granted to the Company a first right to substantially all of the packaging and test services capacity of AICL and the exclusive right to all of the wafer output of its new wafer foundry. The Company expects to continue to purchase substantially all of AICL's packaging and test services, and to purchase all of AICL's wafer output, under the Supply Agreements. Under the Supply Agreements, pricing arrangements relating to packaging and test services provided by AICL to the Company are subject to quarterly review and adjustment, and such arrangements relating to the wafer output provided by AICL to the Company are subject to annual review and adjustment, in each case on the basis of factors such as changes in the semiconductor market, forecasted demand, product mix, capacity utilization and fluctuations in exchange rates, as well as the mutual long-term strategic interests of the Company and AICL. There can be no assurance

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that any new pricing arrangements resulting from such review and adjustment will be favorable to the Company. Pursuant to long-standing arrangements between AICL and the Company's operating subsidiaries, sales from AICL to the Company will continue to be made through AUSA, a wholly-owned financing subsidiary of AICL. Under the Supply Agreements, the Company will continue to reimburse AUSA for the financing costs incurred by it in connection with trade financing provided to the Company. The Supply Agreements also provide that Amkor-Anam, Inc., a subsidiary of the Company, will continue to provide raw material procurement and related services to AICL on a fee basis. The Supply Agreements have a five-year term and may be terminated by any party thereto upon five years' written notice at any time after the expiration of such initial five-year term. There can be no assurance that AICL will not terminate either Supply Agreement upon the expiration of such initial term or, if it does terminate a Supply Agreement, that the Company will be able to obtain a new agreement with AICL on terms that are favorable to the Company or at all.

AICL's ability to continue to provide services to the Company will depend on AICL's financial condition and performance. AICL currently has a significant amount of debt relative to its equity, which debt the Company expects will continue to increase in the foreseeable future. The Company is advised that AICL, as a public company in Korea, has published its most recent consolidated financial statements as of and for the year ended December 31, 1996, and that AICL has prepared preliminary consolidated financial statements as of and for the year ended December 31, 1997. These consolidated financial statements are prepared on the basis of Korean GAAP, which differs significantly from U.S. GAAP. U.S. GAAP financial statements are not available.

The following is a summary of 1996 and 1997 consolidated financial information pertaining to AICL prepared in accordance with Korean GAAP which differs from U.S. GAAP in certain significant respects. See Note 6 of Notes to Combined Financial Statements.

	1996	1997
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	(IN MILLIONS)	
SUMMARY INCOME STATEMENT DATA:		
Sales.....	W1,338,718	W1,786,457
Gross profit.....	242,601	279,186
Operating income.....	164,846	176,028
Net foreign exchange loss.....	29,372	216,697
Net loss.....	(9,385)	(305,414)
	=====	=====
SUMMARY BALANCE SHEET DATA:		
Cash and bank deposits.....	W 324,139	W 215,024
Accounts and notes receivable, net.....	368,975	393,261
Inventory.....	214,494	260,302
Other current assets.....	145,301	490,544
	-----	-----
Total current assets.....	1,052,909	1,359,131
	-----	-----
Property, plant and equipment, net.....	994,931	2,159,466
Investments.....	83,715	122,366
Other long-term assets.....	93,733	295,554
	-----	-----
Total long-term assets.....	1,172,379	2,577,386
	-----	-----
Total assets.....	W2,225,288	W3,936,517
	=====	=====
Short-term borrowings.....	935,463	1,591,280
Current maturities of long-term debt.....	85,252	120,913
Other current liabilities.....	305,931	412,289
	-----	-----
Total current liabilities.....	1,326,646	2,124,482
	-----	-----
Long-term debt, net of current maturities.....	475,045	736,784
Long-term capital lease obligations.....	106,068	861,813
Other long-term liabilities and minority interest.....	89,272	138,305
	-----	-----
Total long-term liabilities.....	670,385	1,736,902
	-----	-----
Total liabilities.....	1,997,031	3,861,384
	-----	-----
Stockholders' equity.....	228,257	75,133
	-----	-----
Total liabilities and stockholders' equity.....	W2,225,288	W3,936,517
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A significant amount of the current and long-term liabilities of AICL are denominated in U.S. dollars and other foreign currencies. At December 31, 1997, the amount of U.S. dollar and other foreign currency denominated short-term borrowings, current maturities of long-term debt, long-term debt (net of current maturities) and long-term capital lease obligations were W1,092 billion, W59 billion, W159 billion and W834 billion, respectively. Due in part to the significant depreciation of the won (for example, from a Market Average Exchange Rate of W884 to \$1.00 on December 31, 1996 to W1,415 to \$1.00 on December 31, 1997 and W1,415 to \$1.00 on March 24, 1998) resulting from the recent economic crisis in Korea, AICL's liabilities in won terms and its leverage calculated in won have significantly increased in 1997. The effect of this depreciation on AICL, however, has been mitigated by the fact that substantial amounts of AICL's revenues are denominated in U.S. dollars. The increase in AICL's liabilities was also attributable in part to additional financing obtained in connection with the construction of its new wafer foundry. See "-- Risks Associated with New

Wafer Fabrication Business" and Note 6 of Notes to Combined Financial Statements.

The recent economic crisis in Korea has also led to sharply higher interest rates in Korea and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, particularly to highly leveraged companies, and to increase their reserves and provisions for non-performing assets. These developments will result in higher interest rates on loans to AICL and have otherwise made it more difficult for AICL to obtain new financing. Therefore, there can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, or continue to make required interest and principal payments on such loans or otherwise comply with the terms of its loan agreements. Any inability of AICL to obtain financing or generate cash flow from operations sufficient to fund its capital expenditure, debt service and repayment and other working capital and liquidity requirements could have a material adverse effect on AICL's ability to continue to provide services and otherwise fulfill its obligations to the Company. See "-- Risks Associated with Leverage" and "-- Dependence on International Operations and Sales; Concentration of Operations in the Philippines and Korea."

As of December 31, 1997, AICL and its consolidated subsidiaries were contingently liable under guarantees in respect of debt of AICL's non-consolidated subsidiaries and affiliates in the Anam Group in the aggregate amount of approximately W857 billion. As of such date, AICL had provided guarantees for all of AUSA's debt of \$319 million, the Non-Compliant Loans of \$176 million and the Company's obligations under a receivables sales arrangement. The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA for the benefit of the Company based on guarantees provided by AICL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AICL. Further, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. In addition, as an overseas subsidiary of AICL, AUSA was formed with the approval of the Bank of Korea. If the Bank of Korea were to withdraw such approval, or if AUSA otherwise ceased operations for any reason, the Company and AICL would be required to meet their financing needs through alternative arrangements. Although the Company believes that after the Offerings alternative financing arrangements will be available, there can be no assurance that the Company or AICL will be able to obtain alternative financing on acceptable terms or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and Note 11 of Notes to Combined Financial Statements. In addition, if any relevant subsidiaries or affiliates of AICL, certain of which may have greater exposure to domestic Korean economic conditions than AICL, were to fail to make interest or principal payments or otherwise default under their debt obligations guaranteed by AICL, AICL could be required under its guarantees to repay such debt, which event could have a material adverse effect on its financial condition and results of operations.

Historically, AICL has undertaken capacity expansion programs and other capital expenditures primarily on the basis of forecasts of the Company and business plans prepared jointly with the Company. The Supply Agreements generally provide for continued capital investment by AICL based on the Company's forecasts and operational plans prepared jointly by the Company and AICL reflecting such forecasts. However, as a result of the recent deterioration of the Korean economy, there can be no assurance that AICL will be able to

fund future capacity expansions and other capital investments required to supply the Company with necessary packaging and test services and wafer output on a timely and cost-efficient basis.

The Company and AICL have historically cooperated on the development of new package designs and packaging and testing processes and technologies. The Supply Agreements generally provide for continued cooperation between the Company and

AICL in research and development, as well as the cross-licensing of intellectual property rights between the Company and AICL. If the Company's relationship with AICL were terminated for any reason, the Company's research and development capabilities and intellectual property position could be materially and adversely affected.

After the Offerings, the Company will continue to be controlled to a significant degree by James Kim and members of his family, and Mr. Kim and other members of his family will also continue to exercise significant influence over the management of AICL and its affiliates. In addition, the Company and AICL will continue to have certain contractual and other business relationships, including under the Supply Agreements, and may engage in transactions from time to time that are material to the Company. Although any such material agreements and transactions would require approval of the Company's Board of Directors, such transactions generally will not require approval of the disinterested members of the Board of Directors and conflicts of interest may arise in certain circumstances. There can be no assurance that such conflicts will not from time to time be resolved against the interests of the Company. The Company currently has four directors, two of whom are disinterested. Under Delaware corporate law, each director owes a duty of loyalty and care to the Company, which if breached can result in personal liability for the directors. In addition, the Company may agree to certain changes in its contractual and other business relationships with AICL, including pricing, manufacturing allocation, capacity utilization and capacity expansion, among others, which in the judgment of the Company's management will result in reduced short-term profitability for the Company in favor of potential long-term benefits to the Company and AICL. There can be no assurance that the Company's business, financial condition or results of operations will not be adversely affected by any such decision.

DEPENDENCE ON INTERNATIONAL OPERATIONS AND SALES; CONCENTRATION OF OPERATIONS IN THE PHILIPPINES AND KOREA

All of the production facilities currently used to fill the Company's orders are located in the Philippines and Korea and many of the Company's customers' operations are located in countries outside of the United States. A substantial portion of the Company's revenues are derived from sales to customers located outside of the United States. In 1996 and 1997, sales to such customers accounted for 27% and 28%, respectively, of the Company's revenues. The Company expects sales outside of the United States to continue to represent a significant portion of its future revenues. As a result, the Company's business will continue to be subject to certain risks generally associated with doing business abroad, such as foreign governmental regulations, currency fluctuations, political unrest, disruptions or delays in shipments, currency controls and fluctuations, changes in local economic conditions and import and export controls, as well as changes in tax laws, tariffs and freight rates. The Company has structured its global operations to take advantage of lower tax rates in certain countries and tax incentives extended to encourage investment. The Company's tax returns through 1993 in the Philippines and through 1994 in the U.S. have been examined by the Philippine and U.S. tax authorities, respectively. The recorded provisions for subsequent open years are subject to changes upon examination by tax authorities of tax returns for these years. Changes in the mix of income from the Company's foreign subsidiaries, expiration of tax holidays and changes in tax laws and regulations could result in increased effective tax rates for the Company. See Notes 10 and 15 of Notes to Combined Financial Statements.

Philippines

The Company's results of operations and growth will be influenced by the political situation in the Philippines and by the general state of the Philippine economy. Although the political and economic situation in the Philippines has stabilized in recent years, it has historically been subject to significant instability. Most recently, the devaluation of the Philippine peso relative to the U.S. dollar beginning in July 1997 has led to instability in the Philippine economy. Any future economic or political disruptions or instability or low economic growth in the Philippines could have a material adverse effect on the Company's business, financial condition and results of operations. Because the functional currency of the Company's Philippine operations is

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the U.S. dollar, the Company has recently benefitted from cost reductions relating to peso denominated expenditures, primarily payroll costs. The Company believes that such devaluation of the Philippine peso will eventually lead to inflation in the Philippines, which could offset any savings achieved to date.

Korea

In 1996 and 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. The operations of AICL are subject to certain risks. Relations between Korea and the Democratic People's Republic of Korea ("North Korea") have been tense over most of Korea's history. Incidents affecting relations between the two Koreas continually occur. No assurance can be given that the level of tensions with North Korea will not increase or change abruptly as a result of current or future events, which could have a material adverse effect on AICL's, and as a result the Company's, business, financial condition and results of operations.

Since the beginning of 1997, Korea has experienced a significant increase in the number and size of companies filing for corporate reorganization and protection from their creditors. Such failures were caused by, among other factors, excessive investments, high levels of indebtedness, weak export prices and the Korean government's greater willingness to allow troubled corporations to fail. As a result of such corporate failures, Korea's financial institutions have experienced a sharp increase in non-performing loans. In addition, declines in domestic stock prices have reduced the value of Korean banks' assets. These developments have led international credit rating agencies to downgrade the credit ratings of Korea, as well as various companies (including AICL) and financial institutions in Korea.

During the same period, the value of the won relative to the U.S. dollar has depreciated significantly. The Market Average Exchange Rate as of March 24, 1998, was W1,415 to \$1.00, or approximately 60% lower than on December 31, 1996, when the Market Average Exchange Rate was W884 to \$1.00. Such depreciation of the won relative to the U.S. dollar has increased the cost of imported goods and services, and the value in won of Korea's public and private sector debt denominated in U.S. dollars and other foreign currencies has also increased significantly. Korea's foreign currency reserves also have declined significantly. Such developments have also led to sharply higher domestic interest rates and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, in particular to highly leveraged companies, and to increase their reserves and provisions for non-performing assets.

In order to address the liquidity crisis and the deteriorating economic situation in Korea, the Korean government concluded an agreement with the International Monetary Fund on December 3, 1997 pursuant to which Korea is eligible to receive loans and other financial support reported to amount to an aggregate of approximately \$58 billion (the "IMF Financial Aid Package"). Because there are conditions on the availability of loans and other financial support under the IMF Financial Aid Package, there can be no assurance that such conditions will be satisfied or that such loans and other financial support will be available. In connection with the IMF Financial Aid Package, the Korean government announced a comprehensive policy package (the "Reform Policy") intended to address the structural weaknesses in the Korean economy and the financial sector. While the Reform Policy is intended to alleviate the current economic crisis in Korea and improve the Korean economy over time, the immediate effects could include, among others, slower economic growth, a reduction in the availability of credit to Korean companies, an increase in interest rates, an increase in taxes, an increased rate of inflation due to the depreciation of the won, an increase in the number of bankruptcies of Korean companies, labor unrest and labor strikes resulting from a possible increase in unemployment, and political unrest. These events could have a material adverse effect on the Korean economy. Moreover, there can be no assurance that either the IMF

Financial Aid Package or the Reform Policy will be successful. In addition, there can be no assurance that political pressure will not force the Korean government to retreat from some or all of its announced Reform Policy or that the Reform Policy will be implemented as currently contemplated.

The Korean government has stated that as of December 31, 1997 the total amount of Korea's private and governmental external liabilities was \$154.4 billion under IMF standards. As of December 31, 1997, the total

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amount of foreign currency reserves held by Korea was \$20.4 billion, of which the usable portion (the total less amounts on deposit with overseas branches of Korean financial institutions and swap positions between the Korean central bank and other central banks) was \$8.9 billion. Pursuant to an exchange offer concluded in March 1998, the Korean government received tenders from international creditor banks to extend the maturity of up to approximately \$21.8 billion of short-term foreign currency debt incurred by Korean financial institutions. In addition, the Korean government announced in March 1998 that it intends to raise approximately \$3 billion through an international offering of its debt securities. Korean financial institutions and the Korean corporate and public sectors continue to carry substantial amounts of debt denominated in currencies other than the won, including short-term debt, and there can be no assurance that there will be sufficient foreign currency reserves to repay this debt or that this debt can be extended or refinanced.

Such recent and potential future developments relating to Korea, including the continued deterioration of the Korean economy, could have a material adverse effect on AICL's and the Company's business, financial condition and results of operations. See "-- Dependence on Relationship with AICL; Potential Conflicts of Interest," "Business -- Marketing and Sales" and "-- Facilities and Manufacturing" and Note 11 of Notes to Combined Financial Statements.

CUSTOMER CONCENTRATION; ABSENCE OF BACKLOG

Due to the concentration of market share in the semiconductor industry, the Company has been largely dependent on a small group of customers for a substantial portion of its business. In 1995, 1996 and 1997, 34.1%, 39.2% and 40.1%, respectively, of the Company's net revenues were derived from sales to the Company's top five customers, with 13.3%, 23.5% and 23.4% of the Company's net revenues, respectively, derived from sales to Intel Corporation ("Intel"). The ability of the Company to maintain close, satisfactory relationships with such customers is important to the ongoing success and profitability of its business. The Company expects that it will continue to be dependent upon a relatively limited number of customers for a significant portion of its net revenues in future periods. None of the Company's customers is presently obligated to purchase any amount of packaging or test services or to provide the Company with binding forecasts of product purchases for any period. In addition, the Company's new wafer fabrication business will be significantly dependent upon TI. The reduction, delay, or cancellation of orders from one of the Company's significant customers, including Intel for packaging and test services or TI for wafer fabrication services, could materially and adversely affect the Company's business, financial condition and results of operations. Although the Company has received forecasts from TI which indicate that TI will meet its minimum purchase obligation during the second half of 1998, during the first quarter of 1998 TI's orders were below such minimum purchase commitment due to market conditions and issues encountered by TI in the transition of its products to .18 micron technology. There can be no assurance that such customers will not reduce, cancel or delay orders. See "-- Dependence on the Highly Cyclical Semiconductor and Personal Computer Industries" and "-- Risks Associated with New Wafer Fabrication Business."

All of the Company's customers operate in the cyclical semiconductor business and may vary order levels significantly from period to period. In addition, there can be no assurance that such customers or any other customers will continue to place orders with the Company in the future at the same levels

as in prior periods. From time to time, semiconductor companies have experienced reduced prices for some products, as well as delays or cancellations in orders. There can be no assurance that, should these circumstances occur in the future, they will not adversely affect the Company's business, financial condition and results of operations. The loss of one or more of the Company's customers, or reduced orders by any of its key customers, could adversely affect the Company's business, financial condition and results of operations. The Company's packaging and test business does not typically operate with any material backlog, and the Company expects that in the future the Company's packaging and test revenues in any quarter will continue to be substantially dependent upon orders received in that quarter. The Company's expense levels are based in part on its expectations of future revenues and the Company may be unable to adjust costs in a timely manner to compensate for any revenue shortfall. See "Business -- Marketing and Sales."

EXPANSION OF MANUFACTURING CAPACITY; PROFITABILITY AFFECTED BY CAPACITY UTILIZATION RATES

The Company believes that its competitive position depends substantially on its ability to expand its manufacturing capacity. Accordingly, although the Company currently has available manufacturing capacity, the Company expects to continue to make significant investments to expand such capacity, particularly through the acquisition of capital equipment and the training of new personnel. There can be no assurance that the Company will be able to utilize such capacity or to continue to expand its manufacturing capacity in a timely manner, that the cost of such expansion will not exceed management's current estimates or that such capacity will not exceed the demand for the Company's services. In addition, expansion of the Company's manufacturing capacity will continue to significantly increase its fixed costs, and the Company expects to continue to incur substantial additional depreciation and other expenses in connection with the acquisition of new equipment and the construction of new facilities. Increases or decreases in capacity utilization rates can have a significant effect on gross margins since the unit cost of packaging and test services generally decreases as fixed charges are allocated over a larger number of units produced. Therefore, the Company's ability to maintain or enhance its gross margins will continue to be dependent, in part, on its ability to maintain high capacity utilization rates.

Capacity utilization rates may be affected by a number of factors and circumstances, including overall industry conditions, operating efficiencies, the level of customer orders, mechanical failure, disruption of operations due to expansion of operations or relocation of equipment, fire or natural disasters, employee strikes or work stoppages or other circumstances. Although the Company has been able to maintain a high rate of capacity utilization in recent years as a result of its close association with its customers, its knowledge of the semiconductor market conditions, and its continued improvements in operating efficiencies and equipment maintenance, there can be no assurance that this high utilization rate will be sustained in the future. The Company's inability to generate the additional orders necessary to fully utilize its capacity would have a material adverse effect on the Company's business, financial condition and results of operations. For example, in 1996 the Company's capacity utilization rates were negatively affected by an unexpected downturn in the semiconductor industry. There can be no assurance that the Company's utilization rates will not be adversely affected by future declines in the semiconductor industry or for any other reason. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Manufacturing and Facilities."

LIQUIDITY AND FUTURE CAPITAL REQUIREMENTS

The Company plans to continue to incur substantial costs to fund its equipment and facilities expansion plans and its packaging technology development. The Company believes that following the application of the net proceeds from the sale of the Common Stock and the Convertible Notes in the

Offerings, its existing cash balances, cash flow from operations, available equipment lease financing, bank borrowings and financing obtained through AUSA, will be sufficient to meet its projected capital expenditures, working capital and other cash requirements for at least the next twelve months. There can be no assurance, however, that lower than expected revenues, increased expenses, increased costs associated with the purchase or maintenance of capital equipment, decisions to increase planned capacity or other events will not cause the Company to seek more capital, or capital sooner than currently expected. The timing and amount of the Company's actual capital requirements cannot be precisely determined and will depend on a number of factors, including demand for the Company's services, availability of capital equipment, fluctuations in foreign currency exchange rates, changes in semiconductor industry conditions and competitive factors. There can be no assurance that additional financing will be available when needed or, if available, will be available on satisfactory terms. Failure to obtain any such financing could have a material adverse effect on the Company. In addition, if the Company obtains such financing by selling equity securities of the Company, the Company's stockholders may experience significant dilution. See "-- Risks Associated with Leverage," "Dilution" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

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RAPID TECHNOLOGICAL CHANGE; PRODUCT DEVELOPMENT

The semiconductor packaging and test industry is characterized by rapid increases in the diversity and complexity of semiconductor packaging products. As a result, the Company expects that it will need to offer, on an ongoing basis, more advanced package designs in order to respond to competitive industry conditions and customer requirements. The requirement to develop and maintain advanced packaging capabilities and equipment could require significant research and development and capital expenditures in future years. In addition, advances in technology also typically lead to rapid and significant price erosion and decreased margins for older package types and may lead to products currently being offered by the Company becoming less competitive or inventories held by the Company becoming obsolete. The failure by the Company to achieve advances in package design or to obtain access to advanced package designs developed by others could have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company's success is also dependent upon the ability of it and AICL to develop and implement new manufacturing process and package design technologies. Semiconductor package design and process methodologies have become increasingly subject to technological change, requiring large expenditures for research and development. Converting to new package designs or process methodologies could result in delays in producing new package types which could adversely affect the Company's ability to meet customer orders.

MANUFACTURING RISKS; PRODUCTION YIELDS

The semiconductor packaging process is complex and involves a number of precise steps. Defective packaging can result from a number of factors, including the level of contaminants in the manufacturing environment, human error, equipment malfunction, use of defective raw materials, defective plating services and inadequate sample testing. From time to time, the Company expects to experience lower than anticipated production yields as a result of such factors, particularly in connection with any expansion of its capacity or change in its processing steps. In addition, the Company's yield on new products will be lower during the period necessary for the Company to develop the requisite expertise and experience in producing such products and using such processes. The failure of the Company or AICL to maintain high quality production standards or acceptable production yields, if significant and sustained, could result in loss of customers, delays in shipments, increased costs, cancellation of orders and product returns for rework, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

See "Business -- Facilities and Manufacturing."

RISKS ASSOCIATED WITH NEW WAFER FABRICATION BUSINESS

The Company recently began providing wafer fabrication services, with delivery of the first products from AICL's new foundry in January 1998. Neither the Company nor AICL has significant experience in providing wafer fabrication services, and there can be no assurance that the Company will not experience difficulties in marketing and selling these services or that AICL will not encounter operational difficulties such as lower than expected yields or longer than anticipated production ramp-up, unexpected costs and other problems in providing these services. If the Company or AICL encounters these or similar difficulties, the Company's and AICL's businesses, financial condition and results of operations could be materially adversely affected. In addition, TI has transferred certain of its CMOS processes to AICL and AICL is dependent upon TI's assistance for developing other state-of-the-art wafer manufacturing processes. If AICL's relationship with TI is disrupted for any reason, AICL's ability to produce wafers would be adversely affected, thus negatively impacting the Company's ability to fulfill its customers' orders for fabrication services, which could materially and adversely affect the Company's business, financial condition and results of operations. In addition, AICL's technology agreements with TI (the "TI Technology Agreements") only cover .25 micron and .18 micron CMOS technology and TI is not under any obligation to transfer any next-generation technology. If AICL is not able to obtain such technology on commercially reasonable terms or at all, the Company's ability to market AICL's wafer fabrication services could be materially and adversely affected which could have a material adverse effect on the Company's and AICL's business, results of operations and financial condition.

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The Company's right to the supply of wafers from AICL's foundry is subject to an agreement (the "TI Manufacturing and Purchasing Agreement") among AICL, the Company and TI, pursuant to which TI has agreed to purchase from the Company at least 40% of the capacity of this foundry and under certain circumstances has the right to purchase up to 70% of this capacity. As a result, the Company's wafer fabrication business will be significantly dependent upon TI, which may adversely affect the Company's ability to obtain additional customers. If the Company is unable to sell substantially all of the output of AICL's wafer foundry, its business, results of operations and financial condition could be materially and adversely affected. Although the Company has received forecasts from TI which indicate that TI will meet its minimum purchase obligation during the second half of 1998, during the first quarter of 1998 TI's orders were below such minimum purchase commitment due to market conditions and issues encountered by TI in the transition of its products to .18 micron technology. Accordingly, there can be no assurance that TI will place orders representing at least 40% of the capacity of this foundry during this period or in the future. A failure by TI to comply with its minimum purchase obligations or the cancellation of a significant wafer fabrication order by TI or any other customer could have a material adverse effect on AICL's and the Company's business, financial condition and results of operations. The TI Manufacturing and Purchasing Agreement terminates on December 31, 2007, unless terminated sooner. The TI Manufacturing and Purchasing Agreement may be terminated upon two years' prior notice by either AICL or TI if AICL and TI are unable to successfully negotiate prior to June 30, 2000 an amendment to the TI Technology Agreements or a new agreement with respect to AICL's use of TI's next-generation CMOS technology. During such two-year period, TI would be obligated to purchase a minimum of only 20% of the capacity of AICL's wafer fabrication facility. In addition, the TI Manufacturing and Purchasing Agreement may be terminated sooner upon, among other events, mutual written consent, material breach of the agreement by either party, the inability of either party to obtain any necessary government approvals, the failure of AICL to protect TI's intellectual property and a change of control, bankruptcy, liquidation or dissolution of AICL. See "Business -- Competition."

DEPENDENCE ON RAW MATERIALS SUPPLIERS AND SUBCONTRACTORS

The Company obtains the direct materials for the packaging and test services of its factories and for the packaging and test services provided by AICL to fill the Company's orders directly from vendors. To maintain competitive manufacturing operations, the Company must obtain from its vendors, in a timely manner, sufficient quantities of acceptable materials at expected prices. The Company sources most of its raw materials, including critical materials such as lead frames and laminate substrates, from a limited group of suppliers. The Company purchases all of its materials on a purchase order basis and has no long-term contracts with any of its suppliers. From time to time, vendors have extended lead times or limited the supply of required materials to the Company because of vendor capacity constraints and, consequently, the Company has experienced difficulty in obtaining acceptable raw materials on a timely basis. In addition, from time to time, the Company may reject materials that do not meet its specifications, resulting in declines in output or yield. There can be no assurance that the Company will be able to obtain sufficient quantities of raw materials and other supplies of an acceptable quality. The Company's business, financial condition and results of operations could be materially and adversely affected if its ability to obtain sufficient quantities of raw materials and other supplies in a timely manner were substantially diminished or if there were significant increases in the costs of raw materials that the Company could not pass on to its customers. See "Business -- Facilities and Manufacturing."

INABILITY TO OBTAIN PACKAGING AND TEST EQUIPMENT IN A TIMELY FASHION

In connection with its future expansion plans, the Company and AICL expect to purchase a significant amount of new packaging and test equipment. From time to time, increased demand for some of this equipment causes lead times to extend beyond those normally met by the equipment vendors. The unavailability of such equipment or the failure of such equipment, or other equipment acquired by the Company or AICL, to operate in accordance with the Company's or AICL's specifications or requirements, or delays in the delivery of such equipment could delay implementation of the Company's or AICL's expansion plans and impair the ability of the Company to meet customer orders or otherwise have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's

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Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Facilities and Manufacturing."

MANAGEMENT OF GROWTH

The Company has experienced and may continue to experience growth in the scope and complexity of its operations and in the number of its employees. For example, the Company is expanding its scope of operations to include wafer fabrication services and is hiring new personnel in connection with such expansion. This growth is expected to continue to strain the Company's managerial, financial, manufacturing and other resources. In addition, although the Company believes its current controls are adequate, in order to manage its growth, the Company must continue to implement additional operating and financial controls and hire and train additional personnel. Although the Company has been successful in hiring and properly training sufficient numbers of qualified personnel and in effectively managing its growth in the past, there can be no assurance that the Company will be able to do so in the future, and its failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any failure to improve the Company's operational, financial and management systems could have a material adverse effect on the Company's business, financial condition and results of operations. See "-- Risks Associated with New Wafer Fabrication Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Employees."

COMPETITION

The independent semiconductor packaging and test industry is very competitive, being comprised of approximately 50 companies with about 15 of those companies having sales of \$100 million per year or more. The Company faces substantial competition from established packaging companies primarily located in Asia, such as Advanced Semiconductor Engineering, Inc. (Taiwan), ASE Test Limited (Taiwan and Malaysia), ASAT, Ltd. (Hong Kong), Hana Microelectronics Public Co. Ltd. (Hong Kong and Thailand), Astra International (Indonesia), Carsem Bhd. (Malaysia), ChipPAC Incorporated (Korea), Siliconware Precision Industries Co., Ltd. (Taiwan), and Shinko Electric Industries Co., Ltd. (Japan). Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities, and have been operating for some time. Such companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the independent semiconductor packaging market include time to market, breadth of package offering, technical competence, design services, quality, production yields, responsiveness and customer service and price. On a larger scale, the Company also competes with the internal manufacturing capabilities of many of its largest customers. There can be no assurance that the Company will be able to compete successfully in the future against existing or potential competitors or that the Company's operating results will not be adversely affected by increased price competition.

The independent wafer fabrication business is also highly competitive. The Company expects its wafer fabrication services to compete primarily with independent wafer foundries such as Chartered Semiconductor Manufacturing Ltd., Taiwan Semiconductor Manufacturing Company Ltd. and United Microelectronics Corporation, as well as with integrated device manufacturers such as LG Semicon Co., Ltd., Hitachi, Ltd., Toshiba Corp. and Winbond Electronics Corporation, which provide foundry services for other semiconductor companies. Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities and have been operating for some time. Many of these companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the wafer foundry market include technology, delivery cycle times, price, product performance, quality, production yield, responsiveness and flexibility, reliability and the ability to design and incorporate product improvements. There can be no assurance that the Company will be able to compete successfully in the future against such companies. See "Business -- Competition."

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DEPENDENCE ON KEY PERSONNEL AND AVAILABILITY OF SKILLED WORKFORCE

The Company's success depends to a significant extent upon the continued service of its key senior management and its technical personnel, each of whom would be difficult to replace. Competition for qualified employees is intense, and the loss of the services of any of its existing key personnel without adequate replacement, or the inability to attract, retain and motivate qualified new personnel could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, in connection with its expansion plans, the Company and AICL will be required to increase the number of qualified engineers and other employees at their respective facilities in the Philippines and Korea. Competition for such employees in the Philippines and Korea is intense and the inability to attract new qualified personnel or to retain such personnel could have a material adverse effect on the Company's results of operations and financial condition. See "Management."

ENVIRONMENTAL REGULATIONS

The semiconductor packaging process involves a significant amount of chemicals and gases which are subject to extensive governmental regulations. For example, liquid waste is produced at the stage at which silicon wafers are diced into chips with the aid of diamond saws and cooled with running water. In addition, excess materials on leads and moldings are removed from packaged

semiconductors in the trim and form process. The Company has installed equipment to collect certain solvents used in connection with its manufacturing process and has contracted with independent waste disposal companies to remove such hazardous material.

Federal, state and local regulations in the United States, as well as environmental regulations in Korea and the Philippines, impose various controls on the storage, handling, discharge and disposal of chemicals used in the Company's and AICL's manufacturing process and on the facilities occupied by the Company and AICL. The Company believes that its activities, as well as those of AICL, conform to present environmental and land use regulations applicable to their respective operations and current facilities. Increasing public attention has, however, been focused on the environmental impact of semiconductor manufacturing operations and the risk to neighbors of chemical releases from such operations. There can be no assurance that applicable land use and environmental regulations will not in the future impose the need for additional capital equipment or other process requirements upon the Company or AICL or restrict the Company's or AICL's ability to expand their respective operations. The adoption of new ordinances or similar measures or any failure by the Company or AICL to comply with applicable environmental and land use regulations or to restrict the discharge of hazardous substances could subject the Company or AICL to future liability or cause their respective manufacturing operations to be curtailed or suspended.

INTELLECTUAL PROPERTY

The Company currently holds 24 United States patents, five of which are jointly held with AICL, related to various IC packaging technologies, in addition to other pending patents. These patents will expire at various dates from 2012 through 2016. With respect to development work undertaken jointly with AICL, the Company and AICL share intellectual property rights under the terms of the Supply Agreements between the Company and AICL. Such Supply Agreements also provide for the cross-licensing of intellectual property rights between the Company and AICL. In addition, the Company enters into agreements with other developers of packaging technology to license or otherwise obtain certain process or package technologies.

The Company expects to continue to file patent applications when appropriate to protect its proprietary technologies; however, the Company believes that its continued success depends primarily on factors such as the technological skills and innovation of its personnel rather than on its patents. The process of seeking patent protection can be expensive and time consuming. There can be no assurance that patents will be issued from pending or future applications or that, if patents are issued, they will not be challenged, invalidated or circumvented, or that rights granted thereunder will provide meaningful protection or other commercial advantage to the Company. Moreover, there can be no assurance that any patent rights will be upheld in the future or that the Company will be able to preserve any of its other intellectual property rights.

Although the Company is not currently a party to any material litigation, the semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. As is typical in the semiconductor industry, the Company may receive communications from third parties asserting patents on certain of the Company's technologies. In the event any third party were to make a valid claim against the Company or AICL, the Company or AICL could be required to discontinue the use of certain processes or cease the manufacture, use, import and sale of infringing products, to pay substantial damages and to develop non-infringing technologies or to acquire licenses to the alleged infringed technology. The Company's business, financial condition and results of operations could be materially and adversely affected by such developments. Litigation, which could result in substantial cost to and diversion of resources of the Company, may also be necessary to enforce patents or other intellectual property rights of the Company or to defend the Company

against claimed infringement of the rights of others. The failure to obtain necessary licenses or the occurrence of litigation relating to patent infringement or other intellectual property matters could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, AICL has obtained intellectual property for wafer manufacturing primarily from TI. The licenses granted to AICL by TI under the TI Technology Agreements are very limited. Although TI has granted to AICL a license under TI's trade secret rights to use TI's technology in connection with AICL's provision of wafer fabrication services, TI has not granted AICL a license under its patents, copyrights and mask works to manufacture semiconductors for third parties. Although TI has agreed that TI will not assert a claim for patent, copyright or mask work right infringement against AICL or the Company in connection with AICL's manufacture of semiconductor products for third parties, TI has reserved the right to bring such infringement claims against AICL's or the Company's customers with respect to semiconductor products purchased from AICL or the Company. As a result, AICL's and the Company's customers could be subject to patent litigation by TI and others, and AICL and the Company could in turn be subject to litigation by such customers and others, in connection with the sale of wafers produced by AICL. Any such litigation could materially and adversely affect AICL's ability to continue to manufacture wafers and AICL's and the Company's business, financial condition and results of operations.

SUBORDINATION OF CONVERTIBLE NOTES

The Convertible Notes will be unsecured and subordinated in right of payment in full to all existing and future Senior Debt (as defined) of the Company. As a result of such subordination, in the event of bankruptcy, liquidation or reorganization of the Company, or upon the acceleration of any Senior Debt, the assets of the Company will be available to pay obligations on the Convertible Notes only after all Senior Debt has been paid in full, and there may not be sufficient assets remaining to pay amounts due on any or all of the Convertible Notes then outstanding. The Convertible Notes are also effectively subordinated to the liabilities, including trade payables, of the Company's subsidiaries. The Indenture relating to the Convertible Notes does not prohibit or limit the incurrence of additional indebtedness, including Senior Debt, by the Company or its subsidiaries. The incurrence of additional indebtedness by the Company or its subsidiaries could adversely affect the Company's ability to pay its obligations on the Convertible Notes. As of December 31, 1997 (after giving effect to the Reorganization), the Company had approximately \$32 million of outstanding indebtedness that would have constituted Senior Debt, and the indebtedness and other liabilities of the Company's subsidiaries (excluding intercompany liabilities and obligations of a type not required to be reflected on the balance sheet of such subsidiaries in accordance with GAAP) that would effectively have been senior to the Convertible Notes were approximately \$642 million. The incurrence of additional indebtedness by the Company or its subsidiaries could adversely affect the Company's ability to pay its obligations on the Convertible Notes. The Indenture relating to the Convertible Notes will not limit the amount of additional indebtedness, including Senior Debt, that the Company can create, incur, assume or guarantee, nor will the Indenture limit the amount of indebtedness and other liabilities that any subsidiary of the Company can create, incur, assume or guarantee. The Company anticipates that from time to time it will incur additional indebtedness and other liabilities, including Senior Debt, and that from time to time the Company's subsidiaries will incur additional indebtedness and other liabilities.

The Convertible Notes are obligations exclusively of the Company. However, since the operations of the Company are primarily conducted through its subsidiaries, the cash flow and the consequent ability of the

Company to service its debt, including the Convertible Notes, are primarily dependent upon the earnings of its subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, the Company. The payment of dividends and the making of loans and advances to the Company by its subsidiaries may be subject to statutory or contractual

restrictions, are dependent upon the earnings of those subsidiaries and are subject to various business considerations.

The Indenture does not contain any financial performance covenants. Consequently, the Company is not required under the Indenture to meet any financial tests such as those that measure the Company's working capital, interest coverage, fixed charge coverage or net worth in order to maintain compliance with the terms of the Indenture. See "Description of Convertible Notes -- Subordination."

LIMITATIONS ON REPURCHASE OF CONVERTIBLE NOTES

Upon a Designated Event, which includes a Change of Control and a Termination of Trading (each as defined), each holder of Convertible Notes will have certain rights, at the holder's option, to require the Company to repurchase all or a portion of such holder's Convertible Notes. If a Designated Event were to occur, there can be no assurance that the Company would have sufficient funds to pay the repurchase price for all Convertible Notes tendered by the holders thereof. In addition, the terms of the Company's existing or future credit or other agreements relating to indebtedness (including Senior Debt) may prohibit the Company from purchasing any Convertible Notes and may also provide that a Designated Event, as well as certain other change-of-control events with respect to the Company, would constitute an event of default thereunder. In the event a Designated Event occurs at a time when the Company is prohibited from purchasing Convertible Notes, the Company could seek the consent of its lenders to the purchase of Convertible Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company would remain prohibited from purchasing Convertible Notes. In such case, the Company's failure to purchase tendered Convertible Notes would constitute an Event of Default under the Indenture, which may, in turn, constitute a further default under the terms of other indebtedness that the Company has entered into or may enter into from time to time. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of Convertible Notes. See "Description of Convertible Notes -- Repurchase at Option of Holders Upon a Designated Event."

NO PRIOR MARKET; LIQUIDITY; STOCK PRICE VOLATILITY; DILUTION

Prior to the Offerings, there has been no public market for the Common Stock or the Convertible Notes. Consequently, the initial public offering price will be determined by negotiations among the Company and the representatives of the Underwriters. Although the Underwriters have advised the Company that they currently intend to make a market in the Common Stock and Convertible Notes, they are not obligated to do so and may discontinue such market-making at any time without notice. There can be no assurance that an active public market for the Common Stock or the Convertible Notes will develop or be sustained after the Offerings or that the market price of the Common Stock or the Convertible Notes will not decline below the initial public offering price. The trading price of the Common Stock and Convertible Notes could be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, announcements of technological innovations or new products by the Company or its competitors, general conditions in the semiconductor industry, changes in earnings estimates or recommendations by analysts, or other events or factors. In addition, the public stock markets have experienced extreme price and trading volume volatility in recent months. This volatility has significantly affected the market prices of securities of many high technology companies for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of the Common Stock and Convertible Notes. Moreover, purchasers of Common Stock in the Offerings will incur immediate, substantial book value dilution. See "Dilution" and "Underwriting."

BENEFITS OF THE OFFERINGS TO EXISTING STOCKHOLDERS; CONTINUED CONTROL BY

Immediately after the closing of the Offerings, based upon shares outstanding as of the date hereof, James Kim and members of his family will, in the aggregate, beneficially own 77,610,000 shares of Common Stock, which shares represent all of the outstanding Common Stock not offered hereby and approximately 68.9% of the total number of shares of Common Stock outstanding following the Offerings. The Offerings will create a public market for the resale of shares held by these existing stockholders. Such stockholders, acting together, will be able to effectively control substantially all matters requiring approval by the stockholders of the Company. Such matters could include the election of a majority of the members of the Board of Directors, proxy contests, mergers involving the Company, tender offers, open market purchase programs or other purchases of Common Stock that could give stockholders of the Company the opportunity to realize a premium over the then prevailing market price for their shares of Common Stock. In addition, such continued control could also have the effect of delaying, deferring or preventing a change in control of the Company, may discourage bids for the Common Stock at a premium over the market price and may adversely affect the market price of the Common Stock. See "Principal and Selling Stockholders."

The Company's Board of Directors has the authority to issue up to 10,000,000 shares of preferred stock \$.001 par value ("Preferred Stock") and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the Company's stockholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. While the Company has no present intention to issue shares of Preferred Stock, such issuance, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. In addition, the Company is subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which prohibits the Company from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 could have the effect of delaying or preventing a change of control of the Company. The Company's Certificate of Incorporation (the "Certificate of Incorporation") does not permit cumulative voting. This provision, and other provisions of the Certificate of Incorporation, the Company's bylaws (the "Bylaws") and Delaware corporate law, may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management of the Company, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices.

Sales of substantial amounts of Common Stock in the public market after the Offerings could adversely affect the prevailing market price of the Common Stock. In addition to the 35,000,000 shares of Common Stock offered hereby (assuming no exercise of the Underwriters' over-allotment options), upon the closing of the Offerings, there will be _____ shares issuable upon conversion of the Convertible Notes, all of which shares will be freely tradeable. In addition, up to 7,000,000 shares of Common Stock may be borrowed from James Kim and his wife Agnes Kim ("Mr. and Mrs. Kim") and resold in the public market in connection with the Underwriters' market-making activities with respect to the Convertible Notes. Excluding the shares described above, there will be approximately 70,610,000 additional shares of Common Stock outstanding, all of which are "restricted" shares (the "Restricted Shares") under the Securities Act of 1933, as amended (the "Securities Act"). Beginning one year after the Reorganization, all such Restricted Shares will first become eligible for sale in the public market pursuant to Rule 144 promulgated under the Securities Act, subject to certain volume and other resale restrictions pursuant to Rule 144. See "Shares Eligible for Future Sale."

REORGANIZATION

In March 1970, Amkor Electronics, Inc. ("AEI") was incorporated in Pennsylvania to design semiconductor packages and provide semiconductor packaging services through a supply relationship with AICL. Since that time, Mr. James Kim (the founder of AEI) and members of his family have acquired a majority interest in a number of other companies which support or engage in various aspects of the semiconductor packaging and test business (the "Amkor Companies"). Prior to the reorganization described below, the Amkor Companies consisted of:

- AEI and its subsidiaries Amkor Receivables Corp., which purchases the Company's accounts receivable under an accounts receivable financing arrangement, and Amkor Wafer Fabrication Services SARL, which provides various technical support for CIL's wafer fabrication services customers in Europe and Asia;
- T.L. Limited ("TLL") and its subsidiary C.I.L. Limited ("CIL"), which markets the Company's services to semiconductor companies in Europe and Asia;
- Amkor/Anam EuroServices S.A.R.L. ("AAES"), which provides various technical and support services for CIL's packaging and test customers;
- Amkor/Anam Advanced Packaging, Inc. ("AAP"), Amkor/Anam Pilipinas, Inc. ("AAP") and AAP's subsidiary Automated MicroElectronics Inc. ("AMI"), each of which provides manufacturing services; and
- AK Industries, Inc. ("AKI") and its subsidiary, Amkor-Anam, Inc., which provides raw material purchasing and inventory management services.

All of the Amkor Companies are substantially wholly owned beneficially by Mr. and Mrs. Kim or entities beneficially owned by members of Mr. James Kim's immediate family (the "Founding Stockholders"), except for 40% of AAP owned by AICL and one-third of AEI and all of AKI which are owned by certain trusts established for the benefit of other members of Mr. Kim's family (the "Kim Family Trusts"). The Company (Amkor Technology, Inc.) was formed in September 1997 to consolidate the ownership of the Amkor Companies. Prior to the reorganization described below, Amkor Technology, Inc. will conduct no business and hold no assets or liabilities.

Prior to the Offerings, the following transactions will be effected to consolidate the operations of the Amkor Companies under the Company, (such transactions are referred to collectively as the "Reorganization"):

- AEI will be merged into Amkor Technology, Inc.
- Amkor International Holdings ("AIH"), a newly formed Cayman Islands holding company, will become a wholly-owned subsidiary of Amkor Technology, Inc. and will hold the following entities:
 - First Amkor Cayman Islands, Ltd., a newly formed Cayman Islands holding company, and its subsidiaries AAP, AMI and AMI;
 - TLL and its subsidiary CIL; and
 - AAES.
- In addition, the Company will acquire all of the stock of AKI from the Kim Family Trusts for \$3 million.

Except for the acquisition of AKI which will be accounted for as a purchase transaction, the accounting for the Reorganization will be similar to the accounting for a pooling of interests as it represents an exchange of equity interests among companies under common control. Following the Reorganization, all of the Amkor Companies will be wholly owned, directly or indirectly, by the Company (except for AAP, which will be 40% owned by AICL). An aggregate of

82,610,000 shares of Common Stock will be issued by the Company in connection with the Reorganization. The relative number of shares of Common Stock issued by the Company in connection with each of the transactions comprising the Reorganization is based upon relative amounts of stockholders' equity of each of the Amkor Companies as of December 31, 1997. Accordingly, the Company

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will issue an aggregate of 14,620,149 shares of Common Stock in connection with the merger of AEI into Amkor Technology, Inc., 9,746,766 of which shares will be received by Mr. and Mrs. Kim and 4,873,383 shares will be received by the Kim Family Trusts. In addition, the Company will issue an aggregate of 67,989,851 shares of Common Stock in exchange for all of the outstanding shares of AIH and its subsidiaries. Of such shares, 19,328,234 shares, 36,376,617 shares and 8,200,000 shares will be gifted to Mr. and Mrs. Kim, the Kim Family Trusts and other members of Mr. Kim's immediate family, respectively. Following the Reorganization, the Founding Stockholders and such other members of Mr. Kim's immediate family will beneficially own a majority of the outstanding shares of Common Stock. Following the Offerings, the Founding Stockholders, such other members of Mr. Kim's immediate family and the Kim Family Trusts will beneficially own 77,610,000 shares of Common Stock, representing approximately 68.9% of the outstanding shares of Common Stock. See "Certain Transactions" and "Principal and Selling Stockholders."

The Company has entered into an agreement with AICL pursuant to which the Company will purchase, immediately following the Offerings, AICL's 40% interest in AAP for approximately \$34 million. See "Use of Proceeds."

The Offerings are conditioned upon, among other things, the consummation of the Reorganization.

TERMINATION OF S CORPORATION STATUS AND DISTRIBUTIONS

Prior to the consummation of the Reorganization, AEI had elected to be treated for U.S. federal and certain state tax purposes as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. As a result, AEI did not recognize federal corporate income taxes. Instead, up until the termination of AEI's S Corporation status (the "Termination Date"), Mr. and Mrs. Kim and the Kim Family Trusts have been obligated to pay U.S. federal and certain state income taxes on their allocable portion of the income of AEI. The Company, Mr. and Mrs. Kim and the Kim Family Trusts will enter into tax indemnification agreements providing that the Company will be indemnified by such stockholders, with respect to their proportionate share of any U.S. federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the Termination Date. The tax indemnification agreements will also provide that the Company will indemnify Mr. and Mrs. Kim and the Kim Family Trusts if such stockholders are required to pay additional taxes or other amounts attributable to taxable years on or before the Termination Date as to which AEI filed or files tax returns claiming status as an S Corporation. AEI has made various distributions to such stockholders which have enabled them to pay their income taxes on their allocable portions of the income of AEI. Such distributions totaled approximately \$19.8 million, \$13.0 million and \$5.0 million in 1995, 1996 and 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distributions will represent AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. These final distributions are intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. Through December 31, 1997, the amount of such undistributed net earnings was \$27.7 million. See Notes 1, 10 and 17 of Notes to Combined Financial Statements.

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RELATIONSHIP WITH ANAM INDUSTRIAL CO., LTD.

AICL is a Korean company engaged primarily in providing semiconductor packaging and test services to the Company, which in turn sells such services to its customers. AICL also currently markets its services directly in Korea. In addition, AICL manufactures and sells electric wiring devices and watches. AICL operates four semiconductor packaging and test facilities in Korea, and has recently qualified a new deep submicron CMOS wafer foundry in Korea which is currently capable of producing 15,000 8" wafers per month. In March 1998, AICL changed its name to Anam Semiconductor, Inc.

AICL was founded in 1956 by Mr. H. S. Kim, who currently serves as the honorary Chairman and a Representative Director of AICL. AICL is a member of the Anam Group, consisting principally of companies in Korea in the electronics industries. The businesses of AICL and the other companies in the Anam Group are influenced to a significant degree by the family of H. S. Kim, which, together with the Company, collectively owned approximately 40.7% of the outstanding common stock of AICL as of December 31, 1997. A significant portion of the shares owned by the Kim family are leveraged and as a result of this, or for other reasons, the family's ownership could be substantially reduced. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of H. S. Kim. Since January 1992, in addition to his other responsibilities, James Kim has been serving as acting Chairman of the Anam Group and a director of AICL. Mr. In-Kil Hwang, the President and a Representative Director of AICL, is the brother-in-law of James Kim. In addition, four other members of Mr. Kim's family are on the 13 member Board of Directors of AICL. After the Offerings, James Kim and members of his family will beneficially own approximately 68.9% of the outstanding Common Stock of the Company, and Mr. Kim and other members of his family will continue to exercise significant control over the Company. See "Risk Factors -- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders" and "Principal and Selling Stockholders."

The businesses of the Company and AICL have been interdependent for many years. In 1996 and 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and 1997 were derived from services sold by the Company. The Company expects the proportion of its revenues derived from sales of services performed for the Company by AICL and the proportion of AICL's revenues from services sold by the Company to increase as the Company begins selling the wafer fabrication output of AICL's new wafer foundry and with the Company's assumption from AICL in January 1998 of substantially all of the marketing rights for the Japanese market. In the event the ability of AICL to supply the Company were disrupted for any reason, the Company's facilities in the Philippines would be able to fill only a small portion of the resulting shortfall in capacity. In addition, there are currently no significant third party suppliers of packaging and test services from which the Company could fill its orders. As a result, the Company's business, financial condition and operating results will continue to be significantly dependent on the ability of AICL to effectively provide contracted services on a cost-efficient and timely basis. The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights. The termination of the Company's relationship with AICL for any reason, or any material adverse change in AICL's business resulting from underutilization of its capacity, the level of its debt and its guarantees of affiliate debt, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other change, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has recently entered into the Supply Agreements with AICL. Under the Supply Agreements, AICL has granted to the Company a first right to substantially all of the packaging and test services of AICL and the exclusive right to all of the wafer output of its new wafer foundry. The Company expects to continue to purchase substantially all of AICL's packaging and test services,

and to purchase all of AICL's wafer output, under the Supply Agreements. Under the Supply Agreements, pricing arrangements relating to packaging and test services provided by AICL to the Company are subject to quarterly review and adjustment, and such arrangements relating to the wafer output provided by AICL to the Company are

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subject to annual review and adjustment, in each case on the basis of factors such as changes in the semiconductor market, forecasted demand, product mix and capacity utilization and fluctuations in exchange rates, as well as the mutual long-term strategic interests of the Company and AICL. There can be no assurance that any new pricing arrangements resulting from such review and adjustment will be favorable to the Company. Pursuant to long-standing arrangements between AICL and the Company's operating subsidiaries, sales from AICL to the Company will continue to be made through AUSA, a wholly-owned financing subsidiary of AICL. Under the Supply Agreements, the Company will continue to reimburse AUSA for the financing costs incurred by it in connection with trade financing provided to the Company. The Supply Agreements also provide that Amkor-Anam, Inc., a subsidiary of the Company, will continue to provide raw material procurement and related services to AICL on a fee basis. The Supply Agreements have a five-year term, and may be terminated by any party thereto upon five years' written notice at any time after the expiration of such initial five-year term. There can be no assurance that AICL will not terminate either Supply Agreement upon the expiration of such initial term or that if it does terminate a Supply Agreement, that the Company will be able to obtain a new agreement with AICL on terms that are favorable to the Company or at all.

AICL's ability to continue to provide services to the Company will depend on AICL's financial condition and performance. AICL currently has a significant amount of debt relative to its equity, which debt the Company expects will continue to increase in the foreseeable future. The Company is advised that AICL, as a public company in Korea, has published its most recent consolidated financial statements as of and for the year ended December 31, 1996, and that AICL has prepared preliminary consolidated financial statements as of and for the year ended December 31, 1997. These consolidated financial statements are prepared on the basis of Korean GAAP, which differs significantly from U.S. GAAP. U.S. GAAP financial statements are not available.

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The following is a summary of 1996 and 1997 consolidated financial information pertaining to AICL prepared in accordance with Korean GAAP which differs from U.S. GAAP. See Note 6 of Notes to Combined Financial Statements.

	1996	1997
	-----	-----
	(IN MILLIONS)	
SUMMARY INCOME STATEMENT DATA:		
Sales.....	W1,338,718	W1,786,457
Gross profit.....	242,601	279,186
Operating income.....	164,846	176,028
Net foreign exchange loss.....	29,372	216,697
Net loss.....	(9,385)	(305,414)
SUMMARY BALANCE SHEET DATA:		
Cash and bank deposits.....	W 324,139	W 215,024
Accounts and notes receivable, net.....	368,975	393,261
Inventory.....	214,494	260,302
Other current assets.....	145,301	490,544
	-----	-----
Total current assets.....	1,052,909	1,359,131
	-----	-----
Property, plant and equipment, net.....	994,931	2,159,466
Investments.....	83,715	122,366
Other long-term assets.....	93,733	295,554

Total long-term assets.....	1,172,379	2,577,386
Total assets.....	W2,225,288	W3,936,517
Short-term borrowings.....	935,463	1,591,280
Current maturities of long-term debt.....	85,252	120,913
Other current liabilities.....	305,931	412,289
Total current liabilities.....	1,326,646	2,124,482
Long-term debt, net of current maturities.....	475,045	736,784
Long-term capital lease obligations.....	106,068	861,813
Other long-term liabilities and minority interest.....	89,272	138,305
Total long-term liabilities.....	670,385	1,736,902
Total liabilities.....	1,997,031	3,861,384
Stockholders' equity.....	228,257	75,133
Total liabilities and stockholders' equity....	W2,225,288	W3,936,517

A significant amount of the current and long-term liabilities of AICL are denominated in U.S. dollars and other foreign currencies. At December 31, 1997, the amount of U.S. dollar and other foreign currency denominated short-term borrowings, current maturities of long-term debt, long-term debt (net of current maturities) and long-term capital lease obligations were W1,092 billion, W59 billion, W159 billion and W834 billion, respectively. Due in part to the significant depreciation of the won (for example, from a Market Average Exchange Rate of W884 to \$1.00 on December 31, 1996 to W1,415 to \$1.00 on December 31, 1997 and W1,415 to \$1.00 on March 24, 1998) resulting from the recent economic crisis in Korea, AICL's liabilities in won terms and its leverage calculated in won have significantly increased in 1997. The effect of this depreciation on AICL, however, has been mitigated by the fact that substantial amounts of AICL's revenues are denominated in U.S. dollars. The increase in AICL's liabilities was also attributable in part to additional financing obtained in connection with the constitution of its new wafer foundry. See "-- Risks Associated with New Wafer Fabrication Business" and Note 6 of Notes to Combined Financial Statements.

The recent economic crisis in Korea has also led to sharply higher domestic interest rates in Korea and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, particularly to highly leveraged companies, and to increase their reserves and provisions for non-performing assets. These developments will result in higher interest rates on loans to AICL and have otherwise made it more difficult for AICL to obtain new financing. Therefore, there can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, or continue to make required interest and principal payments on such loans or otherwise comply with the terms of its loan agreements. Any inability of AICL to obtain financing or generate cash flow from operations sufficient to fund its capital expenditure, debt service and repayment and other working capital and liquidity requirements could have a material adverse effect on AICL's ability to continue to provide services and otherwise fulfill its obligations to the Company. See "Risk Factors -- Risks Associated With Leverage" and " -- Dependence On International Operations and Sales; Concentration of Operations in the Philippines and Korea."

As of December 31, 1997, AICL and its consolidated subsidiaries were contingently liable under guarantees in respect of debt of AICL's non-consolidated subsidiaries and affiliates in the Anam Group in the aggregate amount of approximately W857 billion. As of such date, AICL had provided guarantees for all of AUSA's debt of \$319 million, the Non-Compliant Loans of \$176 million and the Company's obligations under a receivables sales

arrangement. The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA for the benefit of the Company, based on guarantees provided by AICL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AICL. Further, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. In addition, as an overseas subsidiary of AICL, AUSA was formed with the approval of the Bank of Korea. If the Bank of Korea were to withdraw such approval, or if AUSA otherwise ceased operations for any reason, the Company and AICL would be required to meet their financing needs through alternative arrangements. Although the Company believes that after the Offerings alternative financing arrangements will be available, there can be no assurance that the Company or AICL will be able to obtain alternative financing on acceptable terms or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and Note 11 of Notes to Combined Financial Statements. In addition, if any relevant subsidiaries or affiliates of AICL, certain of which may have greater exposure to domestic Korean economic conditions than AICL, were to fail to make interest or principal payments or otherwise default under their debt obligations guaranteed by AICL, AICL could be required under its guarantees to repay such debt, which event could have a material adverse effect on its financial condition and results of operations.

Historically, AICL has undertaken capacity expansion programs and other capital expenditures primarily on the basis of forecasts of the Company and business plans prepared jointly with the Company. The Supply Agreements generally provide for continued capital investment by AICL based on the Company's forecasts and operational plans prepared jointly by the Company and AICL reflecting such forecasts. However, as a result of the recent deterioration of the Korean economy, there can be no assurance that AICL will be able to fund future capacity expansions and other capital investments required to supply the Company with necessary packaging and test services and wafer output on a timely and cost-efficient basis.

The Company and AICL have historically cooperated on the development of new package designs and packaging and testing processes and technologies. The Supply Agreements generally provide for continued cooperation between the Company and AICL in research and development, as well as the cross-licensing of intellectual property rights between the Company and AICL. If the Company's relationship with AICL were terminated for any reason, the Company's research and development capabilities and intellectual property position could be materially and adversely affected.

After the Offerings, the Company will continue to be controlled to a significant degree by James Kim and members of his family, and Mr. Kim and other members of his family will continue to exercise significant

influence over the management of AICL and its affiliates. In addition, the Company and AICL will continue to have certain contractual and other business relationships, including under the Supply Agreements, and may engage in transactions from time to time that are material to the Company. Although any such material agreements and transactions would require approval of the Company's Board of Directors, such transactions generally will not require approval of the disinterested members of the Board of Directors and conflicts of interest may arise in certain circumstances. There can be no assurance that such conflicts will not from time to time be resolved against the interests of the Company. The Company currently has four directors, two of whom are disinterested. Under Delaware corporate law, each director owes a duty of loyalty and care to the Company, which if breached can result in personal liability for the directors. In addition, the Company may agree to certain changes in its contractual and other business relationships with AICL, including pricing, manufacturing allocation, capacity utilization and capacity expansion, among others, which in the judgment of the Company's management will result in reduced short-term profitability for the Company in favor of potential long-term benefits to the Company and AICL. There can be no assurance that the Company's

business, financial condition or results of operations will not be adversely affected by any such decision.

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USE OF PROCEEDS

The net proceeds to the Company from the sale of the 30,000,000 shares of Common Stock and the \$150,000,000 principal amount of the Convertible Notes offered by the Company hereby are estimated to be approximately \$449,950,000 (approximately \$525,452,500 if the Underwriters' over-allotment options are exercised in full), assuming an initial public offering price of \$11.00 per share of Common Stock and after deducting the estimated underwriting discounts and estimated offering expenses. The Company will not receive any proceeds from the sale of the shares of Common Stock offered hereby by the Selling Stockholders.

Approximately \$154 million of the net proceeds to the Company from the Offerings will be used to repay the Non-Compliant Loans, which, following planned repayments of portions thereof prior to the Offerings, will have outstanding balances of \$43 million, \$50 million and \$61 million. These loans are due May 1998, October 2000 and April 2001, respectively, and accrue interest annually at rates equal to 7.16%, 6.78% and 6.68%, respectively, at December 31, 1997, which rates represent LIBOR plus a spread. The \$43 million loan was incurred in August 1997 in order to redeem \$40 million of Floating Rate Notes issued by AAP and to repay certain short-term debt. The Company is not in compliance with certain covenants under the above-described loans and, as a result, the Company's obligation to repay these loans may be accelerated by the lenders at any time. These loan covenants include restrictions on the ability of one of the Company's subsidiaries to enter into transactions with affiliates, requirements that the subsidiary maintain certain debt-to-equity ratios and requirements that the subsidiary comply with certain notice requirements. As a result of such non-compliance, these loans have been classified as current liabilities in the Company's financial statements included herein, and the report of the Company's independent public accountants with respect to such financial statements contains a paragraph stating that there is substantial doubt as to the ability of the Company to continue as a going concern. Repayment of such loans from the proceeds of the Offerings will eliminate these events of non-compliance.

Approximately \$63 million of the net proceeds to the Company from the Offerings will be used to repay numerous short-term bank loans incurred primarily to finance capital expenditures for the Company's P1 factory in the Philippines and for working capital. All of these loans are due within 12 months of December 31, 1997 and bear interest at rates ranging from 8.0% to 12.2%. In addition, approximately \$8 million of the net proceeds will be used to repay two term loans of approximately \$3 million and \$5 million. These loans are due September 1999 and January 2001, respectively, and accrue interest annually at rates equal to 9.09% and 11.88%, respectively, at December 31, 1997, which rates represent LIBOR plus a spread.

An additional approximately \$34 million of the net proceeds to the Company will be used to purchase AICL's 40% interest in AAP. Approximately \$106 million of the net proceeds will be used to repay all of the amounts that will remain due to AUSA following planned repayments of portions thereof prior to the Offerings. The remaining \$85 million of such net proceeds (\$160 million if the Underwriters' over-allotment options are exercised in full) will be used for capital expenditures and working capital. Pending such uses, the net proceeds to the Company of the Offerings will be invested in investment grade, interest-bearing securities.

DIVIDEND POLICY

The Company currently anticipates that, following the completion of the Offerings, all future earnings will be retained for use in the Company's business and that the Company will not pay any cash dividends on its Common

Stock in the foreseeable future. The payment of any future dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, future earnings, operations, capital requirements, the general financial condition of the Company and general business conditions. As an S Corporation, AEI made substantial cash distributions to its stockholders to pay income taxes on their allocable portions of AEI's net income. The Company plans to make additional distributions to such stockholders prior to the Termination Date. See "Reorganization."

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CAPITALIZATION

The following table sets forth as of December 31, 1997 (i) the actual capitalization of the Company derived from the Combined Financial Statements after giving effect to the Reorganization, (ii) the pro forma capitalization of the Company reflecting the termination of AEI's S Corporation status which will occur in connection with the Reorganization, and (iii) the pro forma capitalization of the Company as adjusted principally to reflect the sale by the Company, pursuant to the Offerings, of 30,000,000 shares of Common Stock at an assumed initial public offering price of \$11.00 per share and \$150.0 million of the Convertible Notes, and the receipt and application by the Company of the estimated net proceeds to it therefrom (after deducting the estimated underwriting discounts and estimated offering expenses), as well as planned debt repayments by the Company after December 31, 1997 and prior to the Offerings. The capitalization information set forth in the table below is qualified by the more detailed Combined Financial Statements and Notes thereto included elsewhere in this Prospectus and should be read in conjunction with such Combined Financial Statements and the Notes thereto.

	DECEMBER 31, 1997		
	ACTUAL	PRO FORMA (1)	PRO FORMA AS ADJUSTED (2)
	-----	-----	-----
	(IN THOUSANDS)		
Short term borrowings and current portion of long-term debt.....	\$325,968	\$325,968	\$ 53,668
Long-term debt:			
% Convertible Subordinated Notes due 2003.....	--	--	150,000
Due to AUSA (non-current) (3).....	149,776	149,776	--
Other long-term debt.....	38,283	38,283	35,283
Total long-term debt.....	188,059	188,059	185,283
Stockholders' equity:			
Common Stock, \$.001 par value; 500,000,000 shares authorized; 82,610,000 shares issued and outstanding, actual and pro forma; 112,610,000 shares issued and outstanding, pro forma as adjusted (4)....	46	46	76
Additional paid-in capital.....	20,871	20,871	327,604
Retained earnings.....	70,621	40,821	40,821
Cumulative translation adjustment.....	(663)	(663)	(663)
Total stockholders' equity.....	90,875	61,075	367,838
Total capitalization.....	\$278,934	\$249,134	\$553,121
	=====	=====	=====

(1) Pro forma balance sheet data reflects (i) the termination of AEI's S Corporation status which resulted in the recording of a deferred tax liability of \$2.1 million and (ii) a distribution by the Company of undistributed earnings of AEI through December 31, 1997 of \$27.7 million to

stockholders of AEI prior to the Reorganization. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following December 31, 1997 and prior to the Reorganization. See "Reorganization -- Termination of S Corporation Status and Distributions" and Notes 1, 16 and 17 of Notes to Combined Financial Statements.

- (2) As adjusted to give effect to the application of the estimated net proceeds to the Company of the Offerings based on an assumed initial public offering price of \$11.00 per share of Common Stock, including the purchase from AICL of its 40% interest in AAP for approximately \$34 million and the related elimination of minority interest and recording of goodwill. The acquisition of the minority interest will result in additional amortization of approximately \$2.5 million per year. Also reflects repayments made after December 31, 1997 and prior to the Offerings of \$50.3 million of short-term borrowings and current portion of long-term debt and \$30 million of amounts due to AUSA (non-current), as well as the assumption by an affiliate of the Company of \$13.9 million of amounts due to AUSA (non-current) in

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February 1998. See "Reorganization," "Use of Proceeds" and Notes 1, 6 and 16 of Notes to Combined Financial Statements.

- (3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."
- (4) Excludes 2,730,000 shares of Common Stock issuable upon exercise of options to be granted immediately prior to the Offerings under the Company's 1998 Stock Plan and 1998 Director Option Plan. Also excludes an aggregate of shares reserved for issuance upon conversion of the Convertible Notes and an additional 3,570,000 shares reserved for issuance under the Company's 1998 Stock Plan, 1998 Director Option Plan and 1998 Employee Stock Purchase Plan. See "Management" and "Description of Capital Stock" and Notes 1 and 16 of Notes to Combined Financial Statements.

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DILUTION

The pro forma net tangible book value of the Company as of December 31, 1997 was approximately \$58 million or \$.71 per share of Common Stock, after giving effect to the distribution of accumulated previously taxed earnings of \$27.7 million, the recording of deferred tax liabilities of \$2.1 million and the Reorganization. Pro forma net tangible book value per share represents the Company's total pro forma tangible assets less total liabilities as reflected in the Combined Financial Statements, divided by the number of outstanding shares of Common Stock. After giving effect to the sale by the Company of 30,000,000 shares of Common Stock and \$150.0 million of Convertible Notes offered hereby (assuming no exercise of the Underwriters' over-allotment options) at an assumed initial public offering price of \$11.00 per share of Common Stock and the use by the Company of the estimated net proceeds therefrom (after deducting the estimated underwriting discounts and offering expenses payable by the Company), as described in "Use of Proceeds," the Company's net tangible book value at December 31, 1997 would have been \$341 million or \$3.03 per share of Common Stock. This represents an immediate increase in net tangible book value of \$2.32 per share to existing stockholders and an immediate dilution in net tangible book value of \$7.97 per share to new public stockholders. The following table illustrates this per share dilution:

Assumed initial public offering price per share.....

\$ 11.00

Net tangible book value per share before the Offerings.....	\$.71	-----
Increase in net tangible book value per share attributable to new public stockholders.....	2.32	-----
Net tangible book value per share after the Offerings.....	3.03	-----
Dilution per share to new public stockholders.....	\$ 7.97	=====

The following table summarizes, as of December 31, 1997 (after giving effect to the Reorganization), the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price per share paid by the existing stockholders and by new public stockholders purchasing shares in the Offerings (at an assumed initial public offering price of \$11.00 per share and before deducting the estimated underwriting discounts and offering expenses payable by the Company).

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders(1).....	82,610,000	73.4%	\$ 20,917,000	6.0%	\$.25
New public stockholders(1).....	30,000,000	26.6	330,000,000	94.0	\$ 11.00
Total.....	112,610,000	100.0%	\$350,917,000	100.0%	

(1) Sales by the Selling Stockholders will reduce the number of shares of Common Stock held by existing stockholders to 77,610,000 shares or 68.9% of the total number of shares of Common Stock outstanding after the Offerings (65.8% assuming the Underwriters' over-allotment options are exercised in full), and will increase the number of shares of Common Stock held by new public stockholders to 35,000,000 shares or 31.1% of the total number of shares of Common Stock outstanding after the Offerings (40,250,000 shares or 34.2% assuming the Underwriters' over-allotment options are exercised in full). See "Principal and Selling Stockholders."

SELECTED COMBINED FINANCIAL DATA

The selected combined financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 1997 are derived from the combined financial statements of Amkor. The combined financial statements as of December 31, 1995, 1996 and 1997 and for each of the years in the three-year period ended December 31, 1997 have been audited by Arthur Andersen LLP, independent public accountants, and their report thereon, together with such combined financial statements, are included elsewhere in this Prospectus. Reference is made to said report which includes an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 of the Notes to the Combined Financial Statements. Reference is made to said reports which include an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 of Notes to the Combined Financial Statements. The selected combined financial data presented below as of and for the year ended December 31, 1994 are derived from audited financial statements which are not presented herein. The selected combined financial data presented below as of

and for the year ended December 31, 1993 are derived from unaudited combined financial statements. In the opinion of management, the unaudited combined financial statements have been prepared on the same basis as the audited combined financial statements and contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company's results of operations for such period and financial condition at such date. The selected combined financial data set forth below is qualified in its entirety by, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and Notes thereto.

	YEAR ENDED DECEMBER 31,				
	1993	1994	1995	1996	1997
	(IN THOUSANDS, EXCEPT PER SHARE AND RATIO DATA)				
INCOME STATEMENT DATA:					
Net revenues.....	\$ 442,101	\$ 572,918	\$ 932,382	\$ 1,171,001	\$ 1,455,761
Cost of revenues.....	371,323	514,648	783,335	1,022,078	1,242,669
Gross profit.....	70,778	58,270	149,047	148,923	213,092
Operating expenses:					
Selling, general and administrative.....	42,649	41,337	55,459	66,625	103,726
Research and development.....	1,755	3,090	8,733	10,930	8,525
Total operating expenses.....	44,404	44,427	64,192	77,555	112,251
Operating income.....	26,374	13,843	84,855	71,368	100,841
Other (income) expense:					
Interest expense, net.....	5,116	5,752	9,797	22,245	32,241
Foreign currency (gain) loss.....	2,809	(4,865)	1,512	2,961	(835)
Other (income) expense, net.....	(1,725)	(877)	6,523	3,150	8,429
Total other expense.....	6,200	10	17,832	28,356	39,835
Income before income taxes, equity in income (loss) of					
AICL and minority interest.....	20,174	13,833	67,023	43,012	61,006
Provision for income taxes.....	2,445	2,977	6,384	7,876	7,078
Equity in income (loss) of AICL.....	1,776	1,762	2,808	(1,266)	(17,291)
Minority interest.....	2,269	1,044	1,515	948	(6,644)
Net income.....	\$ 17,236	\$ 11,574	\$ 61,932	\$ 32,922	\$ 43,281
PRO FORMA DATA (UNAUDITED):					
Historical income before income taxes, equity in income					
(loss) of AICL and minority interest.....	\$ 20,174	\$ 13,833	\$ 67,023	\$ 43,012	\$ 61,006
Pro forma provision for income taxes(1).....	5,345	3,177	16,784	10,776	10,691
Pro forma income before equity in income (loss) of AICL					
and minority interest(1).....	14,829	10,656	50,239	32,236	50,315
Historical equity in income (loss) of AICL.....	1,776	1,762	2,808	(1,266)	(17,291)
Historical minority interest.....	2,269	1,044	1,515	948	(6,644)
Pro forma net income (1).....	\$ 14,336	\$ 11,374	\$ 51,532	\$ 30,022	\$ 39,668
Basic and diluted pro forma net income per common					
share(1).....	\$.17	\$.14	\$.62	\$.36	\$.48
Shares used in computing pro forma net income per common					
share.....	82,610	82,610	82,610	82,610	82,610
OTHER DATA:					
EBITDA(2).....	\$ 37,437	\$ 34,197	\$ 103,434	\$ 123,082	\$ 175,111
Ratio of earnings to fixed charges(3):					
Actual.....	3.7x	2.0x	4.6x	2.4x	2.5x
Supplemental pro forma.....					3.1x

(1) Prior to the Reorganization, AEI, a predecessor of the Company, elected to be taxed as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. Accordingly, AEI did not recognize any provision for federal income tax expense during the periods presented. The pro forma provision for income taxes reflects the additional U.S. federal income taxes which would have been recorded if AEI had not been an S Corporation during these periods. See "Reorganization" and Note 1 of Notes to Combined Financial Statements.

(2) EBITDA is defined as earnings before interest income, interest expense,

taxes on income, depreciation and amortization. EBITDA is presented here to provide additional information about the Company's ability to meet its future debt service, capital expenditure, and working capital requirements and should not be construed as a substitute for or a better indicator of results of operations or liquidity than net income or cash flow from operating activities computed in accordance with generally accepted accounting principles.

- (3) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes less undistributed earnings in less than 50%-owned subsidiaries, plus fixed charges. Fixed charges consist of interest expense incurred and one-third of rental expense which amount is deemed by the Company to be representative of the interest factor of rental payments under operating leases. The supplemental pro forma ratio of earnings to fixed charges reflects the effect on the ratio of earnings to fixed charges if the Offerings had been completed and the estimated net proceeds to the Company applied as described in "Use of Proceeds" at the beginning of the period presented.

	DECEMBER 31,				DECEMBER 31, 1997		
	1993	1994	1995	1996	ACTUAL	PRO FORMA (1)	AS ADJUSTED (2)
(IN THOUSANDS)							
BALANCE SHEET DATA:							
Cash and cash equivalents...	\$ 8,929	\$114,930	\$91,151	\$49,664	\$ 90,917	\$ 63,217	\$ 68,191
Working capital (deficit)...	(13,073)	134,798	111,192	36,785	(196,870)	(224,570)	52,704
Total assets.....	191,754	426,522	626,379	804,864	855,592	827,892	864,197
Short-term borrowings and current portion of long-term debt.....	76,051	52,526	85,120	191,813	325,968	325,968	53,668
% Convertible Subordinated Notes due 2003.....	--	--	--	--	--	--	150,000
Due to AUSA (non-current)...	18,823	211,693	219,037	234,894	149,776	149,776	--
Other long-term debt.....	29,917	62,215	107,385	167,444	38,283	38,283	35,283
Stockholders' equity.....	8,070	9,617	45,289	45,812	90,875	61,075	367,838

- (1) Pro forma balance sheet data reflects (i) the termination of AEI's S Corporation status which resulted in the recording of a deferred tax liability of \$2.1 million and (ii) a distribution by the Company of undistributed earnings of AEI through December 31, 1997 of \$27.7 million to stockholders of AEI prior to the Reorganization. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following December 31, 1997 and prior to the Reorganization. See "Reorganization -- Termination of S Corporation Status and Distributions" and Notes 1, 16 and 17 of Notes to Combined Financial Statements.
- (2) As adjusted to give effect to the application of the estimated net proceeds to the Company of the Offerings based on an assumed initial public offering price of \$11.00 per share of common stock, including the purchase from AICL of its 40% interest in AAP for approximately \$34 million and the related elimination of minority interest and recording of goodwill. The acquisition of the minority interest will result in additional amortization of approximately \$2.5 million per year. Also reflects repayments made after December 31, 1997 and prior to the Offerings of \$50.3 million of short-term borrowings and current portion of long-term debt and \$30 million of amounts due to AUSA (non-current), as well as the assumption by an affiliate of the Company of \$13.9 million of amounts due to AUSA (non-current) in February 1998. See "Reorganization," "Use of Proceeds" and Notes 1, 6 and 16 of Notes to Combined Financial Statements.

The following discussion contains forward-looking statements within the meaning of the federal securities laws, including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected capacity utilization rates, the belief of the Company as to its future operating performance and other statements that are not historical facts. 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" and "Business." The following discussion provides information and analysis of the Company's results of operations from 1995 through 1997 and its liquidity and capital resources and should be read in conjunction with the Combined Financial Statements and Notes thereto and the selected combined financial data included elsewhere in this Prospectus. The operating results for interim periods are not necessarily indicative of results for any subsequent period.

OVERVIEW

Background. The Company is the world's largest independent provider of semiconductor packaging and test services. The Company believes that it is also one of the leading developers of advanced semiconductor packaging and test technology in the industry. The Company offers a complete and integrated set of packaging and test services including IC package design, leadframe and substrate design, IC package assembly, final testing, burn-in, reliability testing, and thermal and electrical characterization. The Company recently began offering wafer fabrication services. The Company provides packaging and test services through its three factories in the Philippines (P1, P2 and P3) as well as the four factories of AICL in Korea, and wafer fabrication services through AICL's new wafer foundry, pursuant to the Supply Agreements between the Company and AICL. As of December 31, 1997, the Company had in excess of 150 customers, including many of the largest semiconductor companies in the world.

The Company was formed in September 1997 to consolidate the operations of the Amkor Companies, including AEI which was incorporated in 1970. These companies were under common management and in the same business prior to the Company's formation. As a result of the Reorganization, the financial statements included in this Prospectus are presented on a combined basis. See "Reorganization" and "Certain Transactions" and Notes 1 and 16 of Notes to Combined Financial Statements. Prior to the Reorganization, AEI elected to be taxed as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. Accordingly, AEI did not recognize any provision for federal income tax expense during the periods presented in the Combined Financial Statements. The Combined Financial Statements include a pro forma provision for income taxes which reflects the U.S. federal income taxes which would have been recorded by the Company if AEI had not been an S Corporation during these periods. See Notes 1, 10 and 17 of Notes to Combined Financial Statements.

General. From 1995 to 1997, the Company's revenues increased from approximately \$932.4 million to \$1.456 billion. This increase occurred primarily as a result of increases in unit volumes, together with the shift in the Company's product mix from traditional leadframe products to advanced leadframe and laminate products, which were offset in part by decreasing average selling prices. See "Business -- Products." In order to meet customer demand, the Company has invested significant resources to expand its capacity in the Philippines. In 1996 and the first six months of 1997, the Company incurred and expensed \$15.5 million and \$16.6 million, respectively, of pre-operating and start-up costs and initial operating losses in connection with its newest factory, P3, in the Philippines. This facility operated at substantially less than full capacity during these periods while customers were completing qualification procedures for BGA packages to be produced at the facility. The Company significantly increased utilization of P3 during the last six months of 1997 and expects to operate the facility with positive gross margins during 1998. See "Risk Factors -- Expansion of Manufacturing Capacity; Profitability Affected by Capacity Utilization Rates" and "Business -- Facilities and Manufacturing."

The Company's results of operations are generally affected by the capital-intensive nature of its business. In 1995, 1996 and 1997, the Company invested \$123.6 million, \$185.1 million and \$179.0 million, respectively, in property, plant and equipment. Increases or decreases in capacity utilization rates can have a significant effect on gross margins since the unit cost of packaging and test services generally decrease as fixed charges, such as depreciation expense for the equipment, are allocated over a larger number of units produced. In addition, the Company's gross margin is significantly affected by fluctuations in service charges paid to AICL pursuant to the Supply Agreements. Pricing arrangements relating to packaging and test services provided by AICL to the Company are subject to quarterly review and adjustment, and pricing arrangements relating to wafer fabrication services provided by AICL are subject to annual review and adjustment, in each case on the basis of factors such as changes in the semiconductor market, forecasted demand, product mix and capacity utilization and fluctuations in exchange rates, as well as the mutual long-term strategic interest of the Company and AICL. The Company's results of operations are also affected by declines over time in the average selling prices for particular products. At times in the past the Company has been able to offset, at least in part, the effect of such decline on its margins by successfully developing and marketing new products with higher margins, such as advanced leadframe and laminate products, and by taking advantage of economies of scale and higher productivity resulting from volume production. However, there can be no assurance that the Company will be successful at offsetting any such declines in the future. See "Risk Factors -- Expansion of Manufacturing Capacity; Profitability Affected by Capacity Utilization Rates" and "-- Competition."

Due to the concentration of market share in the semiconductor industry, the Company has been largely dependent upon a small group of customers for a substantial portion of its business. In 1995, 1996 and 1997, 34.1%, 39.2% and 40.1%, respectively, of the Company's net revenues were derived from sales to the Company's top five customers, with 13.3%, 23.5% and 23.4%, respectively, derived from sales to Intel. See "Risk Factors -- Customer Concentration; Absence of Backlog."

Relationship with AICL. In 1996 and 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and 1997 were derived from services sold by the Company. Historically, AICL has directly sold packaging and test services in Japan and Korea. The Company assumed substantially all of the marketing rights for services in Japan in January 1998. Also, the Company recently began offering wafer fabrication services through AICL's new deep submicron CMOS foundry which is capable of producing up to 15,000 8" wafers per month. See "Risk Factors -- Risks Associated with New Wafer Fabrication Business." The Company expects the proportion of its net revenues derived from sales of services performed for the Company by AICL and the percentage of AICL's revenues from services sold by the Company to increase as the Company begins selling the wafer fabrication output of AICL's new wafer foundry and with the Company's assumption from AICL of substantially all of the marketing rights for Japan. The Company has a first right to substantially all of the packaging and test service capacity of AICL and the exclusive right to all of the wafer output of AICL's new wafer foundry.

The Supply Agreements between the Company and AICL generally provide, among other things, for periodic price reviews and adjustments and coordination of research and development efforts regarding package design and packaging and testing processes and technologies. The Supply Agreements have a five year initial term and thereafter may be terminated upon five years' notice. There can be no assurance that AICL will not terminate either Supply Agreement upon the expiration of such initial term, or that if it does terminate a Supply Agreement, that the Company will be able to enter into a new agreement with AICL on terms favorable to the Company or at all. See "Relationship with Anam Industrial Co., Ltd."

The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, overlaps and family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights. As a result, the Company's business, financial condition and operating results will continue to be significantly dependent on AICL, including without limitation AICL's ability to effectively provide the contracted services on a cost-efficient and timely basis as well as AICL's financial condition and results of operations. The Company will continue to be controlled to a significant degree by James Kim and members of his family, and Mr. Kim and other

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members of his family will also continue to exercise significant influence over the management of AICL and its affiliates. In addition, the Company and AICL will continue to have certain contractual and other business relationships and may engage in transactions from time to time that are material to the Company. Although any such material agreements and transactions would require approval of the Company's Board of Directors, such transactions will generally not require approval of the disinterested members of the Board of Directors and conflicts of interest may arise in certain circumstances. There can be no assurance that such conflicts will not from time to time be resolved against the interests of the Company. The Company currently has four directors, two of whom are disinterested. Under Delaware corporate law, each director owes a duty of loyalty and care to the Company, which if breached can result in personal liability for the directors. In addition, the Company may agree to certain changes in its contractual and other business relationships with AICL, including pricing, manufacturing allocation, capacity utilization and capacity expansion, among others, which in the judgment of the Company's management will result in reduced short-term profitability for the Company in favor of potential long-term benefits to the Company and AICL. There can be no assurance that the Company's business, financial condition or results of operations will not be adversely affected by any such decision. See "-- Liquidity and Capital Resources" and "Risk Factors -- Dependence on Relationship with AICL; Potential Conflicts of Interest."

RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	-----	-----	-----
Net revenues.....	100.0%	100.0%	100.0%
Cost of revenues.....	84.0	87.3	85.4
	-----	-----	-----
Gross profit.....	16.0	12.7	14.6
Operating expenses:			
Selling, general and administrative	6.0	5.7	7.1
Research and development.....	0.9	0.9	0.6
	-----	-----	-----
Total operating expenses.....	6.9	6.6	7.7
	-----	-----	-----
Operating income.....	9.1	6.1	6.9
	-----	-----	-----
Other (income) expense:			
Interest expense, net.....	1.0	1.9	2.2
Foreign currency (gain) loss.....	0.2	0.2	(0.1)
Other expense, net.....	0.7	0.3	0.6
	-----	-----	-----

Total other expense.....	1.9	2.4	2.7
	-----	-----	-----
Income before income taxes, equity in income (loss)			
of AICL and minority interest.....	7.2	3.7	4.2
Provision for income taxes.....	0.7	0.7	0.5
Equity in income (loss) of AICL.....	0.3	(0.1)	(1.2)
Minority interest.....	0.2	0.1	(0.5)
	-----	-----	-----
Net income.....	6.6	2.8	3.0
Pro forma provision for income taxes	1.1	0.2	0.3
	-----	-----	-----
Pro forma net income.....	5.5%	2.6%	2.7%
	=====	=====	=====

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

Net Revenues. The Company's net revenues consist of fees for the packaging and testing of ICs which are consigned by customers to the Company's or AICL's factories. Net revenues for 1997 increased 24.3% to \$1,455.8 million from \$1,171.0 million for 1996 primarily due to an increase in unit volumes of semiconductors packaged and tested by the Company, offset in part by declines in average selling prices for many of the

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Company's leadframe products. In addition, the opening of P3, the Company's newest factory, and K4, AICL's newest factory, in September 1996 enabled the Company to begin to expand sales of BGA packages in 1997.

Gross Profit. Gross profit increased 43.1% to \$213.1 million in 1997 from \$148.9 million in 1996, resulting in a gross margin of 14.6% for 1997 as compared to 12.7% for 1996. Cost of revenues consists principally of packaging and test service charges from AICL, costs of direct material for both the Philippine factories and AICL and labor and other costs at the Philippine factories. Gross margin increased primarily due to improved operating results at P1 and P2 during the second half of 1997, which more than offset initial operating losses and start-up costs incurred in connection with P3 during the first half of 1997. Product mix changes toward more profitable product lines and decreased labor costs from the devaluation of the Philippine peso were the primary factors resulting in improved margins at the P1 and P2 factories.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 55.7% to \$103.7 million, or 7.1% of net revenues, in 1997 from \$66.6 million, or 5.7% of net revenues, in 1996 primarily due to increases in personnel in marketing and support to sustain the Company's growth. The number of employees in the Company's marketing and sales support groups increased during 1997 by approximately 21% over 1996. Such increase resulted in an overall increase in personnel-related costs including salaries, benefits and payroll taxes. The Company also incurred increased costs for office rental, depreciation and other occupancy-related expenses. The Company does not expect this level of growth in employees to continue in 1998. In addition to the increased costs from its marketing and sales support groups, the Company incurred approximately \$8.0 million and \$3.6 million in general and administrative expenses in connection with its P3 operations and wafer fabrication services group, respectively, during 1997. No similar costs were incurred in 1996 as these groups represented start-up operations in 1997.

Research and Development Expenses. Research and development expenses decreased 22.0% to \$8.5 million, or 0.6% of net revenues, in 1997, from \$10.9 million, or 0.9% of net revenues, in 1996. The decrease in research and development costs principally reflected the termination in late 1996 of the Company's efforts to develop its own laminate substrate manufacturing capability.

Other (Income) Expense. Other (income) expense consists of interest

expense, net, foreign currency (gain) loss and other (income) expense, net. Other expense increased 40.5% to \$39.8 million in 1997 from \$28.4 million in 1996 primarily as a result of increased interest expense and increased other expenses. Interest expense for 1997 increased to \$38.6 million from \$27.7 million in 1996 as the Company significantly increased its borrowing to finance capacity expansion. See "-- Liquidity and Capital Resources." Interest expense in each of the periods was offset in part by interest income of \$6.4 million and \$5.5 million, respectively. Other expenses increased primarily due to \$2.4 million in costs relating to the Company's trade receivables securitization transactions. See "-- Liquidity and Capital Resources" and Note 2 of Notes to Combined Financial Statements.

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma adjustment for income taxes) for 1997 was 18% as compared to 25% for 1996. The decrease in the Company's effective tax rate in 1997 compared to 1996 was primarily attributable to income not taxed due to a tax holiday and foreign exchange effects described below. The Company's subsidiary that owns P3 operates under a tax holiday from Philippine income taxes until the end of 2002. To the extent P3 is profitable, the Company's effective tax rate related to its Philippine operations during the tax holiday will be less than the Philippine statutory rate of 35%. Additionally, the Company recognized deferred tax benefits for unrealized foreign exchange losses in 1997 which are recognized in the Philippines for tax reporting purposes and relate to unrecognized net foreign exchange losses on U.S. dollar denominated monetary assets and liabilities. See Note 10 of Notes to Combined Financial Statements. These losses are not recognized for financial reporting purposes as the U.S. dollar is the functional currency. These losses will be realized for Philippine tax reporting purposes upon settlement of the related asset or liability. The benefit derived from unrealized foreign exchange losses was partially offset by an increase in the valuation allowance as the Company concluded that it was more likely than not that their tax benefits could be realized in the Philippines within the three year loss carryforward period. The Company has structured its global operations to take advantage of lower tax rates in certain

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countries and tax incentives extended to encourage investment. The recorded provisions for income taxes are subject to changes upon examination of the Company's tax returns by tax authorities in the United States, the Philippines and elsewhere. Changes in the mix of income from the Company's foreign subsidiaries, expiration of tax holidays and changes in tax laws and regulations could result in increased effective tax rates for the Company.

Equity in Income (Loss) of AICL. Equity in income (loss) of AICL represents the Company's ownership interest in AICL during the periods presented. In 1997, the Company recognized a loss of \$17.3 million resulting principally from the impairment of value in its investment in AICL. In February 1998, the Company disposed of its investment in AICL's common stock. See "Certain Transactions" and Note 6 of Notes to Combined Financial Statements.

Minority Interest. Minority interest represents AICL's ownership interest in the consolidated net income of AAP. During 1997, as a result of a settlement of an intercompany loan, which otherwise had no effect on the combined pretax income of the Company, AAP reported a net loss as a separate entity. Accordingly, the Company recorded a minority interest benefit in its combined financial statements relating to the minority interest in the net loss. Following the Offerings, the Company intends to purchase AICL's 40% interest in AAP and, as a result, the Company will own substantially all of the common stock of AAP. See "Use of Proceeds." The acquisition of the minority interest will result in the elimination of the minority interest liability and additional amortization of approximately \$2.5 million per year.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

Net Revenues. Net revenues in 1996 increased 25.6% to \$1.17 billion from \$932.4 million in 1995. The increase was primarily due to an increase in units

sold together with an increase in sales of newer products, such as advanced leadframe and laminate packages. This increase in sales of newer products offset declines in average selling prices for many of the Company's other products.

Gross Profit. Gross profit in 1996 and 1995 was approximately \$149 million representing a decrease in gross margin to 12.7% in 1996 from 16.0% in 1995. The decrease in gross margin was primarily attributable to increases in cost of revenues due to \$15.5 million in pre-operating and start-up costs associated with P3, as well as increased packaging and test service charges paid to AICL.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 20.1% to \$66.6 million, or 5.7% of net revenues, in 1996 from \$55.5 million, or 6.0% of net revenues, in 1995 as a result of the addition of personnel and infrastructure to service increases in customer demand. In addition, the Company continued its investments in new information systems in order to enhance operating efficiencies and improve customer service and support.

Research and Development Expenses. Research and development expenses increased 25.2% to \$10.9 million, or 0.9% of net revenues, in 1996 from \$8.7 million, or 0.9% of net revenues, in 1995 as a result of increased staffing and funding for the Company's efforts to develop laminate substrate manufacturing capabilities, prior to termination of such efforts in late 1996.

Other (Income) Expense. Other expense increased 59.0% to \$28.4 million in 1996 from \$17.8 million in 1995 primarily as a result of increases in interest expense, net, offset in part by a decrease in other expense, net. Interest expense, net in 1996 increased to \$22.2 million from \$9.8 million in 1995 as the Company significantly increased its borrowing to finance capacity expansion. See "-- Liquidity and Capital Resources." As a result of this increase in debt, the Company's interest expense increased to \$27.7 million in 1996 from \$17.3 million in 1995.

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma provision for income taxes) for 1996 and 1995 was 25%. These rates were different from the United States statutory rate primarily due to the impact of lower tax rates, including tax holidays, in certain of the countries in which the Company's subsidiaries are located. See Note 10 of Notes to Combined Financial Statements.

QUARTERLY RESULTS

The following table sets forth certain unaudited combined financial information, including as a percentage of net revenues, for the eight fiscal quarters ended December 31, 1997. The Company disposed of its investment in AICL common stock in February 1998. Also, the Company has entered into an agreement with AICL pursuant to which the Company will purchase, immediately following the Offerings, AICL's 40% interest in AAP. After the Offerings, there will be no equity in income (loss) of AICL and minority interest related to AAP. Consequently, this information is not presented below. The amounts of equity in income (loss) of AICL and minority interest have historically varied significantly by quarter depending on the income (loss) of AICL and AAP. See "Reorganization" and Note 6 of Notes to Combined Financial Statements. The Company believes that all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the selected quarterly information when read in conjunction with the Combined Financial Statements and the Notes thereto included elsewhere herein. The Company's results of operations have varied and may continue to vary significantly from quarter to quarter and are not necessarily indicative of the results of any future period. In addition, in light of the Company's recent growth, the Company believes that period-to-period comparisons should not be relied upon as an indication of future performance.

	QUARTER ENDED							
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997	DEC. 31, 1997
	(IN THOUSANDS)							
Net revenues.....	\$270,327	\$272,262	\$285,784	\$342,628	\$313,019	\$350,471	\$380,130	\$412,141
Cost of revenues.....	230,387	231,959	250,898	308,834	287,449	299,093	314,246	341,881
Gross profit.....	39,940	40,303	34,886	33,794	25,570	51,378	65,884	70,260
Operating expenses:								
Selling, general and administrative.....	13,752	15,948	16,716	20,209	20,608	26,657	26,829	29,632
Research and development.....	2,100	2,757	3,071	3,002	1,485	2,030	2,236	2,774
Total operating expenses.....	15,852	18,705	19,787	23,211	22,093	28,687	29,065	32,406
Operating income.....	24,088	21,598	15,099	10,583	3,477	22,691	36,819	37,854
Total other expense, net.....	3,316	6,052	9,853	9,135	8,165	9,577	11,242	10,851
Income before income taxes, equity in income (loss) of AICL and minority interest.....	20,772	15,546	5,246	1,448	(4,688)	13,114	25,577	27,003
Provision for income taxes.....	3,803	2,847	961	265	(1,497)	4,186	842	3,547
Income before equity in income (loss) of AICL and minority interest.....	\$ 16,969	\$ 12,699	\$ 4,285	\$ 1,183	\$ (3,191)	\$ 8,928	\$ 24,735	\$ 23,456

	QUARTER ENDED					
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997
Net revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues.....	85.2	85.2	87.8	90.1	91.8	85.3
Gross profit.....	14.8	14.8	12.2	9.9	8.2	14.7
Operating expenses:						
Selling, general and administrative.....	5.1	5.9	5.8	5.9	6.6	7.6
Research and development.....	0.8	1.0	1.1	0.9	0.5	0.6
Total operating expenses.....	5.9	6.9	6.9	6.8	7.1	8.2
Operating income.....	8.9	7.9	5.3	3.1	1.1	6.5
Total other expense, net.....	1.2	2.2	3.5	2.7	2.6	2.8
Income before income taxes, equity in income (loss) of AICL and minority interest.....	7.7	5.7	1.8	0.4	(1.5)	3.7
Provision for income taxes.....	1.4	1.0	0.3	0.1	(0.5)	1.2
Income before equity in income (loss) of AICL and minority interest.....	6.3%	4.7%	1.5%	0.3%	(1.0)%	2.5%

	QUARTER ENDED	
	SEPT. 30, 1997	DEC. 31, 1997
Net revenues.....	100.0%	100.0%
Cost of revenues.....	82.7	83.0
Gross profit.....	17.3	17.0
Operating expenses:		
Selling, general and administrative.....	7.1	7.2
Research and development.....	0.5	0.6
Total operating expenses.....	7.6	7.8
Operating income.....	9.7	9.2
Total other expense, net.....	3.0	2.6
Income before income taxes, equity in income (loss) of AICL and minority interest.....	6.7	6.6
Provision for income taxes.....	0.2	0.9
Income before equity in income (loss) of AICL and minority interest.....	6.5%	5.7%

The Company's revenues, gross profit and operating profit are generally lower in the first quarter of the year as compared to the fourth quarter of the preceding year primarily due to the combined effect of holidays in the United States, the Philippines and Korea. Semiconductor companies in the United States

generally reduce their production during the holidays at the end of December which results in a significant decrease in orders for packaging and testing services during the first two weeks of January. In addition, the Company typically closes its factories in the Philippines for holidays in January, and AICL closes its factories in Korea for holidays in February. As a result of these factors, the Company's net revenues are significantly reduced during the months of January and February. The Company currently anticipates that its operating results for the first quarter of 1998 will follow its historical seasonality, with revenues, gross profit and operating profit declining as compared to the fourth quarter of 1997.

Beginning in the third quarter of 1996, intense competition in the semiconductor industry worldwide led to decreases in the average selling prices of many of the Company's leadframe packages. These decreases were partially offset by increases in sales of advanced leadframe and laminate packages, which carry higher prices and gross margins. In addition, the Company's cost of revenues as a percentage of revenues increased significantly during the three quarters ended March 31, 1997 primarily as a result of initial operating losses and start-up costs associated with P3. Cost of revenues was also affected in the two quarters ended June 30, 1997, as the Company recognized a \$2.2 million write-off for custom laminate raw materials which were purchased to meet customer orders which were subsequently cancelled. The combined effect of these factors was to decrease the levels of profitability in the third and fourth quarters of 1996 and the first quarter of 1997.

Selling, general and administrative expenses increased during the second, third and fourth quarters of 1997 primarily due to increased staffing levels at the Company's marketing and sales support groups, as well as at its P3 factory and wafer fabrication services group, which resulted in increased employee-related costs. See "--- Results of Operations -- Year Ended December 31, 1997 Compared to Year Ended December 31, 1996 -- Selling, General and Administrative Expenses."

Income tax rates in the third quarter of 1997 were lower compared to prior periods as the Company recognized deferred tax benefits for unrealized foreign exchange losses during the quarter, which are recognized for Philippine tax reporting purposes but are not recognized for financial reporting purposes since the U.S. dollar is the functional currency. Although similar circumstances during the fourth quarter of 1997 resulted in the recognition of additional deferred tax assets, their effect on the overall tax rates were mitigated by a valuation allowance also recorded during the fourth quarter of approximately \$22 million. See "--- Results of Operations -- Year End December 31, 1997 Compared to Year Ended December 31, 1996 -- Income Taxes." As the majority of these tax assets relate to fluctuations in the value of the Philippine peso, management is unable to determine the impact to the effective tax rates which may occur as a result of future exchange rate fluctuations.

The Company's quarterly operating results may vary significantly due to a variety of factors including, among others, the cyclical nature of both the semiconductor industry and the markets addressed by end-users of semiconductors, the short-term nature of its customers' commitments, timing and volume of orders relative to the Company's production capacity, changes in capacity utilization, evolutions in the life cycles of customers' products, rescheduling and cancellation of large orders, rapid erosion of packaging selling prices, availability of manufacturing capacity, allocation of production capacity between the Company's facilities and AICL's facilities, fluctuations in packaging and test service charges paid to AICL, changes in costs, availability and delivery times of labor, raw materials and components, effectiveness in managing production processes, fluctuations in manufacturing yields, changes in product mix, product obsolescence, timing of expenditures in anticipation of future orders, availability of financing for expansion, changes in interest expense, the ability to develop and implement new technologies, competitive factors, changes in effective tax rates, the loss of key personnel or the shortage of available skilled workers, international political or economic events, currency and interest rate fluctuations, environmental events, and intellectual property transactions and disputes. Unfavorable changes in any of the above factors may adversely affect the Company's business, financial condition and results of operations. In addition, the Company increases its

level of operating expenses and investment in manufacturing capacity in anticipation of future growth in revenues. To the extent the Company's revenues do not grow as anticipated, the Company's financial condition and operating results may be materially adversely affected. See "Risk Factors -- Fluctuations in Operating Results; Declines in Average Selling Price."

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LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1997, the Company had cash and cash equivalents of \$90.9 million and a working capital deficit of \$196.9 million (\$63.2 and \$224.6 million, respectively, on a pro forma basis, after giving effect to the termination of AEI's S Corporation status and the distribution of undistributed earnings through December 31, 1997). The Company's working capital deficit resulted primarily from the significant amount of its short-term debt, primarily incurred in connection with the expansion of its Philippine operations, together with approximately \$105 million of term loans which have been reclassified as current liabilities as a result of the non-compliance by the Company with certain covenants thereunder. The Company's non-compliance with certain covenants with respect to the Non-Compliant Loans, the aggregate outstanding amount of which was \$176 million as of December 31, 1997, triggered cross-defaults with respect to an additional \$10 million of the Company's loans. These loan covenants include restrictions on the ability of one of the Company's subsidiaries to enter into transactions with affiliates, requirements that the subsidiary maintain certain debt-to-equity ratios and requirements that the subsidiary comply with certain notice requirements. The Company's obligation to repay these loans (including the cross-defaulted loans) may be accelerated by the lenders at any time. As a result of such non-compliance, the report of the Company's independent public accountants with respect to the Company's financial statements included herein contains a paragraph stating that there is substantial doubt as to the ability of the Company to continue as a going concern. The Company will eliminate such non-compliance and cross-defaults by repaying such loans using part of the net proceeds to the Company from the Offerings as well as working capital. See "Use of Proceeds" and "Risk Factors -- Risks Associated with Leverage."

The Company will use the net proceeds received from the Offerings primarily to repay an aggregate of approximately \$331 million of short-term and long-term debt, including the Non-Compliant Loans (which, following planned repayments of portions thereof prior to the Offerings, will have an aggregate outstanding balance of \$154 million), \$63 million of short-term loans, \$8 million of term loans and \$106 million of amounts due to AUSA. In addition, the Company will use approximately \$34 million of such net proceeds to repurchase AICL's 40% interest in AAP. See "Use of Proceeds." Following the expected application of the estimated net proceeds of the Offerings to the Company together with planned repayments of debt prior to the Offerings, the Company will have \$54 million of short-term borrowing and current portion of long-term debt, \$185 million of long-term debt and no amounts then due to AUSA. In addition, the remaining \$85 million of such net proceeds will be available for capital expenditures and working capital.

The Company has been investing significant amounts of capital to increase its packaging and test services capacity, including the construction of P3, the addition of capacity in the Company's other Philippine facilities and the construction of a new manufacturing facility in the United States. Advanced packaging processes are being developed at the U.S. facility and full scale operations are expected to begin in 1999. In 1995, 1996, and 1997, the Company made capital expenditures of \$123.6 million, \$185.1 million and \$179.0 million, respectively. Because the Company and AICL have added a significant amount of packaging and test capacity in recent years, the Company intends to decrease its level of capital expenditures in 1998. The Company currently intends to spend approximately \$60 million in capital expenditures in 1998, including for the new factory in the U.S. and moderate capacity expansion at the Company's existing facilities in the Philippines to meet expected demand. The Company believes that expenditure levels could increase substantially in 1999 to provide the Company with adequate capacity.

The Company believes that following the application of the net proceeds from the Offerings, its existing cash balances, cash flow from operations, available equipment lease financing, bank borrowings and financing obtained through AUSA will be sufficient to meet its anticipated cash requirements including working capital and capital expenditures, for at least the next 12 months. In addition, the Company intends to seek out strategic long-term financing arrangements to fund part of its capital expansion plans in 1998. There can be no assurance, however, that lower than expected revenues, increased expenses, increased costs associated with the purchase or maintenance of capital equipment, decisions to increase planned capacity or other events will not cause the Company to seek more capital, or to seek capital sooner than currently expected. The timing and amount of the Company's actual capital requirements cannot be precisely determined and will depend on a number of factors, including demand for the Company's services, availability of capital equipment, fluctua-

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tions in foreign currency exchange rates, changes in semiconductor industry conditions and competitive factors. There can be no assurance that such additional financing will be available when needed or, if available, will be available on satisfactory terms. Failure to obtain any such financing could have a material adverse effect on the Company. In addition, if the Company obtains such financing by selling equity securities of the Company, the Company's stockholders may experience significant dilution.

The Company historically has met a significant portion of its cash requirements for working capital and capital expenditures from a combination of cash from operating activities, short-term and long-term bank loans and financing obtained for the benefit of the Company by AUSA, a wholly-owned financing subsidiary of AICL, as well as financing from a trade receivables securitization agreement. Cash provided by operating activities in 1995, 1996 and 1997 was \$53.3 million, \$8.6 million, and \$250.1 million, respectively. Cash provided (used) by financing activities was \$71.2 million, \$148.0 million and \$(16.0) million for 1995, 1996 and 1997, respectively.

At December 31, 1997, the Company's debt consisted of \$326.0 million of borrowings classified as current liabilities, \$38.3 million of long-term debt and capital lease obligations and \$149.8 million of amounts due to AUSA. The Company plans to repay prior to the Offerings approximately \$50.3 million of its short-term debt and \$30 million of amounts due to AUSA. In addition, \$13.9 million of amounts due to AUSA was assumed by AK Investments, Inc., an affiliate of the Company, in February 1998. As of December 31, 1997, the Company had extended guarantees in respect of bank debt of affiliates in the amount of \$31 million and in respect of vendor obligations of an affiliate in the amount of \$24.7 million, which amount may vary over time. At December 31, 1997, the Company had \$223.9 million in borrowing facilities with a number of domestic and foreign banks, of which \$36.2 million remained unused. Certain of these agreements require compliance with certain financial covenants and restrictions, and are collateralized by assets of the Company. These facilities are typically revolving lines of credit and working capital facilities for one-year renewable periods and generally bear interest at rates ranging from 7.2% to 13%. Long-term debt and capital lease obligations outstanding at December 31, 1997 have various expiration dates through April 2004, and accrue interest at rates ranging from 6.7% to 12.5%. See Note 11 of Notes to Combined Financial Statements.

The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA, AICL's wholly-owned financing subsidiary. A majority of the amount due to AUSA represents outstanding amounts under financing obtained by AUSA for the benefit of the Company, with the balance representing payables to AUSA for packaging and service charges paid to AICL. Based on guarantees provided by AICL, AUSA obtains for the benefit of the Company a continuous series of short-term financing arrangements which generally are less than six months in duration, and typically are less than two months in duration. Because of the short term nature of these loans, the flows of cash to and from AUSA under this arrangement are significant. At December 31, 1997, the Company had fully utilized \$149.8 million of the credit facilities available to

the Company through AUSA. These credit facilities are with U.S. branches of a number of banks located in Korea and have interest rates ranging from approximately 6.9% to prime plus 8.5% (17% at December 31, 1997). Because of the recent deterioration of the Korean economy, Korean banks have begun to raise interest rates applicable to their lending. See "Risk Factors -- Dependence on International Operations and Sales; Concentration of Operations in the Philippines and Korea -- Korea." As its credit lines have been renewed, AUSA has experienced a significant increase in interest rates, and there can be no assurance that such increases will not continue. The Company reimburses AUSA for certain of the interest charges incurred by AUSA under these credit facilities. As an overseas subsidiary of AICL, AUSA was formed with the approval of the Bank of Korea. If the Bank of Korea were to withdraw such approval, or if AUSA otherwise ceased operations for any reason, the Company and AICL would be required to meet their financing needs through alternative arrangements. Although the Company believes that after the Offerings alternative financing arrangements will be available, there can be no assurance that the Company or AICL will be able to obtain alternative financing on acceptable terms or at all. AUSA has received commitments from its banks indicating that they intend to renew the facilities when they expire through at least April 1, 1999. AUSA has extended similar terms to the Company with respect to amounts due to AUSA by the Company. Accordingly, amounts due to AUSA are classified as non-current liabilities on the Company's balance sheet at December 31, 1997. See Notes 2 and 6 of Notes to Combined Financial Statements.

At December 31, 1997, all of AUSA's debt of \$319 million, the Non-Compliant Loans of \$176 million and the Company's obligations under the Receivables Sale (as defined below) were guaranteed by AICL. AICL currently has a significant amount of debt relative to its equity and is contingently liable under guarantees in respect of debt of its subsidiaries and affiliates, including AUSA. As of December 31, 1997, AICL and its consolidated subsidiaries had guarantees outstanding in respect of debt of its non-consolidated subsidiaries and affiliates in the Anam Group in the aggregate amount of approximately W857 billion, including the guarantees of the Company's loans. As a result of its relationship with AICL, the Company's business, financial condition and operating results are significantly dependent on AICL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AICL. In addition, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. See "-- Overview -- Relationship with AICL," "Risk Factors -- Dependence on Relationship with AICL; Potential Conflicts of Interest" and "Relationship with Anam Industrial Co., Ltd."

In July 1997, the Company entered into a trade receivables securitization agreement with a commercial financial institution. Under the terms of the agreement, the financial institution has committed to purchase, with limited recourse, all right, title and interest in eligible receivables, as defined in the agreement, up to \$100 million (the "Receivables Sale"). Funds received pursuant to the agreement reflect a discount of LIBOR plus 0.375% from accounts receivable sold. The Company applied approximately \$83.4 million of the initial Receivables Sale proceeds together with approximately \$17 million of working capital to reduce the Company's indebtedness to AUSA, which amounts were advanced by AUSA to entities controlled by members of James Kim's family. See Note 2 of Notes to Combined Financial Statements.

Prior to the consummation of the Reorganization, AEI was treated for U.S. federal and certain state tax purposes as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. As a result, AEI did not recognize U.S. federal corporate income taxes. Instead, up until the Termination Date, Mr. and Mrs. Kim and the Kim Family Trusts have been obligated to pay U.S. federal and certain state income taxes on their allocable portion of the income of AEI. The Company, Mr. and Mrs. Kim and the Kim Family Trusts will enter into tax indemnification agreements providing that the Company will be indemnified by such stockholders, with respect to their proportionate share of any U.S. federal or state corporate income taxes attributable to the failure of AEI to qualify as

an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the Termination Date. The tax indemnification agreements will also provide that the Company will indemnify Mr. and Mrs. Kim and the Kim Family Trusts if such stockholders are required to pay additional taxes or other amounts attributable to taxable years on or before the Termination Date as to which AEI filed or files tax returns claiming status as an S Corporation. AEI has made various distributions to Mr. and Mrs. Kim and the Kim Family Trusts which have enabled them to pay their income taxes on their allocable portions of the income of AEI. Such distributions totaled approximately \$19.8 million, \$13.0 million and \$5.0 million in 1995, 1996 and 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distributions will represent AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. These final distributions are intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. Through December 31, 1997, the amount of such undistributed net earnings was \$27.7 million. See "Reorganization" and Notes 1, 10 and 17 of Notes to Combined Financial Statements.

FOREIGN CURRENCY TRANSLATION GAINS AND LOSSES

The Company's subsidiaries in the Philippines maintain their accounting records in U.S. dollars. This is due to the fact that all sales, the majority of all bank debt and all significant material and fixed asset purchases of such subsidiaries are denominated in U.S. dollars. As a result, the Philippine subsidiaries' exposure to changes in the Philippine peso/U.S. dollar exchange rate relates primarily to certain receivables and advances and other assets offset by payroll, pension and local liabilities. To minimize its foreign exchange risk, the Company selectively hedges its net foreign currency exposure through short-term (generally not more than 30 to 60 days) forward exchange contracts. To date, the Company's hedging activity has been immaterial.

BUSINESS

The following discussion contains forward-looking statements within the meaning of the U.S. federal securities laws, including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected capacity utilization rates, the belief of the Company as to its future operating performance and other statements that are not historical facts. 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 herein, in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Amkor is the world's largest independent provider of semiconductor packaging and test services. The Company believes that it is also one of the leading developers of advanced semiconductor packaging and test technology in the industry. The Company offers a complete and integrated set of packaging and test services including IC package design, leadframe and substrate design, IC package assembly, final testing, burn-in, reliability testing, and thermal and electrical characterization. As of December 31, 1997, the Company had in excess of 150 customers, including many of the largest semiconductor companies in the world. Such customers include, among others, Advanced Micro Devices, Inc., International Business Machines Corp., Intel, Lucent Technologies, Inc., Motorola, Inc., National Semiconductor Corp., Philips Electronics N.V., SGS-THOMSON Microelectronics N.V., Siemens AG and TI.

The Company recently began offering wafer fabrication services through AICL's new deep submicron CMOS foundry. This foundry is currently capable of producing up to 15,000 8" wafers per month. Through a strategic relationship with TI, the Company and AICL have qualified .25 micron CMOS process technology, and TI has agreed to provide to AICL .18 micron CMOS process technology during

1998. This foundry will primarily manufacture digital signal processors ("DSPs"), application specific integrated circuits ("ASICs") and other logic devices. By leveraging the Company's leading position in semiconductor packaging and test services, the new wafer fabrication services have enabled the Company to become one of the first providers of a fully integrated, turnkey semiconductor fabrication, packaging and test service solution.

The Company provides packaging and test services through its three factories in the Philippines as well as the four factories of AICL in Korea pursuant to a Supply Agreement between the Company and AICL, under which AICL provides packaging and test services to the Company. In 1996 and 1997, AICL provided packaging and test services representing approximately 72% and 68%, respectively, of the Company's net revenues.

INDUSTRY BACKGROUND

Manufacturing Process

The production of a semiconductor is a complex process that requires increasingly sophisticated engineering and manufacturing expertise. The production process can be broadly divided into three primary stages: (i) wafer fabrication, (ii) assembly of die into finished devices (referred to as "packaging") and (iii) testing of finished devices and other back-end processes.

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[ORGANIZATIONAL CHART]

The wafer fabrication process begins with the generation of a mask that defines the circuit patterns for the transistors and interconnect layers that will be formed on the raw silicon wafer. The transistors and other circuit elements are formed by repeating a series of process steps wherein a photosensitive material is first deposited on the wafer, the material is exposed to light through the mask in a photolithography process, and finally, the unwanted material is etched away, leaving only the desired circuit pattern on the wafer. By stacking up the various patterns, the individual elements of the semiconductor are defined. The final step in the wafer fabrication process is to electrically test each individual chip in a wafer probe process in order to identify the good chip for packaging.

The fabricated wafers are then transferred to packaging facilities. Semiconductor packaging serves to protect the chip, facilitate integration into electronic systems, and enable the dissipation of heat from the devices. In the packaging process, the wafer is diced into its individual die which are then separated from the wafer and attached to a substrate via an epoxy adhesive. Leads on the substrate are then connected by extremely fine gold wires to the input/output ("I/O") terminals on the chips through the use of automated machines known as "wire bonders". Each die is then encapsulated in a plastic molding compound, thus forming the package, which then goes through several additional finishing steps to prepare it for testing.

Following packaging, each packaged device is then tested utilizing a sophisticated test platform and program which tests the many different operating specifications of the IC, including functionality, voltage, current and timing. The completed devices are either shipped back to the customer or shipped directly to their final destination.

Trends Toward Outsourcing

Historically, semiconductor companies manufactured semiconductors primarily in their own factories. Independent packagers of semiconductors were used solely to handle the overflow volume requirements of semiconductor companies. Outsourcing of final testing and wafer fabrication was virtually non-existent in the

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early days of the industry. Over the past fifteen years, however, the need for independent semiconductor packaging and test services has grown dramatically for several reasons.

First, semiconductor companies are facing ever-increasing demands for miniaturization, higher lead counts and improved thermal and electrical performance in IC packages. As a result of this trend, semiconductor packaging is now viewed as an enabling technology requiring sophisticated expertise and technological innovation. Independent providers of packaging and test services have developed substantial expertise in packaging and test technology and new package innovation. Semiconductor companies, having found it difficult to keep pace using their internal resources, have come to rely increasingly on the independent packaging and test services providers as a key source for new technology development and innovation.

Second, semiconductor companies are increasingly seeking to shorten their time to market for new products. Having the right packaging technology and capacity in place is a critical factor in reducing time to market. As packaging solutions are identified for a specific product, semiconductor companies frequently do not have the equipment or expertise to implement such solutions in the volumes required, nor sufficient time to develop these capabilities before introducing a new product into the market. For this reason, semiconductor companies are increasingly leveraging the resources and capabilities of independent packaging and test companies to deliver their new products to market more quickly.

Third, the packaging and testing of ICs has evolved into an increasingly complex process that requires substantial investment in specialized equipment and facilities. For example, the investment in facilities and equipment necessary for a processing line capable of packaging 100 million ball grid array ("BGA") packages per year can be as much as \$200 million. As a result of the substantial cost of this manufacturing equipment, the equipment must be utilized at a high capacity level for an extended period of time in order to be cost effective. With semiconductor companies facing increasingly shorter product life cycles, faster new product introductions and the need to continuously update or replace packaging equipment to accommodate new products, it has become increasingly difficult for semiconductor companies to sustain such high levels of capacity utilization. Independent providers of packaging and test services, on the other hand, can use existing equipment at high utilization levels over a longer period of time for a broad range of customers, effectively extending the life of the equipment.

Fourth, as the cost to build a new wafer fabrication facility has increased to over \$1 billion, semiconductor companies have been forced to concentrate their capital resources on core wafer manufacturing activities. As a result, semiconductor companies are increasingly seeking to use independent packaging and test providers who have the ability to invest the capital to develop new packaging and test capacity. The Company believes that as the cost to construct new wafer fabrication facilities continues to increase, semiconductor manufacturers will increasingly seek to outsource packaging and test services.

Fifth, there has been a recent growth of "fabless" semiconductor companies whose core competency and focus is entirely on the semiconductor design process. According to industry estimates, sales by fabless semiconductor companies have grown from \$3.2 billion in 1993 to \$6.8 billion in 1996, representing 3.7% and 4.8%, respectively, of the worldwide market for semiconductors. The significant growth in the number of fabless semiconductor companies has been driven in large part by the ability of such companies to effectively outsource virtually every significant step of the semiconductor manufacturing process. This development has allowed fabless semiconductor companies to introduce new semiconductors very quickly without committing significant amounts of capital and other resources. The Company believes that increases in the number of fabless semiconductor companies will continue to be a significant driver of growth in the independent semiconductor manufacturing industry.

These trends, combined with the growth in the number of ICs being produced

and sold, are driving increasing demand for independent packaging and test services. According to industry estimates, independent packaging revenues are expected to grow at a compound annual rate of approximately 16% over a period of five years from \$5.6 billion in 1997 to \$11.6 billion in 2002. Today, nearly all of the world's major semiconductor companies use independent packaging and test service providers for at least a portion, if not all, of their packaging and test needs.

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Many of the same forces that have driven the growth of independent packaging and test have also been driving increasing demand for independent wafer fabrication services. Moreover, because the cost of new wafer fabrication facilities has been rising steadily, many semiconductor companies are seeking to leverage their capital resources by outsourcing some or all of their wafer fabrication needs. This is particularly true for newer, smaller geometry technologies that are necessary for producing the newest, leading edge ICs, because they cannot be produced in many semiconductor companies' existing wafer fabrication facilities. As the demand for ICs with smaller geometries increases, the Company believes semiconductor companies will increasingly utilize independent wafer manufacturers.

The Need for Turnkey Solutions

The growing demand for independent wafer fabrication, packaging, and test services has generally been served by separate wafer fabrication, packaging or test companies. This creates inefficiencies for semiconductor companies which must manage the delays, complex logistics and uncertainty inherent in utilizing a different service provider for each step of the semiconductor manufacturing process. Only a very few, if any, independent service providers have the capability of providing a combination of wafer fabrication, packaging and test services.

THE AMKOR SOLUTION

Amkor is the largest independent provider of semiconductor packaging and test services in the world. With its leading edge process technology and package design expertise, the Company is able to provide its customers with a broad range of new packaging solutions that enable faster, smaller and more powerful ICs. Due to its size and industry-leading position, the Company is capable of implementing and utilizing the capital equipment necessary for both new and mature packages, thereby affording its customers an attractive alternative in their capital allocation decisions. In addition, with AICL's new wafer fabrication capabilities, the Company is able to offer a fully integrated, turnkey semiconductor manufacturing solution.

STRATEGY

Principal elements of the Company's strategy include:

Maintain Product Technology Leadership. The Company believes that it is one of the world's leading designers and developers of new semiconductor packaging technology. The Company has designed and developed such leading edge leadframe and laminate products as its PowerQuad(R), SuperBGA(R), flexBGA(TM) and ChipArray(TM) BGA packages. The Company is focusing additional design and development efforts on new generations of the BGA packaging format and on "flip chip" die attach technologies where the I/O pads on the chip are attached directly to the package's substrate rather than with wire-bonded connections. The Company employs a staff of leading semiconductor packaging technologists and undertakes significant research and development activities in its Chandler, Arizona and Philippines locations, as well as through joint development activities with AICL's development staff in Korea. The Company intends to continue to maintain its leading packaging technology position.

Maintain Advanced Manufacturing Capabilities. The Company believes that its tradition of manufacturing excellence has been a key factor in its success in

attracting and retaining customers, and it is committed to maintaining that high level of excellence. Key to this effort is the Company's commitment to continuous advancement of its process technology. The Company's development teams work with its customers, suppliers, and others to develop new processing technologies as well as pursue continuous improvements in the Company's existing processing capabilities. These efforts have directly resulted in reduced time to market, increased quality, and lower manufacturing costs.

Leverage Scale and Scope of the Company's Packaging and Test Capabilities. The Company believes that its scale of operations and its breadth of product offerings provide it with several competitive advantages. First, the Company believes that its size and position in the industry allow it certain advantages in procuring key materials and manufacturing equipment. Second, the Company is able to capitalize on the substantial economies of scale that result from high utilization rates of its capital equipment, thereby lowering the

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Company's per unit manufacturing costs and facilitating cost-effective solutions for its customers. The Company's scale also allows it to offer an industry-leading breadth of product offerings and to be a single source for many of its customers' packaging requirements. The Company offers over 450 different package formats and sizes with a variety of processing and materials options. The Company added 175 and 139 new packaging options, respectively, in 1996 and 1997. The Company is committed to continued expansion of both its size of operations and its scope of product and service offerings.

Establish Industry Packaging Standards. The Company believes that by bringing new package designs to market early, its designs are more likely to become industry standards, which in turn will allow the Company to obtain higher margins than its competitors for such new designs. The Company also seeks to capture substantial market share and to spur the industry-wide adoption of its new packages by investing aggressively in expanding its manufacturing capacity for these packages. As a result, it is one of the leading providers of advanced packaging solutions such as thin package formats and BGA packages. The Company believes these package types will comprise some of the highest growth and more profitable segments of the packaging market in coming years.

Enhance Customer and Supplier Relationships. As the world's largest independent provider of semiconductor packaging and test services, the Company has developed long-standing strategic relationships with leading semiconductor and electronics companies, its suppliers, and other developers of new semiconductor technologies. The Company believes that these relationships have allowed it to stay ahead of the constantly advancing demand curve for independent packaging services. The Company has repeatedly developed leading-edge packaging technologies that have met the requirements of newer IC devices and that have been quickly accepted in the marketplace. The Company's alliances with certain of its key equipment and material suppliers have enabled the Company to achieve packaging and manufacturing process innovation and cost reduction. Developing and maintaining these relationships within the industry will continue to be an integral part of the Company's overall strategic direction.

Focus on Customer Service and Support. The Company believes that its focus on customer service and support has been crucial in attracting and retaining leading semiconductor companies as its customers. The Company has a firmly established customer-oriented culture. To provide a dedicated customer support infrastructure and to stay abreast of customers' expectations, the Company has strategically established technical and sales teams near major customer facilities and in acknowledged technology centers. In addition, the Company has implemented direct electronic links with its customers to enhance communication and facilitate real-time engineering data and order information flow.

Provide an Integrated, Turnkey Solution. The Company seeks to provide a complete turnkey solution comprising wafer fabrication, packaging and test services. The Company recently began providing wafer fabrication services through AICL's new deep submicron CMOS foundry. With the addition of wafer

fabrication, the Company is able to provide all stages of IC production for its customers from the fabrication of wafers through the shipment of finished ICs. The Company believes this integration will enable customers to improve the cost and performance of their ICs and achieve faster time to market for both new product introductions and production lead times.

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PRODUCTS

Packaging

The Company offers a broad range of package formats designed to provide customers with a full array of packaging solutions for both commodity and advanced products. The Company's products are divided into three product families: traditional leadframe, advanced leadframe, and laminate products as shown in the following tables.

TRADITIONAL LEADFRAME PRODUCTS

PACKAGE TYPE	NUMBER OF LEADS	APPLICATIONS
PDIP (Plastic Dual In-line Packages) SPDIP (Shrink DIP)	8-48 28-64	General purpose plastic IC package for consumer electronic products such as games, telephones, TV, audio equipment and computer peripherals.
Hermetic	Custom	A line of mature, ceramic predominant packages used especially for high-reliability applications (military, space and commercial aviation).
PLCC (Plastic Leaded Chip Carrier)	20-84	Used for logic, gate arrays, DAC, processors and chip sets used in larger form-factor items (copiers, printers, scanners, desktop PCs, electronic games and monitors).
SOIC (Small Outline Integrated Circuit)	8-44	Designed for needs of lower lead devices. End uses include consumer audio/video and entertainment products, pagers, cordless telephones, fax machines, copiers, printers, PC peripherals and automotive parts.
MQFP (Metric Quad Flat Package)	44-304	Adapted to meet the increasing challenges of advanced processors/controllers, DSPs, ASICs, video-DAC, PC chip sets, gate arrays, logic devices, multimedia and other technologies for consumer, commercial, office, automotive, PC and industrial products.
PowerQuad (R)	100-304	Higher performance thermally enhanced QFP package. Used for DSPs, programmable logic devices, microprocessors and micro-controllers, high-speed and field programmable gate array logic devices, ASIC and other technologies requiring more thermal performance than offered by standard QFP packages.
PowerSOP (TM)	8-36	Higher performance thermally enhanced SOIC package. Used for wireless RF telecom devices, automotive, industrial, disk drive, pagers, and other technologies requiring more thermal performance than offered by

standard SOIC packages.

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ADVANCED LEADFRAME PRODUCTS

PACKAGE TYPE	NUMBER OF LEADS	APPLICATIONS
TQFP (Thin Quad Flat Package)	32-256	Designed for lightweight, portable electronics requiring broad performance characteristics, including notebook computers, desktop PCs, audio/video and telecommunications products, cordless/RF devices, office equipment, disk drives and communication boards (e.g., Ethernet and ISDN).
TSOP (Thin Small Outline Package)	32-48	Primary application is for SRAM, DRAM, FLASH and FSRAM memory devices. End uses include PC cards, PCMCIA form-factor products, cameras (still/video) and notebook computers.
TSSOP (Thin Shrink Small Outline Package)	8-80	Designed for gate drivers, controllers, logic, analog, memory (SRAM, DRAM, EPROM, E2PROM), comparators and optoelectronics.
SSOP (Shrink Small Outline Package)	8-64	Designed to enable end-products such as pagers, portable audio/video products, disk drives, and wireless applications to be reduced in size and weight.

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LAMINATE PRODUCTS

PACKAGE TYPE	NUMBER OF BALLS	APPLICATIONS
PBGA (Plastic Ball Grid Array)	119-544	Semiconductors for end users which require the enhanced performance provided by the integrated design of PBGA, including microprocessors/controllers, ASICs, gate arrays, memory, DSPs and PC chip sets. Designed for applications where improved portability, form-factor and high-performance are necessary, including wireless products, cellular, GPS, notebook computers, video cameras and disk drives.
SuperBGA(R)	64-600	Designed for high-speed, high-power semiconductors such as ASICs, microprocessors, gate arrays, and DSPs. Applications include wireless products, notebook computers, PDAs, video GUI and CPU/BUS boards.
flexBGA (TM)	133-412	Higher performance, lower profile

package than PBGA due to size reduction made possible by denser substrate. Ideal for high performance disk drives, cellular phones, pagers, wireless communications, DSPs and micro-controller applications.

MicroBGA(TM)	8-200	Especially suited for memory devices such as FLASH, SRAM, DRAM and FSRAM technologies, microprocessors/controllers and high value ASICs requiring a low height, weight and size packaging. End uses include cellular and other telecommunications products, disk drives, notebooks/sub-notebooks, PDAs, wireless and consumer systems and memory boards.
ChipArray(TM)	36-128	Designed for semiconductors such as memory, analog, ASICs and PLDs requiring a smaller package than conventional PBGAs. Applications include cellular and other telecommunications, notebooks/sub-notebooks, PDAs, wireless systems and GPS.
FlipChip	N/A	An enabling interconnect technology which can be utilized in advanced IC packages such as PBGA, chip scale and flex circuit solutions to support improved electrical requirements and very high semiconductor density in very small systems.

Traditional Leadframe Products. Traditional leadframe products are the most widely recognized package types and are characterized by a chip encapsulated in a plastic mold compound with metal leads surrounding the perimeter. This package type has evolved from packages designed to be plugged into the circuit board by inserting the leads into holes on the circuit board to the more modern surface-mount design, in which the leads are soldered to the surface of the circuit board. Specific package customization and evolutionary improvements are continually being engineered to enable improved electrical performance and multi-chip capability, as well as smaller printed circuit board footprints. The Company offers a wide range of lead counts and body sizes within this product group to satisfy customer die size variations. In addition, the Company offers power versions of the SOP, PLCC, and MQFP package types which are specially designed to handle today's high power ICs that need with enhanced heat dissipation characteristics.

Advanced Leadframe Products. The Company's customers are seeking increasingly thinner packages, which has led the Company to develop newer, more advanced leadframe products. The Company's advanced leadframe products are similar in design to its traditional leadframe products. However, the advanced leadframe products generally are thinner and smaller, have more leads, and have advanced thermal and electrical characteristics which are necessary for many of today's more advanced semiconductor applications. The TSOP, TSSOP and SSOP packages are significantly smaller than the Company's traditional SOIC products, while the TQFP package is a smaller version of the MQFP package. The Company also offers power versions of these package types. The Company plans to continue to develop increasingly smaller versions of these products to keep pace with continually shrinking die sizes and increasing demands for miniaturization.

Laminate Products. The laminate product family represents the newest and fastest growth area for the Company and consists of products employing the BGA format which utilize a laminate (plastic or tape) substrate rather than a leadframe substrate. BGA technology was first introduced in the industry as a solution to problems associated with the increasingly high lead counts required

for advanced semiconductors. As the number of leads surrounding the IC increased, packagers attempted to maintain the size of the package by increasing the proximity of the leads to one another. As a result, however, these high lead count packages experienced significant electrical shorting problems and required the development of increasingly sophisticated and expensive techniques for producing circuit boards to accommodate the density of the leads. The BGA methodology solved this problem by effectively creating leads on the bottom of the package in the form of small bumps or balls. These balls can be evenly distributed across the entire bottom surface of the package, allowing greater distance between the individual leads. The Company's first product in this family was the plastic BGA. The Company has subsequently designed additional BGA type packages which include features that enable low cost, high volume manufacturing methods as well as higher performance packages. These new laminate products include: SuperBGA(R), which includes a copper heat-sink for heat dissipation and is designed for very low profile, high power applications; ChipArray(TM), which allows the package to be as small as 1.5 mm larger than the chip itself; and MicroBGA(TM), which is designed to be approximately the same size as the chip and uses a tape substrate rather than a plastic laminate. The Company is currently designing newer versions of BGA packages to enable further significant reductions in package size.

Test and Related Services

The Company also provides its customers with semiconductor test services. The Company has the capability to test digital logic, analog and mixed signal products. The combination of the Company's test operations together with AICL's Korean test operations comprises one of the largest independent test operations in the world. Providing test services requires a high level of communication and integration between the Company and its customers. In order to enable semiconductor companies to improve their time to market and to reduce costs, there has been an increasing trend to put packaging and test operations in the same location. The Company has capitalized on this trend by supplying its own testers or by supplementing customer-supplied testers with handlers and other related equipment.

Although test services accounted for only 3.5% of the Company's total 1997 revenue and 13% of the total units shipped, the Company expects test services to grow significantly during the next several years as customers seek to reduce the time to market for their products by using contractors with test services at the

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packaging site. In addition to final test services, the Company provides a full range of other related services, such as burn-in test services, "dry pack" services, "tape and reel" packing, and wafer "probing" or "sorting."

The following table sets forth, for the periods indicated, the amount of the Company's net revenues and the percentage of total net revenues by product type:

	1994		1995		1996		1997	
	REVENUES	%	REVENUES	%	REVENUES	%	REVENUES	%
(DOLLARS IN MILLIONS)								
Traditional Leadframe.....	\$ 487	85.1%	\$ 699	75.0%	\$ 792	67.6%	\$ 801	55.0%
Advanced Leadframe.....	53	9.2	157	16.8	220	18.8	312	21.5
Laminate.....	3	0.5	15	1.6	90	7.7	248	17.0
Testing and Other.....	30	5.2	61	6.6	69	5.9	95	6.5
Total.....	\$ 573	100.0%	\$ 932	100.0%	\$ 1,171	100.0%	\$ 1,456	100.0%

Wafer Fabrication

The Company recently began offering wafer fabrication services through AICL's new deep submicron CMOS foundry. This foundry is currently capable of

producing up to 15,000 8" wafers per month. Through a strategic relationship with TI, the Company and AICL have qualified .25 micron CMOS process technology, and TI has agreed to provide to AICL .18 micron CMOS process technology during 1998. The Company's right to the supply of wafers from the foundry is subject to the TI Manufacturing and Purchasing Agreement, pursuant to which TI has agreed to purchase at least 40% of the capacity of the foundry and under certain circumstances has the right to purchase 70% of the capacity of the foundry. Although the Company has received forecasts from TI which indicate that TI will meet its minimum purchase obligation during the second half of 1998, during the first quarter of 1998 TI's orders were below such minimum purchase commitment due to market conditions and issues encountered by TI in the transition of its products to .18 micron technology. There can be no assurance that TI will place orders representing at least 40% of the capacity of this foundry during this period or in the future. A failure by TI to comply with its minimum purchase obligations or the cancellation of a significant wafer fabrication order by TI or any other customer could have a material adverse effect on AICL's and the Company's business, financial condition and results of operations. See "Risk Factors -- Risks Associated with New Wafer Fabrication Business" and " -- Intellectual Property."

The new foundry's capability is targeted to meet the needs of customers for DSPs, ASICs and other logic devices. As technological capability and the needs for CMOS designs in this area change, the Company anticipates the need to add embedded memory and special analog functionality to its core CMOS technology. The Company plans to continue to focus its semiconductor technology development efforts to serve the needs of the high performance digital logic market.

With the addition of the wafer fabrication capability, the Company is able to offer fully integrated turnkey semiconductor manufacturing services to its customers. This complete turnkey solution will enable the Company to work with its customers' IC designers to optimize the integration of IC design with wafer fabrication, package design, and packaging and test processes. The Company believes this integration will enable customers to improve the cost and performance of their ICs and achieve faster time to market in terms of both new product introductions and production lead times.

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CUSTOMERS

The Company currently has more than 150 customers, including many of the largest semiconductor companies in the world. Set forth below is a list of the Company's top 50 customers in 1997:

Actel Corporation	Integrated Circuit Systems, Inc.	Plessey Semiconductors
Altera Corporation	Integrated Device Technology, Inc.	Philips Electronics N.V.
Adaptec, Inc.	Intel Corporation	Robert Bosch GmbH
Advanced Micro Devices, Inc.	Lattice Semiconductor Corporation	Rockwell Corp.
Alcatel Mietec	Level One Communications, Inc.	S3 Incorporated
American Micro Systems, Inc.	LSI Logic Corporation	SGS-THOMSON
Analog Devices, Inc.	Lucent Technologies Inc.	Microelectronics N.V.
Atmel Corporation	Macronix International Co., Ltd.	Siemens AG
Cirrus Logic	Matra Harris Semiconductors	SMC Corporation
Cypress Semiconductor Corp.	Maxim Integrated Circuits	Silicon Storage Technology, Inc.
Dallas Semiconductor	Microchip Technology Inc.	Symbios Logic
Delco Electronics Corporation	Microlinear	TEMIC Semiconductors
Digital Equipment Corp.	Motorola, Inc.	Texas Instruments Incorporated
Harris Corporation	National Semiconductor Corporation	VLSI Technology, Inc.
Hewlett-Packard Company	NeoMagic Corporation	VTC Inc.
International Business Machines Corporation	Northern Telecom	Waferscale Integration, Inc.
IC Works Inc.		Xilinx, Inc.

The Company's five largest customers collectively accounted for approximately 34.1%, 39.2%, and 40.1% of the Company's total revenues in 1995, 1996 and 1997, respectively. The Company anticipates that this customer concentration will

continue at least for the foreseeable future. See "Risk Factors -- Customer Concentration; Absence of Backlog."

MARKETING AND SALES

The Company sells to and supports its customers through an international network of offices located in close proximity to its largest customers and concentration of customers, including offices in the United States (Austin, Texas; Boise, Idaho; Chandler, Arizona; Dallas, Texas; Santa Clara, California and West Chester, Pennsylvania), France, Singapore, Taiwan, and the Philippines. A substantial majority of the Company's sales have historically been derived from U.S.-based customers. See Note 15 of Notes to Combined Financial Statements. The Company assigns each of its customers a sales and customer support team consisting of an account manager, a technical program manager, and one or more customer support representatives. The largest multinational customers are typically supported from multiple offices. The Company's worldwide force of account managers, customer service representatives and technical product managers exceeds 200 personnel. In addition, an extended staff of product management, process and reliability engineering, marketing and advertising, information systems, and factory personnel supports the direct account teams. Together, these direct and extended teams deliver an array of services to the Company's customers including providing information and expert advice on packaging solutions and trends, managing the start-up of specific packaging and test programs, providing a continuous flow of information to the customers regarding products and programs in process, and researching and helping to resolve technical and logistical issues.

FACILITIES AND MANUFACTURING

Facilities

The Company provides packaging and test services through its factories in the Philippines as well as its test facility in the U.S. A new packaging factory is currently being equipped at the Company's Chandler, Arizona site with expected start-up in 1999. In addition, the Company provides packaging and test services

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through AICL's four factories in Korea, which provide such services to the Company pursuant to a Supply Agreement. In 1996 and 1997, AICL provided packaging and test services which accounted for approximately 72% and 68%, respectively, of the Company's revenues. In addition to providing world-class manufacturing services, these factories provide purchasing, engineering, and customer service support. The Company recently began offering wafer fabrication services through AICL's new state-of-the-art .25 micron wafer foundry in Korea pursuant to a Supply Agreement. The size, location, and manufacturing services provided by each of the Company's and AICL's primary facilities is set forth in the table below. See "Risk Factors -- Dependence on Relationship With AICL; Potential Conflicts of Interest," "-- Expansion of Manufacturing Capacity; Profitability Affected by Capacity Utilization Rates," "-- Risks Associated with New Wafer Fabrication Business" and "-- Inability to Obtain Packaging and Test Equipment in a Timely Fashion."

FACILITY -----	LOCATION -----	APPROXIMATE PLANT SIZE (SQUARE FEET) -----	MANUFACTURING SERVICES -----
Company Facilities			
P1	Muntulupa, Philippines	579,000	Packaging and test services; packaging and process development
P2	Muntulupa, Philippines	115,000	Packaging services
P3	Province of Laguna, Philippines	249,000	Packaging and test services
AATS	Santa Clara, California	3,000	Final testing services; test program development; central shipping and logistics
A1 (1999)	Chandler, Arizona	106,000	Packaging services for laminate products; package and process development

AICL Facilities			
K1	Seoul, Korea	646,000	Packaging services, package and process development
K2	Buchon, Korea	264,000	Packaging services
K3	Bupyeong, Korea	404,000	Packaging and test services
K4	Kwangju, Korea	597,000	Packaging services
Wafer Foundry	Buchon, Korea	480,000	Wafer fabrication services

The Company's operational headquarters is located in Chandler, Arizona while its administrative headquarters is located in West Chester, Pennsylvania. In addition to an executive staff, the Chandler, Arizona campus houses sales and customer service for the southwest region, product management, a technical design center, planning, marketing and research and development. The West Chester location houses finance and accounting, legal, personnel administration, information systems, and serves as a satellite sales office for the Company's eastern sales region.

Raw Materials and Equipment

The Company's packaging operations depend upon obtaining adequate supplies of raw materials on a timely basis. The principal raw materials used in the Company's packaging process are leadframes or laminate substrates, along with gold wire and molding compound. The Company purchases raw materials based on the stated demand requirements of its customers and its customers are generally responsible for any unused materials that result from an overstatement of demand. The Company works closely with its primary raw material suppliers to insure the availability and timeliness of raw material supplies. In addition, the Company negotiates worldwide pricing agreements with its major suppliers to take advantage of the scale of its operations. The Company is not dependent on any one supplier for a substantial portion of its raw material requirements.

The Company's packaging operations and expansion plans also depend on obtaining adequate supplies of manufacturing equipment on a timely basis. To that end, the Company works closely with its major equipment suppliers to insure that equipment deliveries are on time and the equipment meets the Company's stringent performance specifications. In addition, an affiliate of AICL manufactures semiconductor packaging equipment exclusively for the Company and AICL at locations in close proximity to the Company's and AICL's

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packaging facilities in the Philippines and Korea, respectively. See "Risk Factors -- Dependence on Raw Materials Suppliers and Subcontractors."

Total Quality Management

The Company believes that total quality management is a vital component of its manufacturing strategy. To that end, the Company has established a comprehensive Quality Operating System designed to promote continuous improvement and maximize manufacturing yields at high volume production while maintaining the highest quality standards. Each of the Company's and AICL's factories is ISO9002 and QS-9000 certified. ISO9002 is a worldwide manufacturing quality certification program administered by an independent standards organization. QS9000 is similarly an independently administered manufacturing quality certification used by United States automotive manufacturers. The Company believes that many of its customers prefer to purchase from suppliers who are ISO9002 and QS9000 certified.

COMPETITION

The independent semiconductor packaging and test industry is very competitive, being comprised of approximately 50 companies, with about 15 of those companies having sales of \$100 million per year or more. The Company faces substantial competition from established packaging companies primarily located in Asia, such as Advanced Semiconductor Engineering, Inc. (Taiwan), ASE Test Limited (Taiwan and Malaysia), ASAT Ltd. (Hong Kong), Hana Microelectronics

Public Co. Ltd. (Hong Kong and Thailand), Astra International (Indonesia), Carsem Bhd. (Malaysia), ChipPAC Incorporated (Korea), Siliconware Precision Industries Co., Ltd. (Taiwan), and Shinko Electric Industries Co., Ltd. (Japan). Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities, and have been operating for some time. Such companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the independent semiconductor packaging market include time to market, breadth of package offering, technical competence, design services, quality, production yields, customer service, and price. The Company believes it generally competes favorably with respect to these factors. On a larger scale, the Company also competes with the internal manufacturing capabilities of many of its largest customers.

The independent wafer fabrication business is also highly competitive. The Company expects its wafer fabrication services to compete primarily with independent wafer foundries such as Chartered Semiconductor Manufacturing, Ltd., Taiwan Semiconductor Manufacturing Company, Ltd. and United Microelectronics Corporation, as well as with device manufacturers such as LG Semicon Co., Ltd., Hitachi, Ltd., Toshiba Corp. and Winbond Electronics Corporation, which provide foundry services for other semiconductor companies. Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities and have been operating for some time. Many of these companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the wafer foundry market include technology, delivery cycle times, price, product performance, quality, production yield, responsiveness and flexibility, reliability and the ability to design and incorporate product improvements. See "Risk Factors -- Competition."

RESEARCH AND DEVELOPMENT

The Company's research and development efforts are focused on developing new package designs and process capabilities, and on improving the efficiency and capabilities of its existing production processes and materials. The Company believes that technology development is one of the key success factors in the packaging market and believes that it has a distinct advantage in this area. In addition to its internal development work, and its co-development work with AICL, the Company also works closely with its packaging equipment and raw material suppliers in developing advanced processing capabilities and materials for use in the Company's production process. Currently, the Company is focusing on development programs that extend the capability and applicability of the BGA packaging format. These include high performance

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BGAs for microprocessors and other high-end devices, and a chip size package for memory. In addition, the Company is aggressively developing a flip-chip die attach and connect process for its laminate packages that has the potential to reduce packaging size and cost and improve package performance significantly. The flip-chip packaging process involves attaching the die I/O terminals directly to the lead circuits on the substrate without the use of gold wires. In addition to providing a smaller package size, this process is expected to result in significant improvements in packaging yields by eliminating the delicate wire bonds from the package.

As of December 31, 1997, the Company employed approximately 95 persons in research and development activities. In addition, other management and operational personnel are involved in research and development activities. In 1995, 1996 and 1997, the Company's research and development expenses were approximately \$8.7 million, \$10.9 million and \$8.5 million, respectively. The Company expects to continue to invest significant resources in research and development.

INTELLECTUAL PROPERTY

The Company currently holds 24 U.S. patents, five of which are jointly held with AICL, related to various IC packaging technologies, in addition to other pending patents. These patents will expire at various dates from 2012 through 2016. With respect to development work undertaken jointly with AICL, the Company and AICL share intellectual property rights under the terms of the Supply Agreements between the Company and AICL. The Supply Agreements also provide for the cross-licensing of intellectual property rights between the Company and AICL. In addition, the Company enters into agreements with other developers of packaging technology to license or otherwise obtain certain process or packaging technologies.

The Company expects to continue to file patent applications when appropriate to protect its proprietary technologies; however, the Company believes that its continued success depends primarily on factors such as the technological skills and innovation of its personnel rather than on its patents. The process of seeking patent protection can be expensive and time consuming. There can be no assurance that patents will be issued from pending or future applications or that, if patents are issued, they will not be challenged, invalidated or circumvented, or that rights granted thereunder will provide meaningful protection or other commercial advantage to the Company. Moreover, there can be no assurance that any patent rights will be upheld in the future or that the Company will be able to preserve any of its other intellectual property rights.

Although the Company is not currently a party to any material litigation, the semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. As is typical in the semiconductor industry, the Company may receive communications from third parties asserting patents on certain of the Company's technologies. In the event any third party were to make a valid claim against the Company or AICL, the Company or AICL could be required to discontinue the use of certain processes or cease the manufacture, use, import and sale of infringing products to pay substantial damages and to develop non-infringing technologies or to acquire licenses to the alleged infringed technology. The Company's business, financial condition and results of operations could be materially and adversely affected by such developments. Litigation, which could result in substantial cost to and diversion of resources of the Company, may also be necessary to enforce patents or other intellectual property rights of the Company or to defend the Company against claimed infringement of the rights of others. The failure to obtain necessary licenses or the occurrence of litigation relating to patent infringement or other intellectual property matters could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, AICL has obtained intellectual property for wafer manufacturing primarily from TI. The licenses granted to AICL by TI under the TI Technology Agreements are very limited. Although TI has granted to AICL a license under TI's trade secret rights to use TI's technology in connection with AICL's provision of wafer fabrication services, TI has not granted AICL a license under its patents, copyrights and mask works to manufacture semiconductors for third parties. Although TI has agreed that TI will not assert a claim for patent, copyright or mask work right infringement against AICL or the Company in connection with AICL's manufacture of semiconductor products for third parties, TI has reserved the right to bring such infringement claims against AICL's or the Company's customers with respect to semiconductor products purchased from AICL or the Company. As a result, AICL's and the Company's customers could be subject to patent litigation by TI and others, and AICL and the Company could in turn be subject to litigation by such customers and

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others, in connection with the sale of wafers produced by AICL. Any such litigation could materially and adversely affect AICL's ability to continue to manufacture wafers and AICL's and the Company's business, financial condition and results of operations.

ENVIRONMENTAL MATTERS

The semiconductor packaging process involves a significant amount of

chemicals and gases which are subject to extensive governmental regulations. For example, liquid waste is produced at the stage at which silicon wafers are diced into chips with the aid of diamond saws and cooled with running water. In addition, excess materials on leads and moldings are removed from packaged semiconductors in the trim and form process. The Company has installed equipment to collect certain solvents used in connection with its manufacturing process and has contracted with independent waste disposal companies to remove such hazardous material.

Federal, state and local regulations in the United States, as well as environmental regulations in Korea and the Philippines, impose various controls on the storage, handling, discharge and disposal of chemicals used in the Company's and AICL's manufacturing processes and on the facilities occupied by the Company and AICL. The Company believes that its activities, as well as those of AICL, conform to present environmental and land use regulations applicable to their respective operations and current facilities. Increasing public attention has, however, been focused on the environmental impact of semiconductor manufacturing operations and the risk to neighbors of chemical releases from such operations. There can be no assurance that applicable land use and environmental regulations will not in the future impose the need for additional capital equipment or other process requirements upon the Company or AICL or restrict the Company's or AICL's ability to expand their respective operations. The adoption of new ordinances or similar measures or any failure by the Company or AICL to comply with applicable environment and land use regulations or to restrict the discharge of hazardous substances could subject the Company or AICL to future liability or cause their respective manufacturing operations to be curtailed or suspended.

EMPLOYEES

As of December 31, 1997, the Company had approximately 9,100 full-time employees, 7,450 of whom were engaged in manufacturing, 1,150 in manufacturing support, 95 in research and development, 210 in marketing and sales, and 195 in finance, business management, and administration. The Company's employees are not represented by any collective bargaining agreement, and the Company has never experienced a work stoppage. The Company believes that its relations with its employees are good. See "Risk Factors -- Dependence on Key Personnel and Availability of Skilled Workforce."

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MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company and their ages as of December 31, 1997 are as follows:

NAME ----	AGE ---	POSITION -----
James J. Kim.....	61	Chief Executive Officer and Chairman
John N. Boruch.....	55	President and Director
Frank J. Marcucci.....	62	Chief Financial Officer
Eric R. Larson.....	42	Vice President
Michael D. O'Brien.....	65	Vice President
Thomas D. George(1) (2).....	57	Director
Gregory K. Hinckley(1) (2).....	51	Director

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(1) Member of Compensation Committee.

(2) Member of Audit Committee.

James J. Kim. James Kim has served as the Company's Chief Executive Officer since September 1997. Mr. Kim founded AEI in 1968 and has served as its Chairman since 1970. He has also served as the Chairman of the Anam group of companies and a director of AICL since 1992. Mr. Kim is a director of CFM Technologies, Inc. Mr. Kim earned B.S. and M.A. degrees in Economics from the University of Pennsylvania. Mr. Kim is Chairman of The Electronics Boutique, Inc., an electronics retail chain, and Forte Systems, Inc., an information technology, consulting and outsourcing company.

John N. Boruch. John Boruch has served as President and a director of the Company since September 1997. Mr. Boruch has served as President of AEI since February 1992. From 1991 to 1992 he served as AEI Corporate Vice President in charge of Sales. Mr. Boruch earned a B.A. in Economics from Cornell University. Mr. Boruch joined the Company in 1984.

Frank J. Marcucci. Frank Marcucci has served as the Chief Financial Officer of the Company since September 1997. Mr. Marcucci has served as the Chief Financial Officer of AEI since joining AEI in 1980. Mr. Marcucci earned a B.S. in Business Administration from Duquesne University and an MBA from the University of Pittsburgh. Mr. Marcucci is a Certified Public Accountant.

Eric R. Larson. Eric Larson has served as Vice President of the Wafer Fabrication business of the Company since September 1997. Mr. Larson has served as President of Amkor/Anam Semiconductor, a division of AEI, since December 1996. From 1979 to 1996 he worked for the Hewlett-Packard Company ("HP") in various management capacities, most recently as Worldwide Marketing Manager for disk products. In addition, Mr. Larson was the worldwide Manager of Sales and Marketing of the IC Business Division of HP from July 1985 to May 1993. Mr. Larson earned a B.A. in Political Science from Colorado State University and an MBA from the University of Denver.

Michael D. O'Brien. Michael O'Brien has served as the Vice President of Packaging and Testing Operations of the Company since September 1997. Mr. O'Brien has served as Corporate Vice President of AEI since 1990. Mr. O'Brien earned a B.S. from Texas A&M University. Mr. O'Brien joined the Company in 1988.

Thomas D. George. Mr. George has been a director of the Company since November 1997. Mr. George was Executive Vice President, and President and General Manager, Semiconductor Products Sector ("SPS") of Motorola from April 1993 to May 1997. Prior to that, he held several positions with Motorola, including Executive Vice President and Assistant General Manager, SPS from November 1992 to April 1993 and Senior Vice President and Assistant General Manager, SPS from July 1986 to November 1992. Mr. George is currently retired.

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Gregory K. Hinckley. Mr. Hinckley has been a director of the Company since November 1997. Mr. Hinckley serves as Executive Vice President, Chief Operating Officer and Chief Financial Officer of Mentor Graphics Corporation since January 1997. From November 1995 until December 1996 he held the position of Senior Vice President with VLSI, a manufacturer of complex ASICs. From August 1992 until December 1996, Mr. Hinckley held the position of Vice President, Finance and Chief Financial Officer with VLSI. From December 1991 until August 1992, he was an independent consultant. Mr. Hinckley is a director of OEC Medical Systems, Inc., a manufacturer of medical imaging equipment.

DIRECTOR COMPENSATION

Directors who are also employees or officers of the Company do not receive compensation for their services as directors. Non-employee directors are eligible to receive an annual retainer of \$15,000 plus per meeting fees of \$1,000 per board meeting and \$1,000 per committee meeting attended. Directors are reimbursed for travel and related expenses incurred by them in attending board and committee meetings.

1998 Director Option Plan. The Company's 1998 Director Option Plan (the "Director Plan") was adopted by the Board of Directors in January 1998 and is expected to be approved by the Company's stockholders immediately following the Reorganization. The Director Plan will become effective immediately prior to the Offerings. A total of 300,000 shares of Common Stock have been reserved for issuance under the Director Plan. The option grants under the Director Plan are automatic and non-discretionary. The Director Plan provides for an initial grant of options to purchase 15,000 shares of Common Stock to each new nonemployee director of the Company (an "Outside Director") upon the later of the effective date of the Director Plan or the date which such individual first becomes an Outside Director. In addition, each Outside Director will automatically be granted subsequent options to purchase 5,000 shares of Common Stock on each date on which such Outside Director is re-elected by the stockholders of the Company, provided that as of such date such Outside Director has served on the Board of Directors for at least six months. The exercise price of the options is 100% of the fair market value of the Common Stock on the grant date, except that with respect to initial grants to directors on the effective date of the Director Plan the exercise price will be equal 94% of the initial public offering price per share of Common Stock in the Offerings. The term of each option is ten years. Each option granted to an Outside Director vests as to 33 1/3% of the optioned stock one year after the date of grant, and as to an additional 33 1/3% of the optioned stock on each anniversary of the date of grant, provided that the optionee continues to serve as an Outside Director on such date so that 100% of the optioned stock may be exercisable three years after the date of grant. In the event of the sale of all or substantially all the Company's assets or the merger of the company with or into another corporation, all outstanding options under the Director Plan may either be assumed or an equivalent option may be substituted by the surviving entity. Following such assumption or substitution, if the director is terminated other than upon a voluntary resignation, such assumed or substituted options will vest and become exercisable in full. If no assumption or substitution occurs, each such option will vest and become exercisable in full. The Director Plan will terminate in January 2008 unless sooner terminated by the Board of Directors.

BOARD COMMITTEES

The Board of Directors has a Compensation Committee and an Audit Committee. The Compensation Committee is comprised of Messrs. George and Hinckley. The functions of the Compensation Committee are to review and approve annual salaries, bonuses, and grants of stock options pursuant to the Company's 1998 Stock Plan and to review and approve the terms and conditions of all employee benefit plans or changes thereto. The Audit Committee is comprised of Messrs. George and Hinckley. The functions of the Audit Committee are to recommend annually to the Board of Directors the appointment of the independent auditors of the Company, discuss and review in advance the scope and the fees of the annual audit and review the results thereof with the independent auditors, review and approve non-audit services of the independent auditors, review compliance with existing major accounting and financial reporting policies of the Company, review the adequacy of the financial organization of the Company, and review management's procedures and policies relating to the adequacy of the Company's internal accounting controls and compliance with applicable laws relating to accounting practices.

EXECUTIVE COMPENSATION

Summary Compensation. The following table sets forth compensation earned during the fiscal year ended December 31, 1997, by the Company's Chief Executive Officer and the four other most highly compensated executive officers whose total salary and bonus during such year exceeded \$100,000 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITIONS -----	ANNUAL COMPENSATION(1) -----		ALL OTHER COMPENSATION -----
	SALARY -----	BONUS -----	
James J. Kim, Chief Executive Officer and Chairman(2).....	\$500,000	\$ --	\$ 6,000
John N. Boruch, President(3).....	415,000	375,000	6,000
Frank J. Marcucci, Chief Financial Officer(4).....	254,000	100,000	245,000
Eric R. Larson, Vice President.....	220,000	--	--
Michael D. O'Brien, Vice President.....	249,000	100,000	--

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- (1) At the time of the Offerings, Messrs. Boruch, Marcucci, Larson and O'Brien will receive option grants of 300,000 shares, 100,000 shares, 85,000 shares and 85,000 shares, respectively, of Common Stock under the Company's 1998 Stock Plan, in each case with an exercise price per share equal to the initial public offering price per share.
- (2) All other compensation for Mr. Kim represents the amount of insurance premium paid by the Company on Mr. Kim's behalf for a life insurance policy. Effective January 1, 1998, Mr. Kim is compensated at an annual salary of \$750,000 and he may earn an annual bonus of up to \$500,000 if the Company achieves its annual operating plan, as approved by the Company's Board of Directors.
- (3) All other compensation for Mr. Boruch represents the amount of insurance premium paid by the Company on Mr. Boruch's behalf for a life insurance policy.
- (4) All other compensation for Mr. Marcucci represents the amount of insurance premium paid by the Company on Mr. Marcucci's behalf for a life insurance policy together with a bonus paid to Mr. Marcucci to cover the income taxes owed by Mr. Marcucci as a result of the payment of such insurance premium.

STOCK PLANS

1998 Stock Plan. The Company's 1998 Stock Plan (the "1998 Plan") provides for the grant to employees of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"), and for the grant to employees, directors and consultants of nonstatutory stock options and stock purchase rights. The 1998 Plan was adopted by the Board of Directors in January 1998 and is expected to be approved by the Company's stockholders immediately following the Reorganization. Unless terminated sooner, the 1998 Plan will terminate automatically in January 2008. The maximum aggregate number of shares which may be optioned and sold under the 1998 Plan is 5,000,000, plus an annual increase to be added on each anniversary date of the adoption of the 1998 Plan equal to the lesser of (i) the number of shares of Common Stock needed to restore the maximum aggregate number of shares of Common Stock which may be optioned and sold under the 1998 to 5,000,000, or (ii) a lesser amount determined by the Board of Directors.

The 1998 Plan may be administered by the Board of Directors or a committee appointed by the Board of Directors (the "Committee"), which Committee shall, in the case of options intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, consist of two or more "outside directors" within the meaning of Section 162(m) of the Code. The Board of Directors or the Committee, as applicable, has the power to determine the terms of options granted, including the exercise price and the fair market value, to reduce the exercise price of any option to the then current fair market price if the fair market value of the Common Stock covered by such option shall have declined since the date the option was granted, the number of shares subject to the option or stock purchase right, and the exercisability thereof and the form of consideration payable upon such exercise. In addition, the Board of Directors has the

authority to amend, suspend or terminate the 1998 Plan, provided that no such action may affect any share of Common Stock previously issued and sold or any option previously granted under the 1998 Plan.

Unless determined otherwise by the administrators, options and stock purchase rights granted under the 1998 Plan are not transferable by the optionee, and each option and stock purchase right is generally exercisable during the lifetime of the optionee only by such optionee. Options granted under the 1998 Plan must generally be exercised within three months following termination of an optionee's status as an employee, director or consultant of the Company, within twelve months after an optionee's termination by disability, and within twelve months after an optionee's termination by death, but in no event later than the expiration of the option. In the case of stock purchase rights, unless the administrator determines otherwise, a restricted stock purchase agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason (including death or disability). The purchase price for shares repurchased pursuant to a restricted stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the administrator. The exercise price of all incentive stock options granted under the 1998 Plan must be at least equal to the fair market value of the shares on the date of grant. The exercise price of nonstatutory stock options granted under the 1998 Plan is determined by the Committee, but with respect to nonstatutory stock options intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the exercise price must be at least equal to the fair market value of the Common Stock on the date of grant. With respect to any employee who owns stock possessing more than ten percent of the voting power of all classes of the Company's, or any parent or subsidiary of the Company's outstanding capital stock, the exercise price of any incentive stock option granted to such person must equal at least 110% of the fair market value of the Common Stock on the date of grant and the term of such incentive stock option must not exceed five years. The term of all other options granted under the 1998 Plan may not exceed ten years.

The 1998 Plan provides that in the event of a merger of the Company with or into another corporation, or a sale of substantially all of the Company's assets, each outstanding option and stock purchase right will be assumed or substituted for by the successor corporation. In the event the successor corporation refuses to assume or substitute for the option or stock purchase right, the optionee shall have the right to exercise all of the optioned stock, including shares as to which it would not otherwise be exercisable.

1998 Employee Stock Purchase Plan. The Company's 1998 Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors in January 1998 and is expected to be approved by the stockholders immediately following the Reorganization. The Company does not intend to implement the Purchase Plan until after the Offerings. A total of 1,000,000 shares of Common Stock have been made available for sale under the Purchase Plan and an annual increase is to be added on each anniversary date of the adoption of the Purchase Plan equal to the lesser of (i) the number of shares needed to restore the maximum aggregate number of shares available for sale under the Purchase Plan to 1,000,000, or (ii) a lesser amount determined by the Board of Directors. The Purchase Plan, which is intended to qualify under Section 423 of the Code is administered by the Board of Directors or by a committee appointed by the Board. Employees (including officers and employee directors of the Company but excluding 5% or greater stockholders) are eligible to participate if they are customarily employed for at least 20 hours per week and for more than five months in any calendar year. The Purchase Plan permits eligible employees to purchase Common Stock through payroll deductions, which may not exceed 15% of the compensation an employee receives on each pay day. The Purchase Plan will be implemented by consecutive six-month offering periods. The initial offering period and the date of subsequent offering periods under the Purchase Plan will be determined by the Board of Directors after the effective date of the

Offerings. Each participant will be granted an option on the first day of an offering period, and shares of Common Stock will be automatically purchased on the last date of each purchase period within the offering period. If the fair market value of the Common Stock on any purchase date (other than the final purchase date of the offering period) is lower than such fair market value on the start date of that offering period, then all participants in that offering period will be automatically withdrawn from such offering period and re-enrolled in the immediately following offering period. The purchase price of the Common Stock under the Purchase Plan will be equal to 85% of the lesser of

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the fair market value per share of Common Stock on the start date of the offering period or on the purchase date. Employees may end their participation in an offering period at any time, and participation ends automatically on termination of employment with the Company. In the event of a proposed dissolution or liquidation of the Company, the offering periods then in progress will be shortened by setting a new exercise date that is before the dissolution or liquidation, and will terminate immediately prior to the consummation of the proposed action, unless otherwise provided by the Board. In the event of a proposed sale of all or substantially all of the Company's assets or the merger of the Company with or into another corporation, each outstanding option will be assumed or substituted for by the successor corporation. In the event the successor corporation refuses to assume or substitute for the options, the offering periods then in progress will be shortened by setting a new exercise date that is before the sale or merger and the offering periods then in progress will end on the new exercise date. Each participant will be notified at least ten business days prior to the new exercise date, and unless such participant ends his or her participation, the option will be exercised automatically on the new exercise date. The Purchase Plan will terminate in January 2008, unless sooner terminated by the Board of Directors.

401(k) PLAN

The Company participates in a tax-qualified employee savings and retirement plan (the "401(k) Plan") which covers certain of the Company's employees who are at least 21 years of age. Pursuant to the 401(k) Plan, employees may elect to reduce their current eligible compensation by up to 13% of eligible compensation or the statutorily prescribed annual limit, whichever is lower, and have the amount of such reduction contributed to the 401(k) Plan. After an eligible employee completes one year of service and has attained age 21, he or she will become eligible for the Company matching contributions effective as of the quarterly entry date after meeting these service and age requirements. The matching contribution amount is a discretionary amount as determined from time to time by the Company. The 401(k) Plan is intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended, so that contributions by employees or by the Company to the 401(k) Plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) Plan, and so that contributions by the Company, if any, will be deductible by the Company when made. The trustee under the 401(k) Plan, at the direction of each participant, invests the assets of the 401(k) Plan in any of a number of designated investment options.

PHILIPPINE PENSION PLANS

The Company adopted a retirement plan for its eligible Philippine employees and those eligible employees of designated affiliated companies and subsidiaries of the Company, the Amkor/Anam Pilipinas, Incorporated Employees' Retirement Benefit Plan (the "Philippine Plan"), originally effective January 1, 1988, and most recently amended on January 1, 1997. Eligible employees are employees with regular and permanent status that have been employed continuously for one (1) year by a participating company. Currently, the companies participating in the Philippine Plan are AMI, AAP, and Anam Amkor Precision Machine Company (Phils.), Incorporated. At normal retirement age (age 60), death, or upon total and permanent disability, a participant will receive a lump sum benefit payment based on a percentage of his or her final base monthly salary, as determined by

his or her years of credited service. A participant who retires at age 50 with at least ten (10) years of service will receive a reduced payment based on the same formula. Company contributions to the Phillipine Plan are held in trust. The Phillipine Plan is presently underfunded by \$3.8 million. The amount by which the Phillipine Plan is underfunded decreased from \$7.2 million at September 30, 1997 primarily as a result of payments made by the Company as required under the plan and the effect of the recent devaluation of the Phillipine peso to the U.S. dollar. See Note 9 of Notes to Combined Financial Statements.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION MATTERS

The Company has adopted provisions in its Certificate of Incorporation that eliminate to the fullest extent permissible under Delaware law the liability of its directors to the Company for monetary damages. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or

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rescission. The Bylaws provide that the Company shall indemnify its directors and officers, and may indemnify its other employees and agents, to the fullest extent permitted by Delaware law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. The Company has entered into indemnification agreements with its officers and directors containing provisions which may require the Company, among other things, to indemnify the officers and directors against certain liabilities that may arise by reason of their status or service as directors or officers (other than liabilities arising from willful misconduct of a culpable nature), and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is no currently pending litigation or proceeding involving a director, officer, employee or other agent of the Company in which indemnification would be required or permitted.

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CERTAIN TRANSACTIONS

AICL was founded in 1956 by Mr. H. S. Kim, who currently serves as the honorary Chairman and a Representative Director of AICL. AICL is a member of the Anam Group of companies, consisting principally of companies in Korea in the electronics industries. The management of AICL and the other companies in the Anam Group are influenced to a significant degree by the family of H. S. Kim, which, together with the Company, collectively owned approximately 40.7% of the outstanding common stock of AICL as of December 31, 1997. A significant portion of the shares owned by the Kim family are leveraged and as a result of this, or for other reasons, the family's ownership could be substantially reduced. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of H. S. Kim. Since January 1992, in addition to his other responsibilities, James Kim has been serving as acting Chairman of the Anam Group and a director of AICL. Mr. In-Kil Hwang, the President and a Representative Director of AICL, is the brother-in-law of James Kim. In addition, four other members of Mr. Kim's family are on the 13-member Board of Directors of AICL. In connection with the Reorganization, Mr. James Kim and members of his family will exchange their interests in the Amkor Companies in return for shares of Common Stock. After the Offerings, James Kim and members of his family will beneficially own approximately 68.9% of the outstanding Common Stock, and Mr. Kim and other members of his family will continue to exercise significant control over the Company. The Company and AICL have had a long-standing relationship. In 1996 and 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the

revenues of AICL in 1996 and 1997 were derived from services sold by the Company. The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, overlaps and family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights. See "Relationship with Anam Industrial Co., Ltd." and "Reorganization."

The Company has entered into indemnification agreements with its officers and directors containing provisions which may require the Company, among other things, to indemnify the officers and directors against certain liabilities that may arise by reason of their status or service as directors or officers (other than liabilities arising from willful misconduct of a culpable nature), and to advance to them expenses incurred as a result of any proceeding against them as to which they could be indemnified.

In connection with the Reorganization, the Company proposes to enter into tax indemnification agreements with Mr. and Mrs. Kim and the Kim Family Trusts pursuant to which the Company will be indemnified by such stockholders with respect to their proportionate share of any U.S. federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the Termination Date. The tax indemnification agreements will also provide that the Company will indemnify Mr. and Mrs. Kim and the Kim Family Trusts if such stockholders are required to pay additional taxes or other amounts attributable to taxable years on or before the Termination Date as to which AEI filed or files tax returns claiming status as an S Corporation. AEI has made various distributions to such stockholders which have enabled them to pay their income taxes on their allocable portions of the income of AEI. Such distributions totaled approximately \$13.0 million and \$5.0 million in 1996 and 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distributions will represent AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. These final distributions are intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. Through December 31, 1997, the amount of such undistributed net earnings was \$27.7 million. See "Reorganization" and Notes 1, 10 and 17 of Notes to Combined Financial Statements.

In February 1998 the Company sold its investment in AICL common stock to AK Investments, Inc. ("AK Investments"), a company owned by Mr. Kim, for \$13.9 million, the market value determined by the closing price of AICL shares on the Korea Stock Exchange on the date of the sale. In exchange for such

shares, AK Investments assumed \$13.9 million of the Company's long-term borrowing from AUSA. See Note 6 of Notes to Combined Financial Statements.

Mr. Kim has executed certain guarantees to lenders in connection with certain debt instruments of the Amkor Companies that remain outstanding. The total contingent liability under such guarantees equalled approximately \$87.0 million as of December 31, 1997. See Note 11 of Notes to Combined Financial Statements.

The Company and Mr. Kim currently are parties to a loan agreement under which Mr. Kim may borrow funds from the Company, subject to the Company's consent. Mr. Kim has recognized compensation in 1996 and 1997 in the amount of \$101,716 and \$3,000, respectively of imputed interest for loans under this agreement. Since the beginning of the 1996 fiscal year, the maximum amount outstanding under such agreement has been \$6.5 million. All amounts due from Mr. Kim have been repaid in full subsequent to December 31, 1997.

In 1996, Mr. Kim sold his interest in Amkor Anam Test Services, Inc., representing half of its outstanding capital stock, to AEI for \$910,350. See

AK Investments purchased certain securities held by AEI for \$49.7 million, which consideration was paid by assuming from AEI certain non-current payables from AUSA. Subsequent to the sale of investments to AK Investments, AEI loaned AK Investments an additional \$12.8 million. The amount outstanding on this loan as of December 31, 1997 was \$4.4 million. See Notes 6 and 11 of Notes to Combined Financial Statements. AK Investments repaid such amount in full during March 1998.

In 1996, the Kim Family Trusts borrowed \$5.3 million at market interest rates from AEI to purchase the real estate and develop the facilities that comprise the Company's Chandler, Arizona plant and offices. In 1997, the Kim Family Trusts, after making improvements, sold the real estate and facilities back to AEI for \$5.7 million which was used to repay the original loan from AEI. See Note 11 of Notes to Combined Financial Statements.

Members of the Kim family own all the outstanding shares of Forte Systems, Inc. ("Forte"). The Company and Forte currently are parties to a loan agreement under which Forte may borrow funds at market interest rates from the Company, subject to the Company's consent. Since the beginning of the 1996 fiscal year, the maximum amount outstanding under such agreement has been \$3.8 million. See Note 11 of Notes to Combined Financial Statements.

Members of the Kim family own all the outstanding shares of The Electronics Boutique, Inc. (the "Electronics Boutique"). The Company and the Electronics Boutique currently are parties to a loan agreement under which the Electronics Boutique may borrow funds at market rates from the Company, subject to the Company's consent. Since the beginning of the 1996 fiscal year, the maximum amount outstanding under such agreement in the ordinary course of business of the Electronics Boutique's business has been \$3.0 million. In addition, in 1996, the Electronics Boutique borrowed \$50 million from AEI in connection with a contemplated acquisition. However, this acquisition was abandoned by the Electronics Boutique and the \$50 million was repaid to AEI within eleven working days of the date it was borrowed. Finally, the Company has guaranteed certain vendor obligations and a line of credit of the Electronics Boutique, which total approximately \$24.7 million and \$14.3 million, respectively as of December 31, 1997. See Note 11 of Notes to Combined Financial Statements.

In addition, in each of the last three years, various Electronics Boutique expenses were paid by the Company on behalf of Electronics Boutique and various Company expenses were paid by Electronics Boutique on behalf of the Company. These expenses include insurance premiums, employee medical claims, interest, rent and other miscellaneous expenses. In 1995, 1996 and 1997, the Company made net advancements on behalf of Electronics Boutique of \$604,000, \$128,000 and \$147,000. In 1997, Electronics Boutique repaid to the Company \$2.4 million of current and prior year advancements.

The Company has executed a surety and guarantee agreement on behalf of Electronics Boutique. The Company has unconditionally guaranteed Electronics Boutique's obligation under a \$17 million line of credit

and a \$9 million term loan note. As of December 31, 1997, there was \$750,000 outstanding under the line of credit and \$9 million outstanding under the term loan note. The Company has also unconditionally guaranteed obligations of EB Canada, a subsidiary of Electronics Boutique, under a \$4 million term loan agreement and a \$1 million line of credit. As of December 31, 1997, there was \$3.8 million outstanding under the term loan and no amounts outstanding under the line of credit.

The Company leases office space in West Chester, Pennsylvania from the Kim Family Trusts. The lease expires in 2006. The Company has the option to extend the lease for an additional 10 years. The monthly rent pursuant to such lease is \$92,000. The Company sub-leases a portion of this office space to Forte for

which the monthly rent is \$43,000. See Note 11 of Notes to Combined Financial Statements.

At December 31, 1996 and 1997, the Company had advances and notes receivable from affiliates other than AICL and AUSA of \$23.0 million and \$36.5 million, respectively. See Note 11 of Notes to Combined Financial Statements.

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Common Stock outstanding as of the date of this Prospectus, and as adjusted to reflect the sale of the shares of Common Stock offered hereby, by (i) each person or entity who is known by the Company to own beneficially 5% or more of the outstanding Common Stock; (ii) each director of the Company; (iii) each of the Named Executive Officers; and (iv) all directors and executive officers of the Company as a group.

NAME AND ADDRESS -----	BENEFICIAL OWNERSHIP PRIOR TO OFFERING -----		NUMBER OF SHARES OFFERED -----	BENEFICIAL OWNERSHIP AFTER OFFERING (1) -----	
	NUMBER	PERCENT		NUMBER	PERCENT
James J. and Agnes C. Kim (2) (3) 1345 Enterprise Drive West Chester, PA 19380	29,075,000	35.2%	3,500,000	25,575,000	22.7%
David D. Kim Trust of December 31, 1987 (3) (4) 1500 E. Lancaster Avenue Paoli, PA 19301	13,750,000	16.6	500,000	13,250,000	11.8
John T. Kim Trust of December 31, 1987 (3) (4) 1500 E. Lancaster Avenue Paoli, PA 19301	13,750,000	16.6	500,000	13,250,000	11.8
Susan Y. Kim Trust of December 31, 1987 (3) (4) (5) 1500 E. Lancaster Avenue Paoli, PA 19301	13,750,000	16.6	500,000	13,250,000	11.8
Thomas D. George.....	--	--	--	--	--
Gregory K. Hinckley.....	--	--	--	--	--
John N. Boruch.....	--	--	--	--	--
Eric R. Larson.....	--	--	--	--	--
Frank J. Marcucci.....	--	--	--	--	--
Michael D. O'Brien.....	--	--	--	--	--
All directors and executive officers as a group (7 persons).....	29,075,000	35.2	3,500,000	25,575,000	22.7

(1) Assumes no exercise of the Underwriters' over-allotment options. The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any share as to which the individual or entity has voting power or investment power. Unless otherwise indicated, each person or entity has sole voting and investment power with respect to shares shown as beneficially owned.

(2) James J. and Agnes C. Kim are husband and wife. Accordingly, each may be deemed to beneficially own shares of Common Stock held in the name of the other.

(3) David D. Kim, John T. Kim and Susan Y. Kim are children of James J. and Agnes C. Kim. Each of the David D. Kim Trust of December 31, 1987, John T. Kim Trust of December 31, 1987 and Susan Y. Kim Trust of December 31, 1987 has in common Susan Y. Kim and John F.A. Earley as co-trustees, in addition to a third trustee (John T. Kim in the case of the Susan Y. Kim Trust and

the John T. Kim Trust and David D. Kim in the case of the David D. Kim Trust) (the trustees of each trust may be deemed to be the beneficial owners of the shares held by such trust). In addition, the trust agreement for each of these trusts encourages the trustees of the trusts to vote the shares of Common Stock held by them, in their discretion, in concert with James Kim's family. Accordingly, the trusts, together with their respective trustees and James J. and Agnes C. Kim, may be considered a "group" under Section 13(d) of the Exchange Act. This group may be deemed to have beneficial ownership of 65,325,000 shares or 58.0% of the outstanding shares of Common Stock after the Offerings.

- (4) These three trusts together with the trusts described in note (5) below comprise the Kim Family Trusts.
- (5) Includes 8,200,000 shares held by a trust established for the benefit of Susan Y. Kim's children.

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DESCRIPTION OF CAPITAL STOCK

GENERAL

Upon the closing of the Offerings, the Company will be authorized to issue 500,000,000 shares of Common Stock, \$.001 par value, and 10,000,000 shares of Preferred Stock, \$.001 par value. Immediately after the closing of the Offerings and assuming no exercise of the Underwriters' over-allotment options, the Company estimates there will be an aggregate of 112,610,000 shares of Common Stock outstanding, 2,730,000 shares of Common Stock will be issuable upon exercise of outstanding options, 3,570,000 shares of Common Stock will be reserved for issuance under the Company's 1998 Stock Plan, 1998 Director Option Plan and 1998 Employee Stock Purchase Plan and _____ shares of Common Stock will be reserved for issuance upon conversion of the Convertible Notes.

The following description of the Company's capital stock does not purport to be complete and is subject to and qualified in its entirety by the Certificate of Incorporation and the Bylaws, which are included as exhibits to the Registration Statement of which this Prospectus forms a part, and by the provisions of applicable Delaware law.

The Certificate of Incorporation and the Bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and which may have the effect of delaying, deferring, or preventing a future takeover or change in control of the Company unless such takeover or change in control is approved by the Board of Directors.

COMMON STOCK

Holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Common Stock do not have cumulative voting rights, and, therefore, holders of a majority of the shares voting for the election of directors can elect all of the directors. In such event, the holders of the remaining shares will not be able to elect any directors. See "Risk Factors -- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders."

Holders of the Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefor, subject to the terms of any existing or future agreements between the Company and its debtholders. The Company has never declared or paid cash dividends on its capital stock, expects to retain future earnings, if any, for use in the operation and expansion of its business, and does not anticipate paying any cash dividends in the foreseeable future. See "Dividend Policy." In the event of the liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets legally available for distribution after payment of all debts and other liabilities and

subject to the prior rights of any holders of Preferred Stock then outstanding.

PREFERRED STOCK

The Company's Board of Directors is authorized to issue 10,000,000 shares of Preferred Stock in one or more series and to fix the price, rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting a series or the designation of such series, without any further vote or action by the Company's stockholders. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or making more difficult a change in control of the Company and may adversely affect the market price of, and the voting and other rights of, the holders of Common Stock. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of Common Stock, including the loss of voting control to others. The Company has no current plans to issue any additional shares of Preferred Stock. See "Risk Factors -- Anti-Takeover Effects of Delaware Law and Certain Charter Provisions."

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EFFECT OF DELAWARE ANTI-TAKEOVER STATUTE

The Company is subject to Section 203 of the Delaware General Corporation Law (the "Anti-Takeover Law"), which regulates corporate acquisitions. The Anti-Takeover Law prevents certain Delaware corporations, including those whose securities are listed for trading on the Nasdaq National Market, from engaging, under certain circumstances in a "business combination" with any "interested stockholder" for three years following the date that such stockholder became an interested stockholder. For purposes of the Anti-Takeover Law, a "business combination" includes, among other things, a merger or consolidation involving the Company and the interested shareholder and the sale of more than 10% of the Company's assets. In general, the Anti-Takeover Law defines an "interested stockholder" as any entity or person beneficially owning 15% or more the outstanding voting stock of the Company and any entity or person affiliated with or controlling or controlled by such entity or person. A Delaware corporation may "opt out" of the Anti-Takeover Law with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by the holders of at least a majority of the Company's outstanding voting shares. The Company has not "opted out" of the provisions of the Anti-Takeover Law. See "Risk Factors -- Anti-Takeover Effects of Delaware Law and Certain Charter Provisions."

TRANSFER AGENT

The Transfer Agent and Registrar for the Common Stock is First Chicago Trust Company of New York Shareholder Services, 525 Washington Boulevard, Jersey City, NJ 07310; telephone (201) 324-0014.

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DESCRIPTION OF CONVERTIBLE NOTES

The Convertible Notes will be issued under an indenture to be dated as of _____, 1998 (the "Indenture") between the Company and State Street Bank and Trust Company, as trustee (the "Trustee"), a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus forms a part. The terms of the Convertible Notes will include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"), as in effect on the date of the Indenture. The Convertible Notes will be subject to all such terms, and holders of the

Convertible Notes are referred to the Indenture and the TIA for a statement of such terms. The following is a summary of important terms of the Convertible Notes and does not purport to be complete. Reference should be made to all provisions of the Indenture, including the definitions therein of certain terms and all terms made a part of the Indenture by reference to the TIA. Certain definitions of terms used in the following summary are set forth under "-- Certain Definitions" below. As used in this section, the "Company" means Amkor Technology, Inc., but not any of its Subsidiaries, unless the context requires otherwise.

GENERAL

The Convertible Notes will be general unsecured subordinated obligations of the Company, will mature on _____, 2003 (the "Maturity Date"), and will be limited to an aggregate principal amount of \$150,000,000 (\$172,500,000 if the Underwriters' over-allotment option is exercised). The Convertible Notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in fully registered form. The Convertible Notes are exchangeable and transfers thereof will be registrable without charge therefor, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge in connection therewith.

The Convertible Notes will accrue interest at a rate of _____ % per annum from _____, 1998, or from the most recent interest payment date to which interest has been paid or duly provided for, and accrued and unpaid interest will be payable semi-annually in arrears on _____ and _____ of each year beginning _____, 1998. Interest will be paid to the person in whose name a Convertible Note is registered at the close of business on the _____ or _____ immediately preceding the relevant interest payment date (other than with respect to a Convertible Note or portion thereof called for redemption on a redemption date, or repurchased in connection with a Designated Event on a repurchase date, during the period from a record date to (but excluding) the next succeeding interest payment date (in which case accrued interest shall be payable (unless such Convertible Note or portion thereof is converted) to the holder of the Convertible Note or portion thereof redeemed or repurchased)). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, premium, if any, and interest on the Convertible Notes will be payable at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest may be made by check mailed to the holders of the Convertible Notes at their respective addresses set forth in the register of holders of Convertible Notes. Until otherwise designated by the Company, the Company's office or agency maintained for such purpose will be the principal corporate trust office of the Trustee.

CONVERSION

The holders of Convertible Notes will be entitled at any time on or before the close of business on the last trading day prior to the Maturity Date of the Convertible Notes, subject to prior redemption or repurchase, to convert any Convertible Notes or portions thereof (in denominations of \$1,000 or multiples thereof) into Common Stock of the Company, at the conversion price of \$ _____ per share of Common Stock, subject to adjustment as described below (the "Conversion Price"). Except as described below, no adjustment will be made on conversion of any Convertible Notes for interest accrued thereon or for dividends on any Common Stock issued. If Convertible Notes not called for redemption are converted after a record date for the payment of interest and prior to the next succeeding interest payment date, such Convertible Notes must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted. The Company is not required to issue fractional shares of Common Stock upon

conversion of Convertible Notes and, in lieu thereof, will pay a cash adjustment

based upon the market price of the Common Stock on the last trading day prior to the date of conversion. In the case of Convertible Notes called for redemption, conversion rights will expire at the close of business on the trading day preceding the date fixed for redemption, unless the Company defaults in payment of the redemption price, in which case the conversion right will terminate at the close of business on the date such default is cured. In the event any holder exercises its right to require the Company to repurchase Notes upon a Designated Event, such holder's conversion right will terminate on the close of business on the Designated Event Offer Termination Date (as defined) unless the Company defaults in the payment due upon repurchase or the holder elects to withdraw the submission of election to repurchase. See "-- Repurchase at Option of Holders Upon a Designated Event."

The right of conversion attaching to any Convertible Note may be exercised by the holder by delivering the Convertible Note at the specified office of a conversion agent, accompanied by a duly signed and completed notice of conversion, together with any funds that may be required as described in the preceding paragraph. Such notice of conversion can be obtained from the Trustee. Beneficial owners of interests in a Global Note (as defined) may exercise their right of conversion by delivering to The Depository Trust Company ("DTC") the appropriate instruction form for conversion pursuant to DTC's conversion program. The conversion date shall be the date on which the Convertible Note, the duly signed and completed notice of conversion, and any funds that may be required as described in the preceding paragraph shall have been so delivered. A holder delivering a Convertible Note for conversion will not be required to pay any taxes or duties payable in respect of the issue or delivery of Common Stock on conversion, but will be required to pay any tax or duty which may be payable in respect of any transfer involved in the issue or delivery of the Common Stock in a name other than the holder of the Convertible Note. Certificates representing shares of Common Stock will not be issued or delivered unless all taxes and duties, if any, payable by the holder have been paid.

The Conversion Price is subject to adjustment (under formulae set forth in the Indenture) in certain events, including: (i) the issuance of Common Stock as a dividend or distribution on Common Stock; (ii) certain subdivisions and combinations of the Common Stock; (iii) the issuance to all or substantially all holders of Common Stock of certain rights or warrants to purchase Common Stock at a price per share less than the Current Market Price (as defined); (iv) the dividend or other distribution to all holders of Common Stock of shares of capital stock of the Company (other than Common Stock) or evidences of indebtedness of the Company or assets (including securities, but excluding those rights, warrants, dividends and distributions referred to above or paid exclusively in cash); (v) dividends or other distributions consisting exclusively of cash (excluding any cash portion of distributions referred to in clause (iv)) to all holders of Common Stock to the extent such distributions, combined together with (A) all such all-cash distributions made within the preceding 12 months in respect of which no adjustment has been made plus (B) any cash and the fair market value of other consideration payable in respect of any tender offers by the Company or any of its Subsidiaries for Common Stock concluded within the preceding 12 months in respect of which no adjustment has been made, exceeds 15% of the Company's market capitalization (being the product of the then current market price of the Common Stock times the number of shares of Common Stock then outstanding) on the record date for such distribution; and (vi) the purchase of Common Stock pursuant to a tender offer made by the Company or any of its subsidiaries to the extent that the aggregate consideration, together with (X) any cash and the fair market value of any other consideration payable in any other tender offer expiring within 12 months preceding such tender offer in respect of which no adjustment has been made plus (Y) the aggregate amount of any such all-cash distributions referred to in clause (v) above to all holders of Common Stock within the 12 months preceding the expiration of such tender offer in respect of which no adjustments have been made, exceeds 15% of the Company's market capitalization on the expiration of such tender offer.

In the case of (i) any reclassification or change of the Common Stock or (ii) a consolidation, merger or combination involving the Company or a sale or conveyance to another corporation of the property and assets of the Company as an entirety or substantially as an entirety, in each case as a result of which

holders of Common Stock shall be entitled to receive stock, other securities, other property or assets (including cash) with respect to or in exchange for such Common Stock, the holders of the Convertible Notes then outstanding will be entitled thereafter to convert such Convertible Notes into the kind and amount of shares of stock, other

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securities or other property or assets, which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, combination, sale or conveyance had such Convertible Notes been converted into Common Stock immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance (assuming, in a case in which the Company's stockholders may exercise rights of election, that a holder of Convertible Notes would not have exercised any rights of election as to the stock, other securities or other property or assets receivable in connection therewith and received per share the kind and amount received per share by a plurality of non-electing shares). Certain of the foregoing events may also constitute or result in a Designated Event requiring the Company to offer to repurchase the Convertible Notes. See "-- Repurchase at Option of Holders Upon a Designated Event."

In the event of a taxable distribution to holders of Common Stock (or other transaction) that results in any adjustment of the Conversion Price, the holders of Convertible Notes may, in certain circumstances, be deemed to have received a distribution subject to United States income tax as a dividend; in certain other circumstances, the absence of such an adjustment may result in a taxable dividend to the holders of Common Stock. See "Certain Federal Income Tax Consequences to Holders of Common Stock and Convertible Notes."

The Company from time to time may, to the extent permitted by law, reduce the Conversion Price of the Convertible Notes by any amount for any period of at least 20 days, in which case the Company shall give at least 15 days' notice of such decrease, if the Board of Directors has made a determination that such decrease would be in the best interests of the Company, which determination shall be conclusive. The Company may, at its option, make such reductions in the Conversion Price, in addition to those set forth above, as the Board of Directors deems advisable to avoid or diminish any income tax to holders of Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. See "Certain Federal Income Tax Consequences to Holders of Common Stock and Convertible Notes."

No adjustment in the Conversion Price will be required unless such adjustment would require a change of at least 1% of the Conversion Price then in effect; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated above, the Conversion Price will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing.

SUBORDINATION

The payment of principal of, premium, if any, and interest on the Convertible Notes will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full in cash or other payment satisfactory to the Senior Debt of all Senior Debt, whether outstanding on the date of the Indenture or thereafter incurred. Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities, the holders of Senior Debt will be entitled to receive payment in full in cash or other payment satisfactory to the Senior Debt of all Senior Debt of all obligations in respect of such Senior Debt before the holders of Convertible Notes will be entitled to receive any payment with respect to the Convertible Notes.

In the event of any acceleration of the Convertible Notes because of an Event of Default, the holders of any Senior Debt then outstanding will be entitled to payment in full in cash or other payment satisfactory to the holders of such Senior Debt of all obligations in respect of such Senior Debt before the holders of the Convertible Notes are entitled to receive any payment or distribution in respect thereof. If payment of the Convertible Notes is accelerated because of an Event of Default, the Company or the Trustee shall promptly notify the holders of Senior Debt or the trustee(s) for such Senior Debt of the acceleration. The Company may not pay the Convertible Notes until five business days after such holders or trustee(s) of Senior Debt receive notice of such acceleration and, thereafter, may pay the Convertible Notes only if the subordination provisions of the Indenture otherwise permit payment at that time.

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The Company also may not make any payment upon or in respect of the Convertible Notes if (i) a default in the payment of the principal of, premium, if any, interest, rent or other obligations in respect of Senior Debt occurs and is continuing beyond any applicable period of grace or (ii) a default, other than a payment default, occurs and is continuing with respect to Designated Senior Debt that permits holders of the Designated Senior Debt as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default (a "Payment Blockage Notice") from the Company or other person permitted to give such notice under the Indenture. Payments on the Convertible Notes may and shall be resumed (a) in the case of a payment default, upon the date on which such default is cured or waived or ceases to exist and (b) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or ceases to exist or 179 days after the date on which the applicable Payment Blockage Notice is received if the maturity of the Senior Debt has not been accelerated. No new period of payment blockage may be commenced unless and until 365 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

By reason of the subordination provisions described above, in the event of the Company's liquidation or insolvency, holders of Senior Debt may receive more, ratably, and holders of the Convertible Notes may receive less, ratably, than the other creditors of the Company. Such subordination will not prevent the occurrences of any Event of Default under the Indenture.

The Convertible Notes are obligations exclusively of the Company. However, since the operations of the Company are primarily conducted through Subsidiaries, the cash flow and the consequent ability of the Company to service its debt, including the Convertible Notes, are primarily dependent upon the earnings of its Subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those Subsidiaries to, the Company. The payment of dividends and the making of loans and advances to the Company by its Subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those Subsidiaries and are subject to various business considerations.

Any right of the Company to receive assets of any of its Subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the Convertible Notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors (including trade creditors), except to the extent that the Company is itself recognized as a creditor of such Subsidiary, in which case the claims of the Company would still be subordinate to any security interests in the assets of such Subsidiary and any indebtedness of such Subsidiary senior to that held by the Company.

As of December 31, 1997 (after giving effect to the Reorganization), the Company had approximately \$32 million of outstanding indebtedness that would

have constituted Senior Debt, and the indebtedness and other liabilities of the Company's subsidiaries (excluding intercompany liabilities and obligations of a type not required to be reflected on the balance sheet of such subsidiary in accordance with GAAP) that would effectively have been senior to the Convertible Notes were approximately \$642 million. After giving effect to planned debt repayments by the Company prior to the Offerings and the application of the estimated net proceeds to the Company of the Offerings (assuming an initial public offering price of \$11.00 per share of Common Stock), such amounts will be approximately \$32 million and \$217 million, respectively. The Indenture will not limit the amount of additional indebtedness, including Senior Debt, that the Company can create, incur, assume or guarantee, nor will the Indenture limit the amount of indebtedness and other liabilities that any Subsidiary can create, incur, assume or guarantee.

In the event that, notwithstanding the foregoing, the Trustee or any holder of Convertible Notes receives any payment or distribution of assets of the Company of any kind in contravention of any of the terms of the Indenture, whether in cash, property or securities, including, without limitation by way of set-off or otherwise, in respect of the Convertible Notes before all Senior Debt is paid in full in cash or other payment satisfactory to the holders of Senior Debt, then such payment or distribution will be held by the recipient in trust for the benefit of holders of Senior Debt, and will be immediately paid over or delivered to the holders of Senior Debt or their representative or representatives to the extent necessary to make payment in full in cash or other

payment satisfactory to such holders of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution, or provision therefor, to or for the holders of Senior Debt.

OPTIONAL REDEMPTION

The Convertible Notes may not be redeemed by the Company prior to , 2001. The Convertible Notes may be redeemed at the option of the Company, in whole or from time to time in part, on not less than 15 nor more than 60 days' prior written notice to the holders thereof by first class mail, at the following redemption prices (expressed as percentages of principal amount) if redeemed during the 12-month period beginning of each year indicated (with respect to 2001), plus accrued and unpaid interest to the date fixed for redemption, if the closing price of the Common Stock on the principal stock exchange or market on which the Common Stock is then quoted or admitted to trading equals or exceeds 125% of the Conversion Price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the date the notice of redemption is first mailed to the holders of the Convertible Notes:

YEAR	REDEMPTION PRICE
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2001.....	
2002.....	

If less than all the Convertible Notes are to be redeemed at any time, selection of Convertible Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Convertible Notes are listed or, if the Convertible Notes are not so listed, on a pro rata basis by lot or by any other method that the Trustee considers fair and appropriate. The Trustee may select for redemption a portion of the principal of any Convertible Note that has a denomination larger than \$1,000. Convertible Notes and portions thereof will be redeemed in the

amount of \$1,000 or integral multiples of \$1,000. The Trustee will make the selection from Convertible Notes outstanding and not previously called for redemption; provided that if a portion of a holder's Convertible Notes are selected for partial redemption and such holder converts a portion of such Convertible Notes, such converted portion shall be deemed to be taken from the portion selected for redemption.

Provisions of the Indenture that apply to the Convertible Notes called for redemption also apply to portions of the Convertible Notes called for redemption. If any Convertible Note is to be redeemed in part, the notice of redemption will state the portion of the principal amount to be redeemed. Upon surrender of a Convertible Note that is redeemed in part only, the Company will execute and the Trustee will authenticate and deliver to the holder a new Convertible Note equal in principal amount to the unredeemed portion of the Convertible Note surrendered.

On and after the redemption date, unless the Company shall default in the payment of the redemption price, interest will cease to accrue on the principal amount of the Convertible Notes or portions thereof called for redemption and for which funds have been set apart for payment. In the case of Convertible Notes or portions thereof redeemed on a redemption date which is also a regularly scheduled interest payment date, the interest payment due on such date shall be paid to the person in whose name the Note is registered at the close of business on the relevant record date.

The Convertible Notes are not entitled to any sinking fund.

REPURCHASE AT OPTION OF HOLDERS UPON A DESIGNATED EVENT

Upon the occurrence of a Designated Event, each holder of Convertible Notes will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of such holder's Convertible Notes pursuant to the offer described below (the "Designated Event Offer") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the date of purchase (the "Designated Event Payment"). Within 20 days following any Designated Event, the Company will mail a notice to each holder describing the transaction or transactions that constitute the

Designated Event and offering to repurchase Convertible Notes pursuant to the procedures required by the Indenture and described in such notice.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Convertible Notes as a result of a Designated Event. Rule 13e-4 under the Exchange Act requires, among other things, the dissemination of certain information to security holders in the event of an issuer tender offer and may apply in the event that the repurchase option becomes available to holders of the Convertible Notes. The Company will comply with this rule to the extent applicable at that time.

On the date specified for termination of the Designated Event Offer, the Company will, to the extent lawful, (1) accept for payment all Convertible Notes or portions thereof properly tendered pursuant to the Designated Event Offer, (2) deposit with the paying agent an amount equal to the Designated Event Payment in respect of all Convertible Notes or portions thereof so tendered and (3) deliver or cause to be delivered to the Trustee the Convertible Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Convertible Notes or portions thereof being purchased by the Company. On the date specified for payment of the Designated Event Payment (the "Designated Event Payment Date"), the paying agent will promptly mail to each holder of Convertible Notes so accepted the Designated Event Payment for such Convertible Notes, and the Trustee will promptly authenticate and mail (or cause

to be transferred by book entry) to each holder a new Convertible Note equal in principal amount to any unpurchased portion of the Convertible Notes surrendered, if any; provided that each such new Convertible Note will be in a principal amount of \$1,000 or an integral multiple thereof.

The foregoing provisions would not necessarily afford holders of the Convertible Notes protection in the event of highly leveraged or other transactions involving the Company that may adversely affect holders.

The right to require the Company to repurchase Convertible Notes as a result of a Designated Event could have the effect of delaying, deferring or preventing a Change of Control or other attempts to acquire control of the Company unless arrangements have been made to enable the Company to repurchase all the Convertible Notes at the Designated Event Payment Date. Consequently, this right may render more difficult or discourage a merger, consolidation or tender offer (even if such transaction is supported by the Company's Board of Directors or is favorable to the stockholders), the assumption of control by a holder of a large block of the Company's shares and the removal of incumbent management.

Except as described above with respect to a Designated Event, the Indenture does not contain provisions that permit the holders of the Convertible Notes to require that the Company repurchase or redeem the Convertible Notes in the event of a takeover, recapitalization or similar restructuring. Subject to the limitation on mergers and consolidations described below, the Company, its management or its Subsidiaries could in the future enter into certain transactions, including refinancings, certain recapitalizations, acquisitions, the sale of all or substantially all of its assets, the liquidation of the Company or similar transactions, that would not constitute a Designated Event under the Indenture, but that would increase the amount of Senior Debt (or any other indebtedness) outstanding at such time or substantially reduce or eliminate the Company's assets.

The terms of the Company's existing or future credit or other agreements relating to indebtedness (including Senior Debt) may prohibit the Company from purchasing any Convertible Notes and may also provide that a Designated Event, as well as certain other change-of-control events with respect to the Company, would constitute an event of default thereunder. In the event a Designated Event occurs at a time when the Company is prohibited from purchasing Convertible Notes, the Company could seek the consent of its then-existing lenders to the purchase of Convertible Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company would remain prohibited from purchasing Convertible Notes. In such case, the Company's failure to purchase tendered Convertible Notes would constitute an Event of Default under the Indenture, which may, in turn, constitute a further default under the terms of other indebtedness that the Company has entered into or may enter into from time to time. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of Convertible Notes.

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A "Designated Event" will be deemed to have occurred upon a Change of Control or a Termination of Trading.

A "Change of Control" will be deemed to have occurred when: (i) any person has become an Acquiring Person, (ii) the Company consolidates with or merges into any other corporation, or conveys, transfers, or leases all or substantially all of its assets to any person, or any other corporation merges into the Company, and, in the case of any such transaction, the outstanding Common Stock of the Company is changed or exchanged as a result, unless the stockholders of the Company immediately before such transaction own, directly or indirectly immediately following such transaction, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction, or (iii) any time the Continuing Directors do not constitute a majority of the Board of

Directors of the Company (or, if applicable, a successor corporation to the Company); provided that a Change of Control shall not be deemed to have occurred if either (x) the last sale price of the Common Stock for any five trading days during the ten trading days immediately preceding the Change of Control is at least equal to 105% of the Conversion Price in effect on the date of such Change of Control or (y) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Change of Control consists of shares of common stock that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States.

The definition of Change of Control includes a phrase relating to the lease, transfer or conveyance of "all or substantially all" of the assets of the Company. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Convertible Notes to require the Company to repurchase such Convertible Notes as a result of a lease, transfer or conveyance of less than all of the assets of the Company to another person or group may be uncertain.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the date of the Indenture or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

A "Termination of Trading" will be deemed to have occurred if the Common Stock (or other common stock into which the Convertible Notes are then convertible) is neither listed for trading on a United States national securities exchange nor approved for trading on an established automated over-the-counter trading market in the United States.

MERGER AND CONSOLIDATION

The Indenture will provide that the Company may not, in a single transaction or a series of related transactions, consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another corporation, person or entity as an entirety or substantially as an entirety unless either (a)(i) the Company shall be the surviving or continuing corporation or (ii) the entity or person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company substantially as an entirety (x) is a corporation organized and validly existing under the laws of the United States, any State thereof or the District of Columbia and (y) assumes the due and punctual payment of the principal of, and premium, if any, and interest on all the Convertible Notes and the performance of every covenant of the Company under the Convertible Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (b) immediately after such transaction no Default or Event of Default exists; and (c) the Company or such person shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such transaction and the supplemental indenture comply with the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Company, the capital stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all

or substantially all of the properties and assets of the Company.

Upon any such consolidation, merger, sale, assignment, conveyance, lease, transfer or other disposition in accordance with the foregoing, the successor person formed by such consolidation or into which the Company is merged or to which such sale, assignment, conveyance, lease, transfer or other disposition is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if such successor had been named as the Company therein, and thereafter (except in the case of a sale, assignment, transfer, lease, conveyance or other disposition) the predecessor corporation will be relieved of all further obligations and covenants under the Indenture and the Convertible Notes.

EVENTS OF DEFAULT AND REMEDIES

An Event of Default is defined in the Indenture as being (i) default in payment of the principal of, or premium, if any, on the Convertible Notes, whether or not such payment is prohibited by the subordination provisions of the Indenture; (ii) default for 30 days in payment of any installment of interest on the Convertible Notes, whether or not such payment is prohibited by the subordination provisions of the Indenture; (iii) default by the Company for 60 days after notice in the observance or performance of any other covenants in the Indenture; (iv) default in the payment of the Designated Event Payment in respect of the Convertible Notes on the date therefor, whether or not such payment is prohibited by the subordination provisions of the Indenture; (v) failure to provide timely notice of a Designated Event; (vi) failure of the Company or any Material Subsidiary to make any payment at maturity, including any applicable grace period, in respect of indebtedness for borrowed money of, or guaranteed or assumed by, the Company or any Material Subsidiary, which payment is in an amount in excess of \$20,000,000, and continuance of such failure for 30 days after notice; (vii) default by the Company or any Material Subsidiary with respect to any such indebtedness, which default results in the acceleration of any such indebtedness of an amount in excess of \$20,000,000 without such indebtedness having been paid or discharged or such acceleration having been cured, waived, rescinded or annulled for 30 days after notice; or (viii) certain events involving bankruptcy, insolvency or reorganization of the Company or any Material Subsidiary.

If an Event of Default (other than an Event of Default specified in clause (viii) above with respect to the Company) occurs and is continuing, then and in every such case the Trustee, by written notice to the Company, or the holders of not less than 25% in aggregate principal amount of the then outstanding Convertible Notes, by written notice to the Company and the Trustee, may declare the unpaid principal of, premium, if any, and accrued and unpaid interest on all the Convertible Notes then outstanding to be due and payable. Upon such declaration, such principal amount, premium, if any, and accrued and unpaid interest will become immediately due and payable, notwithstanding anything contained in the Indenture or the Convertible Notes to the contrary, but subject to the provisions limiting payment described in "-- Subordination." If any Event of Default specified in clause (viii) above occurs with respect to the Company, all unpaid principal of, and premium, if any, and accrued and unpaid interest on the Convertible Notes then outstanding will automatically become due and payable, subject to the provisions described in "-- Subordination," without any declaration or other act on the part of the Trustee or any holder of Convertible Notes.

Holders of the Convertible Notes may not enforce the Indenture or the Convertible Notes except as provided in the Indenture. Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee a security or an indemnity satisfactory to it against any cost, expense or liability. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding Convertible Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. If a Default or Event of Default occurs and

is continuing and is known to the Trustee, the Indenture requires the Trustee to mail a notice of Default or Event of Default to each holder within 60 days of the occurrence of such Default or Event of Default, provided, however, that the Trustee may withhold from the holders notice of any continuing Default or Event of Default (except a Default or Event of Default in the payment of principal of, premium, if any or interest on the Convertible Notes) if it determines in good faith that withholding notice is in their interest. The holders of a majority in aggregate principal amount of the Convertible Notes then outstanding by notice to the Trustee may rescind any acceleration of the Convertible Notes and its consequences if all existing Events of Default (other than the nonpayment of principal of, premium, if any, and interest on the Convertible Notes that has become due solely by virtue of such acceleration) have been cured or waived and if the rescission would not conflict with any judgment or decree of any court of competent jurisdiction. No such rescission shall affect any subsequent Default or Event of Default or impair any right consequent thereto.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Convertible Notes pursuant to the optional redemption provisions of the Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Convertible Notes. If an Event of Default occurs prior to any date on which the Company is prohibited from redeeming the Convertible Notes by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Convertible Notes prior to such date, then the premium specified in the Indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the Convertible Notes.

The holders of a majority in aggregate principal amount of the Convertible Notes then outstanding may, on behalf of the holders of all the Convertible Notes, waive any past Default or Event of Default under the Indenture and its consequences, except Default in the payment of principal of, premium, if any, or interest on the Convertible Notes (other than the non-payment of principal of, premium, if any, and interest on the Convertible Notes that has become due solely by virtue of an acceleration that has been duly rescinded as provided above) or in respect of a covenant or provision of the Indenture that cannot be modified or amended without the consent of all holders of Convertible Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture and the Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

BOOK-ENTRY; DELIVERY AND FORM

The Convertible Notes will be issued in the form of one or more global notes (the "Global Note") deposited with, or on behalf of, DTC and registered in the name of Cede & Co. as DTC's nominees, or will remain in the custody of the Trustee pursuant to a FAST Balance Certificate Agreement between DTC and the Trustee. Owners of beneficial interests in the Convertible Notes represented by the Global Note will hold such interests pursuant to the procedures and practices of DTC and must exercise any rights in respect of their interests (including any right to convert or require repurchase of their interests) in accordance with those procedures and practices. Such beneficial owners will not be holders for purposes of the Indenture, and will not be entitled to any rights under the Global Note or the Indenture, with respect to the Global Note, and the Company and the Trustee, and any of their respective agents, may treat DTC as the sole holder and owner of the Global Note for all purposes under the Indenture.

DTC has advised the Company as follows: DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization"

within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for its participants and facilitates the clearance and settlement of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities

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certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Commission.

Unless and until they are exchanged in whole or in part for certificated Convertible Notes in definitive form as set forth below, the Global Note may not be transferred except as a whole by DTC to a nominee of DTC, or by a nominee of DTC to DTC or another nominee of DTC.

The Convertible Notes represented by the Global Note will not be exchangeable for certificated Convertible Notes, provided that if DTC is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the Company within 90 days, the Company will issue individual Convertible Notes in definitive form in exchange for the Global Note. In addition, the Company may at any time in its sole discretion determine not to have a Global Note, and, in such event, will issue individual Convertible Notes in definitive form in exchange for the Global Note previously representing all such Convertible Notes. In either instance, an owner of a beneficial interest in a Global Note will be entitled to physical delivery of Convertible Notes in definitive form equal in principal amount to such beneficial interest and to have such Convertible Notes registered in its name. Individual Convertible Notes so issued in definitive form will be issued in denominations of \$1,000 and any larger amount that is an integral multiple of \$1,000 and will be issued in registered form only, without coupons.

The laws of some states require that certain persons take physical delivery in definite form of securities that they own and that security interests in negotiable instruments can only be perfected by delivery of certificates representing the instruments. Consequently, the ability to transfer Convertible Notes evidenced by the Global Note will be limited to such extent.

Payments of principal of and interest on the Convertible Notes will be made by the Company through the Trustee to DTC or its nominee, as the case may be, as the registered owner of the Global Note. Neither the Company nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that DTC, upon receipt of any payment of principal or interest in respect of the Global Note, will credit the accounts of the related participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in the Global Note as shown on the records of DTC. The Company also expects that payments by participants to owners of beneficial interests in the Global Note will be covered by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participants.

So long as the Convertible Notes are represented by a Global Note, DTC or

its nominee will be the only entity that can exercise a right to repayment pursuant to the holder's option to elect repayment of its Convertible Notes or the right of conversion of the Convertible Notes. Notice by participants or by owners of beneficial interests in a Global Note held through such participants of the exercise of the option to elect repayment, or the right of conversion, of beneficial interests in Convertible Notes represented by the Global Note must be transmitted to DTC in accordance with its procedures on a form required by DTC and provided to participants. In order to ensure that DTC's nominee will timely exercise a right to repayment, or the right of conversion, with respect to a particular Convertible Note, the beneficial owner of such Convertible Notes must instruct the broker or other participant through which it holds an interest in such Convertible Notes to notify DTC of its desire to exercise a right to repayment, or the right of conversion. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other participant through which it holds an interest in a Convertible Note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to DTC. The Company will not be liable for any delay in delivery of such notice to DTC.

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The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable. The Company will have no responsibility for the performance by DTC or its participants of their respective obligations as described hereunder or under the rules and procedures governing their respective operations.

Neither the Company nor the Trustee shall be liable for any delay by DTC or any participant or indirect participant in DTC in identifying the beneficial owners of the Convertible Notes, and the Company and the Trustee may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Convertible Notes to be issued).

AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next two succeeding paragraphs, the Indenture or the Convertible Notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Convertible Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for Convertible Notes), and any existing default or compliance with any provision of the Indenture or the Convertible Notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding Convertible Notes (including consents obtained in connection with a tender offer or exchange offer for Convertible Notes).

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Convertible Notes held by a non-consenting holder): (a) reduce the principal amount of Convertible Notes whose holders must consent to an amendment, supplement or waiver, (b) reduce the principal of or change the fixed maturity of any Convertible Note or, other than as set forth in the next paragraph, alter the provisions with respect to the redemption of the Convertible Notes, (c) reduce the rate of or change the time for payment of interest on any Convertible Notes, (d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Convertible Notes (except a rescission of acceleration of the Convertible Notes by the holders of at least a majority in aggregate principal amount of the Convertible Notes and a waiver of the payment default that resulted from such acceleration), (e) make any Convertible Note payable in money other than that stated in the Indenture and the Convertible Notes, (f) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Convertible Notes to receive payments of principal of, premium, if any, or interest on the Convertible Notes, (g) waive a redemption payment with respect to any Convertible Note, (h) except as permitted by the Indenture, increase the Conversion Price or, other than as set forth in the next paragraph, modify the

provisions of the Indenture relating to conversion of the Convertible Notes in a manner adverse to the holders thereof or (i) make any change to the abilities of holders of Convertible Notes to enforce their rights under the Indenture or the provisions of clause (a) through (i) hereof. In addition, any amendment to the provisions of Article 11 of the Indenture (which relate to subordination) will require the consent of the holders of at least 75% in aggregate principal amount of the Convertible Notes then outstanding if such amendment would adversely affect the rights of holders of Convertible Notes.

Notwithstanding the foregoing, without the consent of any holder of Convertible Notes, the Company and the Trustee may amend or supplement the Indenture or the Convertible Notes to (a) cure any ambiguity, defect or inconsistency or make any other changes in the provisions of the Indenture which the Company and the Trustee may deem necessary or desirable, provided such amendment does not materially and adversely affect the Convertible Notes, (b) provide for uncertificated Convertible Notes in addition to or in place of certificated Convertible Notes, (c) provide for the assumption of the Company's obligations to holders of Convertible Notes in the circumstances required under the Indenture as described under "-- Merger and Consolidation," (d) provide for conversion rights of holders of Convertible Notes in certain events such as a consolidation, merger or sale of all or substantially all of the assets of the Company, (e) reduce the Conversion Price, (f) make any change that would provide any additional rights or benefits to the holders of Convertible Notes or that does not adversely affect the legal rights under the Indenture of any such holder, or (g) comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA.

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SATISFACTION AND DISCHARGE

The Company may discharge its obligations under the Indenture while Convertible Notes remain outstanding if (i) all outstanding Convertible Notes will become due and payable at their scheduled maturity within one year or (ii) all outstanding Convertible Notes are scheduled for redemption within one year, and, in either case, the Company has (a) deposited with the Trustee an amount sufficient to pay and discharge all outstanding Convertible Notes on the date of their scheduled maturity or the scheduled date of redemption and (b) paid all other sums then payable by the Company under the Indenture.

GOVERNING LAW

The Indenture will provide that the Convertible Notes will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law.

TRANSFER AND EXCHANGE

A holder may transfer or exchange Convertible Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Convertible Note selected for redemption or repurchase. Also, the Company is not required to transfer or exchange any Convertible Note for a period of 15 days before a selection of Convertible Notes to be redeemed.

The registered holder of a Convertible Note will be treated as the owner of it for all purposes.

THE TRUSTEE

The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. In case an Event of Default shall occur (and shall not be cured) and holders of the Convertible Notes have notified the Trustee, the Trustee will be required to exercise its powers with the degree of care and

skill of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the holders of Convertible Notes, unless they shall have offered to the Trustee security and indemnity satisfactory to it.

The Indenture and the TIA will contain certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the TIA, the Trustee will be permitted to engage in other transactions, provided, however, that if it acquires any conflicting interest (as described in the TIA), it must eliminate such conflict or resign.

CERTAIN DEFINITIONS

"Acquiring Person" means any person (as defined in Section 13(d)(3) of the Exchange Act) who or which, together with all affiliates and associates (each as defined in Rule 12b-2 under the Exchange Act), becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act and as further defined below) of shares of Common Stock or other voting securities of the Company having more than 50% of the total voting power of the Voting Stock of the Company; provided, however, that an Acquiring Person shall not include (i) the Company, (ii) any Subsidiary of the Company, (iii) any Permitted Holder, (iv) an underwriter engaged in a firm commitment underwriting in connection with a public offering of the Voting Stock of the Company or (v) any current or future employee or director benefit plan of the Company or any Subsidiary of the Company or any entity holding Common Stock of the Company for or pursuant to the terms of any such plan. For purposes hereof, a person shall not be deemed to be the beneficial owner of (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's affiliates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (2) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act.

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"Capital Stock" of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, but excluding any debt securities convertible into such equity.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Debt" means any particular Senior Debt if the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Indebtedness shall be "Designated Senior Debt" for purposes of the Indenture (provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Debt to exercise the rights of Designated Senior Debt).

"Event of Default" has the meaning set forth under "-- Events of Default and Remedies" herein.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect from time to time.

"Indebtedness" means, with respect to any person, all obligations, whether or not contingent, of such person (i) (a) for borrowed money (including, but not limited to, any indebtedness secured by a security interest, mortgage or other lien on the assets of the Company that is (1) given to secure all or part of the purchase price of property subject thereto, whether given to the vendor of such property or to another, or (2) existing on property at the time of acquisition thereof), (b) evidenced by a note, debenture, bond or other written instrument, (c) under a lease required to be capitalized on the balance sheet of the lessee under GAAP or under any lease or related document (including a purchase agreement) that provides that the Company is contractually obligated to purchase or cause a third party to purchase and thereby guarantee a minimum residual value of the lease property to the lessor and the obligations of the Company under such lease or related document to purchase or to cause a third party to purchase such leased property, (d) in respect of letters of credit, bank guarantees or bankers' acceptances (including reimbursement obligations with respect to any of the foregoing), (e) with respect to Indebtedness secured by a mortgage, pledge, lien, encumbrance, charge or adverse claim affecting title or resulting in an encumbrance to which the property or assets of such person are subject, whether or not the obligation secured thereby shall have been assumed by or shall otherwise be such person's legal liability, (f) in respect of the balance of deferred and unpaid purchase price of any property or assets, (g) under interest rate or currency swap agreements, cap, floor and collar agreements, spot and forward contracts and similar agreements and arrangements; (ii) with respect to any obligation of others of the type described in the preceding clause (i) or under clause (iii) below assumed by or guaranteed in any manner by such person or in effect guaranteed by such person through an agreement to purchase (including, without limitation, "take or pay" and similar arrangements), contingent or otherwise (and the obligations of such person under any such assumptions, guarantees or other such arrangements); and (iii) any and all deferrals, renewals, extensions, refinancings and refundings of, or amendments, modifications or supplements to, any of the foregoing.

"Issue Date" means the date on which the Convertible Notes are first issued and authenticated under the Indenture.

"Material Subsidiary" means any Subsidiary of the Company which at the date of determination is a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X under the Securities Act and the Exchange Act.

"Maturity Date" means , 2003.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Permitted Holders" means James Kim and his estates, spouses, ancestors and lineal descendants (and spouses thereof), the legal representatives of any of the foregoing, and the trustee of any bona fide trust of which one or more of the foregoing are the sole beneficiaries or the grantors, or any person of which any of the

foregoing, individually or collectively, beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) voting securities representing at least a majority of the total voting power of all classes of Capital Stock of such person (exclusive of any matters as to which class voting rights exist).

"Person" means any individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, limited liability company or government or any agency or political subdivision thereof.

"Senior Debt" means the principal of, premium, if any, and interest on, rent under, and any other amounts payable on or in or in respect of any Indebtedness of the Company (including, without limitation, any Obligations in respect of such Indebtedness and, in the case of Designated Senior Debt, any

interest accruing after the filing of a petition by or against the Company under any bankruptcy law, whether or not allowed as a claim after such filing in any proceeding under such bankruptcy law), whether outstanding on the date of the Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to the foregoing); provided, however, that Senior Debt does not include (v) Indebtedness evidenced by the Convertible Notes, (w) any liability for federal, state, local or other taxes owed or owing by the Company, (x) Indebtedness of the Company to any Subsidiary of the Company except to the extent such Indebtedness is of a type described in clause (ii) of the definition of Indebtedness, (y) trade payables of the Company for goods, services or materials purchased in the ordinary course of business (other than, to the extent they may otherwise constitute such trade payables, any obligations of the type described in clause (ii) of the definition of Indebtedness), and (z) any particular Indebtedness in which the instrument creating or evidencing the same expressly provides that such Indebtedness shall not be senior in right of payment to, or is pari passu with, or is subordinated or junior to, the Convertible Notes.

"Subsidiary" means, with respect to any person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of that person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such person or a Subsidiary of such person or (b) the only general partners of which are such person or of one or more Subsidiaries of such person (or any combination thereof).

"Voting Stock" of a corporation means all classes of Capital Stock of such corporation then outstanding and normally entitled to vote in the election of directors.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the Offerings, there has been no market for the Common Stock and there is no assurance that a significant public market for the Common Stock will develop or be sustained after the Offerings. Sales of substantial amounts of Common Stock in the public market could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through the sale of its equity securities.

Upon the closing of the Offerings, the Company will have outstanding 112,610,000 shares of Common Stock. In addition to the 35,000,000 shares of Common Stock offered hereby (40,250,000 if the Underwriters' over-allotment options are exercised in full), upon the closing of the Offerings, there will be approximately shares of Common Stock issuable upon conversion of the Convertible Notes, all of which will be freely tradeable. In addition, in connection with market-making activities in the Convertible Notes, Smith Barney Inc. may from time to time until the maturity date or redemption date of the Convertible Notes borrow, return and reborrow up to 7,000,000 shares of Common Stock from Mr. and Mrs. Kim pursuant to a securities loan agreement (the "Securities Loan Agreement"), which shares may from time to time be sold in the market in connection with such market-making activities pursuant to a Form S-1 registration statement (No. 333-) (the "Securities Loan Registration Statement") filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"). At the end of such period, the shares of Common Stock borrowed and returned to Mr. and Mrs. Kim (the "Control Shares") may be resold from time to time by Mr. and Mrs. Kim subject to certain volume, manner of sale and other restrictions described below under Rule 144 under the Securities Act. Excluding all such freely tradeable shares and Control Shares, approximately 70,610,000 additional shares of Common Stock will be outstanding upon the closing of the Offerings (excluding 2,730,000 shares issuable upon the exercise

of outstanding options), all of which are "restricted" shares (the "Restricted Shares") under the Securities Act. Such Restricted Shares may be sold only if registered under the Securities Act or sold in accordance with an available exemption from such registration.

Under Rule 144, a person (or persons whose shares are aggregated in accordance with the Rule) who has beneficially owned his or her Restricted Shares for at least one year, including persons who are affiliates of the Company, will be entitled to sell, within any three month period a number of Restricted Shares that does not exceed the greater of (i) one percent of the then outstanding number of shares of Common Stock (1,126,100 shares of Common Stock immediately after the consummation of the Offerings) or (ii) the average weekly trading volume of the shares of Common Stock during the four calendar weeks preceding each such sale. In addition, sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about the Company. After Restricted Shares are held for two years, a person who is not an affiliate of the Company is entitled to sell such shares under Rule 144 without regard to such volume limitations, or manner of sale, notice or public information requirements under Rule 144. Sales of Restricted Shares by affiliates will continue to be subject to such volume limitations, and manner of sale, notice and public information requirements.

The Company has agreed with the Underwriters not to offer, pledge, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock (other than the Convertible Notes) for a period of 180 days following the date hereof without the prior written consent of Smith Barney Inc., subject to certain limited exceptions. In addition, each of the Company's officers, directors and stockholders has agreed with the Underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date hereof other than pursuant to

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the Securities Loan Agreement or with the prior written consent of Smith Barney Inc., subject to certain limited exceptions. See "Underwriting."

Beginning one year from the date of the Reorganization, approximately 70,610,000 Restricted Shares subject to the lock-up agreements will become eligible for sale in the public market pursuant to Rule 144.

The Company plans to grant options to purchase 2,730,000 shares of Common Stock immediately prior to the Offerings under the 1998 Stock Plan and the 1998 Director Option Plan. See "Management -- Stock Plans." The Company intends to file, within 30 days after the date of this Prospectus, a Form S-8 registration statement under the Securities Act to register shares of Common Stock reserved for issuance under the 1998 Stock Plan, 1998 Director Option Plan and 1998 Employee Stock Purchase Plan, and shares of Common Stock issuable upon exercise of outstanding options. Shares of Common Stock issued upon exercise of options after the effective date of the Form S-8 will be available for sale in the public market, subject to Rule 144 volume limitations applicable to affiliates and to lock-up agreements.

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CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES
TO HOLDERS OF COMMON STOCK AND CONVERTIBLE NOTES

GENERAL

The following is a general discussion of certain United States federal income and estate tax considerations relating to the ownership and disposition of Common Stock and Convertible Notes by a holder who acquires and owns such Common Stock or a Convertible Note as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not consider specific facts and circumstances that may be relevant to a particular holder's tax position, does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state, and local consequences and United States federal gift taxes that may be relevant to such holders in light of their personal circumstances. Further, it does not discuss the rules applicable to holders subject to special tax treatment under the federal income tax laws (including but not limited to, banks, insurance companies, dealers in securities, holders of securities held as part of a "straddle," "hedge," or "conversion transaction," and persons who undertake a constructive sale of Common Stock or a Convertible Note). In addition, this discussion is limited to original purchasers of Convertible Notes, who acquire their Convertible Notes at their original issue price within the meaning of Section 1273 of the Code, and Common Stock. Furthermore, this discussion is based on current provisions of the Code, existing and proposed regulations promulgated thereunder and administrative and judicial interpretations thereof, all of which are subject to change, possibly on a retroactive basis. Accordingly, each prospective purchaser of Common Stock or Convertible Notes is advised to consult a tax advisor with respect to current and possible future tax consequences of acquiring, holding, and disposing of Common Stock or Convertible Notes.

U.S. HOLDERS

The following discussion is limited to a holder of Common Stock or a Convertible Note that for United States federal income tax purposes is (i) a citizen or resident (within the meaning of Section 7701(b) of the Code) of the United States, (ii) a corporation, partnership or other entity created or organized in the United States or under the laws of the United States or of any state, (iii) an estate whose income is includible in gross income for United States federal income tax purposes, regardless of its source, or (iv) in general, a trust subject to the primary supervision of a court within the United States and the control of a United States person as described in Section 7701(a)(30) of the Code (a "U.S. Holder").

Interest

Stated interest on the Convertible Notes will generally be includable in a U.S. Holder's gross income and taxable as ordinary income for U.S. federal income tax purposes at the time it is paid or accrued in accordance with the U.S. Holder's regular method of accounting.

Conversion of Convertible Notes Into Common Stock

A U.S. Holder generally will not recognize any income, gain or loss upon conversion of a Note into Common Stock except to the extent the Common Stock is considered attributable to accrued interest not previously included in income (which is taxable as ordinary income) or with respect to cash received in lieu of a fractional share of Common Stock. The adjusted basis of shares of Common Stock received on conversion will equal the adjusted basis of the Convertible Note converted (reduced by the portion of adjusted basis allocated to any fractional share of Common Stock exchanged for cash), and the holding period of the Common Stock received on conversion will generally include the period during which the converted Convertible Notes were held. However, a U.S. Holder's tax basis in shares of Common Stock considered attributable to accrued interest as described above generally will equal the amount of such accrued interest included in income, and the holding period for such shares shall begin as of the

date of conversion.

The conversion price of the Convertible Notes is subject to adjustment under certain circumstances. Section 305 of the Code and the Treasury Regulations issued thereunder may treat the holders of the

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Convertible Notes as having received a constructive distribution, resulting in ordinary income (subject to a possible dividends received deduction in the case of corporate holders) to the extent of the Company's current or accumulated earnings and profits, if, and to the extent that, certain adjustments in the conversion price that may occur in limited circumstances (particularly an adjustment to reflect a taxable dividend to holders of Common Stock) increase the proportionate interest of a holder of Convertible Notes in the fully diluted Common Stock, whether or not such holder ever exercises its conversion privilege. Moreover, if there is not a full adjustment to the conversion ratio of the Convertible Notes to reflect a stock dividend or other event increasing the proportionate interest of the holders of outstanding Common Stock in the assets or earnings and profits of the Company, then such increase in the proportionate interest of the holders of the Common Stock generally will be treated as a distribution to such holders, taxable as ordinary income (subject to a possible dividends received deduction in the case of corporate holders) to the extent of the Company's current or accumulated earnings and profits..

Sale, Exchange or Retirement of a Convertible Note

Each U.S. Holder generally will recognize gain or loss upon the sale, exchange, redemption, retirement or other disposition of a Convertible Note measured by the difference (if any) between (i) the amount of cash and the fair market value of any property received (except to the extent that such cash or other property is attributable to the payment of accrued interest not previously included in income, which amount will be taxable as ordinary income) and (ii) such holder's adjusted tax basis in the Convertible Note. Any such gain or loss recognized on the sale, exchange, redemption, retirement or other disposition of a Convertible Note will be capital gain or loss. Gain on most capital assets held or deemed held by an individual for more than 18 months is subject to a maximum rate of tax of 20%, and gain on most capital assets held or deemed held by an individual more than one year and up to 18 months is subject to tax at a maximum rate of 28%. A U.S. Holder's initial basis in a Convertible Note will be the amount paid therefor.

The Common Stock

In general, dividends paid from current or accumulated earnings and profits of the Company, as determined for U.S. federal income tax purposes, will be included in a U.S. Holder's income as ordinary income (subject to a possible dividends received deduction in the case of corporate holders) as they are paid. Gain or loss realized on the sale or exchange of Common Stock will equal the difference between the amount realized on such sale or exchange and the U.S. Holder's adjusted tax basis in such Common Stock. Gain on most capital assets held by an individual for more than 18 months is subject to tax at a maximum rate of 20% and gain on most capital assets held by an individual for more than one year and up to 18 months is subject to tax at a maximum rate of 28%.

Information Reporting and Backup Withholding

A U.S. Holder of Common Stock or a Convertible Note may be subject to "backup withholding" at a rate of 31% with respect to certain "reportable payments," including dividend payments, interest payments, and, under certain circumstances, principal payments on the Convertible Notes. These backup withholding rules apply if the holder, among other things, (i) fails to furnish a social security number or other taxpayer identification number ("TIN") certified under penalties of perjury within a reasonable time after the request therefor, (ii) furnishes an incorrect TIN, (iii) fails to report properly interest or dividends, or (iv) under certain circumstances, fails to provide a

certified statement, signed under penalties of perjury, that the TIN furnished is the correct number and that such holder is not subject to backup withholding. A holder who does not provide the Company with its correct TIN also may be subject to penalties imposed by the IRS. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is creditable against the holder's federal income tax liability, provided that the required information is furnished to the IRS. Backup withholding will not apply, however, with respect to payments made to certain U.S. Holders, including corporations and tax-exempt organizations, provided their exemptions from backup withholding are properly established.

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The Company will report to the U.S. Holders of Convertible Notes and Common Stock and to the IRS the amount of any "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to such payments.

NON U.S. HOLDERS

The following discussion is limited to the U.S. federal income tax consequences relevant to a Non-U.S. Holder. As used herein, the term "Non-U.S. Holder" means any holder other than a U.S. Holder. For purposes of withholding tax on interest and dividends discussed below, a Non-U.S. Holder includes a non-resident fiduciary of an estate or trust. For purposes of the following discussion, interest, dividends and gain on the sale, exchange or other disposition of a Convertible Note or Common Stock will generally be considered to be "U.S. trade or business income" if such income or gain is (i) effectively connected with the conduct of a U.S. trade or business or (ii) in the case of most treaty residents, attributable to a permanent establishment (or, in the case of an individual, a fixed base) in the United States.

Interest

Generally, any interest paid to a Non-U.S. Holder of a Convertible Note that is not U.S. trade or business income will not be subject to U.S. tax if the interest qualifies as "portfolio interest." Interest on the Convertible Notes will generally qualify as portfolio interest if (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total voting power of all voting stock of the Company and is not a "controlled foreign corporation" with respect to which the Company is a "related person" within the meaning of the Code, and (ii) the beneficial owner, under penalty of perjury, certifies that the beneficial owner is not a U.S. person and such certificate provides the beneficial owner's name and address.

The gross amount of payments of interest to a Non-U.S. Holder that do not qualify for the portfolio interest exemption and that are not U.S. trade or business income will be subject to withholding of U.S. federal income tax at a 30% rate, unless a U.S. income tax treaty applies to reduce or eliminate the rate of withholding. Interest that is U.S. trade or business income will be subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates and would be exempt from the 30% withholding tax described above. In the case of a Non-U.S. Holder that is a corporation, interest that is U.S. trade or business income may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To claim the benefit of a tax treaty or to claim an exemption from withholding for interest that is U.S. trade or business income, the Non-U.S. Holder must provide a properly executed Form 1001 or Form 4224 (or such successor form as the IRS designates), as applicable, prior to the payment of interest. Under recently adopted Treasury Regulations that will generally be effective after December 31, 1998 (the "New Regulations"), a Non-U.S. Holder, subject to certain transition rules, will instead be required to provide a properly executed Form W-8, certifying to such U.S. Holder's entitlement to treaty benefits or exemption from withholding for U.S. trade or business income. Special procedures are provided in the New Regulations for payments through qualified intermediaries. Other recently adopted Treasury Regulations that will be effective with respect

to payments made after December 31, 1997 (the "Treaty Regulations") provide special rules applicable to certain entities that are treated as partnerships for U.S. purposes but as corporations for foreign tax purposes, for purposes of determining the applicability of a tax treaty. Prospective investors should consult their tax advisors regarding the effect, if any, of the New Regulations and the Treaty Regulations on an investment in a Convertible Note or Common Stock. Prospective investors should consult their tax advisors regarding the effect, if any, of the New Regulations and the Treaty Regulations on an investment in the Common Stock or a Convertible Note.

Conversion of Convertible Notes into Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on the conversion of Convertible Notes into Common Stock, except with respect to cash (if any) received in lieu of a fractional share or interest not previously included in income. Cash received in lieu of a fractional share may give rise to gain that would be subject to the rules described below for the sale of Convertible Notes. Cash or Common Stock treated as issued for accrued interest would be treated as interest under the rules described above.

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Dividends

In general, dividends paid to a Non-U.S. Holder of Common Stock will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless the dividends are U.S. trade or business income. If the dividend is U.S. trade or business income, the dividend would be subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates and would be exempt from the 30% withholding tax described above. Any such dividends that are U.S. trade or business income received by a foreign corporation may, under certain circumstances, be subject to the additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Certain certification and disclosure requirements must be complied with in order to be exempt from withholding under the U.S. trade or business income exemption discussed above (which requirements have been modified by the New Regulations).

Under current United States Treasury regulations, dividends paid to a stockholder at an address in a foreign country are presumed to be paid to a resident of such country for purposes of the withholding discussed above (unless the payor has knowledge to the contrary), including for purposes of determining the applicability of a tax treaty rate. Under the New Regulations, to obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder would generally be required to provide an Internal Revenue Service Form W-8 (or suitable substitute form) certifying such Non-U.S. Holder's entitlement to benefits under a treaty. These certification requirements may be relaxed somewhat in the case of a Non-U.S. Holder who holds Common Stock through an account maintained at a non-U.S. office of a financial institution. Certain other special rules may be applicable to a Non-U.S. Holder under the New Regulation or the Treaty Regulations. See "-- Non-U.S. Holders -- Interest".

A Non-U.S. Holder of Common Stock that is eligible for a reduced rate of United States withholding tax pursuant to a tax treaty or whose dividends have otherwise been subjected to withholding in an amount that exceeds such holder's United States federal income tax liability, may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the United States Internal Revenue Service (the "Service").

Gain on Disposition of Common Stock or a Convertible Note

A Non-U.S. Holder generally will not be subject to United States federal income tax with respect to gain realized on a sale or other disposition of Common Stock or a Convertible Note unless (i) the gain is U.S. trade or business income, (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual and holds Common Stock or a Convertible Note as a capital asset, such

holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of United States tax law that apply to certain expatriates, or (iv) under certain circumstances, in the case of disposition of Common Stock if the Company is or has been during certain time periods a "U.S. real property holding corporation" for United States federal income tax purposes. The Company is not and does not anticipate becoming a "U.S. real property holding corporation" for United States federal income tax purposes.

Federal Estate Taxes

Common Stock that is owned, or treated as owned, by a non-resident alien individual (as specifically determined under residence rules for United States federal estate tax purposes) at the time of death or that has been the subject of certain lifetime transfers will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise. A Convertible Note that is owned, or treated as owned, by a non-resident alien individual (as specifically determined under residence rules for United States federal estate tax purposes) at the time of death will not be subject to U.S. federal estate tax provided that the interest thereon qualifies as portfolio interest and was not U.S. trade or business income.

United States Information Reporting and Backup Withholding Tax

The Company must report annually to the Service and to each Non-U.S. Holder the amount of dividends or interest paid to such holder and any tax withheld with respect to such dividends or interest. These information reporting requirements apply regardless of whether withholding is required. Copies of the information returns reporting such dividends and interest and withholding with respect thereof may also be made available under the provisions of an applicable treaty or agreement, to the tax authorities in the country in which such Non-U.S. Holder resides.

Treasury Regulations provide that backup withholding and additional information reporting will not apply to payments of principal on the Convertible Notes by the Company to a Non-U.S. Holder if the holder certifies as to its Non-U.S. status under penalties of perjury or otherwise establishes an exemption (provided that neither the Company nor its paying agent has actual knowledge that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied). United States backup withholding tax (which generally is a withholding tax imposed at the rate of thirty-one percent (31%) on certain payments to persons that fail to furnish certain information under the United States information reporting requirements) generally will not apply to dividends paid on Common Stock to a Non-U.S. Holder at an address outside the United States, except that with regard to payments made after December 31, 1998, a Non-U.S. Holder will be entitled to such an exemption only if it provides a Form W-8 (or satisfies certain documentary evidence requirements for establishing that it is a non-United States person) or otherwise establishes an exemption. Except as provided below, Non-U.S. Holders will not be subject to backup withholding with respect to the payment of proceeds from the disposition of Common Stock or Convertible Notes effected by the foreign office of a broker; except that if the broker is a United States person or a "U.S. related person," information reporting (but not backup withholding) is required with respect to the payment, unless the broker has documentary evidence in its files that the owner is a Non-U.S. Holder (and the broker has no actual knowledge to the contrary) and certain other requirements are met or the holder otherwise establishes an exemption. For this purpose, a "U.S. related person" is (i) a "controlled foreign corporation" for United States federal income tax purposes, (ii) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the collection or payment of such proceeds (or for such part of the period that the broker has been in existence) is derived from activities that are effectively

connected with the conduct of a United States trade or business, or (iii) with respect to payments made after December 31, 1998, a foreign partnership that, at any time during its taxable year is 50% or more (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. The payment of the proceeds of a sale of shares of Common Stock or of a Convertible Note to or through a United States office of a broker is subject to information reporting and possible backup withholding unless the owner certifies its non-United States status under penalties of perjury or otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be allowed as a refund or a credit against such Non-U.S. Holder's United States federal income tax liability, provided that the required information is furnished to the Service.

THE FOREGOING DISCUSSION IS INCLUDED FOR GENERAL INFORMATION ONLY. ACCORDINGLY, EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT WITH HIS TAX ADVISOR WITH RESPECT TO THE UNITED STATES FEDERAL INCOME TAX AND FEDERAL ESTATE TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF COMMON STOCK AND CONVERTIBLE NOTES, INCLUDING THE APPLICATION AND EFFECT OF THE LAWS OF ANY STATE, LOCAL, FOREIGN, OR OTHER TAXING JURISDICTION.

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UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement (the "U.S. Underwriting Agreement") among the Company, the Selling Stockholders and each of the underwriters named below (the "U.S. Underwriters"), for whom Smith Barney Inc., BancAmerica Robertson Stephens and Cowen & Company are acting as representatives (the "U.S. Representatives"), (i) the Company and the Selling Stockholders have agreed to sell to each of the U.S. Underwriters and each of the U.S. Underwriters has severally agreed to purchase from the Company and the Selling Stockholders the aggregate number of Shares set forth opposite its name in the table below and (ii) the Company has agreed to sell to certain of the U.S. Underwriters and each such U.S. Underwriter has severally agreed to purchase from the Company the principal amount of the Convertible Notes set forth opposite its name below.

U.S. UNDERWRITERS	NUMBER OF SHARES	PRINCIPAL AMOUNT OF CONVERTIBLE NOTES
-----	-----	-----
Smith Barney Inc.		
BancAmerica Robertson Stephens.....		
Cowen & Company.....		
	-----	-----
Total.....	28,000,000	\$120,000,000
	=====	=====

The U.S. Underwriting Agreement provides that the obligations of the U.S. Underwriters to purchase the Shares and Convertible Notes listed above are subject to certain conditions set forth therein. The U.S. Underwriters are committed to purchase all of the Shares and Convertible Notes agreed to be purchased by the U.S. Underwriters pursuant to the U.S. Underwriting Agreement (other than those covered by the over-allotment options described below), if any Shares or Convertible Notes are purchased. In the event of default by any U.S. Underwriter, the U.S. Underwriting Agreement provides that, in certain circumstances, the purchase commitments of the non-defaulting U.S. Underwriters may be increased or the U.S. Underwriting Agreement may be terminated.

The U.S. Representatives have advised the Company and the Selling Stockholders that the U.S. Underwriters propose initially to offer such Shares to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a discount not in excess of \$ per share. The U.S. Underwriters may allow, and such dealers may reallocate, a discount not in excess of \$ per share on sales to certain other dealers. After the initial public offering of the Shares, the public offering price and such discounts may be changed.

The U.S. Representatives have also advised the Company that the relevant U.S. Underwriters propose initially to offer such Convertible Notes to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of % of the principal amount of such Convertible Notes. The relevant U.S. Underwriters may allow, and such dealers may reallocate, a discount not in excess of % of the principal amount of the Convertible Notes on sales to certain other dealers. After the initial public offering of the Convertible Notes, the public offering price and such concessions may be changed.

The Company and the Selling Stockholders also have entered into an underwriting agreement (the "International Underwriting Agreement") with the International Underwriters named therein, for whom Smith Barney Inc., BancAmerica Robertson Stephens International Limited and Cowen International L.P. are acting as representatives (the "International Representatives" and, together with the U.S. Representatives, the "Representatives"), providing for the concurrent offer and sale of 7,000,000 of the Shares and \$30,000,000 principal amount of the Convertible Notes outside the United States and Canada.

The closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement, and the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement is a

condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement. The initial public offering price and underwriting discounts per Share and per Convertible Note for the U.S. Offering and the International Offering will be identical.

Each U.S. Underwriter has severally agreed that, as part of the distribution of the 28,000,000 Shares and \$120,000,000 principal amount of the Convertible Notes by the U.S. Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of anyone other than a United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus relating to the U.S. Offering to any person outside of the United States or Canada, or to anyone other than a United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of anyone other than a United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes outside of the United States or Canada, or to anyone other than a United States or Canadian Person or to any other dealer who does not so represent and agree.

Each International Underwriter has severally agreed that, as part of the distribution of the 7,000,000 Shares and \$30,000,000 principal amount of the Convertible Notes by the International Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of any United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus to any person in the United States or Canada, or to any United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of any United States or

Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes in the United States or Canada, or to any United States or Canadian Person or to any other dealer who does not so represent and agree.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement Between U.S. Underwriters and International Underwriters. "United States or Canadian Persons" means any person who is a national or resident of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, and any estate or trust the income of which is subject to United States or Canadian federal income taxation, regardless of its source (other than a foreign branch of such entity) and includes any United States or Canadian branch of a person other than a United States or Canadian Person.

Each U.S. Underwriter that will offer or sell Shares or Convertible Notes in Canada as part of the distribution has severally agreed that such offers and sales will be made only pursuant to an exemption from the prospectus requirements in each jurisdiction in Canada in which such offers and sales are made.

Pursuant to the Agreement Between U.S. Underwriters and International Underwriters, sales may be made between the U.S. Underwriters and the International Underwriters of such number of Shares and such principal amount of the Convertible Notes as may be mutually agreed. The price of any Shares or Convertible Notes so sold shall be the initial public offering price thereof set forth on the cover page of this Prospectus, less an amount not greater than the concession to securities dealers set forth above. To the extent that there are sales between the International Underwriters and the U.S. Underwriters pursuant to the Agreement Between U.S. Underwriters and International Underwriters, the number of Shares and the principal amount of the Convertible Notes initially available for sale by the U.S. Underwriters or by the International Underwriters may be more or less than the amount specified on the cover page of this Prospectus.

Each International Underwriter has severally represented and agreed that (i) it has not offered or sold and, prior to the expiration of six months from the closing of the International Offering, will not offer or sell any Shares or Convertible Notes in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (whether as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted in and will not result in an offer to the public within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Shares or the Convertible Notes in, from or otherwise involving the

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United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Shares or the Convertible Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

The Company has granted to the U.S. Underwriters and the International Underwriters options to purchase up to an additional 4,200,000 and 1,050,000 Shares, respectively, and an additional \$18,000,000 and \$4,500,000 principal amount of the Convertible Notes, respectively, in each case at the applicable price to the public less the applicable underwriting discount set forth on the cover page of this Prospectus, solely to cover over-allotments, if any. Such options may be exercised at any time up to 30 days after the date of this Prospectus. To the extent such options are exercised, each of the U.S. Underwriters and the International Underwriters will become obligated, subject

to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock or such additional principal amount of Convertible Notes as the percentage it was obligated to purchase pursuant to the U.S. Underwriting Agreement or the International Underwriting Agreement, as applicable.

The Company has agreed with the Underwriters not to offer, pledge, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock (other than the Convertible Notes) for a period of 180 days following the date hereof without the prior written consent of Smith Barney Inc., subject to certain limited exceptions. In addition, each of the Company's officers, directors and stockholders has agreed with the Underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date hereof unless pursuant to the Securities Loan Agreement (as described below) or with the prior written consent of Smith Barney Inc., subject to certain limited exceptions. Smith Barney Inc. currently does not intend to release any securities subject to such lock-up agreements, but may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to such lock-up agreements.

The U.S. Underwriting Agreement and the International Underwriting Agreement provide that the Company and certain Selling Stockholders will indemnify the several U.S. Underwriters and International Underwriters against certain liabilities under the Securities Act, or contribute to payments the U.S. Underwriters and the International Underwriters may be required to make in respect thereof.

BancAmerica Robertson Stephens is an affiliate of Bank of America, which will be repaid approximately \$43 million of short-term loans to the Company from the net proceeds of the Offerings. See "Use of Proceeds." Because more than 10% of the net proceeds of the Offerings may be paid to Bank of America, the Offerings are being conducted in accordance with Rule 2710(c)(8) and Rule 2720 ("Rule 2720") of the Conduct Rules of the National Association of Securities Dealers, Inc., Smith Barney Inc. will serve as a "qualified independent underwriter" in the Offerings and, in such capacity, will recommend a price in compliance with Rule 2720 and has performed due diligence investigations in accordance with Rule 2720.

Affiliates of Smith Barney Inc., Mr. James Kim and AICL are among the principal shareholders of a securities and investment banking firm in Korea. In addition, certain of the Underwriters and their affiliates have been engaged from time to time, and may in the future be engaged, to perform investment banking and other advisory-related services to the Company and its affiliates, including certain of the Selling Stockholders, in the ordinary course of business. In connection with rendering such services in the past, such Underwriters and affiliates have received customary compensation, including reimbursement of related expenses.

In connection with the Offerings, certain Underwriters and selling group members and their respective affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the Common Stock or the Convertible Notes. Such transactions may include stabilization transactions

effected in accordance with Rule 104 of Regulation M, pursuant to which such persons may bid for or purchase Common Stock or Convertible Notes for the purpose of stabilizing their market price. The Underwriters also may create a short position for the account of the Underwriters by selling more Common Stock or Convertible Notes in connection with the Offerings than they are committed to purchase from the Company and the Selling Stockholders, and in such case may purchase Common Stock or Convertible Notes in the open market following completion of the Offerings to cover all or a portion of such short position. The Underwriters may also cover all or a portion of such short position, up to 5,250,000 shares of Common Stock and \$22,500,000 principal amount of the Convertible Notes, by exercising the Underwriters' over-allotment options referred to above. In addition, the Representatives, on behalf of the Underwriters, may impose "penalty bids" under contractual arrangements with the Underwriters whereby it may reclaim from an Underwriter (or dealer participating in the Offerings), for the account of the other Underwriters, the selling concession with respect to Common Stock or Convertible Notes that are distributed in the Offerings but subsequently purchased for the account of the Underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the Common Stock and the Convertible Notes at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and, if they are undertaken, they may be discontinued at any time.

In connection with the Offerings, Mr. and Mrs. Kim (referred to herein as the "Lenders") and Smith Barney Inc. intend to enter into a Securities Loan Agreement (the "Securities Loan Agreement") which provides that, subject to certain restrictions and with the agreement of the Lenders, Smith Barney Inc. may from time to time until the maturity date or redemption date of the Convertible Notes borrow, return and reborrow shares of Common Stock from the Lenders (the "Borrowed Securities"): provided, however, that the number of Borrowed Securities at any time may not exceed 7,000,000 shares of Common Stock, subject to adjustment for certain dilutive events. The Securities Loan Agreement is intended to facilitate market-making activity in the Convertible Notes by Smith Barney Inc. Smith Barney Inc. may from time to time borrow shares of Common Stock under the Securities Loan Agreement to settle short sales of Common Stock entered into by Smith Barney Inc. to hedge any long position in the Convertible Notes resulting from its market-making activities. Such sales will be made on the Nasdaq National Market or in the over-the-counter market at market prices prevailing at the time of sale or at prices related to such market prices. Market conditions will dictate the extent and timing of Smith Barney Inc.'s market-making transactions in the Convertible Notes and the consequent need to borrow and sell shares of Common Stock. The availability of shares of Common Stock under the Securities Loan Agreement at any time is not assured and any such availability does not assure market-making activity with respect to the Convertible Notes. Any market-making engaged in by Smith Barney Inc. or any other Underwriter may cease at any time. The foregoing description of the Securities Loan Agreement does not purport to be complete and is qualified in its entirety by reference to such agreement, which is an exhibit to the Securities Loan Registration Statement.

The Underwriters do not intend to confirm sales in the Offerings to any accounts over which they exercise discretionary authority.

Prior to the Offerings, there has been no public market for the Common Stock. Accordingly, the initial public offering price for the Shares will be determined by negotiation among the Company, the Selling Stockholders and the Representatives. Among the factors considered in determining the initial public offering price will be the Company's record of operations, its current financial condition, its future prospects, the market for its services, the experience of management, the economic conditions of the Company's industry in general, the general condition of the equity securities market and the demand for similar securities of companies considered comparable to the Company and other relevant factors. There can be no assurance, however, that the prices at which the Common Stock will sell in the public market after the Offerings will not be lower than the price at which the Shares are sold by the Underwriters.

LEGAL MATTERS

The validity of the Shares and the Convertible Notes offered hereby will be passed upon for the Company by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Cleary, Gottlieb, Steen & Hamilton, New York, New York, is acting as counsel for the Underwriters in connection with certain legal matters relating to the Shares and the Convertible Notes offered hereby.

EXPERTS

The combined financial statements and schedule of the Company as of December 31, 1995, 1996 and 1997, and for each of the years in the three-year period ended December 31, 1997, included in this Registration Statement (as defined below) have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports dated February 3, 1998 (except with respect to the sale of the investment in AICL's common stock discussed in Note 6 to the Combined Financial Statements, as to which the date is February 16, 1998) with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

Reference is made to said reports which include an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 of Notes to the Combined Financial Statements.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (the "Registration Statement") under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company, the Common Stock and the Convertible Notes, reference is made to the Registration Statement and the exhibits and schedules filed as a part thereof. Statements contained in this Prospectus as to the contents of any contract or any other document referred to are not necessarily complete. In each instance, reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, and each such statement is qualified in all respects by such reference. The Registration Statement, including exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, New York 10048 and Northwestern Atrium Center, 500 Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials may be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates and through the National Association of Securities Dealers, Inc. located at 1735 K Street, N.W., Washington, D.C. 20006. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is <http://www.sec.gov>.

GLOSSARY

ASIC.....	Application Specific Integrated Circuit. A custom-designed integrated circuit that performs specific functions which would otherwise require a number of off-the-shelf integrated circuits to perform. The use of an ASIC in place of a conventional integrated circuit reduces product size and cost and also improves reliability.
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BGA.....	Ball grid array.
Bus.....	A common pathway, or channel, between multiple devices.
CMOS.....	Complementary Metal Oxide Silicon. Currently the most common integrated circuit fabrication process technology, CMOS is one of the latest fabrication techniques to use metal oxide semiconductor transistors.
DAC.....	Digital Analog Converter. A device that converts digital pulses into analog signals.
Die.....	A piece of a semiconductor wafer containing the circuitry of a single chip.
DRAM.....	Dynamic Random Access Memory. A type of volatile memory product that is used in electronic systems to store data and program instructions. It is the most common type of RAM and must be refreshed with electricity thousands of times per second or else it will fade away.
DSP.....	Digital Signal Processor. A type of integrated circuit that processes and manipulates digital information after it has been converted from an analog source.
EEPROM.....	Electrically Erasable and Programmable Read-Only Memory. A form of non-volatile memory that can be erased electronically before being reprogrammed.
EPROM.....	Erasable Programmable Read-Only Memory. A programmable and reusable chip that holds its content until erased under ultraviolet light.
Ethernet.....	A type of local area network (LAN). Most widely used LAN access method.
Flash Memory.....	A type of non-volatile memory, similar to an EEPROM in that it is erasable and reprogrammable.
FlipChip.....	Package type where silicon die is attached to the packaging substrate using solder balls instead of wires. See "Business -- Products."
GPS.....	Global Positioning System. A system for identifying earth locations.
GUI.....	Graphical User Interface. A graphics-based user interface that incorporates icons, pull-down menus and a mouse.
IC.....	Integrated Circuit. A combination of two or more transistors on a base material, usually silicon. All semiconductor chips, including memory chips and logic chips, are just very complicated ICs with thousands of transistors.
Input/Output.....	A connector which interconnects the chip to the package or one package level to the next level in the hierarchy. Also referred to as pin out connections or terminals.
ISDN.....	Integrated Services Digital Network. An international telecommunications standard for

transmitting voice, video and data over digital lines running at 64 Kbps.

Logic Device..... A device that contains digital integrated circuits that process, rather than store, information.

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Mask..... A piece of glass on which an IC's circuitry design is laid out. Integrated circuits may require up to 20 different layers of design, each with its own mask. In the IC production process, a light shines through the mask leaving an image of the design on the wafer. Also known as a reticle.

MBGA..... Micro Ball Grid Array. See "Business -- Products."

Micron..... 1/25,000 of an inch. Circuitry on an IC typically follows lines that are less than one micron wide.

MOS..... A device which consists of three layers (metal, oxide and semiconductors) and operates as a transistor.

MQFP..... Metric Quad Flat Package. See "Business -- Products."

PBGA..... Plastic Ball Grid Array. See "Business -- Products."

PC..... Personal Computer.

PCMCIA..... Standard for connecting peripherals to computers.

PDA..... Personal Digital Assistant.

PDIP..... Plastic Dual In-Line Packages. See "Business -- Products."

Photolithography..... A lithographic technique used to transfer the design of the circuit paths and electronic elements on a chip onto a wafer's surface.

PLCC..... Plastic Leaded Chip Carrier. See "Business -- Products."

PLD..... A logic chip that is programmed at the customer's site.

PQFP..... Plastic Quad Flat Packages. See "Business -- Products."

RF..... Radio Frequency. The range of electromagnetic frequencies above the audio range and below visible light.

SIP..... Single In-Line Package. See "Business -- Products."

SOIC..... Small Outline IC Packages. See "Business -- Products."

SRAM..... Static Random Access Memory. A type of volatile memory product that is used in electronic systems to store data and program instructions. Unlike the more common DRAM, it does not need to be refreshed.

SSOP..... Shrink Small Outline Packages. See
"Business -- Products."

Surface Mount Technology... A circuit board packaging technique in which the
leads (pins) on the chips and components are
soldered on top of the board.

TQFP..... Thin Quad Flat Packages. See
"Business -- Products."

TSOP..... Thin Small Outline Packages. See
"Business -- Products."

TSSOP..... Thin Shrink Small Outline Packages. See
"Business -- Products."

Wafer..... Thin, round, flat piece of silicon that is the base
of most integrated circuits.

Wire Bonding..... The method used to attach very fine wire to
semiconductor components in order to provide
electrical continuity between the semiconductor die
and a terminal.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

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After the Reorganization transaction discussed in Note 1 to the Amkor Technology, Inc. and AK Industries, Inc. Combined Financial Statements is effected, we expect to be in position to render the following report.

ARTHUR ANDERSEN LLP

February 3, 1998 (except with respect to the sale of the investment in Anam Industrial Co., Ltd. common stock discussed in Note 6, as to which the date is February 16, 1998)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc. and AK Industries, Inc.:

We have audited the accompanying combined balance sheets of Amkor Technology, Inc. and AK Industries, Inc. and subsidiaries (see Note 1) as of December 31, 1996 and 1997, and the related combined statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Amkor Technology, Inc. and AK Industries, Inc. and subsidiaries as of December 31, 1996 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Company is not in compliance with certain debt agreements and has a net working capital deficiency at December 31, 1997. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Philadelphia, Pa.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

COMBINED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEAR ENDED DECEMBER 31,		
	1995	1996	1997
NET REVENUES.....	\$932,382	\$1,171,001	\$1,455,761
COST OF REVENUES -- including purchases from AICL (Note 11).....	783,335	1,022,078	1,242,669
GROSS PROFIT.....	149,047	148,923	213,092
OPERATING EXPENSES:			
Selling, general and administrative.....	55,459	66,625	103,726
Research and development.....	8,733	10,930	8,525
Total operating expenses.....	64,192	77,555	112,251
OPERATING INCOME.....	84,855	71,368	100,841
OTHER (INCOME) EXPENSE:			
Interest expense, net.....	9,797	22,245	32,241
Foreign currency (gain) loss.....	1,512	2,961	(835)
Other expense, net.....	6,523	3,150	8,429
Total other expense.....	17,832	28,356	39,835
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AICL			

AND MINORITY INTEREST.....	67,023	43,012	61,006
PROVISION FOR INCOME TAXES.....	6,384	7,876	7,078
EQUITY IN INCOME (LOSS) OF AICL.....	2,808	(1,266)	(17,291)
MINORITY INTEREST.....	1,515	948	(6,644)
	-----	-----	-----
NET INCOME.....	\$ 61,932	\$ 32,922	\$ 43,281
	=====	=====	=====
PRO FORMA DATA (UNAUDITED):			
Historical income before income taxes, equity in income (loss) of AICL and minority interest.....	\$ 67,023	\$ 43,012	\$ 61,006
Pro forma provision for income taxes.....	16,784	10,776	10,691
	-----	-----	-----
Pro forma income before equity in income (loss) of AICL and minority interest.....	50,239	32,236	50,315
Historical equity in income (loss) of AICL.....	2,808	(1,266)	(17,291)
Historical minority interest.....	1,515	948	(6,644)
	-----	-----	-----
Pro forma net income.....	\$ 51,532	\$ 30,022	\$ 39,668
	=====	=====	=====
Basic and diluted pro forma net income per common share...	\$.62	\$.36	\$.48
	=====	=====	=====
Shares used in computing pro forma net income per common share.....	82,610	82,610	82,610
	=====	=====	=====

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

COMBINED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31,		
	1996	1997 ACTUAL	1997 PRO FORMA
	-----	-----	-----
			(UNAUDITED)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents.....	\$ 49,664	\$ 90,917	\$ 63,217
Short-term investments.....	881	2,524	2,524
Accounts receivable --			
Trade, net of allowance for doubtful accounts of \$1,179, \$4,234 and \$4,234.....	170,892	102,804	102,804
Due from affiliates.....	26,886	14,431	14,431
Other.....	6,426	4,879	4,879
Inventories.....	101,920	115,870	115,870
Other current assets.....	8,618	26,997	26,997
	-----	-----	-----
Total current assets.....	365,287	358,422	330,722
	-----	-----	-----
PROPERTY, PLANT AND EQUIPMENT, net.....	324,895	427,061	427,061
	-----	-----	-----
INVESTMENTS:			
AICL at equity.....	31,154	13,863	13,863
Other.....	38,090	5,958	5,958
	-----	-----	-----
Total investments.....	69,244	19,821	19,821
	-----	-----	-----
OTHER ASSETS:			
Due from affiliates.....	20,699	29,186	29,186
Other.....	24,739	21,102	21,102
	-----	-----	-----
	45,438	50,288	50,288
	-----	-----	-----
Total assets.....	\$804,864	\$855,592	\$827,892
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings and current portion of long-term debt.....	\$191,813	\$325,968	\$325,968
Trade accounts payable.....	45,798	113,037	113,037
Due to affiliates.....	33,379	15,581	15,581

Bank overdraft.....	14,518	29,765	29,765
Accrued expenses.....	30,156	43,973	43,973
Accrued income taxes.....	12,838	26,968	26,968
	-----	-----	-----
Total current liabilities.....	328,502	555,292	555,292
	-----	-----	-----
LONG-TERM DEBT.....	167,444	38,283	38,283
	-----	-----	-----
DUE TO ANAM USA, INC. (Note 11).....	234,894	149,776	149,776
	-----	-----	-----
OTHER NONCURRENT LIABILITIES.....	12,286	12,084	14,184
	-----	-----	-----
COMMITMENTS AND CONTINGENCIES (Notes 1 and 13)			
MINORITY INTEREST.....	15,926	9,282	9,282
	-----	-----	-----
STOCKHOLDERS' EQUITY:			
Amkor Technology, Inc. -- common stock.....	45	45	45
AK Industries, Inc. -- common stock.....	1	1	1
Additional paid-in capital.....	16,770	20,871	20,871
Retained earnings.....	32,340	70,621	40,821
Unrealized losses on investments.....	(1,586)	--	--
Cumulative translation adjustment.....	(1,758)	(663)	(663)
	-----	-----	-----
Total stockholders' equity.....	45,812	90,875	61,075
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$804,864	\$855,592	\$827,892
	=====	=====	=====

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996, AND 1997
(IN THOUSANDS)

	AMKOR TECHNOLOGY, INC. COMMON STOCK	AK INDUSTRIES, INC. COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNREALIZED GAINS (LOSSES) ON INVESTMENTS	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
	-----	-----	-----	-----	-----	-----	-----
BALANCE AT JANUARY 1, 1995.....	\$45	\$ 1	\$16,494	\$ (6,359)	\$ (35)	\$ (529)	\$ 9,617
Net income.....	--	--	--	61,932	--	--	61,932
Distributions.....	--	--	--	(19,922)	--	--	(19,922)
Change in division equity account.....	--	--	--	(4,505)	--	--	(4,505)
Unrealized gains (losses) on investments.....	--	--	--	--	(2,015)	--	(2,015)
Currency translation adjustments.....	--	--	--	--	--	182	182
	----	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1995...	45	1	16,494	31,146	(2,050)	(347)	45,289
Net income.....	--	--	--	32,922	--	--	32,922
Distributions.....	--	--	--	(15,123)	--	--	(15,123)
Change in division equity account.....	--	--	--	(16,605)	--	--	(16,605)
Unrealized gains (losses) on investments.....	--	--	--	--	464	--	464
Currency translation adjustments.....	--	--	--	--	--	(1,411)	(1,411)
Acquisition of AATS (Note 14).....	--	--	276	--	--	--	276
	----	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1996...	45	1	16,770	32,340	(1,586)	(1,758)	45,812
Net income.....	--	--	--	43,281	--	--	43,281
Distributions.....	--	--	--	(5,000)	--	--	(5,000)
Change in division equity account.....	--	--	4,101	--	--	--	4,101
Unrealized gains (losses) on investments.....	--	--	--	--	1,586	--	1,586
Currency translation adjustments.....	--	--	--	--	--	1,095	1,095
	----	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1997...	\$45	\$ 1	\$20,871	\$ 70,621	\$ 0	\$ (663)	\$ 90,875
	====	====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FOR THE YEAR ENDED DECEMBER 31,		
	1995	1996	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	\$ 61,932	\$ 32,922	\$ 43,281
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation and amortization.....	26,614	57,825	81,864
Provision for accounts receivable.....	444	1,271	3,490
Provision for excess and obsolete inventory.....	1,000	500	12,659
Deferred income taxes.....	(1,147)	(324)	(11,715)
Equity (gain) loss of investees.....	(2,713)	605	16,779
(Gain) loss on sale of investments.....	126	(139)	(239)
Minority interest.....	1,515	948	(6,644)
Changes in assets and liabilities excluding effects of acquisitions --			
Accounts receivable.....	(53,264)	(36,695)	(19,802)
Proceeds from accounts receivable sale.....	--	--	90,700
Other receivables.....	(2,565)	(925)	1,547
Inventories.....	(32,668)	(16,380)	(26,609)
Due to/from affiliates, net.....	(3,001)	(8,203)	(19,138)
Other current assets.....	(4,764)	1,694	(7,239)
Other non-current assets.....	(326)	(6,108)	3,322
Accounts payable.....	35,017	(16,852)	60,939
Accrued expenses.....	17,687	(12,658)	13,817
Accrued taxes.....	404	7,433	14,130
Other long-term liabilities.....	9,034	(108)	(1,089)
Other, net.....	--	3,750	--
Net cash provided by operating activities.....	53,325	8,556	250,053
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment, including purchase of AATS.....	(123,645)	(185,112)	(178,990)
Sale of property, plant and equipment.....	110	2,228	1,413
Purchases of investments and issuances of notes receivable.....	(25,123)	(15,633)	(15,187)
Proceeds from sale of investments.....	351	520	--
Net cash used in investing activities.....	(148,307)	(197,997)	(192,764)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in bank overdrafts and short-term borrowings...	41,308	64,852	52,393
Proceeds from issuance of Anam USA, Inc. debt.....	1,059,759	1,205,174	1,408,086
Payments of Anam USA, Inc. debt.....	(1,052,415)	(1,189,317)	(1,443,464)
Proceeds from issuance of long-term debt.....	50,080	102,193	11,389
Payments of long-term debt.....	(3,021)	(3,138)	(43,541)
Distributions to stockholders.....	(20,003)	(15,205)	(5,000)
Change in division equity account.....	(4,505)	(16,605)	4,101
Net cash provided by (used in) financing activities.....	71,203	147,954	(16,036)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(23,779)	(41,487)	41,253
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	114,930	91,151	49,664
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 91,151	\$ 49,664	\$ 90,917
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest.....	\$ 12,594	\$ 24,125	\$ 37,070
Income taxes.....	495	2,256	3,022

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements of Amkor Technology, Inc. ("ATI") and its subsidiaries and AK Industries, Inc. and its subsidiary ("Amkor" or the "Company") include the accounts of the following (these companies are referred to as the "Amkor Companies"):

- Amkor Electronics, Inc. ("AEI"), a U.S. S Corporation and its wholly owned subsidiaries Amkor Receivables Corp and Amkor Wafer Fabrication Services SARL (a French Limited Company).
- T.L. Limited ("TLL") (a British Cayman Island Corporation) and its Philippine subsidiaries, Amkor Anam Advanced Packaging, Inc. ("AAAP") (wholly owned) and Amkor/Anam Pilipinas, Inc. ("AAP") (which is currently owned 60% by TLL and 40% by Anam Industrial Co., Ltd. ("AICL"-- see Notes 11 and 16) and its wholly-owned subsidiary Automated MicroElectronics, Inc. ("AMI");
- C.I.L., Limited ("CIL") (a British Cayman Islands Corporation) and its wholly-owned subsidiary Amkor/Anam Euroservices S.A.R.L. ("AAES") (a French Corporation);
- Amkor Anam Test Services, Inc. (a U.S. Corporation) (see Note 14); and
- The semiconductor packaging and test business unit of Chamterry Enterprises, Ltd. ("Chamterry"). During the third quarter of 1997 Chamterry transferred its customers to AEI and CIL and ceased operations of its semiconductor and test business unit.
- AK Industries, Inc. ("AKI") (a U.S. Corporation) and its wholly-owned subsidiary, Amkor-Anam, Inc. (a U.S. Corporation);

All of the Amkor Companies are substantially wholly owned by Mr. and Mrs. James Kim or entities controlled by members of Mr. James Kim's immediate family (the "Founding Stockholders"), except for AAP which is 40% owned by AICL and one third of AEI and all of AKI which are owned by trusts established for the benefit of other members of Mr. James Kim's family ("Kim Family Trusts"). The Amkor Companies are an interdependent group of companies involved in the same business under the direction of common management. ATI was formed in September 1997 to facilitate the Reorganization and consolidate the ownership of the Amkor Companies. In connection with the Reorganization, AEI will be merged into ATI. Amkor International Holdings ("AIH") a newly formed Cayman Islands holding company will become a wholly owned subsidiary of ATI. AIH will hold the following entities: First Amkor Caymans, Inc. ("FACI"), a newly formed holding company, and its subsidiaries AAAP and AAP and AAP's subsidiary AMI, TLL and its subsidiary CIL and CIL's subsidiary AAES. The relative number of shares of common stock issued by the Company in connection with each of the transactions comprising the Reorganization is based upon the relative amounts of stockholders' equity at December 31, 1997. In exchange for their interests in AEI, Mr. and Mrs. James Kim and the Kim Family Trusts will receive 9,746,766 shares and 4,873,383 shares of ATI common stock, respectively. ATI will issue 67,989,851 shares of common stock in exchange for all of the outstanding shares of AIH and its subsidiaries. Of such shares, 19,328,234 shares, 36,376,617 shares and 8,200,000 shares will be gifted to Mr. and Mrs. James Kim, the Kim Family Trusts and other members of Mr. Kim's immediate family, respectively. Following such transactions the Founding Stockholders and such other members of Mr. Kim's immediate family will beneficially own a majority of the outstanding shares of ATI common stock. In addition, ATI will acquire all of the stock of AKI from the Kim Family Trusts for \$3,000. The merger of AEI and ATI, the creation of AIH and FACI, the issuance of ATI common stock for AIH and the

acquisition of AKI are collectively referred to as the Reorganization.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

Included within the Amkor Companies following the Reorganization are ATI, AIH and its subsidiaries and AKI and its subsidiary. All of the subsidiaries will be wholly owned except for 40% of the common stock of AAP which is owned by AICL (see Note 16), and a small number of shares of each of AAP, AAAP and AMI which are required to be owned by directors of these companies pursuant to Philippine law.

Except for the acquisition of the shares of AKI which will be accounted for as a purchase transaction, the Reorganization described above will be treated similar to a pooling of interests as it represents an exchange of equity interests among companies under common control. The purchase price for the AKI stock, which represents the fair value of these shares, approximates the book value of AKI. The financial statements are presented on a combined basis as a result of the common ownership and business operations of all of the Amkor Companies, including AKI. As a result of the acquisition of AKI, AKI will become a wholly owned subsidiary of ATI; accordingly, future financial statements will be presented for ATI and its subsidiaries on a consolidated basis.

The financial statements reflect the elimination of all significant intercompany accounts and transactions.

The investments in and the operating results of 20%- to 50%-owned companies are included in the combined financial statements using the equity method of accounting.

Basis of Presentation

The accompanying financial statements have been prepared on a going concern basis which contemplates realization of assets and liquidation of liabilities in the ordinary course of business. At December 31, 1997 the Company was not in compliance with certain restrictive covenants of its principal long-term debt agreements and, as a result, amounts due under these agreements are required to be classified as current liabilities in the combined balance sheet. Consequently, at December 31, 1997, current liabilities exceeded current assets by \$196,870. To date, the Company has not received any notification that the Company's repayment obligations with respect to these loans have been accelerated as a result of such covenant violations. However, there is no assurance that the Company could generate sufficient cash flow from operations or other sources to satisfy these liabilities should they become due before maturity. If the planned public offering of common stock and convertible debt is successful (see Note 16), the Company will use part of the net proceeds to the Company to repay these bank loans. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Nature of Operations

The Company provides semiconductor packaging and test services to semiconductor and computer manufacturers located in strategic markets throughout the world. Such services are provided by the Company and by AICL under a long-standing arrangement. Approximately 79%, 72% and 68% of the Company's packaging and test revenues in 1995, 1996 and 1997, respectively, relate to the packaging and test services provided by AICL.

Concentrations of Credit Risk

Financial instruments, for which the Company is subject to credit risk, consist principally of trade receivables. The Company has mitigated this risk by selling primarily to well established companies, performing ongoing credit

evaluations and making frequent contact with customers.

At December 31, 1996 and 1997, the Company maintained \$34,330 and \$53,071, respectively, in deposits at one U.S. financial institution and \$1,861 and \$2,548, respectively, in deposits at U.S. banks which exceeded federally insured limits.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

Additionally, at December 31, 1996 and 1997, the Company maintained deposits and certificates of deposits totaling approximately \$14,649 and \$34,622, respectively, at foreign owned banks.

Significant Customers

The Company has a number of major customers in North America, Asia and Europe. The Company's largest customer, Intel Corporation, accounted for approximately 13.3%, 23.5% and 23.4% of net revenues in 1995, 1996 and 1997, respectively. The Company's five largest customers collectively accounted for 34.1%, 39.2% and 40.1% of net revenues in 1995, 1996 and 1997, respectively. The Company anticipates that significant customer concentration will continue for the foreseeable future, although the companies which constitute the Company's largest customers may change.

Risks and Uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, dependence on the highly cyclical nature of both the semiconductor and the personal computer industries, competitive pricing and declines in average selling prices, risks associated with leverage, dependence on the Company's relationship with and the financial support provided by AICL (see Note 11), reliance on a small group of principal customers, timing and volume of orders relative to the Company's production capacity, availability of manufacturing capacity and fluctuations in manufacturing yields, availability of financing, competition, dependence on international operations and sales, dependence on raw material and equipment suppliers, exchange rate fluctuations, dependence on key personnel, difficulties in managing growth, enforcement of intellectual property rights, environmental regulations and fluctuations in quarterly operating results.

Foreign Currency Translation

Substantially all of the Company's foreign subsidiaries use the U.S. dollar as their functional currency. Accordingly, monetary assets and liabilities which were originally denominated in a foreign currency are translated into U.S. dollars at month-end exchange rates. Non-monetary items which were originally denominated in foreign currencies are translated at historical rates. Gains and losses from such transactions and from transactions denominated in foreign currencies are included in other (income) expense, net. The cumulative translation adjustment reflected in stockholders' equity in the combined balance sheets relates primarily to investments in unconsolidated companies which use the local currency as the functional currency (see Note 6).

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

At December 31, 1997, trade accounts receivable represent the Company's interest in receivables sold in excess of amounts purchased by banks under an accounts receivable sale agreement (see Note 2). Of the total net trade accounts receivable amount at December 31, 1997, \$19,905 relates to the trade accounts receivable of CIL which were not sold under the Agreement.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally by using a moving average method.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Accelerated methods are used for tax purposes. Depreciable lives follow:

Building and improvements.....	10 to 30 years
Machinery and equipment.....	3 to 5 years
Furniture, fixtures, and other equipment.....	3 to 10 years

Cost and accumulated depreciation for property retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense was \$27,381, \$58,497 and \$81,159 for 1995, 1996 and 1997, respectively.

Other Noncurrent Assets

Other noncurrent assets consist principally of security deposits, deferred income taxes and the cash surrender value of life insurance policies.

Other Noncurrent Liabilities

Other noncurrent liabilities consist primarily of pension obligations and noncurrent income taxes payable.

Income Taxes

The Company accounts for income taxes following the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires the use of the liability method. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is provided.

The Company reports certain income and expense items for income tax purposes on a basis different from that reflected in the accompanying combined financial statements. The principal differences relate to the timing of the recognition of accrued expenses which are not deductible for federal income tax purposes until paid, the use of accelerated methods of depreciation for income tax purposes and unrecognized foreign exchange gains and losses.

AEI elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code of 1986 and comparable state tax provisions. As a result, AEI does not recognize U.S. federal corporate income taxes. Instead, the

stockholders of AEI are taxed on their proportionate share of AEI's taxable income. Accordingly, no provision for U.S. federal income taxes was recorded for AEI. Given the pending Offerings (see Note 16), for informational purposes, the accompanying combined statements of income include an unaudited pro forma adjustment to reflect income taxes which would have been recorded if AEI had not been an S Corporation, based on the tax laws in effect during the respective periods (see Note 17).

Earnings Per Share

The pro forma net income per common share was calculated by dividing the pro forma net income by the weighted average number of shares outstanding for the respective periods, adjusted for the effect of the Reorganization (see Note 16).

In the fourth quarter of 1997, the Company adopted SFAS No. 128, "Earnings Per Share," which requires dual presentation of basic and diluted earnings per share on the face of the income statement. Basic

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) (U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

EPS is computed using only the weighted average number of common shares outstanding for the period while diluted EPS is computed assuming conversion of all dilutive securities, such as options. In accordance with the statement, all prior period per share amounts have been revised to reflect the new presentation. The Company's basic and diluted per share amounts are the same for all periods presented. There have been no changes to historical per share amounts.

Revenue Recognition and Risk of Loss

The Company records revenues upon shipment of packaged semiconductors to its customers. The Company does not take ownership of customer-supplied semiconductors. Title and risk of loss remains with the customer for these materials at all times. Risk of loss for Amkor packaging costs passes upon completion of the packaging process and shipment to the customer. Accordingly, the cost of the customer-supplied materials is not included in the combined statements of income.

Research and Development Costs

Research and development costs are charged to expense as incurred.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of income and its components in financial statements. The Company will be required to adopt this statement in 1998.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Under this statement, reporting standards were established for the way that public business enterprises report

information about operating segments in annual financial statements and selected information about operating segments in interim financial reports issued to shareholders. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. This statement is effective for financial statements for periods beginning after December 15, 1997. In the initial year of application, comparative information for earlier years presented is to be restated. This statement need not be applied to interim financial statements in the initial year of its application, but comparative information for interim periods in the initial year of application is to be reported in financial statements for interim periods in the second year of application. The Company will adopt this statement prospectively for the year ended December 31, 1998.

Reclassifications

Certain previously reported amounts have been reclassified to conform with the current presentation.

2. ACCOUNTS RECEIVABLE SALE AGREEMENT

Effective July 7, 1997, the Company entered into an agreement to sell receivables (the "Agreement") with certain banks (the "Purchasers"). The transaction qualifies as a sale under the provisions of SFAS

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) (U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

No. 125 "Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Under the Agreement, the Purchasers have committed to purchase, with limited recourse, all right, title and interest in selected accounts receivable of the Company, up to a maximum of \$100,000. In connection with the Agreement, the Company established a wholly owned, bankruptcy remote subsidiary, Amkor Receivables Corp., to purchase accounts receivable at a discount from the Company on a continuous basis, subject to certain limitations as described in the Agreement. Amkor Receivables Corp. simultaneously sells the accounts receivable at the same discount to the Purchasers. AICL has guaranteed AEI's obligations under the Agreement (see Note 11). The Agreement is structured as a three year facility subject to annual renewals based upon the mutual consent of the Company and purchasers. The first such renewal date is June 18, 1998. The Company and AICL did not comply with certain financial covenants under the Agreement as of December 31, 1997. The Purchasers have agreed to waive compliance with these covenants through January 2, 1999. The Company applied approximately \$83.4 million of the Receivables Sale proceeds together with approximately \$17 million of working capital to reduce the Company's indebtedness to AUSA which amounts were advanced by AUSA to entities controlled by members of James Kim's family.

Proceeds from the sale of receivables were \$84,400 in 1997. Losses on receivables sold under the Agreement were approximately \$2,414 in 1997 and are included in other expense, net. As of December 31, 1997, approximately \$6,300 is included in current liabilities for amounts to be refunded to the Purchasers as a result of a reduction in selected accounts receivable.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

DECEMBER 31,	

1996	1997

	-----	-----
Land.....	\$ --	\$ 2,346
Building and improvements.....	81,602	109,528
Machinery and equipment.....	333,188	448,032
Furniture, fixtures and other equipment.....	31,330	33,050
Construction in progress.....	5,240	31,964
	-----	-----
	451,360	624,920
Less -- Accumulated depreciation and amortization.....	126,465	197,859
	-----	-----
	\$324,895	\$427,061
	=====	=====

4. COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

The common stock and additional paid-in-capital of the Company are reflected at the original cost of the Amkor Companies. In connection with the Reorganization, the Company authorized 500,000,000 shares of \$.001 par value common stock, of which 82,610,000 shares will be issued and outstanding to the stockholders of the Amkor Companies in exchange for their interests in these Companies.

In addition, the Company authorized 10,000,000 shares of \$.001 par value preferred stock, designated as Series A.

Changes in the division equity account reflected in the combined statement of stockholders' equity represent the net cash flows resulting from the operations of the Chamterry semiconductor packaging and test business for the periods indicated. Such cash flows have been presented as distributions or capital contributions since these amounts were retained in Chamterry Enterprises, Ltd. for the benefit of the owners.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

5. INVENTORIES

Inventories consist of raw materials and purchased components which are used in the semiconductor packaging process. The Company's inventories are located at its facilities in the Philippines or at AICL on a consignment basis. Components of inventories follow:

	DECEMBER 31,	
	-----	-----
	1996	1997
	-----	-----
Raw materials and purchased components.....	\$ 93,112	\$105,748
Work-in-process.....	8,808	10,122
	-----	-----
	\$101,920	\$115,870
	=====	=====

6. INVESTMENTS

The Company's investments include investments in affiliated companies which provide services to the Company (see Note 11) and certain other technology based

companies. Investments are summarized as follows:

	DECEMBER 31,	
	1996	1997
Equity Investment in AICL (10.2% and 8.1% at December 31, 1996 and 1997, respectively).....	\$31,154	\$13,863
Other Equity Investments (20%-50% owned)		
Anam Semiconductor & Technology Co., Ltd.....	10,700	--
Datacom International, Inc.....	1,335	--
Sunrise Capital Fund.....	1,328	--
Other.....	1,373	738
Total other equity investments.....	14,736	738
Available for Sale (cost based investments).....	23,354	5,220
	\$69,244	\$19,821

The Company had net unamortized investment costs in excess of the proportionate share of the investee companies' net assets of approximately \$1,284 and \$0 at December 31, 1996 and 1997, respectively.

On August 1, 1997, the Company sold its equity investment in Anam Semiconductor & Technology Co., Ltd. ("Anam S&T") and certain investments and notes receivable from companies unrelated to the semiconductor packaging and test business to AK Investments, Inc., an entity owned by James J. Kim, at cost (\$49,740) and AK Investments, Inc. assumed \$49,740 of the Company's long-term borrowings from Anam USA, Inc. Management estimates that the fair value of these investments and notes receivable approximated the carrying value at August 1, 1997. Subsequent to the sale on August 1, 1997 the Company loaned AK Investments, Inc. \$12,800 for the purchase of additional investments. The amount outstanding on this loan at December 31, 1997 was \$4,350.

The Company's investment in AICL is accounted for using the equity method of accounting. Although the Company does not own in excess of 20% of the outstanding common stock of AICL, the Company through its common ownership with the Kim family and entities controlled by the Kim family owns 40.7% of the outstanding common stock of AICL and may exercise a significant influence over AICL. Accordingly the Company applies the equity method based on its ownership interest. A significant portion of the shares owned by the Kim family are leveraged and as a result of this, or for other reasons, the family's ownership could be substantially reduced.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

In 1997, the Company recognized a loss of \$17,291, resulting principally from the impairment of value of its investment in AICL as well as the current year equity in income (loss) of AICL. The amount of the loss was determined based upon the market value of the AICL shares on the Korean Stock Exchange on February 16, 1998, the date that the Company sold its investment in AICL common stock to AK Investments, Inc. In exchange for the shares, AK Investments, Inc. assumed \$13,863 of the Company's long-term borrowings from Anam USA, Inc.

The Company is advised that AICL, as a public company in Korea, has published its most recent consolidated financial statements as of December 31, 1996, and that AICL has prepared preliminary consolidated financial statements as of December 31, 1997. The Company's auditors do not audit AICL.

The Korean economy is undergoing changes as evidenced by the agreement between the Korean government and the International Monetary Fund. Among other things, this agreement includes a restructuring plan of the banking industry as a whole which will most likely have a material effect on AICL's operations. The overall impact of these economic changes on AICL is uncertain at this time.

AICL's financial statements are prepared on the basis of Korean GAAP, which differs from U.S. GAAP in certain significant respects. The Company's equity in income (loss) of AICL is based upon the Korean GAAP information noted above and AICL's estimate of significant U.S. GAAP adjustments. These adjustments were not significant in 1995 and 1996. In 1997, AICL recognized a W305 billion loss principally as a result of foreign exchange losses on U.S. dollar denominated liabilities due to the significant depreciation of the won relative to the U.S. dollar. For purposes of determining the Company's equity in income (loss) of AICL under U.S. GAAP, losses on remeasuring U.S. dollar denominated liabilities are not recognized as the U.S. dollar is the functional currency for AICL. Such U.S. dollar denominated liabilities were W2,144 billion at December 31, 1997. Also, at December 31, 1997, the carrying value of the investment in AICL, adjusted for the loss on the 1998 disposition discussed above, is less than the Company's portion of AICL's net assets after consideration of the estimated U.S. GAAP adjustments. The most significant such adjustment affecting net assets is the remeasurement of property, plant and equipment to historical costs as required as the U.S. dollar is the functional currency.

The following summary of consolidated financial information pertaining to AICL was derived from the consolidated financial statements referred to above. All amounts are in millions of Korean Won:

	1995 -----	1996 -----	1997 -----
SUMMARY INCOME STATEMENT INFORMATION:			
Sales.....	W1,105,273	W1,338,718	W1,786,457
Net income (loss).....	18,333	(9,385)	(305,414)
SUMMARY BALANCE SHEET INFORMATION:			
Total assets.....		2,225,288	3,936,517
Total liabilities.....		1,975,431	3,861,384

7. SHORT-TERM CREDIT FACILITIES

At December 31, 1996 and 1997, short-term borrowings consisted of various operating lines of credit and working capital facilities maintained by the Company. These borrowings are secured by receivables, inventories or property. These facilities, which are typically for one-year renewable terms, generally bear interest at current market rates appropriate for the country in which the borrowing is made (ranging from 7.2% to 13.0% at December 31, 1997). For 1996 and 1997, the weighted average interest rate on these borrowings was 7.8% and 8.6%, respectively. Included in cash and cash equivalents is \$1,200 of certificates of

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deposit pledged as collateral for certain of these lines. The unused portion of lines of credit total \$36,169 at December 31, 1997.

8. DEBT

Following is a summary of the Company's short-term borrowings and long-term debt:

	DECEMBER 31,	
	1996	1997
Short-term borrowings (see Note 7).....	\$ 150,513	\$ 187,659
Bank loan, interest at LIBOR plus annual spread (6.78% at December 31, 1997), due October, 2000.....	50,000	50,000
Bank loan, interest at LIBOR plus annual spread (6.68% at December 31, 1997), due in installments beginning March, 1998 through April, 2001.....	71,250	71,250
Floating rate notes (FRNs), interest at LIBOR plus annual spread (7.38% at August 20, 1997, date of redemption)....	40,000	--
Bank debt, interest at LIBOR plus annual spread (9.37% at December 31, 1997), due December, 2001.....	20,000	20,000
Bank debt, interest at LIBOR plus annual spread (12.22% at December 31, 1997,) due October, 1998.....	5,000	5,000
Bank debt, interest at LIBOR plus annual spread (9.09% at December 31, 1997), due in installments with balance due September, 1999.....	4,000	3,500
Bank debt, interest at LIBOR plus annual spread (11.88% at December 31, 1997), due in equal installments through January, 2001.....	5,926	5,502
Note payable, interest at prime (8.50% at December 31, 1997), due in semiannual installments beginning November 1999 through April, 2004.....	--	9,530
Note payable, interest at LIBOR plus annual spread (12.48% at December 31, 1997), due in installments with balance due November, 1999.....	11,000	9,000
Other, primarily capital lease obligations and other debt...	1,568	2,810
	359,257	364,251
Less -- Short-term borrowings and current portion of long-term debt.....	(191,813)	(325,968)
	\$ 167,444	\$ 38,283

The Bank loans were obtained to finance the expansion of the Company's factories in the Philippines. The Company has the option to prepay all or part of the loans on any interest payment date. These Bank loans are unconditionally and irrevocably guaranteed by AICL. The Bank loans contain provisions pertaining to the maintenance of specified debt-to-equity ratios, restrictions with respect to corporate reorganization, acquisition of capital stock or substantially all of the assets of any other corporations and advances and dispositions of all or a substantial portion of the borrower's assets, except in the ordinary course of business. AAP has not been in compliance with covenants regarding the maintenance of certain debt-to-equity ratios and advances to affiliates. Consequently, amounts due under these agreements and certain other agreements with cross-default clauses have been classified as current liabilities in the accompanying combined balance sheet.

Other bank debt instruments have interest rates based on Singapore interbank rates and LIBOR plus an annual spread. The loans are secured by assets of the Company and assets acquired through proceeds from the loans.

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1997 are as follows:

	AMOUNT

1998.....	\$138,309
1999.....	9,153
2000.....	2,360
2001.....	22,003
2002.....	1,905
Thereafter.....	2,862

Total.....	\$176,592
	=====

9. EMPLOYEE BENEFIT PLANS

U.S. Pension Plans

AEI has a defined contribution benefit plan covering substantially all U.S. employees under which AEI matches 75% of the employee's contributions of between 6% and 10% of salary, up to a defined maximum on an annual basis. The pension expense for this plan was \$483, \$776 and \$959 in 1995, 1996 and 1997, respectively. The pension plan assets are invested primarily in equity and fixed income securities.

Philippine Pension Plans

AAAP, AAP and AMI sponsor several defined benefit plans that cover substantially all 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 the defined benefit plans are as follows:

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	-----	-----	-----
Service cost of current period.....	\$ 974	\$1,542	\$1,274
Interest cost on projected benefit obligation....	811	1,228	957
Actual return on plan assets.....	(609)	(677)	(585)
Net amortization and deferrals.....	100	98	132
	-----	-----	-----
Total pension expense.....	\$1,276	\$2,191	\$1,778
	=====	=====	=====

It is the Company's policy to make contributions sufficient to meet the minimum contributions required by law and regulation.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

The following table sets forth the funded status and the amounts recognized in the combined balance sheets for the defined benefit pension plans:

	1996	1997
	-----	-----
Actuarial present value of:		
Vested benefit obligation.....	\$ 1,696	\$ 1,546
	=====	=====
Accumulated benefit obligation.....	\$ 2,848	\$ 2,669
	=====	=====
Actuarial present value of projected benefit obligation.....	\$12,699	10,428
Plan assets at fair value.....	6,077	6,614
	-----	-----
Plan assets less than projected benefit obligation.....	(6,622)	(3,814)
Prior service cost.....	1,125	967
Unrecognized net loss.....	1,800	953
	-----	-----
Accrued pension cost.....	\$ (3,697)	\$ (1,894)
	=====	=====

The weighted average interest rate used in determining the projected benefit obligation was 12% as of December 31, 1996 and 1997. The rates of increase in future compensation levels was 11% as of December 31, 1996 and 1997. The expected long-term rate of return on plan assets was 12% as of December 31, 1996 and 1997.

10. INCOME TAXES

The provision for income taxes includes federal, state and foreign taxes currently payable and those deferred because of temporary differences between the financial statement and the tax bases of assets and liabilities. The components of the provision for income taxes follow:

	FOR THE YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	-----	-----	-----
Current:			
Federal.....	\$6,125	\$5,880	\$16,126
State.....	908	60	2,639
Foreign.....	498	2,260	28
	-----	-----	-----
	7,531	8,200	18,793
	-----	-----	-----
Deferred:			
Federal.....	(173)	(226)	(4,991)
Foreign.....	(974)	(98)	(6,724)
	-----	-----	-----
	(1,147)	(324)	(11,715)
	-----	-----	-----
Total provision.....	\$6,384	\$7,876	\$ 7,078
	=====	=====	=====

The reconciliation between the tax payable based upon the U.S. federal statutory income tax rate and the recorded provision follow:

	FOR THE YEAR ENDED DECEMBER 31,		
	1995	1996	1997
Federal statutory rate.....	\$ 23,458	\$15,054	\$ 21,352
State taxes, net of federal benefit.....	908	60	1,285
S Corp. status of AEI.....	(10,400)	(2,900)	(3,613)
(Income) losses of foreign subsidiaries subject to tax holiday.....	--	4,957	(5,106)
Foreign exchange losses recognized for income taxes.....	(1,649)	--	(21,147)
Valuation allowance.....			22,000
Difference in rates on foreign subsidiaries.....	(5,933)	(9,295)	(7,693)
Total.....	\$ 6,384	\$ 7,876	\$ 7,078
	=====	=====	=====

The Company has structured its global operations to take advantage of lower tax rates in certain countries and tax incentives extended to encourage investment. AAP had a tax holiday in the Philippines which expired in 1995. AAP has a tax holiday in the Philippines which expires at the end of 2002. Foreign exchange losses recognized for income taxes relate to unrecognized net foreign exchange losses on U.S. dollar denominated monetary assets and liabilities. These losses, which are not recognized for financial reporting purposes as the U.S. dollar is the functional currency (see Note 1), result in deferred tax assets that will be realized, for Philippine tax reporting purposes, upon settlement of the related asset or liability. The deferred tax asset related to these losses increased in 1997 as a result of the dramatic devaluation of the Philippine peso relative to the U.S. dollar. The Company's ability to utilize these assets depends on the timing of the settlement of the related assets or liabilities and the amount of taxable income recognized within the Philippine statutory carryforward limit of three years. Accordingly, a valuation allowance has been established in 1997 for a portion of the related deferred tax assets.

The following is a summary of the significant components of the Company's deferred tax assets and liabilities:

	DECEMBER 31,	
	1996	1997
Deferred tax assets (liabilities):		
Retirement benefits.....	\$ 888	\$ 816
Receivables.....	344	227
Inventories.....	1,057	6,509
Unrealized foreign exchange losses.....	398	37,447
Unrealized foreign exchange gains.....	(614)	(9,084)
Other.....	225	98
	-----	-----
Net deferred tax asset.....	2,298	36,013
Valuation allowance.....	--	(22,000)
	-----	-----
Net deferred tax asset.....	\$2,298	\$ 14,013
	=====	=====

Non-U.S. income before taxes and minority interest of the Company was \$23,800, \$20,420 and \$32,920 in 1995, 1996 and 1997, respectively.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

At December 31, 1996 and 1997 current deferred tax assets of \$1,919 and \$13,439, respectively, are included in other current assets and noncurrent deferred tax assets of \$379 and \$574, respectively, are included in other assets in the combined balance sheet. The Company's net deferred tax assets include amounts which management believes are realizable through future taxable income.

The Company's tax returns have been examined through 1993 in the Philippines and through 1994 in the U.S. The recorded provision for open years is subject to changes upon final examination of these tax returns. Changes in the mix of income from the Company's foreign subsidiaries, expiration of tax holidays and changes in tax laws or regulations could result in increased effective tax rates for the Company.

At December 31, 1997, the financial reporting basis of AEI's net assets were greater than the tax basis of the net assets by approximately \$5,200. In connection with the Offerings, the Company and the stockholders of AEI will enter into a Tax Indemnification Agreement providing that the Company and AEI will be indemnified by such stockholders, with respect to their proportionate share of any federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the date AEI terminates its S Corporation status. The Tax Indemnification Agreement will also provide that the Company and AEI will indemnify the stockholders if such stockholders are required to include in income additional amounts attributable to taxable years on or before the date AEI terminates its S Corporation status as to which AEI filed or files tax returns claiming status as an S Corporation.

11. RELATED-PARTY TRANSACTIONS

At December 31, 1997, the Company owned 8.1% of the outstanding stock of AICL (see Note 6), and AICL owned 40% of AAP. After the Offerings (see Note 16) the Company intends to purchase AICL's interest in AAP for approximately \$34,000. In 1996 and 1997, approximately 72% and 68%, respectively, of the Company's net revenues (see Note 1) were derived from services performed for the Company by AICL, a Korean public company in which the Company and certain of the Company's principal stockholders hold a minority interest. By the terms of a long-standing agreement, the Company has been responsible for marketing and selling AICL's semiconductor packaging and test services, except to customers in Korea and certain customers in Japan to whom AICL has historically sold such services directly. The Company has worked closely with AICL in developing new technologies and products. The Company has recently entered into five-year supply agreements with AICL giving the Company the first right to market and sell substantially all of AICL's packaging and test services and the exclusive right to market and sell all of the wafer output of AICL's new wafer foundry. The Company's business, financial condition and operating results have been and will continue to be significantly dependent on the ability of AICL to effectively provide the contracted services on a cost-efficient and timely basis. The termination of the Company's relationship with AICL for any reason, or any material adverse change in AICL's business resulting from underutilization of its capacity, the level of its debt and its guarantees of affiliate debt, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other change could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has obtained a significant portion of its financing from

financing arrangements provided by Anam USA, Inc. ("AUSA"), AICL's wholly-owned financing subsidiary. A majority of the amount due to AUSA represents outstanding amounts under financing obtained by AUSA for the benefit of the Company with the balance representing payables to AUSA for packaging and service charges paid to AICL. Based on guarantees provided by AICL, AUSA obtains for the benefit of the Company a continuous series of short-term financing arrangements which generally are less than six months in duration, and typically are less than two months in duration. Because of the short-term nature of these loans, the flows of cash to and from AUSA under this arrangement are significant. Purchases from AICL through AUSA were \$354,062, \$460,282 and

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

\$527,858 for 1995, 1996 and 1997, respectively. Charges from AUSA for interest and bank charges were \$4,484, \$7,074 and \$6,002 for 1995, 1996 and 1997, respectively. Amounts payable to AICL and AUSA were \$252,221, and \$156,350 at December 31, 1996 and 1997, respectively.

AICL's ability to continue to provide services to the Company will depend on AICL's financial condition and performance. AICL currently has a significant amount of debt relative to its equity, which debt the Company expects will continue to increase in the foreseeable future. The Company is advised that AICL, as a public company in Korea, has published its most recent annual consolidated financial statements as of December 31, 1996, and that AICL has prepared preliminary consolidated financial statements as of December 31, 1997. These consolidated financial statements are prepared on the basis of Korean GAAP, which differs from U.S. GAAP. U.S. GAAP financial statements are not available (See Note 6). As of December 31, 1997, AICL, on a consolidated basis, had current liabilities of approximately W2,124 billion, including approximately W1,591 billion of short-term borrowings and approximately W121 billion of current maturities of long-term debt, and had long-term liabilities of approximately W1,737 billion, including approximately W737 billion of long-term debt and approximately W862 billion of long-term capital lease obligations. As of such date, the total shareholders' equity of AICL amounted to approximately W75 billion. The deterioration of the Korean economy in recent months and the resulting liquidity crisis in Korea have led to sharply higher domestic interest rates and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, particularly to highly leveraged companies, and to increase their reserves and provisions for non-performing assets. Therefore, there can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, or continue to make required interest and principal payments on such loans or otherwise comply with the terms of its loan agreements. Any inability of AICL to obtain financing or generate cash flow from operations sufficient to fund its capital expenditure, debt service and repayment and other working capital and liquidity requirements could have a material adverse effect on AICL's ability to continue to provide services and otherwise fulfill its obligations to the Company.

As of December 31, 1997, AICL and its consolidated subsidiaries were contingently liable under guarantees in respect of debt of its non-consolidated subsidiaries and affiliates in the aggregate amount of approximately W857 billion. As of December 31, 1997, such guarantees included those in respect of all of AUSA's debt totaling \$319,200, \$176,250 of the Company's debt to banks and the Company's obligations under a receivables sales arrangement (see Note 2). The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA for the benefit of the Company based on guarantees provided by AICL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AICL. Further, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. In addition, as an overseas subsidiary of AICL, AUSA was formed with the approval of the Bank of Korea. If the Bank of

Korea were to withdraw such approval, or if AUSA otherwise ceased operations for any reason, the Company and AICL would be required to meet their financing needs through alternative arrangements. There can be no assurance that the Company or AICL will be able to obtain alternative financing on acceptable terms or at all. In addition, if any relevant subsidiaries or affiliates of AICL were to fail to make interest or principal payments or otherwise default under their debt obligations guaranteed by AICL, AICL could be required under its guarantees to repay such debt, which event could have a material adverse effect on its financial condition and results of operations.

Anam Engineering and Construction, an affiliate of AICL, built the packaging facility for AAAP in the Philippines. Payments to Anam Engineering and Construction were \$22,167 and \$3,844 in 1996 and 1997, respectively. Anam Precision Equipment and Anam Instruments manufacture certain equipment used by the Philippine operations. Payments to Anam Precision Equipment and Anam Instruments were \$6,652 and

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

\$4,211 in 1996 and 1997, respectively. The Company purchases direct materials from Anam S&T. Payments to Anam S&T were approximately \$16,400, \$27,300 and \$26,000 during 1995, 1996 and 1997, respectively.

During 1996, the Company extended guarantees on behalf of an affiliate to vendors used by this affiliate. Outstanding guarantees as of December 31, 1996 and 1997 were \$25,100 and \$24,655 respectively. Amounts guaranteed under this agreement fluctuate due to the cyclical nature of the affiliate's retail business. Balances guaranteed at December 31 are generally the largest.

The Company has executed a surety and guarantee agreement on behalf of an affiliate. The Company has unconditionally guaranteed the affiliate's obligation under a \$17,000 line of credit and a \$9,000 term loan note. As of December 31, 1997, there was \$750 outstanding under the line of credit and \$9,000 outstanding under the term loan note. The Company has also unconditionally guaranteed another affiliate's obligation under a \$4,000 term loan agreement and a \$1,000 line of credit. As of December 31, 1997, there was \$3,800 outstanding under the term loan and no amounts outstanding under the line of credit.

A principal stockholder of the Company has extended guarantees on behalf of the Company in the amount of \$87,000 at December 31, 1997. Also in 1997, a company controlled by this stockholder purchased investments in the amount of \$49,740 (see Note 6).

The Company leases office space in West Chester, PA from certain stockholders of the Company. The lease expires in 2006. The Company has the option to extend the lease for an additional 10 years through 2016. On September 11, 1997, the office previously being leased in Chandler, Arizona was purchased from certain stockholders of the Company. The total purchase price of the building (\$5,710) represents the carrying value to the stockholders. Amounts paid for these leases in 1996 and 1997 were \$1,343 and \$1,458, respectively.

At December 31, 1996 and 1997, the Company had advances and notes receivable from affiliates other than AICL and AUSA of \$22,988 and \$36,501, respectively. Realization of these notes is dependent upon the ability of the affiliates to repay the notes. In management's opinion, these receivables are recorded at the net realizable value.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate methodologies; however, considerable judgment is required in interpreting market data to

develop the estimates for fair value. Accordingly, these estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Certain of these financial instruments are with major financial institutions and expose the Company to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The creditworthiness of counterparties is continually reviewed, and full performance is anticipated.

The methods and assumptions used to estimate the fair value of significant classes of financial instruments is set forth below:

Available for sale investments. The fair value of these financial instruments was estimated based on market quotes, recent offerings of similar securities, current and projected financial performance of the company and net asset positions.

Short-term borrowings. Short-term borrowings have variable rates that reflect currently available terms and conditions for similar borrowings. The carrying amount of this debt is a reasonable estimate of fair value.

Long-term debt and due to affiliates. Long-term debt and due to affiliates have variable rates that reflect currently available terms and conditions for similar debt. The carrying amount of this debt is a reasonable estimate of fair value.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

13. COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims incidental to the conduct of its business. Based on consultation with legal counsel, management does not believe that any claims to which the Company is a party will have a material adverse effect on the Company's financial condition or results of operations.

Future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year at December 31, 1997, are:

1998.....	\$ 7,805
1999.....	7,230
2000.....	6,463
2001.....	5,689
2002.....	2,338
Thereafter.....	36,404

Total.....	\$65,929
	=====

Rent expense amounted to \$3,692, \$5,520 and \$6,709 for 1995, 1996 and 1997, respectively.

The Company has various purchase commitments for materials, supplies and capital equipment incidental to the ordinary conduct of business. As of December 31, 1997 the Company had commitments for capital equipment of approximately \$27,000. In the aggregate, such commitments are not at prices in excess of current market.

14. ACQUISITION OF AMKOR ANAM TEST SERVICES, INC.

On September 30, 1996, AEI and a principal stockholder each acquired 50% of the outstanding common stock of Amkor Anam Test Services, Inc. (AATS), formerly Navell Test Consultants, Inc., a provider of test engineering services for the semiconductor industry located in San Jose, California, for approximately \$2,860. Subsequent to September 30, 1996, AEI purchased the 50% interest owned by a principal stockholder at the stockholder's original cost. The acquisition was accounted for using the purchase method of accounting and the results of AATS' operations are included in the Company's combined statements of income effective October 1, 1996. Accordingly, the total purchase price has been allocated to the combined assets and liabilities based upon their estimated respective fair values. This acquisition resulted in goodwill of approximately \$2,356, which is being amortized over 20 years.

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AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(U.S. DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

15. BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

The Company is primarily engaged in one industry segment, namely, the packaging and testing of integrated circuits. Financial information, summarized by geographic area, is as follows:

	UNITED STATES	EUROPE	PHILIPPINES	ELIMINATIONS	COMBINED
	-----	-----	-----	-----	-----
Year ended December 31, 1997:					
Net revenues from unaffiliated customers.....	\$1,258,110	\$197,651	\$ --	\$ --	\$1,455,761
Net revenues from affiliates.....	--	--	256,895	(256,895)	--
	-----	-----	-----	-----	-----
Total net revenues.....	1,258,110	197,651	256,895	(256,895)	1,455,761
Income before income taxes and minority interest.....	28,086	23,522	9,398	--	61,006
Identifiable assets.....	352,503	21,873	506,397	(176,134)	704,639
Corporate assets.....					146,299

Total assets.....					\$ 850,938
					=====
Year ended December 31, 1996:					
Net revenues from unaffiliated customers.....	\$1,013,182	\$157,819	\$ --	\$ --	\$1,171,001
Net revenues from affiliates.....	--	--	198,637	(198,637)	--
	-----	-----	-----	-----	-----
Total net revenues.....	1,013,182	157,819	198,637	(198,637)	1,171,001
Income before income taxes and minority interest.....	22,592	12,473	7,947	--	43,012
Identifiable assets.....	245,781	19,422	424,653	(91,552)	598,304
Corporate assets.....					199,309

Total assets.....					\$ 797,613
					=====
Year ended December 31, 1995:					
Net revenues from unaffiliated customers.....	\$ 792,285	\$140,097	\$ --	\$ --	\$ 932,382
Net revenues from affiliates.....	--	--	128,164	(128,164)	--
	-----	-----	-----	-----	-----
Total net revenues.....	792,285	140,097	128,164	(128,164)	932,382
Income before income taxes and minority interest.....	43,223	13,019	10,781	--	67,023
Identifiable assets.....	235,707	18,699	270,185	(100,385)	424,206
Corporate assets.....					211,662

Total assets.....					\$ 635,868
					=====

period presented.

Balance Sheet

As discussed in Note 1, the Company intends to reorganize prior to the effective date of the contemplated offering. AEI will terminate its S Corporation status at which time additional deferred tax liabilities of \$2,100 will be recorded for existing temporary differences between the book and tax bases of assets and liabilities. If the termination of AEI's S Corporation status would have occurred on December 31, 1997, AEI would have declared a distribution of \$27,700 of previously taxed income. The pro forma balance sheet is presented to reflect these changes as if they occurred on December 31, 1997.

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NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH THE INFORMATION IS GIVEN IN THIS PROSPECTUS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH SOLICITATION.

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Until , 1998 (25 days after the commencement of the Offerings), all dealers effecting transactions in the Common Stock and Convertible Notes, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

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35,000,000 SHARES
COMMON STOCK

\$150,000,000
% CONVERTIBLE
SUBORDINATED NOTES
DUE 2003

AMKOR
TECHNOLOGY, INC.

[AMKOR LOGO]

PROSPECTUS

, 1998

SALOMON SMITH BARNEY

BANCAMERICA
ROBERTSON STEPHENS

COWEN & COMPANY

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO THE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]
SUBJECT TO COMPLETION, DATED MARCH 31, 1998

PROSPECTUS

35,000,000 SHARES

[AMKOR LOGO] COMMON STOCK
\$150,000,000
% CONVERTIBLE SUBORDINATED NOTES DUE 2003

AMKOR TECHNOLOGY, INC.

Amkor Technology, Inc. ("Amkor" or the "Company") hereby offers 30,000,000 shares of Common Stock, par value \$.001 per share ("Common Stock"), and \$150,000,000 aggregate principal amount of % Convertible Subordinated Notes due 2003 (the "Convertible Notes"). In addition, certain stockholders of the Company (the "Selling Stockholders") are hereby offering 5,000,000 shares of Common Stock. The Convertible Notes will mature on , 2003. Interest on the Convertible Notes is payable on and of each year, commencing , 1998. The Convertible Notes are convertible into shares of Common Stock at any time on or before the close of business on the last trading day prior to maturity, unless previously redeemed, at a conversion price of \$ per share, subject to adjustment in certain events as described herein.

The Convertible Notes are subordinated in right of payment to all existing and future Senior Debt (as defined) of the Company and effectively subordinated to all existing and future liabilities and obligations of the Company's subsidiaries. The Convertible Notes are not redeemable by the Company prior to , 2001. On or after , 2001, the Convertible Notes are redeemable, in whole or from time to time in part, at the option of the Company, at the redemption prices set forth herein plus accrued interest, if the closing price of the Common Stock is at least 125% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the notice of redemption. No sinking fund is provided for the Convertible Notes. In addition, following the occurrence of a Designated Event (i.e., a Change of Control or Termination of Trading (each as defined)), each holder has the right to cause the Company to purchase the Convertible Notes at 101% of their principal amount together with accrued and unpaid interest. See "Description of Convertible Notes."

Of the 35,000,000 shares of Common Stock (the "Shares") and \$150,000,000 aggregate principal amount of Convertible Notes offered hereby, 7,000,000 Shares and \$30,000,000 principal amount of Convertible Notes are being offered by the International Underwriters (as defined) outside the United States and Canada (the "International Offering") and 28,000,000 Shares and \$120,000,000 principal amount of Convertible Notes are being offered by the U.S. Underwriters (as defined) in a concurrent offering in the United States and Canada (the "U.S. Offering" and, together with the International Offering, the "Offerings"), subject to transfers between the International Underwriters and the U.S. Underwriters (collectively, the "Underwriters"). The Price to the Public and Underwriting Discount per Share and per Convertible Note will be identical for the International Offering and the U.S. Offering. See "Underwriting." The closing of the International Offering and U.S. Offering are conditioned upon each other. Following the Offerings, certain members of management and their family will beneficially own approximately 68.9% of the Company's outstanding Common Stock. See "Principal and Selling Stockholders."

Prior to the Offerings, there has not been a public market for the Common Stock or the Convertible Notes. It is currently estimated that the initial public offering price per share of the Common Stock will be between \$10.00 and \$12.00 per share. See "Underwriting" for a discussion of factors to be considered in determining the initial public offering price. The Common Stock has been approved for listing on the Nasdaq National Market under the symbol "AMKR," subject to official notice of issuance. The Company has applied for quotation of the Convertible Notes on the Nasdaq Stock Market under the symbol "AMKRG."

SEE "RISK FACTORS" BEGINNING ON PAGE 9 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SHARES AND THE CONVERTIBLE NOTES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO THE COMPANY (2)	PROCEEDS TO SELLING STOCKHOLDERS (2)
Per Share.....	\$	\$	\$	\$
Per Convertible Note.....	%	%	%	--
Total Shares.....	\$	\$	\$	\$
Total Convertible Notes.....	\$	\$	\$	--
Total (3).....	\$	\$	\$	\$

(1) For information regarding indemnification of the Underwriters, see "Underwriting."

(2) Before deducting expenses payable by the Company, estimated at \$5,000,000.

(3) The Company has granted the International Underwriters and the U.S. Underwriters 30-day options to purchase up to 1,050,000 and 4,200,000 additional shares of Common Stock, respectively, and \$4,500,000 and \$18,000,000 additional principal amount of Convertible Notes, respectively, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to the Public, Underwriting Discounts and Proceeds to the Company will be \$, \$ and \$, respectively. See "Underwriting."

The Shares and the Convertible Notes are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Shares and the Convertible Notes will be made at the office of Smith Barney Inc., 333 West 34th Street, New York, New York 10001 or through the facilities of The Depository Trust Company, on or about , 1998.

SALOMON SMITH BARNEY INTERNATIONAL

BA ROBERTSON STEPHENS INTERNATIONAL LIMITED

COWEN INTERNATIONAL L.P.
, 1998

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement (the "International Underwriting Agreement") among the Company, the Selling Stockholders and each of the underwriters named below (the "International Underwriters"), for whom Smith Barney Inc., BancAmerica Robertson Stephens International Limited and Cowen International L.P. are acting as representatives (the "International Representatives"), (i) the Company and the Selling Stockholders have agreed to sell to each of the International Underwriters and each of the International Underwriters has severally agreed to purchase from the Company and the Selling Stockholders the aggregate number of Shares set forth opposite its name in the table below and (ii) the Company has agreed to sell to certain of the International Underwriters and each such International Underwriter has severally agreed to purchase from the Company the principal amount of the Convertible Notes set forth opposite its name below.

INTERNATIONAL UNDERWRITERS	NUMBER OF SHARES	PRINCIPAL AMOUNT OF CONVERTIBLE NOTES
-----	-----	-----

Smith Barney Inc.
BancAmerica Robertson Stephens International

Limited.....
Cowen International L.P.....

Total.....	----- 7,000,000 =====	----- 30,000,000 =====
------------	-----------------------------	------------------------------

The International Underwriting Agreement provides that the obligations of the International Underwriters to purchase the Shares and Convertible Notes listed above are subject to certain conditions set forth therein. The International Underwriters are committed to purchase all of the Shares and Convertible Notes agreed to be purchased by the International Underwriters pursuant to the International Underwriting Agreement (other than those covered by the over-allotment options described below), if any Shares or Convertible Notes are purchased. In the event of default by any International Underwriter, the International Underwriting Agreement provides that, in certain circumstances, the purchase commitments of the non-defaulting International Underwriters may be increased or the International Underwriting Agreement may be terminated.

The International Representatives have advised the Company and the Selling Stockholders that the International Underwriters propose initially to offer such Shares to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a discount not in excess of \$ per share. The International Underwriters may allow, and such dealers may reallocate, a discount not in excess of \$ per share on sales to certain other dealers. After the initial public offering of the Shares, the public offering price and such discounts may be changed.

The International Representatives have also advised the Company that the relevant International Underwriters propose initially to offer such Convertible Notes to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of % of the principal amount of such Convertible Notes. The relevant International Underwriters may allow, and such dealers may reallocate, a discount not in excess of % of the principal amount of the Convertible Notes on sales to certain other dealers. After the initial public offering of the Convertible Notes, the public offering price and such concessions may be changed.

Purchasers of the Shares offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the initial public offering price set forth on the cover page hereof.

The Company and the Selling Stockholders also have entered into an underwriting agreement (the "U.S. Underwriting Agreement") with the U.S. Underwriters named therein, for whom Smith Barney Inc., BancAmerica Robertson Stephens and Cowen & Company are acting as representatives (the

"U.S. Representatives" and, together with the International Representatives, the "Representatives"), providing for the concurrent offer and sale of 28,000,000 of the Shares and \$120,000,000 principal amount of the Convertible Notes in the United States and Canada.

The closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement, and the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement. The initial public offering price and underwriting discount per Share and per

Convertible Note for the International Offering and the U.S. Offering will be identical.

Each International Underwriter has severally agreed that, as part of the distribution of the 7,000,000 Shares and \$30,000,000 principal amount of the Convertible Notes by the International Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of any United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus to any person in the United States or Canada, or to any United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of any United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes in the United States or Canada, or to any United States or Canadian Person or to any other dealer who does not so represent and agree.

Each U.S. Underwriter has severally agreed that, as part of the distribution of the 28,000,000 Shares and \$120,000,000 principal amount of the Convertible Notes by the U.S. Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of anyone other than a United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus relating to the U.S. Offering to any person outside of the United States or Canada, or to anyone other than a United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of anyone other than a United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes outside of the United States or Canada, or to anyone other than a United States or Canadian Person or to any other dealer who does not so represent and agree.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement Between U.S. Underwriters and International Underwriters. "United States or Canadian Persons" means any person who is a national or resident of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, and any estate or trust the income of which is subject to United States or Canadian federal income taxation, regardless of its source (other than a foreign branch of such entity) and includes any United States or Canadian branch of a person other than a United States or Canadian Person.

Pursuant to the Agreement Between U.S. Underwriters and International Underwriters, sales may be made between the International Underwriters and the U.S. Underwriters of such number of Shares and such principal amount of the Convertible Notes as may be mutually agreed. The price of any Shares or Convertible Notes so sold shall be the initial public offering price thereof set forth on the cover page of this Prospectus, less an amount not greater than the concession to securities dealers set forth above. To the extent that there are sales between the International Underwriters and the U.S. Underwriters pursuant to the Agreement Between U.S. Underwriters and International Underwriters, the number of Shares and the principal amount of the Convertible Notes initially available for sale by the International Underwriters or by the U.S. Underwriters may be more or less than the amount specified on the cover page of this Prospectus.

Each International Underwriter has severally represented and agreed that (i) it has not offered or sold and, prior to the expiration of six months from the closing of the International Offering, will not offer or sell

disposing of investments (whether as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted in and will not result in an offer to the public within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Shares or the Convertible Notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Shares or the Convertible Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

The Company has granted to the International Underwriters and the U.S. Underwriters options to purchase up to an additional 1,050,000 and 4,200,000 Shares, respectively, and an additional \$4,500,000 and \$18,000,000 principal amount of the Convertible Notes, respectively, in each case at the applicable price to the public less the applicable underwriting discount set forth on the cover page of this Prospectus, solely to cover over-allotments, if any. Such options may be exercised at any time up to 30 days after the date of this Prospectus. To the extent such options are exercised, each of the International Underwriters and the U.S. Underwriters will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock or such additional principal amount of Convertible Notes as the percentage it was obligated to purchase pursuant to the International Underwriting Agreement or the U.S. Underwriting Agreement, as applicable.

The Company has agreed with the Underwriters not to offer, pledge, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock (other than the Convertible Notes) or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock for a period of 180 days following the date hereof without the prior written consent of Smith Barney Inc., subject to certain limited exceptions. In addition, each of the Company's officers, directors and stockholders has agreed with the Underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date hereof unless pursuant to the Securities Loan Agreement (as described below) or with the prior written consent of Smith Barney Inc., subject to certain limited exceptions. Smith Barney Inc. currently does not intend to release any securities subject to such lock-up agreements, but may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to such lock-up agreements.

The International Underwriting Agreement and the U.S. Underwriting Agreement provide that the Company and certain Selling Stockholders will indemnify the several International Underwriters and U.S. Underwriters against certain liabilities under the Securities Act, or contribute to payments the International Underwriters and the U.S. Underwriters may be required to make in respect thereof.

BancAmerica Robertson Stephens International Limited is an affiliate of Bank of America, which will be repaid approximately \$43 million of short-term loans to the Company from the net proceeds of the Offerings. See "Use of Proceeds." Because more than 10% of the net proceeds of the Offerings may be paid to Bank of America, the Offerings are being conducted in accordance with Rule 2710(c)(8) and Rule 2720 ("Rule 2720") of the Conduct Rules of the National Association of Securities Dealers, Inc. Smith Barney Inc. will serve as a "qualified independent underwriter" in the Offerings and, in such capacity, will

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a price in compliance with Rule 2720 and has performed due diligence investigations in accordance with Rule 2720.

Affiliates of Smith Barney Inc., Mr. James Kim and AICL are among the principal shareholders of a securities and investment banking firm in Korea. In addition, certain of the Underwriters and their affiliates have been engaged from time to time, and may in the future be engaged, to perform investment banking and other advisory-related services to the Company and its affiliates, including certain of the Selling Stockholders, in the ordinary course of business. In connection with rendering such services in the past, such Underwriters and affiliates have received customary compensation, including reimbursement of related expenses.

In connection with the Offerings, certain Underwriters and selling group members and their respective affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the Common Stock or the Convertible Notes. Such transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M, pursuant to which such persons may bid for or purchase Common Stock or Convertible Notes for the purpose of stabilizing their market price. The Underwriters also may create a short position for the account of the Underwriters by selling more Common Stock or Convertible Notes in connection with the Offerings than they are committed to purchase from the Company and the Selling Stockholders, and in such case may purchase Common Stock or Convertible Notes in the open market following completion of the Offerings to cover all or a portion of such short position. The Underwriters may also cover all or a portion of such short position, up to 5,250,000 shares of Common Stock and \$22,500,000 principal amount of the Convertible Notes, by exercising the Underwriters' over-allotment options referred to above. In addition, the Representatives, on behalf of the Underwriters, may impose "penalty bids" under contractual arrangements with the Underwriters whereby it may reclaim from an Underwriter (or dealer participating in the Offerings), for the account of the other Underwriters, the selling concession with respect to Common Stock or Convertible Notes that is distributed in the Offerings but subsequently purchased for the account of the Underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the Common Stock and the Convertible Notes at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and, if they are undertaken, they may be discontinued at any time.

In connection with the Offerings, Mr. and Mrs. Kim (referred to herein as the "Lenders") and Smith Barney Inc. intend to enter into a securities loan agreement (the "Securities Loan Agreement") which provides that, subject to certain restrictions and with the agreement of the Lenders, Smith Barney Inc. may from time to time until the maturity date or redemption date of the Convertible Notes borrow, return and reborrow shares of Common Stock from the Lenders (the "Borrowed Securities"); provided, however, that the number of Borrowed Securities at any time may not exceed 7,000,000 shares of Common Stock, subject to adjustment for certain dilutive events. The Securities Loan Agreement is intended to facilitate market-making activity in the Convertible Notes by Smith Barney Inc. Smith Barney Inc. may from time to time borrow shares of Common Stock under the Securities Loan Agreement to settle short sales of Common Stock entered into by Smith Barney Inc. to hedge any long position in the Convertible Notes resulting from its market-making activities. Such sales will be made on the Nasdaq National Market or in the over-the-counter market at market prices prevailing at the time of sale or at prices related to such market prices. Market conditions will dictate the extent and timing of Smith Barney Inc.'s market-making transactions in the Convertible Notes and the consequent need to borrow and sell shares of Common Stock. The availability of shares of Common Stock under the Securities Loan Agreement at any time is not assured and any such availability does not assure market-making activity with respect to the

Convertible Notes. Any market-making engaged in by Smith Barney Inc. or any other Underwriter may cease at any time. The foregoing description of the Securities Loan Agreement does not purport to be complete and is qualified in its entirety by reference to such agreement, which is an exhibit to the Securities Loan Registration Statement.

The Underwriters do not intend to confirm sales in the Offerings to any accounts over which they exercise discretionary authority.

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

Prior to the Offerings, there has been no public market for the Common Stock. Accordingly, the initial public offering price for the Shares will be determined by negotiation among the Company, the Selling Stockholders and the Representatives. Among the factors considered in determining the initial public offering price will be the Company's record of operations, its current financial condition, its future prospects, the market for its services, the experience of management, the economic conditions of the Company's industry in general, the general condition of the equity securities market and the demand for similar securities of companies considered comparable to the Company and other relevant factors. There can be no assurance, however, that the prices at which the Common Stock will sell in the public market after the Offerings will not be lower than the price at which the Shares are sold by the Underwriters.

LEGAL MATTERS

The validity of the Shares and the Convertible Notes offered hereby will be passed upon for the Company by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Cleary, Gottlieb, Steen & Hamilton, New York, New York, is acting as counsel for the Underwriters in connection with certain legal matters relating to the Shares and the Convertible Notes offered hereby.

EXPERTS

The combined financial statements and schedule of the Company as of December 31, 1995, 1996 and 1997, and for each of the years in the three-year period ended December 31, 1997, included in this Registration Statement (as defined below) have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports dated February 3, 1998 (except with respect to the sale of the investment in AICL's common stock discussed in Note 6 to the Combined Financial Statements as to which the date is February 16, 1998) with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

Reference is made to said reports which include an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 of Notes to the Combined Financial Statements.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (the "Registration Statement") under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company, the Common Stock and the Convertible Notes, reference is made to the Registration Statement and the exhibits and schedules filed as a part thereof. Statements contained in this Prospectus as to the contents of any contract or any other document referred to are not necessarily complete. In each instance, reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, and each such statement is qualified in all respects by such reference. The Registration Statement, including exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the Commission at 450

Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, New York 10048 and Northwestern Atrium Center, 500 Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials may be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates and through the National Association of Securities Dealers, Inc. located at 1735 K Street, N.W., Washington, D.C. 20006. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is <http://www.sec.gov>.

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[ALTERNATE PAGES FOR INTERNATIONAL PROSPECTUS]

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NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH THE INFORMATION IS GIVEN IN THIS PROSPECTUS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH SOLICITATION.

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Until , 1998 (25 days after the commencement of the Offerings), all dealers effecting transactions in the Common Stock and Convertible Notes, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

=====

35,000,000 SHARES
COMMON STOCK

\$150,000,000
% CONVERTIBLE
SUBORDINATED NOTES
DUE 2003

AMKOR
TECHNOLOGY, INC.

[AMKOR LOGO]

PROSPECTUS

, 1998

SALOMON SMITH BARNEY
INTERNATIONAL

BA ROBERTSON STEPHENS
INTERNATIONAL LIMITED

COWEN INTERNATIONAL L.P.

=====

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts, commissions and certain accountable expenses, payable by the Company in connection with the sale of Common Stock and Convertible Notes being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC Registration Fee..... \$ 193,373

NASD Filing Fee.....	30,500
Nasdaq National Market System Listing Fee.....	95,000
Printing Fees and Expenses.....	350,000
Legal Fees and Expenses.....	1,750,000
Accounting Fees and Expenses.....	2,200,000
Blue Sky Fees and Expenses.....	5,000
Transfer Agent and Registrar Fees.....	50,000
Miscellaneous.....	326,127

Total.....	\$5,000,000
	=====

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law permits a corporation to include in its charter documents, and in agreements between the corporation and its directors and officers, provisions expanding the scope of indemnification beyond that specifically provided by the current law.

The Company's Certificate of Incorporation provides for the indemnification of directors to the fullest extent permissible under Delaware law.

The Company's Bylaws provide for the indemnification of officers, directors and third parties acting on behalf of the Registrant if such person acted in good faith and in a manner reasonably believed to be in and not opposed to the best interest of the Company, and, with respect to any criminal action or proceeding, the indemnified party had no reason to believe his conduct was unlawful.

The Company has entered into indemnification agreements with its directors and executive officers, in addition to indemnification provided for in the Company's Bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

The form of U.S. Underwriting Agreement filed as Exhibit 1.1 hereto and the form of International Underwriting Agreement filed as Exhibit 1.2 hereto provide for the indemnification of the Company's directors and officers in certain circumstances as provided therein.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Prior to the Offerings, in 1998, 82,610,000 shares of Common Stock were issued to Mr. James Kim and members of his family in exchange for their outstanding interests in the Amkor Companies. Such issuances were made pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended. See "Reorganization" in Part I hereof. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions. All recipients had adequate access, through their relationships with the Company, to information about the Company.

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) Exhibits

- 1.1 Form of U.S. Underwriting Agreement.
- 1.2 Form of International Underwriting Agreement.
- 2.1 Agreement and Plan of Reorganization dated , 1998
between Amkor Technology, Inc. and Amkor Electronics, Inc.*

- 2.2 Stock Purchase Agreement dated , 1998 between Amkor Electronics, Inc. and the shareholders of AK Industries, Inc. *
- 3.1 Certificate of Incorporation.**
- 3.2 Bylaws.**
- 4.1 Specimen Common Stock Certificate.
- 4.2 Form of Indenture dated , 1998.
- 5.1 Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, as to the legality of the securities being registered.*
- 10.1 Form of Indemnification Agreement for directors and officers.
- 10.2 1998 Stock Plan and form of agreement thereunder.
- 10.3 Receivables Purchase Agreement between Amkor Electronics, Inc. and Amkor Receivables Corp., dated June 20, 1997.**
- 10.4 Tax Indemnification Agreement dated , 1998 between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.
- 10.5 Bridge Loan Agreement between Amkor/Anam Pilipinas, Inc., Anam Industrial Co., Ltd. and the Korea Development Bank for \$55,000,000, dated July 1997.**
- 10.6 Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$71,000,000, dated March 28, 1996.**
- 10.7 Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$50,000,000, dated September 7, 1995.**
- 10.8 Commercial Office Lease between Chandler Corporate Center Phase II, G.P. and Amkor Electronics, Inc., dated September 6, 1993.**
- 10.9 Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D. and John T. Kim and Amkor Electronics, Inc., dated October 1, 1996.**
- 10.10 Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim and Amkor Electronics, Inc., dated June 14, 1996.**
- 10.11 Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.**
- 10.12 Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.**
- 10.13 Lease Contract between AAP Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.**
- 10.14 Immunity Agreement between Amkor Electronics, Inc. and Motorola, Inc., dated June 30, 1993.***
- 10.15 Assembly Agreement between Amkor Electronics, Inc. and Intel Corporation, dated July 17, 1991.***
- 10.16 1998 Director Option Plan and form of agreement thereunder.
- 10.17 1998 Employee Stock Purchase Plan.

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- 10.18 Performance Undertaking between Amkor Receivables Corp. and Anam Industrial Co., Ltd., dated June 20, 1997.**
- 10.19 Packaging and Test Services Agreement by and among Amkor Technology, Inc., Amkor Electronics, Inc., C.I.L. Limited, Anam USA, Inc. and Anam Industrial Co., Ltd. dated January 1, 1998.+
- 10.20 Foundry Services Agreement by and among Amkor Electronics, Inc., C.I.L. Limited, Anam Industries Co., Ltd. and Anam USA dated as of January 1, 1998.+
- 10.21 Amendment to Technical Assistance Agreement dated as of September 29, 1997 between Texas Instruments Incorporated and Anam Industrial Co., Ltd. and related portions of Technical Assistance Agreement dated as of January 28, 1997.***
- 10.22 Registration Rights Agreement between Amkor Technology, Inc. and Smith Barney Inc. in consideration of the Master Securities Loan Agreement dated , 1998.
- 10.23 Manufacturing and Purchase Agreement between Texas Instruments Incorporated, Anam Industrial Co., Ltd and Amkor Electronics, Inc., dated as of January 1, 1998.+
- 10.24 Stock Purchase Agreement dated , 1998 between Amkor Technology, Inc. and Anam Industrial Co., Ltd. (with respect to the purchase of stock of AAPIL).*
- 12.1 Ratio of Earnings to Fixed Charges.*
- 21.1 List of Subsidiaries of the Registrant.
- 23.1 Consent of Independent Public Accountants.
- 23.2 Consent of Counsel (included in Exhibit 5.1).*

24.1 Power of Attorney.**
25.1 Statement of Eligibility of Trustee on Form T-1.
27.1 Financial Data Schedule.

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* To be filed by amendment.

** Previously Filed.

+ Confidential Treatment requested as to certain portions of this exhibit.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

ITEM 17. UNDERTAKINGS

The Registrant hereby undertakes to provide the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, and will be governed by the final adjudication of such issue.

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The undersigned Registrant undertakes that: (1) for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus as filed as part of the registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective, and (2) for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of West Chester, State of Pennsylvania, on the 30th day of March 1998.

AMKOR TECHNOLOGY, INC.

By: /s/ JAMES J. KIM

James J. Kim
Chief Executive Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS
REGISTRATION STATEMENT ON FORM S-1 HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN
THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE -----	TITLE -----	DATE ----
/s/ JAMES J. KIM ----- James J. Kim	Chief Executive Officer and Chairman	March 30, 1998
/s/ FRANK J. MARCUCCI ----- Frank J. Marcucci	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	March 30, 1998
/s/ JOHN N. BORUCH ----- John N. Boruch	President and Director	March 30, 1998
/s/ THOMAS D. GEORGE ----- Thomas D. George	Director	March 30, 1998
/s/ GREGORY K. HINCKLEY ----- Gregory K. Hinckley	Director	March 30, 1998

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INDEX TO FINANCIAL STATEMENT SCHEDULES*

SCHEDULE NUMBER -----	DESCRIPTION OF SCHEDULES -----	SEQUENTIALLY NUMBERED PAGE -----
II	Report of Independent Public Accountants.....	S-2
	Valuation and Qualifying Accounts.....	S-3

* All other schedules are omitted as the required information is inapplicable
or the information is presented in the financial statements or related
notes.

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After the Reorganization transaction discussed in Note 1 to the Amkor
Technology, Inc. and AK Industries, Inc. Combined Financial Statements is
effected, we expect to be in position to render the following audit report.

ARTHUR ANDERSEN LLP

February 3, 1998 (except with respect to the sale of the investment in Anam Industrial Co., Ltd. common stock discussed in Note 6 to the Combined Financial Statements as to which the date is February 16, 1998)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited in accordance with generally accepted auditing standards, the Combined Financial Statements of Amkor Technology, Inc. and AK Investments, Inc. and subsidiaries (See Note 1 to the Combined Financial Statements) included in this registration statement and have issued our report thereon dated , 1997. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Our report on the financial statements includes an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 to the Combined Financial Statements. The schedule listed in the index above is presented for the purpose of complying with the Securities and Exchange Commissions rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

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SCHEDULE II

AMKOR TECHNOLOGY, INC. AND AK INDUSTRIES, INC.

VALUATION AND QUALIFYING ACCOUNTS (AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	WRITE-OFFS	OTHER	BALANCE AT END OF PERIOD
Year ended December 31, 1995:					
Allowance for doubtful accounts.....	\$ 487	\$ 500	\$ --	\$56	\$1,043
Year ended December 31, 1996:					
Allowance for doubtful accounts.....	\$1,043	\$ 660	\$ (564)	\$40	\$1,179
Year ended December 31, 1997:					
Allowance for doubtful accounts.....	\$1,179	\$3,490	\$ (435)	--	\$4,234

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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- Electronics, Inc. and the shareholders of AK Industries, Inc. *
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 - 10.7 Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$50,000,000, dated September 7, 1995.**
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 - 10.15 Assembly Agreement between Amkor Electronics, Inc. and Intel Corporation, dated July 17, 1991.+**
 - 10.16 1998 Director Option Plan and form of agreement thereunder.
 - 10.17 1998 Employee Stock Purchase Plan.
 - 10.18 Performance Undertaking between Amkor Receivables Corp. and Anam Industrial Co., Ltd., dated June 20, 1997.**
 - 10.19 Packaging and Test Services Agreement by and among Amkor Technology, Inc., Amkor Electronics, Inc., C.I.L. Limited, Anam USA, Inc. and Anam Industrial Co., Ltd. dated January 1, 1998.+
 - 10.20 Foundry Services Agreement by and among Amkor Electronics, Inc., C.I.L. Limited, Anam Industries Co., Ltd. and Anam USA dated as of January 1, 1998.+

- 10.21 Amendment to Technical Assistance Agreement dated as of September 30, 1997 between Texas Instruments Incorporated and Anam Industrial Co., Ltd.+**
- 10.22 Registration Rights Agreement between Amkor Technology, Inc. and Smith Barney Inc. in consideration of the Master Securities Loan Agreement dated , 1998.
- 10.23 Manufacturing and Purchase Agreement between Texas Instruments Incorporated, Anam Industrial Co., Ltd and Amkor Electronics, Inc., dated as of January 1, 1998.+
- 10.24 Stock Purchase Agreement dated , 1998 between Amkor Technology, Inc. and Anam Industrial Co., Ltd. (with respect to the purchase of stock of AAPI).*
- 12.1 Ratio of Earnings to Fixed Charges.*
- 21.1 List of Subsidiaries of the Registrant.
- 23.1 Consent of Independent Public Accountants.
- 23.2 Consent of Counsel (included in Exhibit 5.1).*
- 24.1 Power of Attorney (see page II-4).**
- 25.1 Statement of Eligibility of Trustee on Form T-1.
- 27.1 Financial Data Schedule.

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* To be filed by amendment.

** Previously Filed.

+ Confidential Treatment requested as to certain portions of this exhibit.

CGS&H DRAFT/ U.S. Version
3/24/98

AMKOR TECHNOLOGY, INC.

28,000,000 Shares*
Common Stock
(\$.001 par value)

\$120,000,000**

___ % Convertible Subordinated Notes Due 2003

U.S. Underwriting Agreement

New York, New York
April ___, 1998

Smith Barney Inc.
BancAmerica Robertson Stephens
Cowen & Company

As U.S. Representatives of the several U.S. Underwriters,
c/o Smith Barney Inc.
333 West 34th Street
New York, New York 10001

Ladies and Gentlemen:

Amkor Technology, Inc., a Delaware corporation (the "Company"), proposes to sell to the underwriters named in Schedule I hereto (the "U.S. Underwriters"), for whom you (the "U.S. Representatives") are acting as representatives, 24,000,000 shares of common stock, \$.001 par value ("Common Stock"), of the Company, and the persons named in Schedule II hereto (the "Selling Stockholders") propose to sell to the U.S. Underwriters 4,000,000 shares of Common Stock (said shares to be issued and sold by the Company and shares to be sold by the Selling Stockholders collectively being hereinafter called the "U.S. Underwritten Shares"). The Company also proposes to grant to the U.S. Underwriters an option to purchase up to 4,200,000 additional shares of Common Stock (the "U.S. Option Shares"; the U.S. Option Shares, together with the U.S. Underwritten Shares, being hereinafter called the "U.S. Shares"). The Company

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* Plus an option to purchase from Amkor Technology, Inc. up to 4,200,000 additional shares to cover over-allotments.

** Plus an option to purchase from Amkor Technology, Inc. up to \$18,000,000 additional principal amount of its ___% Convertible Subordinated Notes due 2003 to cover over-allotments.

also proposes to sell to certain of the U.S. Underwriters \$120,000,000 principal amount of its ___% Convertible Subordinated Notes due 2003 (the "U.S. Underwritten Notes"), to be issued under an indenture (the "Indenture") to be dated as of April ___, 1998, between the Company and State Street Bank and Trust Company, as trustee (the "Trustee"). The Company also proposes to grant to such U.S. Underwriters an option to purchase up to \$18,000,000 additional principal amount of its ___% Convertible Subordinated Notes due 2003 (the "U.S. Option Notes"; the U.S. Option Notes, together with the U.S. Underwritten Notes, being hereinafter called the "U.S. Notes"; and the U.S. Notes, together with the U.S.

Shares, being hereinafter called the "U.S. Securities"). The U.S. Notes are convertible into shares of Common Stock.

It is understood that the Company and the Selling Stockholders are concurrently entering into an International Underwriting Agreement dated the date hereof (the "International Underwriting Agreement") providing for (i) the sale by the Company and the Selling Stockholders of an aggregate of 7,000,000 shares of Common Stock (said shares to be sold by the Company and the Selling Stockholders pursuant to the International Underwriting Agreement being hereinafter called the "International Underwritten Shares"), and providing for the grant to the underwriters named in Schedule I thereto (the "International Underwriters") of an option to purchase from the Company up to 1,050,000 additional shares of Common Stock (the "International Option Shares"; the International Option Shares, together with the International Underwritten Shares, being hereinafter called the "International Shares"; and the U.S. Shares, together with the International Shares, being hereinafter called the "Shares") and (ii) the sale by the Company of \$30,000,000 principal amount of its ___% Convertible Subordinated Notes due 2003 (the "International Underwritten Notes"), and providing for the grant to certain International Underwriters of an option to purchase from the Company up to \$4,500,000 additional principal amount of its ___% Convertible Subordinated Notes due 2003 (the "International Option Notes"; the International Option Notes, together with the International Underwritten Notes, being hereinafter called the "International Notes"; and the International Notes, together with the International Shares, being hereinafter called the "International Securities"; and the International Notes, together with the U.S. Notes, being hereinafter called the "Notes"; and the Notes, together with the Shares, being hereinafter called the "Securities").

It is further understood and agreed that the International Underwriters and the U.S. Underwriters have entered into an Agreement Between U.S. Underwriters and International Underwriters dated the date hereof (the "Agreement Between U.S. Underwriters and International Underwriters"), pursuant to which, among other things, the International Underwriters may purchase from the U.S. Underwriters a portion of the U.S. Securities to be sold pursuant to the U.S. Underwriting Agreement and the U.S. Underwriters may purchase from the International Underwriters a portion of the International Securities to be sold pursuant to the International Underwriting Agreement. To the extent there are no additional U.S. Underwriters listed on Schedule I other than you, the term U.S. Representatives as used herein shall mean you, as U.S. Underwriters, and the terms U.S. Representatives and U.S. Underwriters shall mean either the singular or plural as the context requires.

It is understood by the parties hereto that Mr. James J. Kim and Mrs. Agnes C. Kim ("Mr. and Mrs. James J. Kim"), Selling Stockholders, are concurrently entering into a

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securities loan agreement dated the date hereof (the "Securities Loan Agreement") with Smith Barney Inc. ("SBI") which provides that, subject to certain restrictions and with the agreement of Mr. and Mrs. James J. Kim, SBI may from time to time borrow, return and reborrow from Mr. and Mrs. James J. Kim certain shares of Common Stock (the "Borrowed Shares") for the purpose of facilitating market-making activity in the Notes by SBI.

Certain terms used in this Agreement are defined in Section 17 hereof.

1. Representations and Warranties.

A. The Company and Mr. James J. Kim, a Selling Stockholder, jointly and severally represent and warrant to, and agree with, each U.S. Underwriter as set forth below in this Section 1A.

(a) The Company has filed with the Securities and Exchange

Commission (the "Commission") a registration statement (file number 333-37235) on Form S-1, including the related Offering Preliminary Prospectuses, for the registration under the Act of the offering and sale of the Securities. The Company may have filed one or more amendments thereto, including the related Offering Preliminary Prospectuses, each of which has previously been furnished to you. The Company will next file with the Commission either (i) prior to effectiveness of the Offering Registration Statement, a further amendment to the Offering Registration Statement (including the form of Offering Prospectuses) or (ii) after effectiveness of the Offering Registration Statement, the Offering Prospectuses in accordance with Rules 430A and 424(b)(1) or (4). In the case of clause (ii), the Company has included in the Offering Registration Statement all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in the Offering Registration Statement and the Offering Prospectuses. As filed, such amendment and form of Offering Prospectuses, or such Offering Prospectuses, shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the U.S. Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Offering U.S. Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein.

It is understood that two forms of prospectus are to be used in connection with the offering and sale of the Securities: one form of prospectus relating to the U.S. Securities, which are to be offered and sold to United States and Canadian Persons, and one form of prospectus relating to the International Securities, which are to be offered and sold to persons other than United States and Canadian Persons. The two forms of prospectus are identical except for the outside front cover page, the inside front cover page, the discussion under the heading "Underwriting" and the outside back cover page. Such form of prospectus relating to the U.S. Securities as first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is made,

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such form of prospectus included in the Offering Registration Statement at the Effective Date, is hereinafter called the "Offering U.S. Prospectus"; such form of prospectus relating to the International Securities as first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Offering Registration Statement at the Effective Date, in either case, exclusive of any supplement thereto, is hereinafter called the "Offering International Prospectus"; and the Offering U.S. Prospectus and the Offering International Prospectus are hereinafter collectively called the "Offering Prospectuses".

(b) On the Effective Date, the Offering Registration Statement did or will, and when the Offering Prospectuses are first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as defined herein) and on any date on which the U.S. Option Shares or U.S. Option Notes are purchased, if such date is not the Closing Date (a "settlement date"), each Offering Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act and the rules thereunder; on the Effective Date and at the Execution Time, the Offering Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date, each Offering Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date and any settlement date, each Offering Prospectus (together

with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company and Mr. James J. Kim make no representations or warranties as to the information contained in or omitted from the Offering Registration Statement or the Offering Prospectuses (or any supplement thereto) in reliance upon and in conformity with information furnished herein or in writing to the Company by or on behalf of any U.S. Underwriter through the U.S. Representatives specifically for inclusion in the Offering Registration Statement or the Offering Prospectuses (or any supplement thereto).

(c) The Company has filed with the Commission a registration statement (file number 333-_____) on Form S-1, including the related Borrowing Preliminary Prospectus, for the registration under the Act of the offering and sale of the Borrowed Shares. The Company may have filed one or more amendments thereto, including the related Borrowing Preliminary Prospectus, each of which has previously been furnished to you. The Company will next file with the Commission either (i) prior to the effectiveness of the Borrowing Registration Statement, a further amendment to the Borrowing Registration Statement (including the form of Borrowing Prospectus) or (ii) after the effectiveness of the Borrowing Registration Statement, the Borrowing Prospectus in accordance with Rules 430A and 424(b)(1) or (4). In the case of clause (ii), the Company has included in the Borrowing Registration Statement all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in the Borrowing Registration Statement and the Borrowing Prospectus. As filed, such

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amendment and form of Borrowing Prospectus, or such Borrowing Prospectus, shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the U.S. Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Borrowing Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein.

(d) On the Effective Date, the Borrowing Registration Statement did or will, and when the Borrowing Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date, the Borrowing Prospectus (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act and the rules thereunder; on the Borrowing Effective Date and at the Execution Time, the Borrowing Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Borrowing Effective Date, the Borrowing Prospectus, if not filed pursuant to Rule 424(b), will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Borrowing Prospectus (together with any supplemental thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company and Mr. James J. Kim make no representations or warranties as to the information contained in or omitted from the Borrowing Registration Statement, or the Borrowing Prospectus (or any supplemental thereto) in reliance upon and in conformity with information furnished herein or in writing to the Company by or on behalf of any U.S. Underwriter through the U.S. Representatives specifically for inclusion in the Borrowing Registration Statement or the Borrowing Prospectus (or any supplement thereto).

(e) The combined financial statements and schedules of the Company and A.K. Industries, Inc., Amkor Electronics, Inc., Amkor Anam Test Services, Inc., T.L. Limited, Amkor Anam Advanced Packaging, Inc. ("AAAP"), Amkor/Anam Pilipinas, Inc. ("AAP"), C.I.L. Limited, Amkor/Anam Euroservices S.A.R.L., and Automated MicroElectronics, Inc. ("AMI") (each a "Subsidiary" and collectively the "Subsidiaries") included in the Prospectuses and the Registration Statements present fairly in all material respects the financial condition, results of operations and cash flows of the Company and the Subsidiaries, on a combined basis, as of the dates and for the periods indicated, comply as to form with the applicable accounting requirements of the Act and the rules and regulations thereunder and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein).

(f) Each of the Company, the Subsidiaries and , to the knowledge of the Company and Mr. James J. Kim, Anam Industrial Co., Ltd. ("AICL") has been duly

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incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized with full corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectuses; each of the Company and the Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect; and no proceeding has been instituted in any such jurisdiction, revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification except such proceedings which, if successful, would not individually or in the aggregate have a Material Adverse Effect.

(g) All the outstanding shares of capital stock of each Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except (i) such shares of AAP owned by AICL, which shares do not exceed 40.1% of the outstanding voting shares of AAP, (ii) such shares of AAP, AMI and AAAP owned by directors thereof, which shares in each case do not exceed 0.1% of the outstanding shares of such Subsidiary, (iii) 3,446,476 shares of preferred stock of AAP, which shares are owned by Integrated Microelectronics, Inc., and (iv) as otherwise set forth in the Prospectuses, all outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned subsidiaries free and clear of any perfected security interest and any other security interests, claims, liens or encumbrances.

(h) The Company's authorized equity capitalization is as set forth in the Prospectuses; the capital stock of the Company conforms in all material respects to the description thereof contained in the Prospectuses; the outstanding shares of Common Stock have been duly and validly authorized and issued and are fully paid and nonassessable; the U.S. Shares being sold hereunder have been duly and validly authorized, and, when issued and delivered to and paid for by the U.S. Underwriters pursuant to this Agreement, will be fully paid and nonassessable; the U.S. Shares have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the certificates for the U.S. Shares are in valid and sufficient form; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the U.S. Shares; and, except as set forth in the Prospectuses, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding.

(i) The Indenture will be, as of the Closing Date, duly authorized, executed and delivered; the Indenture has been duly qualified under the Trust Indenture Act and as of the Closing Date will constitute a valid, binding and enforceable obligation of the Company; the U.S. Notes have been duly authorized by the Company and, when authenticated by the Trustee in accordance with the terms of the Indenture and delivered to and paid for by the U.S. Underwriters pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid, binding and enforceable obligations of the Company entitled to the benefits provided by the

Indenture; the shares of Common Stock issuable upon conversion of the U.S. Notes have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the holders of the outstanding shares of capital stock of the Company are not entitled to any preemptive or other rights to subscribe for the U.S. Notes or the shares of Common Stock issuable upon the conversion thereof; the shares of Common Stock initially issuable upon conversion of the U.S. Notes have been duly and validly authorized and reserved for issuance upon such conversion and, when issued upon conversion, will be validly issued, fully paid and nonassessable; and the U.S. Notes and the Indenture will conform in all material respects to the descriptions thereof contained in the Offering Prospectuses.

(j) There is no franchise, contract or other document of a character required to be described in the Registration Statements or Prospectuses, or to be filed as an exhibit thereto, which is not described or filed as required.

(k) This Agreement has been duly authorized, executed and delivered by the Company and is a valid, binding and enforceable agreement of the Company.

(l) The Company is not and, after giving effect to the offering and sale of the U.S. Securities and the application of the proceeds thereof as described in the Prospectuses, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(m) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the U.S. Securities by the U.S. Underwriters in the manner contemplated herein and in the Prospectuses.

(n) Neither the issue and sale of the U.S. Securities nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the Subsidiaries pursuant to, (i) the charter or bylaws of the Company or any of the Subsidiaries or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement to which the Company or any of the Subsidiaries is a party or bound or to which its or their property is subject or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of the Subsidiaries of any court, governmental body, arbitrator or other authority having jurisdiction over the Company or any of the Subsidiaries or any of its or their properties.

(o) No holders of securities of the Company have rights to the registration of such securities under the Registration Statements.

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(p) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Subsidiaries or its or their property is pending or, to the knowledge of the Company and Mr. James J. Kim, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or the consummation of any of the transactions contemplated hereby or (ii) could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(q) The Reorganization (as defined in the Prospectuses) has been completed as described in the Prospectuses.

(r) Each of the Packaging and Test Services Agreement dated as of November 1, 1997 and the Foundry Services Agreement dated as of January 1, 1998 (collectively, the "AICL Agreements") has been duly authorized, executed and delivered by the Company, the Subsidiaries that are parties thereto (the "Subsidiary Parties") and AICL and is a valid, binding and enforceable agreement of the Company, the Subsidiary Parties and, to the knowledge of the Company and Mr. James J. Kim, AICL; neither the consummation of the transactions contemplated in any of the AICL Agreements nor the fulfillment of the terms thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company, any of the Subsidiary Parties or AICL pursuant to, (i) the charter or bylaws of the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement to which the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL is a party or bound or to which their respective property is subject (except for such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect or a material adverse effect on the ability of AICL to perform any of the AICL Agreements) or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL of any court, governmental body, arbitrator or other authority having jurisdiction over the Company, such Subsidiary Party or AICL or any of their respective properties; no consent, approval, authorization, filing with or order of any court or governmental agency or body is currently required in connection with the transactions contemplated in any of the AICL Agreements, except those of which have been obtained or which, if not obtained, would not individually or in the aggregate have a material adverse effect on the performance of any of the AICL Agreements or the consummation of the transactions contemplated thereby; and no action, suit or proceeding by or before any court or governmental body or any arbitrator involving the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL or their respective properties is pending or, to the knowledge of the Company and Mr. James J. Kim, threatened that could reasonably be expected to have a material adverse effect on the performance of any of the AICL Agreements or the consummation of the transactions contemplated thereby.

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(s) Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, AICL owns or leases all such properties as are necessary to the conduct of its operations as presently conducted; neither the Company nor any Subsidiary nor, to the knowledge of the Company and Mr. James J. Kim, AICL is in violation of any law, rule or regulation of any Federal, state, local or other governmental or

regulatory authority applicable to it or is in non-compliance with any term or condition of, or has failed to obtain and maintain in effect, any license, certificate, permit or other governmental authorization required for the ownership or lease of its property or the conduct of its business, which violation, non-compliance or failure would individually or in the aggregate have a Material Adverse Effect or a material adverse effect on the ability of AICL to perform any of the AICL Agreements, except as set forth in or contemplated in the Prospectuses; and the Company has not received notice of any proceedings relating to the revocation or material modification of any such license, certificate, permit or other authorization (other than such proceedings which, if the subject of an unfavorable decision, would not individually or in the aggregate have a Material Adverse Effect), except as set forth in or contemplated in the Prospectuses.

(t) Neither the Company nor any Subsidiary nor, to the knowledge of the Company and Mr. James J. Kim, AICL is in violation or default of (i) any provision of its charter or bylaws, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement to which it is a party or bound or to which its property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree of any court, governmental body, arbitrator or other authority having jurisdiction over the Company, or such Subsidiary or AICL or any of their respective properties, as applicable, in each case (x) other than such violations or defaults which would not, individually or in the aggregate, have a Material Adverse Effect or a material adverse effect on the ability of AICL to perform its obligations under the AICL Agreements and (y) except as set forth in or contemplated in the Prospectuses.

(u) Arthur Andersen LLP, who have certified certain financial statements of the Company and the Subsidiaries and delivered their report with respect to the audited combined financial statements and schedules included in the Prospectuses, are independent public accountants with respect to the Company within the meaning of the Act and the applicable published rules and regulations thereunder.

(v) There are no transfer taxes or other similar fees or charges under Federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the issuance by the Company or sale by the Company of the U.S. Securities.

(w) The Company has filed all foreign, federal, state and local tax returns that are required to be filed or has requested extensions thereof (except in any case in which the failure so to file would not have a Material Adverse Effect), except as set forth in or contemplated in the Prospectuses and has paid all taxes shown as payable on such tax returns and any other assessment, fine or penalty levied against it, to the extent that

any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as would not have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(x) No labor dispute with the employees of the Company or any of the Subsidiaries exists or, to the knowledge of the Company and Mr. James J. Kim, is threatened that could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(y) The Company and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and

risks and in such amounts as are prudent for the businesses in which they are engaged; neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(z) No Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any other Subsidiary of the Company, except as described in or contemplated in the Prospectuses.

(aa) The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses (except in any case in which the failure so to possess any such certificate, authorization or permit would not, individually or in the aggregate, have a Material Adverse Effect), and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(bb) Neither the Company nor any of the Subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health or to the storage, handling or transportation of hazardous or toxic materials and the Company and the Subsidiaries have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each such Subsidiary is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required

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permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate, have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(cc) The Company and each of the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(dd) Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, AICL owns or has obtained licenses for the patents, patent applications, trade and service marks, trade secrets and other intellectual properties referenced or described in the Prospectuses as being owned by or licensed to it (collectively, the "Intellectual Property"). Except as set forth in the Prospectuses under

the caption "Business --Intellectual Property," (a) to the knowledge of the Company and Mr. James J. Kim, there are no rights of third parties to any such Intellectual Property owned by the Company or any of the Subsidiaries; (b) to the knowledge of the Company and Mr. James J. Kim, there is no material infringement by third parties of any such Intellectual Property (other than with respect to the "Gold Gate" patent of the Company); (c) there is no pending or, to the knowledge of the Company and Mr. James J. Kim, threatened action, suit, proceeding or claim by others challenging the rights of the Company, any Subsidiary or AICL in or to any such Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (d) there is no pending or, to the knowledge of the Company and Mr. James J. Kim, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property; (e) there is no pending or, to the knowledge of the Company and Mr. James J. Kim, threatened action, suit, proceeding or claim by others that the Company, any Subsidiary or AICL infringes or otherwise violates any patent, trademark, copyright, trade secret or other proprietary rights of others; (f) to the knowledge of the Company and Mr. James J. Kim, there is no U.S. patent or published U.S. patent application which contains claims that dominate or may dominate any Intellectual Property described in the Prospectuses as being owned by or licensed to the Company, any Subsidiary or AICL or that interferes with the issued or pending claims of any such Intellectual Property; and (g) there is no prior art of which the Company is aware that may render any U.S. patent held by the Company, any Subsidiary or AICL invalid or any U.S. patent application held by the Company, any Subsidiary or AICL unpatentable which has not been disclosed to the U.S. Patent and Trademark Office. Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, AICL owns the Intellectual Property or has the rights to the Intellectual Property that is necessary, in the case of the Company and the Subsidiaries, to conduct

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the Company's business as described in the Prospectuses or, in the case of AICL, to perform its obligations under the AICL Agreements.

(ee) Neither the Company nor any of the Subsidiaries has distributed nor will it distribute prior to the later of (i) the Closing Date, or any date on which U.S. Option Shares or U.S. Option Notes are to be purchased, as the case may be, and (ii) completion of the distribution of the U.S. Securities, any offering material in connection with the offering and sale of the U.S. Securities other than any Offering Preliminary Prospectuses, the Offering Prospectuses, the Offering Registration Statement and other materials, if any, permitted by the Act.

(ff) Neither the Company nor its affiliated purchasers, as defined in Rule 100 of Regulation M ("Regulation M") under the Exchange Act, either alone or with one or more other persons, (i) has taken, either directly or indirectly, any action which was designed to cause or result in, or which has constituted, or which might reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company ("Subject Securities") in connection with the offering of the Securities or (ii) will bid for or purchase any Subject Securities of the Company or any other covered securities (within the meaning of Regulation M) relating to the Subject Securities (together with Subject Securities, "Covered Securities"), or attempt to induce any person to bid for or purchase any Covered Securities, in either case, for the purpose of creating actual or apparent active trading in, or raising the price of the Securities.

(gg) There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company or any of the Subsidiaries to or for the benefit of any of the officers or directors of the Company or any

Subsidiary or any of the members of the families of any of them, which loans, advances or guarantees are required to be, and are not, disclosed in the Registration Statements and Prospectuses.

(hh) There have not been, and there are not proposed, any transactions or agreements between the Company or any of the Subsidiaries on the one hand and the officers, directors or stockholders of the Company or any of the Subsidiaries on the other, which transactions or agreements are required to be, and are not, disclosed in the Registration Statements and Prospectuses.

(ii) No officer or director of the Company is in breach or violation of any employment agreement, non-competition agreement, confidentiality agreement, or other agreement restricting the nature or scope of employment to which such officer or director is a party, other than such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect; neither the current conduct nor the proposed conduct of the Company's business, as described in the Registration Statements and Prospectuses, will result in a breach or violation of any such agreement.

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(jj) There are no outstanding options to acquire shares of capital stock of the Company that are vested and exercisable, and there are no outstanding options to acquire shares of capital stock of the Company that can, by their terms, become exercisable within 180 days of the date hereof.

Any certificate signed by any officer of the Company and delivered to the U.S. Representatives or counsel for the U.S. Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each U.S. Underwriter.

B. Each Selling Stockholder represents and warrants to, and agrees with, each U.S. Underwriter that:

(a) Such Selling Stockholder has full legal right, capacity, power and authority to enter into and perform this Agreement and the Custody Agreement (as defined below) and to sell, transfer, assign and deliver in the manner provided in this Agreement and the Custody Agreement the U.S. Shares to be sold by such Selling Stockholder hereunder.

(b) Such Selling Stockholder is the lawful owner of the U.S. Shares to be sold by such Selling Stockholder hereunder and upon sale and delivery of, and payment for, such U.S. Shares, as provided herein, such Selling Stockholder will convey good and valid title to such U.S. Shares, free and clear of all liens, encumbrances, equities and claims whatsoever.

(c) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the U.S. Shares and has not effected any sales of shares of Common Stock which, if effected by the issuer, would be required to be disclosed in response to Item 701 of Regulation S-K under the Act.

(d) Certificates in negotiable form for such Selling Stockholder's U.S. Shares have been placed in custody, for delivery pursuant to the terms of this Agreement, under a Custody Agreement duly executed and delivered by such Selling Stockholder, in the form heretofore furnished to you (the "Custody Agreement") with _____ of _____, as Custodian (the "Custodian"); the U.S. Shares represented by the certificates so held in custody for each Selling Stockholder are

subject to the interests hereunder of the U.S. Underwriters, the Company and the other Selling Stockholders; the arrangements for custody and delivery of such certificates, made by such Selling Stockholder hereunder and under the Custody Agreement, are not subject to termination by any acts of such Selling Stockholder, or by operation of law, whether by the death or incapacity of such Selling Stockholder or the occurrence of any other event; and if any such death, incapacity or any other such event shall occur before the delivery of such U.S.

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Shares hereunder, certificates for the U.S. Shares will be delivered by the Custodian in accordance with the terms and conditions of this Agreement and the Custody Agreement as if such death, incapacity or other event had not occurred, regardless of whether or not the Custodian shall have received notice of such death, incapacity or other event.

(e) No consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by such Selling Stockholder of the transactions contemplated herein, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the U.S. Shares by the U.S. Underwriters and such other approvals as have been obtained.

(f) Neither the sale of the U.S. Shares being sold by such Selling Stockholder nor the consummation of any other of the transactions herein contemplated by such Selling Stockholder or the fulfillment of the terms hereof by such Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or the terms of any indenture or other agreement or instrument to which such Selling Stockholder is a party or bound, or any judgment, order or decree applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder.

2. Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company and the Selling Stockholders agree to sell to each U.S. Underwriter, and each U.S. Underwriter agrees, severally and not jointly, to purchase from the Company and the Selling Stockholders, at a purchase price of \$_____ per share, the amount of the U.S. Underwritten Shares set forth opposite such U.S. Underwriter's name in Schedule I hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several U.S. Underwriters to purchase, severally and not jointly, up to 4,200,000 shares of the U.S. Option Shares at the same purchase price per share as the U.S. Underwriters shall pay for the U.S. Underwritten Shares. Said option may be exercised only to cover over-allotments in the sale of the U.S. Underwritten Shares by the U.S. Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Offering U.S. Prospectus upon written or telegraphic notice by the U.S. Representatives to the Company setting forth the number of shares of the U.S. Option Shares as to which the several U.S. Underwriters are exercising the option and the settlement date; provided, however, that to the extent that both the option provided for in this Section 2(b) and the option provided for in Section 2(b) of the International Underwriting Agreement are exercised, (i) such exercises shall occur on the same date and (ii) the settlement dates in respect thereof shall be the same date. Delivery of the U.S. Option Shares, and payment therefor, shall be made as provided in Section 3 hereof. The number of shares of the U.S. Option Shares to be purchased by each U.S. Underwriter shall be the same percentage of the total number of shares of the U.S. Option Shares to be purchased by the several U.S. Underwriters as such U.S. Underwriter is purchasing of the

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U.S. Underwritten Shares, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional shares.

(c) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each U.S. Underwriter, and each U.S. Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of ___% of the principal amount thereof, plus accrued interest, if any, on the U.S. Underwritten Notes from April __, 1998, to the Closing Date, the principal amount of the U.S. Underwritten Notes set forth opposite such U.S. Underwriter's name in Schedule I hereto.

(d) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several U.S. Underwriters to purchase, severally and not jointly, the U.S. Option Notes at a purchase price of _____% of the principal amount thereof, plus accrued interest, if any, from April __, 1998, to the settlement date for the U.S. Option Notes. Said option may be exercised only to cover over-allotments in the sale of the U.S. Underwritten Notes by the U.S. Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Offering U.S. Prospectus upon written or telegraphic notice by the U.S. Representatives to the Company setting forth the principal amount of U.S. Option Notes as to which the several U.S. Underwriters are exercising the option and the settlement date; provided, however, that to the extent that both the option provided for in this Section 2(d) and the option provided for in Section 2(d) of the International Underwriting Agreement are exercised, (i) such exercises shall occur on the same date and (ii) the settlement dates in respect thereof shall be the same date. Delivery of certificates for the U.S. Option Notes, and payment therefor, shall be made as provided in Section 3 hereof. The principal amount of U.S. Option Notes to be purchased by each U.S. Underwriter shall be the same percentage of the total principal amount of U.S. Option Notes to be purchased by the U.S. Underwriters as such U.S. Underwriter is purchasing of the U.S. Underwritten Notes, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional principal amounts.

3. Delivery and Payment. Delivery of and payment for the U.S. Underwritten Shares, the U.S. Underwritten Notes, and the U.S. Option Shares (if the option provided for in Section 2(b) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) and the U.S. Option Notes (if the option provided for in Section 2(d) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) shall be made at 10:00 AM, New York City time, on _____, 1998, or at such time on such later date not more than three Business Days after the foregoing date as the U.S. Representatives shall designate, which date and time may be postponed by agreement among the U.S. Representatives, the Company and the Selling Stockholders or as provided in Section 9 hereof (such date and time of delivery and payment for the U.S. Securities being herein called the "Closing Date"). Delivery of the U.S. Securities shall be made to the U.S. Representatives for the respective accounts of the several U.S. Underwriters against payment by the several U.S. Underwriters through the U.S. Representatives of (i) \$_____ by wire transfer payable in same-day funds to an account of the Korea Development Bank specified by the Company and (ii) the balance of the respective aggregate purchase prices of the U.S. Securities being sold by the Company and each

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of the Selling Stockholders to or upon the order of the Company and each of the Selling Stockholders by wire transfer payable in same-day funds to the accounts specified by the Company and each of the Selling Stockholders or by such other method as shall be agreed upon by the U.S. Representatives and the Company and such Selling Stockholders. Delivery of the U.S. Securities shall be made through

the facilities of the Depository Trust Company unless the U.S. Representatives shall otherwise instruct.

It is understood and agreed that the Closing Date shall occur simultaneously with the "Closing Date" under the International Underwriting Agreement.

Each Selling Stockholder will pay all applicable state transfer taxes, if any, involved in the transfer to the several U.S. Underwriters of the U.S. Shares to be purchased by them from such Selling Stockholders and the respective U.S. Underwriters will pay any additional stock transfer taxes involved in further transfers.

If the option provided for in Section 2(b) and/or Section 2(d) hereof is exercised on or after the second Business Day prior to the Closing Date, the Company will deliver (at the expense of the Company) to the U.S. Representatives, on the date(s) specified by the U.S. Representatives (which shall be within three Business Days after exercise of said option(s)), the U.S. Option Shares and/or U.S. Option Notes against payment by the several U.S. Underwriters through the U.S. Representatives of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to an account specified by the Company or by such other method as shall be agreed upon by the U.S. Representatives and the Company. Delivery of the U.S. Option Shares and/or U.S. Option Notes shall be made through the facilities of the Depository Trust Company unless the U.S. Representatives shall otherwise instruct. If settlement for the U.S. Option Shares and/or U.S. Option Notes occurs after the Closing Date, the Company will deliver to the U.S. Representatives on the settlement date(s), and the obligation of the U.S. Underwriters to purchase the U.S. Option Shares and/or U.S. Option Notes, as the case may be, shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date(s) the opinions, certificates and letters delivered on the Closing Date pursuant to Section 6 hereof.

4. Offering by Underwriters. It is understood that the several U.S. Underwriters propose to offer the U.S. Securities for sale to the public as set forth in the Offering Prospectuses.

5. Other Agreements.

A. The Company agrees with the several U.S. Underwriters that:

(a) The Company will use its best efforts to cause the Offering Registration Statement, if not effective at the Execution Time, and any amendment thereof to become effective. Prior to the termination of the offering of the Securities, the Company will not file any amendment of the Offering Registration Statement or supplement to the Offering Prospectuses or any Rule 462(b) Registration Statement unless the Company has furnished you a copy for your review prior to filing and will not

file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, if the Offering Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Offering Prospectuses is otherwise required under Rule 424(b), the Company will cause the Offering Prospectuses, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the U.S. Representatives of such timely filing. The Company will promptly advise the U.S. Representatives (i) when the Offering Registration Statement, if not effective at the Execution Time, shall have become effective, (ii) when the Offering Prospectuses, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b) or when any Rule 462(b) Registration Statement shall have been filed with the Commission,

(iii) when, prior to termination of the offering of the Securities, any amendment to the Offering Registration Statement shall have been filed or become effective, (iv) of any request by the Commission for any amendment of the Offering Registration Statement or any Rule 462(b) Registration Statement, or for any supplement to the Offering Prospectuses or for any additional information, (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Offering Registration Statement or the institution or threatening of any proceeding for that purpose and (vi) of the receipt by the Company of any notification in writing with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or with respect to the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which either of the Offering Prospectuses as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend the Offering Registration Statement or supplement either of the Offering Prospectuses to comply with the Act or the rules thereunder, the Company promptly will (i) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance and (ii) supply any supplemented Offering Prospectuses to you in such quantities as you may reasonably request.

(c) As soon as practicable, the Company will make generally available to its security holders and to the U.S. Representatives an earnings statement or statements of the Company and the Subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) The Company will furnish to the U.S. Representatives and counsel for the U.S. Underwriters, without charge, signed copies of the Offering Registration Statement (including exhibits thereto) and to each other U.S. Underwriter a copy of the

Offering Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by a U.S. Underwriter or dealer may be required by the Act, as many copies of each U.S. Offering Preliminary Prospectus and the Offering U.S. Prospectus and any supplement thereto as the U.S. Representatives may reasonably request; provided, that, without limiting the foregoing, the Company will furnish to each U.S. Underwriter such number of copies of the Offering U.S. Prospectus as the U.S. Representatives shall request for purposes of confirming orders for the U.S. Securities, which copies shall be delivered to the U.S. Underwriters by (i) if the public offering price is determined after 12:00 noon, New York City time, on the date of determination of the public offering price, 5:00 PM, New York City time, on the Business Day immediately following such date and (ii) if the public offering price is determined at or prior to 12:00 noon, New York City time, on the date of determination of the public offering price, 9:00 AM, New York City time, on the Business Day immediately following such date. The Company will pay the expenses of printing or other production of all documents relating to the offering.

(e) The Company will arrange, if necessary, for the qualification of the Securities for sale under the laws of such jurisdictions as the U.S. Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of

the U.S. Securities and will pay any fee of the NASD, in connection with its review of the offering; provided, however, that the Company shall not be required in connection therewith, as a condition thereof, to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation as doing business in any jurisdiction.

(f) The Company will not, for a period of 180 days following the Execution Time, without the prior written consent of SBI, offer, pledge, sell or contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock (other than the Notes); provided, however, that the Company may grant options and may issue and sell shares of Common Stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company that was approved by the Board of Directors of the Company prior to the Execution Time and the Company may issue shares of Common Stock issuable upon the conversion of securities or the exercise of warrants outstanding at the Execution Time.

(g) The Company will use the net proceeds to the Company of the offering of the Securities as described under the heading "Use of Proceeds" in the Offering Prospectuses.

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(h) The Company will use its best efforts to have the Notes approved for quotation on the Nasdaq Stock Market.

(i) The Company will use its best efforts to have Arthur Andersen LLP issue, on or prior to May 15, 1998 (or, to the extent such date is prior to the Closing Date, within _____ Business Days after the Closing Date), a revised audit report with respect to the combined financial statements of the Company contained in the Offering Prospectuses, which audit report shall not contain any qualification as to the Company's ability to continue as a going concern.

(j) The Company confirms as of the date hereof that it is in compliance with all provisions of Section 1 of Laws of Florida, Chapter 92-198, An Act Relating to Disclosure of Doing Business with Cuba, and the Company further agrees that if it commences engaging in business with the government of Cuba or with any person or affiliate located in Cuba after the date the Offering Registration Statement becomes or has become effective with the Commission or with the Florida Department of Banking and Finance (the "Department"), whichever date is later, or if the information reported in the Offering Prospectuses, if any, concerning the Company's business with Cuba or with any person or affiliate located in Cuba changes in any material way, the Company will provide the Department notice of such business or change, as appropriate, in a form acceptable to the Department.

B. Each Selling Stockholder agrees with the several U.S. Underwriters that it will not during the period of 180 days following the Execution Time, without the prior written consent of SBI or unless pursuant to the Securities Loan Agreement, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any other shares of Common Stock beneficially owned by such person, or any securities convertible into, or exchangeable for, shares of Common Stock other than shares of Common Stock disposed of as bona fide gifts.

C. Each U.S. Underwriter agrees that (i) it is not purchasing any of

the U.S. Securities for the account of anyone other than a United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any of the U.S. Securities or distribute any Offering U.S. Prospectus to any person outside the United States or Canada, or to anyone other than a United States or Canadian Person, and (iii) any dealer to whom it may sell any of the U.S. Securities will represent that it is not purchasing for the account of anyone other than a United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any of the U.S. Securities outside the United States or Canada, or to anyone other than a United States or Canadian Person or to any other dealer who does not so represent and agree; provided, however, that the foregoing shall not restrict (i) purchases and sales between the International Underwriters on the one hand and the U.S. Underwriters on the other hand pursuant to the Agreement Between U.S. Underwriters and International Underwriters, (ii) stabilization transactions contemplated under the Agreement Between U.S. Underwriters and International Underwriters, conducted through SBI (or through the U.S. Representatives and International Representatives) as part of the distribution of the Securities, and (iii) sales to or through (or

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distributions of Offering U.S. Prospectuses or Offering U.S. Preliminary Prospectuses to) United States or Canadian Persons who are investment advisors, or who otherwise exercise investment discretion, and who are purchasing for the account of anyone other than a United States or Canadian Person.

The agreement of the U.S. Underwriters set forth in the above paragraph shall terminate upon the earlier of the following events:

(i) a mutual agreement of the U.S. Representatives and the International Representatives to terminate the selling restrictions set forth in such paragraph and in Section 5C(a) of the International Underwriting Agreement; or

(ii) the expiration of a period of 30 days after the Closing Date, unless (A) the International Representatives shall have given notice to the Company and the U.S. Representatives that the distribution of the International Securities by the International Underwriters has not yet been completed, or (B) the U.S. Representatives shall have given notice to the Company and the International Underwriters that the distribution of the U.S. Securities by the U.S. Underwriters has not yet been completed. If such notice by the U.S. Representatives or the International Representatives is given, the agreements set forth in such paragraph shall survive until the earlier of (1) the event referred to in clause (i) above or (2) the expiration of an additional period of 30 days from the date of any such notice.

6. Conditions to the Obligations of the U.S. Underwriters. The obligations of the U.S. Underwriters to purchase (i) the U.S. Underwritten Shares and the U.S. Underwritten Notes and (ii) the U.S. Option Shares and the U.S. Option Notes, as the case may be, shall be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Stockholders contained herein as of the Execution Time, the Closing Date and any settlement date pursuant to Section 3 hereof, to the accuracy of the statements of the Company and the Selling Stockholders made in any certificates pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their respective obligations under this Agreement and to the following additional conditions:

(a) If any Registration Statement has not become effective prior to the Execution Time, unless the U.S. Representatives agree in writing to a later time, such Registration Statement will become effective not later than (i) 6:00 PM, New York City time, on the date of determination of the public offering price of the Securities, if such determination occurred at or prior to 3:00 PM, New York City time, on such date or (ii) 9:30 AM, New York City time, on the Business Day following the day on which the public offering price of the Securities was

determined, if such determination occurred after 3:00 PM, New York City time, on such date; if filing of any of the Prospectuses, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectuses, and any such supplement, will be filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of any Registration Statement

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shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) The Company shall have furnished to the U.S. Representatives the opinion of Wilson Sonsini Goodrich & Rosati, counsel for the Company, dated the Closing Date, to the effect that:

(i) each of the Company and the Subsidiaries chartered or organized under the laws of any state of the United States (the "U.S. Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own its properties and conduct its business as described in the Prospectuses;

(ii) all the outstanding shares of capital stock of each U.S. Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Prospectuses, all outstanding shares of capital stock of the U.S. Subsidiaries are owned by the Company, either directly or through wholly owned Subsidiaries, free and clear of any perfected security interest and, to the knowledge of such counsel, any other security interests, claims, liens or encumbrances;

(iii) the capital stock of the Company conforms as to legal matters in all material respects to the description thereof contained in the Prospectuses; the outstanding shares of Common Stock (including the Shares being sold hereunder by the Selling Stockholders) have been duly and validly authorized and issued and are fully paid and nonassessable; the Shares have been duly and validly authorized and, when issued and delivered to and paid for by the U.S. Underwriters pursuant to this Agreement and by the International Underwriters pursuant to the International Underwriting Agreement, will be fully paid and nonassessable; the Shares have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the certificates for the Shares are in valid and sufficient form; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Shares under the Articles of Incorporation or bylaws of the Company or under the laws of the State of Delaware; and, to the knowledge of such counsel, except as set forth in the Prospectuses, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding;

(iv) The Indenture has been duly authorized, executed and delivered; the Indenture has been duly qualified under the Trust Indenture Act and constitutes a valid and binding obligation of the Company; the Notes have been duly authorized and, when executed by the Company and authenticated in

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accordance with the terms of the Indenture and paid for by the holders thereof, will constitute valid, binding and enforceable obligations of the Company entitled to the benefits provided by the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity; the shares of Common Stock issuable upon conversion of the Notes have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the holders of the outstanding shares of capital stock of the Company are not entitled, under the Articles of Incorporation or bylaws of the Company or under the laws of the State of Delaware, to any preemptive or other rights to subscribe for the Notes or the shares of Common Stock issuable upon the conversion thereof; the shares of Common Stock initially issuable upon conversion of the Notes have been duly and validly authorized and reserved for issuance upon such conversion and, when issued upon conversion, will be validly issued, fully paid and nonassessable; and the Notes and the Indenture conform in all material respects to the descriptions thereof contained in the Offering Prospectuses.

(v) to the knowledge of such counsel, there is no pending action, suit or proceeding, or any written threat thereof, by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Subsidiaries of a character required to be disclosed in any Registration Statement which is not adequately disclosed in the Prospectuses, and there is no franchise, contract or other document of a character required to be described in any Registration Statement or Prospectus, or to be filed as an exhibit, which is not described or filed as required; and the statements in the Prospectuses under the headings "Reorganization," "Description of Capital Stock," "Description of the Convertible Notes," "Shares Eligible for Future Sale" and "Certain United States Federal Tax Consequences to Non-United States Holders of Common Stock and Convertible Notes," insofar as such statements constitute a summary of legal matters referred to therein, fairly summarize the information called for with respect to such legal matters;

(vi) the Registration Statements have become effective under the Act; any required filing of the Prospectuses, and of any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the knowledge of such counsel, no stop order suspending the effectiveness of any Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened and the Registration Statements and the Prospectuses (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the rules thereunder; and such counsel has no reason to believe that on the Effective Date or at the Execution Time the Registration Statements contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make

the statements therein not misleading or that the Prospectuses as of its date and on the Closing Date included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion);

(vii) each of this Agreement and the International Underwriting Agreement has been duly authorized, executed and delivered by the Company;

(viii) no consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein or in the International Underwriting Agreement, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the U.S. Underwriters and the International Underwriters in the manner contemplated in this Agreement and the International Underwriting Agreement and in the Offering Prospectuses and such other approvals (specified in such opinion) as have been obtained;

(ix) neither the issue and sale of the Securities nor the performance of the Company's obligations hereunder or under the International Underwriting Agreement nor the fulfillment of the terms hereof or thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiaries pursuant to, (i) the charter or bylaws of the Company or any U.S. Subsidiary or (ii) any U.S., California or Delaware statute, law, rule, regulation, judgment, order or decree known to such counsel applicable to the Company or any U.S. Subsidiary of any U.S., California or Delaware court, governmental body, arbitrator or other authority having jurisdiction over the Company or any U.S. Subsidiary or any of their respective properties;

(x) no holders of securities of the Company have rights to the registration of such securities under the Registration Statements;

(xi) each of the AICL Agreements has been duly authorized, executed and delivered by the Company and the U.S. Subsidiaries that are parties thereto (the "U.S. Subsidiary Parties") and is a valid, binding and enforceable agreement of the Company and the U.S. Subsidiary Parties, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity; neither the consummation of the transactions contemplated in any of the AICL Agreements nor the fulfillment of the terms thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any

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of the U.S. Subsidiary Parties pursuant to, the charter or bylaws of the Company or any U.S. Subsidiary Party; and

(xii) the Company is not and, after giving effect to the offering and sale of the Securities and application of the proceeds thereof as described in the Prospectuses under the caption "Use of Proceeds," will not be an "investment company" within the meaning of the 1940 Act.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of California, the United States or the corporate laws of the State of Delaware or, with respect to the opinion referred to in sub-paragraph (iv) above, the laws of the State of New York (to the extent such opinion relates to the validity and binding effect of the Indenture), to the extent they deem proper and specify in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the U.S. Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of

responsible officers of the Company and public officials. Such opinion may also contain customary qualifications and limitations. References to the Prospectuses in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Company shall have furnished to the U.S. Representatives the opinion of Kevin Herron, Esq., the General Counsel of the Company, dated the Closing Date, to the effect that:

(i) neither the issue and sale of the Securities nor the consummation of any other of the transactions contemplated herein or in the International Underwriting Agreement nor the fulfillment of the terms hereof or thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiaries pursuant to, (i) the charter or bylaws of the Company or any U.S. Subsidiary or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement known to such counsel to which the Company or any U.S. Subsidiary is a party or bound or to which its property is subject (except for such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect) or (iii) any Pennsylvania statute, law, rule, regulation, judgment, order or decree applicable to the Company or any U.S. Subsidiary of any Pennsylvania court, governmental body, arbitrator or other authority having jurisdiction over the Company or any U.S. Subsidiary or any of their respective properties; and

(ii) neither the consummation of the transactions contemplated in any of the AICL Agreements nor the fulfillment of the terms thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiary Parties pursuant to, (i) the charter or bylaws of the Company or any

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U.S. Subsidiary Party or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement known to such counsel to which the Company or any U.S. Subsidiary Party is a party or bound or to which their respective property is subject (except for such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect) or (iii) any Pennsylvania statute, law, rule, regulation, judgment, order or decree applicable to the Company or any U.S. Subsidiary Party of any Pennsylvania court, governmental body, arbitrator or other authority having jurisdiction over the Company or any U.S. Subsidiary Party or any of their respective properties; no consent, approval, authorization, filing with or order of any U.S. court or governmental agency or body is required in connection with the transactions contemplated in any of the AICL Agreements, except _____ [LIST APPROVALS (IF ANY) REQUIRED], each of which has been obtained.

In rendering such opinion, such counsel may rely as to matters involving the application of laws of any jurisdiction other than the State of Pennsylvania, the United States or the corporate laws of the State of Delaware, to the extent he deems proper and specifies in such opinion, upon the opinion of other counsel of good standing whom he believes to be reliable and who are satisfactory to counsel for the U.S. Underwriters. Such opinion may also contain customary qualifications and limitations.

(d) The Company shall have furnished to the U.S. Representatives the opinion of Orloge, Del Costello, Bacorro, Odulco, Calma & Carbonell, Philippine counsel for the Company, dated the Closing Date, to the effect that:

(i) each of AAP, AAAP and AMI (the "Philippine Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own its properties and conduct its business, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification; and

(ii) all the outstanding shares of capital stock of each Philippine Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except (i) such shares of AAP owed by AICL, which shares do not exceed 40.1% of the outstanding shares of AAP, (ii) such shares of each Philippine Subsidiary owned by directors thereof, which shares in each case do not exceed 0.1 % of the outstanding shares of such Philippine Subsidiary, (iii) 3,446,476 shares of preferred stock of AAP, which shares are owned by Integrated Microelectronics, Inc., and (iv) as otherwise set forth in the Prospectuses, all outstanding shares of capital stock of the Philippine Subsidiaries are owned by the Company, either directly or through wholly owned Subsidiaries, free and clear of

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any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances.

In rendering such opinion, such counsel may rely as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. Such opinion may also contain customary qualifications and limitations. References to the Prospectuses in this paragraph (d) include any supplements thereto at the Closing Date.

(e) The Company shall have furnished to the U.S. Representatives the opinion of Kim & Chang, Korean counsel for the Company, dated the Closing Date, to the effect that:

(i) AICL has been duly incorporated and is validly existing as a corporation in good standing under the laws of the Republic of Korea, with full corporate power and authority to own its properties and conduct its business as described in the Prospectuses;

(ii) each of the AICL Agreements has been duly executed and delivered by AICL and is a valid, binding and enforceable agreement of AICL, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity;

(iii) no consent, approval, authorization, filing with or order of any court or governmental agency or body in the Republic of Korea is required in connection with the transactions contemplated in the AICL Agreements, except _____, each of which has been obtained; and

(iv) neither the consummation of any of the transactions contemplated in the AICL Agreements nor the fulfillment of the terms thereof will conflict with or result in a breach or violation of the Articles of Incorporation of AICL or any statute, law, rule or regulation of any regulatory body, administrative agency, governmental body or other authority in the Republic of Korea having jurisdiction over AICL or any of its properties.

In rendering such opinion, such counsel may rely as to matters of fact, to the extent they deem proper, on certificates of responsible officers of AICL and public officials. Such opinion may also contain customary qualifications and limitations. References to the Prospectuses in this paragraph (e) include any supplements thereto at the Closing Date.

(f) The Selling Stockholders shall have furnished to the U.S. Representatives the opinion of Wilson, Sonsini, Goodrich & Rosati, counsel for the Selling Stockholders, dated the Closing Date, to the effect that:

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(i) this Agreement, the International Underwriting Agreement and the Custody Agreement have been duly executed and delivered by the Selling Stockholders and each Selling Stockholder has full legal right, capacity, power and authority to enter into and perform this Agreement, the International Underwriting Agreement and the Custody Agreement and to sell, transfer, assign and deliver in the manner provided in this Agreement, the International Underwriting Agreement and the Custody Agreement the Shares being sold by such Selling Stockholder hereunder and thereunder;

(ii) upon the delivery by each Selling Stockholder to the several U.S. Underwriters and the several International Underwriters of certificates for the Shares being sold hereunder and under the International Underwriting Agreement by such Selling Stockholder against payment therefor as provided herein, the U.S. Underwriters and the International Underwriters will have good and valid title to such Shares, free and clear to the knowledge of such counsel of any adverse claims;

(iii) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by any Selling Stockholder of the transactions contemplated herein or in the International Underwriting Agreement, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Shares by the U.S. Underwriters and the International Underwriters and such other approvals (specified in such opinion) as have been obtained;

(iv) neither the sale of the Shares being sold by any Selling Stockholder nor the consummation of any other of the transactions contemplated herein or in the International Underwriting Agreement by any Selling Stockholder or the fulfillment of the terms hereof or thereof by any Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or the charter or bylaws of such Selling Stockholder, or any judgment, order or decree known to such counsel to be applicable to such Selling Stockholder of any court, governmental body or arbitrator having jurisdiction over such Selling Stockholder; and

(v) the Securities Loan Agreement has been duly executed and delivered by Mr. and Mrs. James J. Kim; Mr. and Mrs. James J. Kim have full legal right, capacity, power and authority to enter into and perform the Securities Loan Agreement and to lend, assign and deliver in the manner provided in the Securities Loan Agreement the Borrowed Shares being lent by Mr. and Mrs. James J. Kim thereunder; Mr. and Mrs. James J. Kim have good and valid title to the Borrowed Shares, free and clear to the knowledge of such counsel of any adverse claims; no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by Mr. and Mrs.

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James J. Kim of the transactions contemplated in the Securities Loan Agreement, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the borrowing and distribution of the Borrowed Shares by SBI and such other approvals (specified in such opinion) as have been obtained; and neither the lending of the Borrowed Shares by Mr. and Mrs. James J. Kim nor the consummation of any other of the transactions contemplated in the Securities Loan Agreement by Mr. and Mrs. James J. Kim or the fulfillment of the terms thereof by Mr. and Mrs. James J. Kim will conflict with, result in a breach or violation of, or constitute a default under any law or the terms of any indenture or other agreement or instrument known to such counsel and to which Mr. and Mrs. James J. Kim (or either of them) are a party or bound, or any judgment, order or decree known to such counsel to be applicable to Mr. and Mrs. James J. Kim (or either of them) of any court, governmental body or arbitrator having jurisdiction over either of them.

In rendering such opinion, such counsel may (A) rely as to matters involving the application of laws of any jurisdiction other than the State of California or Delaware or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the U.S. Underwriters, (B) rely as to matters of fact, to the extent they deem proper, on certificates of the Selling Stockholders (including Mr. and Mrs. James J. Kim) and public officials and (C) with respect to the opinion in clause (ii) above, may assume each U.S. Underwriter and each International Underwriter takes delivery of the Shares without notice of any adverse claim. Such opinion may also contain customary qualifications and limitations.

(g) The U.S. Representatives shall have received from Cleary, Gottlieb, Steen & Hamilton, counsel for the U.S. Underwriters, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the U.S. Securities, the Registration Statements, the Prospectuses (together with any supplement thereto) and other related matters as the U.S. Representatives may reasonably require, and the Company and each Selling Shareholder shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(h) The Company shall have furnished to the U.S. Representatives a certificate of the Company, signed by the Chairman of the Board or the President and the principal financial or accounting officer of the Company, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statements, the Prospectuses, any supplements to the Prospectuses, this Agreement and the International Underwriting Agreement and that:

(i) the representations and warranties of the Company in this Agreement and the International Underwriting Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied with all the agreements and

satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Prospectuses, there has been no material adverse change in the condition (financial or other), prospects, earnings, business or properties of the Company and the Subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectuses.

(i) Each Selling Stockholder shall have furnished to the U.S. Representatives a certificate, signed by or on behalf of such Selling Stockholder, dated the Closing Date, to the effect that the signer of such certificate has carefully examined the Offering Registration Statement, the Offering Prospectuses, any supplement to the Offering Prospectuses, this Agreement and the International Underwriting Agreement and that the representations and warranties of such Selling Stockholder in this Agreement and the International Underwriting Agreement are true and correct in all material respects on and as of the Closing Date to the same effect as if made on the Closing Date.

(j) At the Execution Time and at the Closing Date, Arthur Andersen LLP shall have furnished to the U.S. Representatives letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the U.S. Representatives, confirming that they are independent accountants within the meaning of the Act and the applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included in the Registration Statements and the Prospectuses and reported on by them comply in form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations;

(ii) on the basis of a reading of the latest unaudited financial statements made available by the Company and the Subsidiaries; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and the audit and compensation committees of the Company and the Subsidiaries; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and the Subsidiaries as to transactions and

events subsequent to December 31, 1997, nothing came to their attention which caused them to believe that:

(1) with respect to the period subsequent to December 31, 1997, there were any changes, at a specified date not more than five business days prior to the date of the letter, in the long-term debt of the Company and the Subsidiaries or capital stock of the Company or decreases in the total stockholders' equity of the Company or decreases in working capital of the Company and the Subsidiaries as compared with the amounts shown on the December 31, 1997 combined balance sheet included in the Registration Statements and the Prospectuses, or for the period from December 31, 1997 to such specified date there were any decreases, as compared with the corresponding period in the preceding quarter, in revenues, net operating income or interest expense or in total or per share amounts of net income of the Company and the Subsidiaries, except in all instances for changes or decreases

set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by the U.S. Representatives;

(2) the information included in the Registration Statements and Prospectuses in response to Item 301 (Selected Financial Data), Item 302 (Supplementary Financial Information) and Item 402 (Executive Compensation) of Regulation S-K under the Act is not in conformity with the applicable disclosure requirements of Regulation S-K; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and the Subsidiaries) set forth in the Registration Statements and the Prospectuses, including the information set forth under the captions "Summary Financial Data" and "Selected Financial Data" in the Prospectuses, agrees with the accounting records of the Company and the Subsidiaries, excluding any questions of legal interpretation.

References to the Prospectuses in this paragraph (j) include any supplement thereto at the date of the letter.

(k) At the Execution Time and at the Closing Date, Samil Accounting Corporation shall have furnished to the U.S. Representatives and the Company a letter or letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the U.S. Representatives and the Company, confirming that they are independent accountants within the meaning of the standards established for independent certified public accountants in the Republic of Korea and stating in effect

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that they have performed certain specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of AICL) set forth in the Registration Statements and the Prospectuses, including the information set forth under the captions "Risk Factors -- Dependence on Relationship with AICL; Potential Conflicts of Interest" and "Relationship with Anam Industrial Co., Ltd." in the Prospectuses, agrees with the accounting records of AICL, excluding any questions of legal interpretation. References to the Prospectuses in this paragraph (k) include any supplement thereto at the date of the letter.

(l) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statements (exclusive of any amendment thereof) and the Prospectuses, there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (j) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the business or properties of the Company and the Subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectuses the effect of which, in any case referred to in clause (i) or (ii) above, is, in the sole judgment of the U.S. Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the U.S. Securities as contemplated by the Registration Statements (exclusive of any amendment thereof) and the Prospectuses.

(m) At the Execution Time, the Company shall have furnished to

the U.S. Representatives and the International Representatives a letter substantially in the form of Exhibit A hereto from each officer, director and shareholder (other than the Selling Stockholders) of the Company, which persons are listed in Schedule III hereto, addressed to the U.S. Representatives and the International Representatives.

(n) Prior to the Closing Date, the Company shall have furnished to the U.S. Representatives such further information, certificates and documents as the U.S. Representatives may reasonably request.

(o) The closing of the purchase of the International Securities to be issued and sold by the Company pursuant to the International Underwriting Agreement shall occur concurrently with the closing described herein.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the U.S. Representatives and counsel for the U.S. Underwriters, this Agreement and all obligations of the U.S. Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the U.S. Representatives. Notice of

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such cancellation shall be given to the Company and each Selling Stockholder in writing or by telephone or telegraph confirmed in writing.

The documents required to be delivered by this Section 6 shall be delivered at the office of Cleary, Gottlieb, Steen & Hamilton, counsel for the U.S. Underwriters, at 1 Liberty Plaza, New York, New York, on the Closing Date.

7. Reimbursement of U.S. Underwriters' Expenses. If the sale of the U.S. Securities provided for herein is not consummated because any condition to the obligations of the U.S. Underwriters set forth in Section 6 hereof is not satisfied or because of any refusal, inability or failure on the part of the Company or any Selling Stockholder to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the U.S. Underwriters, the Company will reimburse the U.S. Underwriters severally through SBI on demand for all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the U.S. Securities. If the Company is required to make any payments to the U.S. Underwriters under this Section 7 because of any Selling Stockholder's refusal, inability or failure to satisfy any condition to the obligations of the U.S. Underwriters set forth in Section 6, the Selling Stockholders pro rata in proportion to the percentage of U.S. Shares to be sold by each shall reimburse the Company on demand for all amounts so paid.

8. Indemnification and Contribution. (a) The Company and Mr. James J. Kim jointly and severally agree to indemnify and hold harmless each U.S. Underwriter (including, without limitation, SBI (the "Market Maker") in its capacity as a market maker for the Securities and SBI (the "Independent Underwriter") in its capacity as "qualified independent underwriter" (within the meaning of NASD Conduct Rule 2720)), the directors, officers, employees and agents of each U.S. Underwriter, and each person who controls any U.S. Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Registration Statement or in any amendment thereof, or in any Offering Preliminary Prospectus or in either of the Offering Prospectuses, or in any amendment thereof or supplement thereto,

or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company and Mr. James J. Kim will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any U.S. Underwriter through the U.S. Representatives specifically for inclusion therein. This indemnity

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agreement will be in addition to any liability which the Company or Mr. James J. Kim may otherwise have.

(b) Each U.S. Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Offering Registration Statement, and each person who controls the Company within the meaning of either the Act or the Exchange Act and Mr. James J. Kim, to the same extent as the foregoing indemnity from the Company and Mr. James J. Kim to each U.S. Underwriter, but only with reference to written information relating to such U.S. Underwriter furnished to the Company by or on behalf of such U.S. Underwriter through the U.S. Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any U.S. Underwriter may otherwise have. The Company and Mr. James J. Kim acknowledge that the statements set forth in the last paragraph of the front cover page, the last paragraph of the inside front cover page and, under the heading "Underwriting", the paragraphs in the Offering Registration Statement, any Offering Preliminary Prospectus and the Offering Prospectuses and any amendment or supplement thereto constitute the only information furnished in writing by or on behalf of the several U.S. Underwriters for inclusion in any Offering Preliminary Prospectus or the Offering Prospectuses and any amendment or supplement thereto.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from any liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel (and one local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate (and local) counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel

satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall

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authorize the indemnified party in writing to employ separate (and local) counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and Mr. James J. Kim, jointly and severally, and the U.S. Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company, Mr. James J. Kim and one or more of the U.S. Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company and Mr. James J. Kim on the one hand and by the U.S. Underwriters on the other from the offering of the U.S. Securities; provided, however, that in no case shall any U.S. Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the U.S. Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the U.S. Securities purchased by such U.S. Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and Mr. James J. Kim, jointly and severally, and the U.S. Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and Mr. James J. Kim on the one hand and of the U.S. Underwriters on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company and Mr. James J. Kim shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by them, and benefits received by the U.S. Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Offering U.S. Prospectus. Benefits received by the Independent Underwriter in its capacity as "qualified independent underwriter" shall be deemed to be equal to the compensation received by the Independent Underwriter for acting in such capacity. Relative fault shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information provided by the Company or Mr. James J. Kim on the one hand or by the U.S. Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, Mr. James J. Kim and the U.S. Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls a U.S. Underwriter within the meaning of either the Act or the Exchange Act and each

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director, officer, employee and agent of a U.S. Underwriter shall have the same rights to contribution as such U.S. Underwriter, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Offering Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

(e) The liability of each Selling Stockholder under such Selling Stockholder's representations and warranties contained in Section 1 hereof and under the indemnity and contribution agreements contained in this Section 8 shall be limited to an amount equal to the initial public offering price of the U.S. Shares sold by such Selling Stockholder to the U.S. Underwriters, less the underwriting discounts and commissions paid thereon to the U.S. Underwriters. The Company and the Selling Stockholders may agree, as among themselves and without limiting the rights of the U.S. Underwriters under this Agreement, as to the respective amounts of such liability for which they each shall be responsible.

(f) The Company and Mr. James J. Kim shall not have any liability under this Section 8 with respect to any losses, claims, damages or liabilities of a U.S. Underwriter if copies of the Offering U.S. Prospectus, as then amended or supplemented, were furnished by the Company to the U.S. Underwriters as required by this Agreement, and such copies of the Offering U.S. Prospectus were not sent or given by or on behalf of such U.S. Underwriter, as required by law, to the purchasers of the U.S. Securities and if the Offering U.S. Prospectus, as so amended or supplemented, would have cured the defect giving rise to such losses, claims, damages or liabilities.

9. Default by a U.S. Underwriter. If any one or more U.S. Underwriters shall fail to purchase and pay for any of the U.S. Shares or U.S. Notes agreed to be purchased by such U.S. Underwriter or U.S. Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining U.S. Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of U.S. Shares or U.S. Notes, as the case may be, set forth opposite their names in Schedule I hereto bears to the aggregate amount of U.S. Shares or U.S. Notes, as the case may be, set forth opposite the names of all the remaining U.S. Underwriters) the U.S. Shares or U.S. Notes which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase; provided, however, that in the event that (x) the aggregate amount of U.S. Shares which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of U.S. Shares set forth in Schedule I hereto or (y) the aggregate principal amount of U.S. Notes which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase shall exceed 10% of the aggregate principal amount of U.S. Notes set forth in Schedule I hereto, then the remaining U.S. Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the U.S. Shares or U.S. Notes, as the case may be, and if such nondefaulting U.S. Underwriters do not purchase all the U.S. Shares or U.S. Notes, as the case may be, this Agreement will terminate without liability to any nondefaulting U.S. Underwriter, the Selling Stockholders or the Company. In the event of a default by any U.S. Underwriter as set forth in this Section 9, the Closing Date shall be

postponed for such period, not exceeding five Business Days, as the U.S. Representatives shall determine in order that the required changes in the Registration Statements and the Prospectuses or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting U.S. Underwriter of its liability, if any, to the Company, the Selling Stockholders and any nondefaulting U.S. Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the U.S. Representatives, by notice given to the Company prior to delivery of and payment for the U.S. Securities, if prior to such time (i) trading in the Company's Common Stock shall have been suspended by the Commission or the Nasdaq National Market or trading in securities generally on the New York Stock Exchange or the Nasdaq National Market shall have been suspended or limited or minimum prices shall have been established on such Exchange or National Market, (ii) a banking moratorium shall have been declared by either Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other calamity or crisis, the effect of which on financial markets is such as to make it, in the sole judgment of the U.S. Representatives, impracticable or inadvisable to proceed with the offering or delivery of the U.S. Securities as contemplated in the Offering U.S. Prospectus.

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers, of each Selling Stockholder and of the U.S. Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any U.S. Underwriter, any Selling Stockholder or the Company or any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the U.S. Securities. The provisions of Sections 7 and 8 and the last sentence of Section 9 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the U.S. Representatives, will be mailed, delivered or telefaxed to the SBI General Counsel (fax no.: (212) _____) and confirmed to the General Counsel, care of Smith Barney Inc., at 333 West 34th Street, New York, New York 10001, Attention: General Counsel; or, if sent to the Company, will be mailed, delivered or telefaxed to James J. Kim (fax no.: (610) 431-9600) and confirmed to it at 1345 Enterprise Drive, West Chester, Pennsylvania 19380, attention of the Legal Department, with a copy to Larry W. Sonsini (fax no.: (650) 493-6811) at Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304; or, if sent to the Selling Stockholders, will be mailed, delivered, or telefaxed to James J. Kim (fax no.: (610) 431-9600) and confirmed to it at the address set forth in Schedule II hereto.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

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14. APPLICABLE LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

15. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

16. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

17. Definitions. The terms which follow, when used in this Agreement, shall have the meanings indicated.

"Act" shall mean the Securities Act of 1933, as amended.

"Borrowing Effective Date" shall mean each date and time that the Borrowing Registration Statement, any post-effective amendment or amendments thereto and any Rule 462(b) Registration Statement relating

thereto became or shall become effective.

"Borrowing Preliminary Prospectus" shall mean any preliminary prospectus with respect to the offering of the Borrowed Shares referred to in paragraph 1A(c) above and any preliminary prospectus included in the Borrowing Registration Statement at the Borrowing Effective Date that omits Rule 430A Information.

"Borrowing Prospectus" shall mean the prospectus relating to the Borrowed Shares that is first filed pursuant to Rule 424(b) after the Execution Time or, if not filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Borrowed Shares included in the Borrowing Registration Statement at the Borrowing Effective Date.

"Borrowing Registration Statement" shall mean the registration statement referred to in paragraph 1A(c) above, including exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective at any time or from time to time, shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Borrowing Effective Date as provided by Rule 430A.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City or London.

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"Effective Date" shall mean each date and time that the Offering Registration Statement, any post-effective amendment or amendments thereto and any Rule 462(b) Registration Statement relating thereto became or shall become effective.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto.

"Material Adverse Effect" shall mean a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and the Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business.

"Offering International Preliminary Prospectus" shall have the meaning set forth under Offering U.S. Preliminary Prospectus".

"Offering Preliminary Prospectus" shall have the meaning set forth under "Offering U.S. Preliminary Prospectus".

"Offering Registration Statement" shall mean the registration statement referred to in paragraph 1A(a) above, including the exhibits thereto and the financial statements included therein, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective prior to the Closing Date (as hereinafter defined), shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A.

"Offering U.S. Preliminary Prospectus" and the "Offering International Preliminary Prospectus", respectively, shall mean any preliminary prospectus with respect to the offering of the U.S. Securities and the International Securities, as the case may be, referred to in paragraph 1A(a) above and any preliminary prospectus with respect to the offering of the U.S. Securities and the International Securities, as the case may be, included in the Offering Registration Statement at the Effective Date that omits Rule 430A Information; and the Offering U.S. Preliminary Prospectus and the Offering International Preliminary Prospectus are hereinafter collectively called the "Offering Preliminary Prospectuses".

"Preliminary Prospectuses" shall mean, collectively, the Offering Preliminary Prospectuses and the Borrowing Preliminary Prospectus.

"Prospectuses" shall mean, collectively, the Offering Prospectuses and the Borrowing Prospectus.

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"Registration Statements" shall mean, collectively, the Offering Registration Statement and the Borrowing Registration Statement.

"Rule 424", "Rule 430A" and "Rule 462" refer to such rules under the Act.

"Rule 430A Information" shall mean information with respect to the Securities or the Borrowed Shares, as the case may be, and the offering thereof permitted to be omitted from the Offering Registration Statement or the Borrowing Registration Statement, as the case may be, when it becomes effective pursuant to Rule 430A.

"Rule 462(b) Registration Statement" shall mean a registration statement and any amendments thereto filed pursuant to Rule 462(b) relating to the offering covered by the initial Registration Statement or the initial Borrowing Registration Statement, as the case may be.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended.

"United States or Canadian Person" shall mean any person who is a national or resident of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, or any estate or trust the income of which is subject to United States or Canadian Federal income taxation, regardless of its source (other than any non-United States or non-Canadian branch of any United States or Canadian Person), and shall include any United States or Canadian branch of a person other than a United States or Canadian Person. "U.S." or "United States" shall mean the United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company, the Selling Stockholders and the several U.S. Underwriters.

Very truly yours,

Amkor Technology, Inc.

By: _____
Name:
Title:

James J. Kim

[Selling Stockholder]

By: _____
Name:
Title:

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

Smith Barney Inc.
BancAmerica Robertson Stephens
Cowen & Company

By: Smith Barney Inc.

By: _____
Name:
Title:

For themselves and the other several U.S. Underwriters
named in Schedule I to the foregoing Agreement.

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SCHEDULE I

U.S. Underwriter	Number of Shares of U.S. Underwritten Shares to Be Purchased	Principal Amount of U.S. Underwritten Notes to Be Purchased
-----	-----	-----
Smith Barney Inc.		\$
BancAmerica Robertson Stephens		\$
Cowen & Company.....		\$
[Other U.S. Underwriters].....		\$
	-----	-----
Total.....	=====	\$ =====

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Selling Stockholders	Number of Shares
-----	-----

Address
[Address for notice]

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SCHEDULE III

List of Officers, Directors and Shareholders
(other than Selling Stockholders)

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EXHIBIT A

[LETTERHEAD OF OFFICER, DIRECTOR, STOCKHOLDER OR SHAREHOLDER OF
AMKOR TECHNOLOGY, INC.]

Amkor Technology, Inc.
Public Offering of Common Stock and Convertible Notes

_____, 1998

Smith Barney Inc.
BancAmerica Robertson Stephens
Cowen & Company
as U.S. Representatives of the several U.S. Underwriters
c/o Smith Barney Inc.
333 West 34th Street
New York, New York 10001

Smith Barney Inc.
BancAmerica Robertson Stephens International Limited
Cowen International L.P.
as International Representatives of the several International Underwriters
c/o Smith Barney Inc.
333 West 34th Street
New York, New York 10001

Ladies and Gentlemen:

This letter is being delivered to you in connection with (i) the proposed U.S. Underwriting Agreement (the "U.S. Underwriting Agreement") among Amkor Technology, Inc., a Delaware corporation (the "Company"), certain selling stockholders of the Company and a group of U.S. Underwriters named therein and (ii) the proposed International Underwriting Agreement (the "International Underwriting Agreement") among the Company, certain selling stockholders of the Company and a group of International Underwriters named therein, relating to an

underwritten public offering of Common Stock, \$.001 par value (the "Common Stock"), of the Company, and the Company's ____% Convertible Subordinated Notes due 2003.

In order to induce you and the other U.S. Underwriters and International Underwriters to enter into the U.S. Underwriting Agreement and the International Underwriting Agreement, the undersigned will not, without the prior written consent of Smith Barney Inc.,

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offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, with respect to, any shares of Common Stock of the Company or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date of the U.S. Underwriting Agreement and the International Underwriting Agreement, other than (i) upon the exercise of any option or warrant, or the conversion of a security, outstanding on the date of the U.S. Underwriting Agreement and the International Underwriting Agreement and referred to in the Offering Prospectuses (as defined in the U.S. Underwriting Agreement and the International Underwriting Agreement) and (ii) shares of Common Stock disposed of as bona fide gifts approved by Smith Barney Inc.

If for any reason the U.S. Underwriting Agreement and the International Underwriting Agreement shall be terminated prior to the Closing Date (as defined in the U.S. Underwriting Agreement and the International Underwriting Agreement), the agreement set forth above shall likewise be terminated.

Very truly yours,

Signature

Print Name

Address

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CGS&H DRAFT/ International Version
3/24/98

AMKOR TECHNOLOGY, INC.

7,000,000 Shares*
Common Stock
(\$.001 par value)
\$30,000,000**

___% Convertible Subordinated Notes due 2003

International Underwriting Agreement

London, England
April __, 1998

Smith Barney Inc.
BancAmerica Robertson Stephens International Limited
Cowen International L.P.

As International Representatives of the several International Underwriters,
c/o Smith Barney Inc.
333 West 34th Street
New York, New York 10001

Ladies and Gentlemen:

Amkor Technology, Inc., a Delaware corporation (the "Company"), proposes to sell to the underwriters named in Schedule I hereto (the "International Underwriters"), for whom you (the "International Representatives") are acting as representatives, 6,000,000 shares of common stock, \$.001 par value ("Common Stock"), of the Company, and the persons named in Schedule II hereto (the "Selling Stockholders") propose to sell to the International Underwriters 1,000,000 shares of Common Stock (said shares to be issued and sold by the Company and shares to be sold by the Selling Stockholders collectively being hereinafter called the "International Underwritten Shares"). The Company also proposes to grant to the International Underwriters an option to purchase up to 1,050,000 additional shares of Common Stock (the "International Option Shares"; the International Option Shares, together with the International Underwritten Shares, being hereinafter called the "International Shares"). The Company also

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* Plus an option to purchase from Amkor Technology, Inc. up to 1,050,000 additional shares to cover over-allotments.

** Plus an option to purchase from Amkor Technology, Inc. up to \$4,500,000 additional principal amount of its ___% Convertible Subordinated Notes due 2003 to cover over-allotments.

proposes to sell to certain of the International Underwriters \$30,000,000 principal amount of its ___% Convertible Subordinated Notes due 2003 (the "International Underwritten Notes"), to be issued under an indenture (the "Indenture") to be dated as of April __, 1998, between the Company and State Street Bank and Trust Company, as trustee (the "Trustee"). The Company also proposes to grant to such International Underwriters an option to purchase up to \$4,500,000 additional principal amount of its ___% Convertible Subordinated Notes due 2003 (the "International Option Notes"; the International Option Notes, together with the International Underwritten Notes, being hereinafter called the "International Notes"; and the International Notes, together with the International Shares, being hereinafter called the "International Securities").

The International Notes are convertible into shares of Common Stock.

It is understood that the Company and the Selling Stockholders are concurrently entering into a U.S. Underwriting Agreement dated the date hereof (the "U.S. Underwriting Agreement") providing for (i) the sale by the Company and the Selling Stockholders of an aggregate of 28,000,000 shares of Common Stock (said shares to be sold by the Company and the Selling Stockholders pursuant to the U.S. Underwriting Agreement being hereinafter called the "U.S. Underwritten Shares"), and providing for the grant to the underwriters named in Schedule I thereto (the "U.S. Underwriters") of an option to purchase from the Company up to 4,200,000 additional shares of Common Stock (the "U.S. Option Shares"; the U.S. Option Shares, together with the U.S. Underwritten Shares, being hereinafter called the "U.S. Shares"; and the U.S. Shares, together with the International Shares, being hereinafter called the "Shares") and (ii) the sale by the Company of \$120,000,000 principal amount of its ____% Convertible Subordinated Notes due 2003 (the "U.S. Underwritten Notes"), and providing for the grant to certain U.S. Underwriters of an option to purchase from the Company up to \$18,000,000 additional principal amount of its ____% Convertible Subordinated Notes due 2003 (the "U.S. Option Notes"; the U.S. Option Notes, together with the U.S. Underwritten Notes, being hereinafter called the "U.S. Notes"; and the U.S. Notes, together with the U.S. Shares, being hereinafter called the "U.S. Securities"; and the U.S. Notes, together with the International Notes, being hereinafter called the "Notes"; and the Notes, together with the Shares, being hereinafter called the "Securities").

It is further understood and agreed that the International Underwriters and the U.S. Underwriters have entered into an Agreement Between U.S. Underwriters and International Underwriters dated the date hereof (the "Agreement Between U.S. Underwriters and International Underwriters"), pursuant to which, among other things, the International Underwriters may purchase from the U.S. Underwriters a portion of the U.S. Securities to be sold pursuant to the U.S. Underwriting Agreement and the U.S. Underwriters may purchase from the International Underwriters a portion of the International Securities to be sold pursuant to the International Underwriting Agreement. To the extent there are no additional International Underwriters listed on Schedule I other than you, the term International Representatives as used herein shall mean you, as International Underwriters, and the terms International Representatives and International Underwriters shall mean either the singular or plural as the context requires.

It is understood by the parties hereto that Mr. James J. Kim and Mrs. Agnes C. Kim ("Mr. and Mrs. James J. Kim"), Selling Stockholders, are concurrently entering into a

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securities loan agreement dated the date hereof (the "Securities Loan Agreement") with Smith Barney Inc. ("SBI") which provides that, subject to certain restrictions and with the agreement of Mr. and Mrs. James J. Kim, SBI may from time to time borrow, return and reborrow from Mr. and Mrs. James J. Kim certain shares of Common Stock (the "Borrowed Shares") for the purpose of facilitating market-making activity in the Notes by SBI.

Certain terms used in this Agreement are defined in Section 17 hereof.

1. Representations and Warranties.

A. The Company and Mr. James J. Kim, a Selling Stockholder, jointly and severally represent and warrant to, and agree with, each International Underwriter as set forth below in this Section 1A.

(a) The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement (file number 333-37235) on Form S-1, including the related Offering

Preliminary Prospectuses, for the registration under the Act of the offering and sale of the Securities. The Company may have filed one or more amendments thereto, including the related Offering Preliminary Prospectuses, each of which has previously been furnished to you. The Company will next file with the Commission either (i) prior to effectiveness of the Offering Registration Statement, a further amendment to the Offering Registration Statement (including the form of Offering Prospectuses) or (ii) after effectiveness of the Offering Registration Statement, the Offering Prospectuses in accordance with Rules 430A and 424(b)(1) or (4). In the case of clause (ii), the Company has included in the Offering Registration Statement all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in the Offering Registration Statement and the Offering Prospectuses. As filed, such amendment and form of Offering Prospectuses, or such Offering Prospectuses, shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the International Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Offering International Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein.

It is understood that two forms of prospectus are to be used in connection with the offering and sale of the Securities: one form of prospectus relating to the International Securities, which are to be offered and sold to persons other than United States and Canadian Persons, and one form of prospectus relating to the U.S. Securities, which are to be offered and sold to United States and Canadian Persons. The two forms of prospectus are identical except for the outside front cover page, the inside front cover page, the discussion under the headings "Underwriting" and the outside back cover page. Such form of prospectus relating to the U.S. Securities as first filed pursuant to

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Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Offering Registration Statement at the Effective Date, is hereinafter called the "Offering U.S. Prospectus"; such form of prospectus relating to the International Securities as first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Offering Registration Statement at the Effective Date, in either case, exclusive of any supplement thereto, is hereinafter called the "Offering International Prospectus"; and the Offering U.S. Prospectus and the Offering International Prospectus are hereinafter collectively called the "Offering Prospectuses".

(b) On the Effective Date, the Offering Registration Statement did or will, and when the Offering Prospectuses are first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as defined herein) and on any date on which the International Option Shares or the International Option Notes are purchased, if such date is not the Closing Date (a "settlement date"), each Offering Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act and the rules thereunder; on the Effective Date and at the Execution Time, the Offering Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date, each Offering Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b) and on

the Closing Date and any settlement date, each Offering Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company and Mr. James J. Kim make no representations or warranties as to the information contained in or omitted from the Offering Registration Statement or the Offering Prospectuses (or any supplement thereto) in reliance upon and in conformity with information furnished herein or in writing to the Company by or on behalf of any International Underwriter through the International Representatives specifically for inclusion in the Offering Registration Statement or the Offering Prospectuses (or any supplement thereto).

(c) The Company has filed with the Commission a registration statement (file number 333-_____) on Form S-1, including the related Borrowing Preliminary Prospectus, for the registration under the Act of the offering and sale of the Borrowed Shares. The Company may have filed one or more amendments thereto, including the related Borrowing Preliminary Prospectus, each of which has previously been furnished to you. The Company will next file with the Commission either (i) prior to the effectiveness of the Borrowing Registration Statement, a further amendment to the Borrowing Registration Statement (including the form of Borrowing Prospectus) or (ii) after the effectiveness of the Borrowing Registration Statement, the Borrowing Prospectus in accordance with Rules 430A and 424(b)(1) or (4). In the case of clause (ii), the Company has included in the Borrowing Registration Statement all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included

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in the Borrowing Registration Statement and the Borrowing Prospectus. As filed, such amendment and form of Borrowing Prospectus, or such Borrowing Prospectus, shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the International Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Borrowing Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein.

(d) On the Effective Date, the Borrowing Registration Statement did or will, and when the Borrowing Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date, the Borrowing Prospectus (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act and the rules thereunder; on the Borrowing Effective Date and at the Execution Time, the Borrowing Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Borrowing Effective Date, the Borrowing Prospectus, if not filed pursuant to Rule 424(b), will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Borrowing Prospectus (together with any supplemental thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company and Mr. James J. Kim make no representations or warranties as to the information contained in or omitted from the Borrowing Registration Statement, or the Borrowing Prospectus (or any supplemental thereto) in reliance upon and in conformity with

information furnished herein or in writing to the Company by or on behalf of any International Underwriter through the International Representatives specifically for inclusion in the Borrowing Registration Statement or the Borrowing Prospectus (or any supplement thereto).

(e) The combined financial statements and schedules of the Company and A.K. Industries, Inc., Amkor Electronics, Inc., Amkor Anam Test Services, Inc., T.L. Limited, Amkor Anam Advanced Packaging, Inc. ("AAAP"), Amkor/Anam Pilipinas, Inc. ("AAP"), C.I.L. Limited, Amkor/Anam Euroservices S.A.R.L., and Automated MicroElectronics, Inc. ("AMI") (each a "Subsidiary" and collectively the "Subsidiaries") included in the Prospectuses and the Registration Statements present fairly in all material respects the financial condition, results of operations and cash flows of the Company and the Subsidiaries, on a combined basis, as of the dates and for the periods indicated, comply as to form with the applicable accounting requirements of the Act and the rules and regulations thereunder and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein).

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(f) Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, Anam Industrial Co., Ltd. ("AICL") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized with full corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectuses; each of the Company and the Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect; and no proceeding has been instituted in any such jurisdiction, revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification except such proceedings which, if successful, would not individually or in the aggregate have a Material Adverse Effect.

(g) All the outstanding shares of capital stock of each Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except (i) such shares of AAP owned by AICL, which shares do not exceed 40.1% of the outstanding voting shares of AAP, (ii) such shares of AAP, AMI and AAAP owned by directors thereof, which shares in each case do not exceed 0.1% of the outstanding shares of such Subsidiary, (iii) 3,446,476 shares of preferred stock of AAP, which shares are owned by Integrated Microelectronics, Inc., and (iv) as otherwise set forth in the Prospectuses, all outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned subsidiaries free and clear of any perfected security interest and any other security interests, claims, liens or encumbrances.

(h) The Company's authorized equity capitalization is as set forth in the Prospectuses; the capital stock of the Company conforms in all material respects to the description thereof contained in the Prospectuses; the outstanding shares of Common Stock have been duly and validly authorized and issued and are fully paid and nonassessable; the International Shares being sold hereunder have been duly and validly authorized, and, when issued and delivered to and paid for by the International Underwriters pursuant to this Agreement, will be fully paid and nonassessable; the International Shares have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the certificates for the International

Shares are in valid and sufficient form; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the International Shares; and, except as set forth in the Prospectuses, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding.

(i) The Indenture will be, as of the Closing Date, duly authorized, executed and delivered; the Indenture has been duly qualified under the Trust Indenture Act and as of the Closing Date will constitute a valid, binding and enforceable obligation of the Company; the International Notes have been duly authorized by the Company and, when authenticated by the Trustee in accordance with the terms of the Indenture and

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delivered to and paid for by the International Underwriters pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid, binding and enforceable obligations of the Company entitled to the benefits provided by the Indenture; the shares of Common Stock issuable upon conversion of the International Notes have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the holders of the outstanding shares of capital stock of the Company are not entitled to any preemptive or other rights to subscribe for the International Notes or the shares of Common Stock issuable upon the conversion thereof; the shares of Common Stock initially issuable upon conversion of the International Notes have been duly and validly authorized and reserved for issuance upon such conversion and, when issued upon conversion, will be validly issued, fully paid and nonassessable; and the International Notes and the Indenture will conform in all material respects to the descriptions thereof contained in the Offering Prospectuses.

(j) There is no franchise, contract or other document of a character required to be described in the Registration Statements or Prospectuses, or to be filed as an exhibit thereto, which is not described or filed as required.

(k) This Agreement has been duly authorized, executed and delivered by the Company and is a valid, binding and enforceable agreement of the Company.

(l) The Company is not and, after giving effect to the offering and sale of the International Securities and the application of the proceeds thereof as described in the Prospectuses, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(m) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the International Securities by the International Underwriters in the manner contemplated herein and in the Prospectuses.

(n) Neither the issue and sale of the International Securities nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the Subsidiaries pursuant to, (i) the charter or bylaws of the Company or any of the Subsidiaries or (ii) the terms of any indenture,

contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement to which the Company or any of the Subsidiaries is a party or bound or to which its or their property is subject or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of the Subsidiaries of any court, governmental body, arbitrator or other authority having jurisdiction over the Company or any of the Subsidiaries or any of its or their properties.

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(o) No holders of securities of the Company have rights to the registration of such securities under the Registration Statements.

(p) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Subsidiaries or its or their property is pending or, to the knowledge of the Company and Mr. James J. Kim, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or the consummation of any of the transactions contemplated hereby or (ii) could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(q) The Reorganization (as defined in the Prospectuses) has been completed as described in the Prospectuses.

(r) Each of the Packaging and Test Services Agreement dated November 1, 1997 and the Foundry Services Agreement dated January 1, 1998 (collectively, the "AICL Agreements") has been duly authorized, executed and delivered by the Company, the Subsidiaries that are parties thereto (the "Subsidiary Parties") and AICL and is a valid, binding and enforceable agreement of the Company, the Subsidiary Parties and, to the knowledge of the Company and Mr. James J. Kim, AICL; neither the consummation of the transactions contemplated in any of the AICL Agreements nor the fulfillment of the terms thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company, any of the Subsidiary Parties or AICL pursuant to, (i) the charter or bylaws of the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement to which the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL is a party or bound or to which their respective property is subject (except for such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect or a material adverse effect on the ability of AICL to perform any of the AICL Agreements) or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL of any court, governmental body, arbitrator or other authority having jurisdiction over the Company, such Subsidiary Party or AICL or any of their respective properties; no consent, approval, authorization, filing with or order of any court or governmental agency or body is currently required in connection with the transactions contemplated in any of the AICL Agreements, except those which have been obtained or which, if not obtained, would not individually or in the aggregate have a material adverse effect on the performance of any of the AICL Agreements or the consummation of the transactions contemplated thereby; and no action, suit or proceeding by or before any court or governmental body or any arbitrator involving the Company, any Subsidiary Party or, to the knowledge of the Company and Mr. James J. Kim, AICL or their respective properties is pending or, to the knowledge of the Company and Mr. James J. Kim, threatened that could reasonably be expected to have a material

adverse effect on the

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performance of any of the AICL Agreements or the consummation of the transactions contemplated thereby.

(s) Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, AICL owns or leases all such properties as are necessary to the conduct of its operations as presently conducted; neither the Company nor any Subsidiary nor, to the knowledge of the Company and Mr. James J. Kim, AICL is in violation of any law, rule or regulation of any Federal, state, local or other governmental or regulatory authority applicable to it or is in non-compliance with any term or condition of, or has failed to obtain and maintain in effect, any license, certificate, permit or other governmental authorization required for the ownership or lease of its property or the conduct of its business, which violation, non-compliance or failure would individually or in the aggregate have a Material Adverse Effect or a material adverse effect on the ability of AICL to perform any of the AICL Agreements, except as set forth in or contemplated in the Prospectuses; and the Company has not received notice of any proceedings relating to the revocation or material modification of any such license, certificate, permit or other authorization (other than such proceedings which, if the subject of an unfavorable decision, would not individually or in the aggregate have a Material Adverse Effect), except as set forth in or contemplated in the Prospectuses.

(t) Neither the Company nor any Subsidiary nor, to the knowledge of the Company and Mr. James J. Kim, AICL is in violation or default of (i) any provision of its charter or bylaws, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement to which it is a party or bound or to which its property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree of any court, governmental body, arbitrator or other authority having jurisdiction over the Company, or such Subsidiary or AICL or any of their respective properties, as applicable, in each case (x) other than such violations or defaults which would not, individually or in the aggregate, have a Material Adverse Effect or a material adverse effect on the ability of AICL to perform its obligations under the AICL Agreements and (y) except as set forth in or contemplated in the Prospectuses.

(u) Arthur Andersen LLP, who have certified certain financial statements of the Company and the Subsidiaries and delivered their report with respect to the audited combined financial statements and schedules included in the Prospectuses, are independent public accountants with respect to the Company within the meaning of the Act and the applicable published rules and regulations thereunder.

(v) There are no transfer taxes or other similar fees or charges under Federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the issuance by the Company or sale by the Company of the International Securities.

(w) The Company has filed all foreign, federal, state and local tax returns that are required to be filed or has requested extensions thereof (except in any case in

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which the failure so to file would not have a Material Adverse Effect),

except as set forth in or contemplated in the Prospectuses and has paid all taxes shown as payable on such tax returns and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as would not have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(x) No labor dispute with the employees of the Company or any of the Subsidiaries exists or, to the knowledge of the Company and Mr. James J. Kim, is threatened that could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(y) The Company and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent for the businesses in which they are engaged; neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(z) No Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any other Subsidiary of the Company, except as described in or contemplated in the Prospectuses.

(aa) The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses (except in any case in which the failure so to possess any such certificate, authorization or permit would not, individually or in the aggregate, have a Material Adverse Effect), and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(bb) Neither the Company nor any of the Subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health or to the storage, handling or transportation of hazardous or toxic materials and the Company and the Subsidiaries have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws

and regulations to conduct their respective businesses, and the Company and each such Subsidiary is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate, have a Material Adverse Effect, except as set forth in or contemplated in the Prospectuses.

(cc) The Company and each of the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(dd) Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, AICL owns or has obtained licenses for the patents, patent applications, trade and service marks, trade secrets and other intellectual properties referenced or described in the Prospectuses as being owned by or licensed to it (collectively, the "Intellectual Property"). Except as set forth in the Prospectuses under the caption "Business -- Intellectual Property," (a) to the knowledge of the Company and Mr. James J. Kim, there are no rights of third parties to any such Intellectual Property owned by the Company or any of the Subsidiaries; (b) to the knowledge of the Company and Mr. James J. Kim, there is no material infringement by third parties of any such Intellectual Property (other than with respect to the "Gold Gate" patent of the Company); (c) there is no pending or, to the knowledge of the Company and Mr. James J. Kim, threatened action, suit, proceeding or claim by others challenging the rights of the Company, any Subsidiary or AICL in or to any such Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (d) there is no pending or, to the knowledge of the Company and Mr. James J. Kim, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property; (e) there is no pending or, to the knowledge of the Company and Mr. James J. Kim, threatened action, suit, proceeding or claim by others that the Company, any Subsidiary or AICL infringes or otherwise violates any patent, trademark, copyright, trade secret or other proprietary rights of others; (f) to the knowledge of the Company and Mr. James J. Kim, there is no U.S. patent or published U.S. patent application which contains claims that dominate or may dominate any Intellectual Property described in the Prospectuses as being owned by or licensed to the Company, any Subsidiary or AICL or that interferes with the issued or pending claims of any such Intellectual Property; and (g) there is no prior art of which the Company is aware that may render any U.S. patent held by the Company, any Subsidiary or AICL invalid or any U.S. patent application held by the Company, any Subsidiary or AICL unpatentable which has not been disclosed to the U.S. Patent and Trademark Office.

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Each of the Company, the Subsidiaries and, to the knowledge of the Company and Mr. James J. Kim, AICL owns the Intellectual Property or has the rights to the Intellectual Property that is necessary, in the case of the Company and the Subsidiaries, to conduct the Company's business as described in the Prospectuses or, in the case of AICL, to perform its obligations under the AICL Agreements.

(ee) Neither the Company nor any of the Subsidiaries has distributed nor will it distribute prior to the later of (i) the Closing Date, or any date on which International Option Shares or International Option Notes are to be purchased, as the case may be, and (ii) completion of the distribution of the International Securities, any offering material in connection with the offering and sale of the International Securities other than any Offering Preliminary Prospectuses, the Offering Prospectuses, the Offering Registration Statement and other materials, if any, permitted by the Act.

(ff) Neither the Company nor its affiliated purchasers, as defined in Rule 100 of Regulation M ("Regulation M") under the Exchange Act, either alone or with one or more other persons, (i) has taken, either directly or indirectly, any action which was designed to cause or result in, or which has constituted, or which might reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company ("Subject Securities") in connection with the offering of the Securities or (ii) will bid for or purchase any Subject Securities of the Company or any other covered securities (within the meaning of Regulation M) relating to the Subject Securities (together with Subject Securities, "Covered Securities"), or attempt to induce any person to bid for or purchase any Covered Securities, in either case, for the purpose of creating actual or apparent active trading in, or raising the price of the Securities.

(gg) There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company or any of the Subsidiaries to or for the benefit of any of the officers or directors of the Company or any Subsidiary or any of the members of the families of any of them, which loans, advances or guarantees are required to be, and are not, disclosed in the Registration Statements and Prospectuses.

(hh) There have not been, and there are not proposed, any transactions or agreements between the Company or any of the Subsidiaries on the one hand and the officers, directors or stockholders of the Company or any of the Subsidiaries on the other, which transactions or agreements are required to be, and are not, disclosed in the Registration Statements and Prospectuses.

(ii) No officer or director of the Company is in breach or violation of any employment agreement, non-competition agreement, confidentiality agreement, or other agreement restricting the nature or scope of employment to which such officer or director is a party, other than such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect; neither the current conduct nor the proposed

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conduct of the Company's business, as described in the Registration Statements and Prospectuses, will result in a breach or violation of any such agreement.

(jj) There are no outstanding options to acquire shares of capital stock of the Company that are vested and exercisable, and there are no outstanding options to acquire shares of capital stock of the Company that can, by their terms, become exercisable within 180 days of the date hereof.

Any certificate signed by any officer of the Company and delivered to the International Representatives or counsel for the International Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each International Underwriter.

B. Each Selling Stockholder represents and warrants to, and agrees with, each International Underwriter that:

(a) Such Selling Stockholder has full legal right, capacity, power and authority to enter into and perform this Agreement and the Custody Agreement (as defined below) and to sell, transfer, assign and deliver in the manner provided in this Agreement and the Custody Agreement the International Shares to be sold by such Selling Stockholder hereunder.

(b) Such Selling Stockholder is the lawful owner of the International Shares to be sold by such Selling Stockholder hereunder and upon sale and delivery of, and payment for, such International Shares, as provided herein, such Selling Stockholder will convey good and valid title to such International Shares, free and clear of all liens, encumbrances, equities and claims whatsoever.

(c) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the International Shares and has not effected any sales of shares of Common Stock which, if effected by the issuer, would be required to be disclosed in response to Item 701 of Regulation S-K under the Act.

(d) Certificates in negotiable form for such Selling Stockholder's International Shares have been placed in custody, for delivery pursuant to the terms of this Agreement, under a Custody Agreement duly executed and delivered by such Selling Stockholder, in the form heretofore furnished to you (the "Custody Agreement") with _____ of _____, as Custodian (the "Custodian"); the International Shares represented by the certificates so held in custody for each Selling Stockholder are subject to the interests hereunder of the International Underwriters, the Company and the other Selling Stockholders; the arrangements for custody and delivery of such certificates, made by such Selling Stockholder hereunder and under the Custody Agreement, are not subject to termination by any acts of such Selling Stockholder, or by operation of law,

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whether by the death or incapacity of such Selling Stockholder or the occurrence of any other event; and if any such death, incapacity or any other such event shall occur before the delivery of such International Shares hereunder, certificates for the International Shares will be delivered by the Custodian in accordance with the terms and conditions of this Agreement and the Custody Agreement as if such death, incapacity or other event had not occurred, regardless of whether or not the Custodian shall have received notice of such death, incapacity or other event.

(e) No consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by such Selling Stockholder of the transactions contemplated herein, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the International Shares by the International Underwriters and such other approvals as have been obtained.

(f) Neither the sale of the International Shares being sold by such Selling Stockholder nor the consummation of any other of the transactions herein contemplated by such Selling Stockholder or the fulfillment of the terms hereof by such Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or the terms of any indenture or other agreement or instrument to which such Selling Stockholder is a party or bound, or any judgment, order or decree applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder.

2. Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the

Company and the Selling Stockholders agree to sell to each International Underwriter, and each International Underwriter agrees, severally and not jointly, to purchase from the Company and the Selling Stockholders, at a purchase price of \$_____ per share, the amount of the International Underwritten Shares set forth opposite such International Underwriter's name in Schedule I hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several International Underwriters to purchase, severally and not jointly, up to 1,050,000 shares of the International Option Shares at the same purchase price per share as the International Underwriters shall pay for the International Underwritten Shares. Said option may be exercised only to cover over-allotments in the sale of the International Underwritten Shares by the International Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Offering International Prospectus upon written or telegraphic notice by the International Representatives to the Company setting forth the number of shares of the International Option Shares as to which the several International Underwriters are exercising the option and the settlement date; provided, however, that to the extent that both the option provided for in this Section 2(b) and the option provided for in Section 2(b) of the U.S. Underwriting Agreement are exercised, (i) such exercises shall occur on the same date and (ii) the settlement dates in respect thereof shall be the same date. Delivery of

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the International Option Shares, and payment therefor, shall be made as provided in Section 3 hereof. The number of shares of the International Option Shares to be purchased by each International Underwriter shall be the same percentage of the total number of shares of the International Option Shares to be purchased by the several International Underwriters as such International Underwriter is purchasing of the International Underwritten Shares, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional shares.

(c) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each International Underwriter, and each International Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of ____% of the principal amount thereof, plus accrued interest, if any, on the International Underwritten Notes from April ___, 1998, to the Closing Date, the principal amount of the International Underwritten Notes set forth opposite such International Underwriter's name in Schedule I hereto.

(d) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several International Underwriters to purchase, severally and not jointly, the International Option Notes at a purchase price of ____% of the principal amount thereof, plus accrued interest, if any, from April ___, 1998, to the settlement date for the International Option Notes. Said option may be exercised only to cover over-allotments in the sale of the International Underwritten Notes by the International Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Offering International Prospectus upon written or telegraphic notice by the International Representatives to the Company setting forth the principal amount of International Option Notes as to which the several International Underwriters are exercising the option and the settlement date; provided, however, that to the extent that both the option provided for in this Section 2(d) hereof and the option provided for in Section 2(d) of the U.S. Underwriting Agreement are exercised, (i) such exercises shall occur on the same date and (ii) the settlement dates in respect thereof shall be the same date. Delivery of certificates for the International Option Notes, and payment therefor, shall be made as provided in Section 3 hereof. The principal amount of International Option Notes to be purchased by each International Underwriter shall be the same percentage of the total principal amount of

International Option Notes to be purchased by the International Underwriters as such International Underwriter is purchasing of the International Underwritten Notes, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional principal amounts.

3. Delivery and Payment. Delivery of and payment for the International Underwritten Shares, the International Underwritten Notes, the International Option Shares (if the option provided for in Section 2(b) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) and the International Option Notes (if the option provided for in Section 2(d) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) shall be made at 10:00 AM, New York City time, on _____, 1998, or at such time on such later date not more than three Business Days after the foregoing date as the International Representatives shall designate, which date and time may be postponed

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by agreement among the International Representatives, the Company and the Selling Stockholders or as provided in Section 9 hereof (such date and time of delivery and payment for the International Securities being herein called the "Closing Date"). Delivery of the International Securities shall be made to the International Representatives for the respective accounts of the several International Underwriters against payment by the several International Underwriters through the International Representatives of (i) \$_____ by wire transfer payable in same-day funds to an account of the Korea Development Bank specified by the Company and (ii) the balance of the respective aggregate purchase prices of the International Securities being sold by the Company and each of the Selling Stockholders to or upon the order of the Company and each of the Selling Stockholders by wire transfer payable in same-day funds to the accounts specified by the Company and each of the Selling Stockholders or by such other method as shall be agreed upon by the International Representatives and the Company and such Selling Stockholders. Delivery of the International Securities shall be made through the facilities of the Depository Trust Company unless the International Representatives shall otherwise instruct.

It is understood and agreed that the Closing Date shall occur simultaneously with the "Closing Date" under the U.S. Underwriting Agreement.

Each Selling Stockholder will pay all applicable state transfer taxes, if any, involved in the transfer to the several International Underwriters of the International Shares to be purchased by them from such Selling Stockholders and the respective International Underwriters will pay any additional stock transfer taxes involved in further transfers.

If the option provided for in Section 2(b) and/or Section 2(d) hereof is exercised on or after the second Business Day prior to the Closing Date, the Company will deliver (at the expense of the Company) to the International Representatives, on the date(s) specified by the International Representatives (which shall be within three Business Days after exercise of said option(s)), the International Option Shares and/or International Option Notes against payment by the several International Underwriters through the International Representatives of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to an account specified by the Company or by such other method as shall be agreed upon by the International Representatives and the Company. Delivery of the International Option Shares and/or International Option Notes shall be made through the facilities of the Depository Trust Company unless the International Representatives shall otherwise instruct. If settlement for the International Option Shares and/or International Option Notes occurs after the Closing Date, the Company will deliver to the International Representatives on the settlement date(s), and the obligation of the International Underwriters to purchase the International Option Shares and/or International Option Notes, as the case may be, shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date(s) the opinions, certificates and letters delivered on the Closing Date pursuant to Section 6 hereof.

4. Offering by Underwriters. It is understood that the several International Underwriters propose to offer the International Securities for sale to the public as set forth in the Offering Prospectuses.

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5. Other Agreements.

A. The Company agrees with the several International Underwriters that:

(a) The Company will use its best efforts to cause the Offering Registration Statement, if not effective at the Execution Time, and any amendment thereof to become effective. Prior to the termination of the offering of the Securities, the Company will not file any amendment of the Offering Registration Statement or supplement to the Offering Prospectuses or any Rule 462(b) Registration Statement unless the Company has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, if the Offering Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Offering Prospectuses is otherwise required under Rule 424(b), the Company will cause the Offering Prospectuses, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the International Representatives of such timely filing. The Company will promptly advise the International Representatives (i) when the Offering Registration Statement, if not effective at the Execution Time, shall have become effective, (ii) when the Offering Prospectuses, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b) or when any Rule 462(b) Registration Statement shall have been filed with the Commission, (iii) when, prior to termination of the offering of the Securities, any amendment to the Offering Registration Statement shall have been filed or become effective, (iv) of any request by the Commission for any amendment of the Offering Registration Statement or any Rule 462(b) Registration Statement, or for any supplement to the Offering Prospectuses or for any additional information, (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Offering Registration Statement or the institution or threatening of any proceeding for that purpose and (vi) of the receipt by the Company of any notification in writing with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or with respect to the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which either of the Offering Prospectuses as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend the Offering Registration Statement or supplement either of the Offering Prospectuses to comply with the Act or the rules thereunder, the Company promptly will (i) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 5, an amendment or supplement which will correct such statement or

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omission or effect such compliance and (ii) supply any supplemented Offering Prospectuses to you in such quantities as you may reasonably request.

(c) As soon as practicable, the Company will make generally available to its security holders and to the International Representatives an earnings statement or statements of the Company and the Subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) The Company will furnish to the International Representatives and counsel for the International Underwriters, without charge, signed copies of the Registration Statement (including exhibits thereto) and to each other International Underwriter a copy of the Offering Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an International Underwriter or dealer may be required by the Act, as many copies of each Offering International Preliminary Prospectus and the Offering International Prospectus and any supplement thereto as the International Representatives may reasonably request. The Company will pay the expenses of printing or other production of all documents relating to the offering.

(e) The Company will arrange, if necessary, for the qualification of the Securities for sale under the laws of such jurisdictions as the International Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the International Securities and will pay any fee of the NASD, in connection with its review of the offering; provided, however, that the Company shall not be required in connection therewith, as a condition thereof, to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation as doing business in any jurisdiction.

(f) The Company will not, for a period of 180 days following the Execution Time, without the prior written consent of SBI, offer, pledge, sell or contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock (other than the Notes); provided, however, that the Company may grant options and may issue and sell shares of Common Stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company that was approved by the Board of Directors of the Company prior to the Execution Time and the Company may issue shares of Common Stock issuable upon the conversion of securities or the exercise of warrants outstanding at the Execution Time.

(g) The Company will use the net proceeds to the Company of the offering of the Securities as described under the heading "Use of Proceeds" in the Offering Prospectuses.

(h) The Company will use its best efforts to have the Notes approved for quotation on the Nasdaq Stock Market.

(i) The Company will use its best efforts to have Arthur Andersen LLP issue, on or prior to May 15, 1998 (or, to the

extent such date is prior to the Closing Date, within _____ Business Days after the Closing Date), a revised audit report with respect to the combined financial statements of the Company contained in the Offering Prospectuses, which audit report shall not contain any qualification as to the Company's ability to continue as a going concern.

(j) The Company confirms as of the date hereof that it is in compliance with all provisions of Section 1 of Laws of Florida, Chapter 92-198, An Act Relating to Disclosure of Doing Business with Cuba, and the Company further agrees that if it commences engaging in business with the government of Cuba or with any person or affiliate located in Cuba after the date the Offering Registration Statement becomes or has become effective with the Commission or with the Florida Department of Banking and Finance (the "Department"), whichever date is later, or if the information reported in the Offering Prospectuses, if any, concerning the Company's business with Cuba or with any person or affiliate located in Cuba changes in any material way, the Company will provide the Department notice of such business or change, as appropriate, in a form acceptable to the Department.

B. Each Selling Stockholder agrees with the several International Underwriters that it will not during the period of 180 days following the Execution Time, without the prior written consent of SBI or unless pursuant to the Securities Loan Agreement, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any other shares of Common Stock beneficially owned by such person, or any securities convertible into, or exchangeable for, shares of Common Stock other than shares of Common Stock disposed of as bona fide gifts.

C.(a) Each International Underwriter agrees that (i) it is not purchasing any of the International Securities for the account of any United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any of the International Securities or distribute any Offering International Prospectus to any person in the United States or Canada, or to a United States or Canadian Person, and (iii) any dealer to whom it may sell any of the International Securities will represent that it is not purchasing for the account of any United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any of the International Securities in the United States or Canada, or to a United States or Canadian Person or to any other dealer who does not so represent and agree; provided, however, that the foregoing shall not restrict (i) purchases and sales between the International Underwriters on the one hand and the

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U.S. Underwriters on the other hand pursuant to the Agreement Between U.S. Underwriters and International Underwriters, (ii) stabilization transactions contemplated under the Agreement Between International Underwriters and U.S. Underwriters, conducted through SBI (or through the International Representatives and U.S. Representatives) as part of the distribution of the Securities, and (iii) sales to or through (or distributions of Offering International Prospectuses or Offering International Preliminary Prospectuses to) persons not United States or Canadian Persons who are investment advisors, or who otherwise exercise investment discretion, and who are purchasing for the account of any United States or Canadian Person.

The agreement of the International Underwriters set forth in the above paragraph shall terminate upon the earlier of the following events:

(i) a mutual agreement of the International Representatives and the U.S. Representatives to terminate the

selling restrictions set forth in such paragraph and in Section 5C of the International Underwriting Agreement; or

(ii) the expiration of a period of 30 days after the Closing Date, unless (A) the International Representatives shall have given notice to the Company and the U.S. Representatives that the distribution of the International Securities by the International Underwriters has not yet been completed, or (B) the U.S. Representatives shall have given notice to the Company and the International Underwriters that the distribution of the U.S. Securities by the U.S. Underwriters has not yet been completed. If such notice by the International Representatives or the U.S. Representatives is given, the agreements set forth in such paragraph shall survive until the earlier of (1) the event referred to in clause (i) above or (2) the expiration of an additional period of 30 days from the date of any such notice.

(b) Each International Underwriter severally represents and agrees that:

(i) it has not offered or sold and, prior to the expiration of six months from the closing of the offering of the International Securities, will not offer or sell any International Securities in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (whether as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public within the meaning of the U.K. Public Offers of Securities Regulations 1995;

(ii) it has complied and will comply with all applicable provisions of the U.K. Financial Services Act 1986 with respect to anything done by it in relation to the International Securities in, from or otherwise involving the United Kingdom; and

(iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the

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International Securities to a person who is of a kind described in Article 11(3) of the U.K. Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

6. Conditions to the Obligations of the International Underwriters. The obligations of the International Underwriters to purchase (i) the International Underwritten Shares and the International Underwritten Notes and (ii) the International Option Shares and the International Option Notes, as the case may be, shall be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Stockholders contained herein as of the Execution Time, the Closing Date and any settlement date pursuant to Section 3 hereof, to the accuracy of the statements of the Company and the Selling Stockholders made in any certificates pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their respective obligations under this Agreement and to the following additional conditions:

(a) If any Registration Statement has not become effective prior to the Execution Time, unless the International Representatives agree in writing to a later time, such Registration

Statement will become effective not later than (i) 6:00 PM, New York City time, on the date of determination of the public offering price of the Securities, if such determination occurred at or prior to 3:00 PM, New York City time, on such date or (ii) 9:30 AM, New York City time, on the Business Day following the day on which the public offering price of the Securities was determined, if such determination occurred after 3:00 PM, New York City time, on such date; if filing of any of the Prospectuses, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectuses, and any such supplement, will be filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of any Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) The Company shall have furnished to the International Representatives the opinion of Wilson Sonsini Goodrich & Rosati, counsel for the Company, dated the Closing Date, to the effect that:

(i) each of the Company and the Subsidiaries chartered or organized under the laws of any state of the United States (the "U.S. Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own its properties and conduct its business as described in the Prospectuses;

(ii) all the outstanding shares of capital stock of each U.S. Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Prospectuses, all outstanding shares of capital stock of the U.S. Subsidiaries are owned by the

Company, either directly or through wholly owned Subsidiaries, free and clear of any perfected security interest and, to the knowledge of such counsel, any other security interests, claims, liens or encumbrances;

(iii) the capital stock of the Company conforms as to legal matters in all material respects to the description thereof contained in the Prospectuses; the outstanding shares of Common Stock (including the Shares being sold hereunder by the Selling Stockholders) have been duly and validly authorized and issued and are fully paid and nonassessable; the Shares have been duly and validly authorized and, when issued and delivered to and paid for by the International Underwriters pursuant to this Agreement and by the U.S. Underwriters pursuant to the U.S. Underwriting Agreement, will be fully paid and nonassessable; the Shares have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the certificates for the Shares are in valid and sufficient form; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Shares under the Articles of Incorporation or bylaws of the Company or under the laws of the State of Delaware; and, to the knowledge of such counsel, except as set forth in the Prospectuses, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership

interests in the Company are outstanding;

(iv) The Indenture has been duly authorized, executed and delivered; the Indenture has been duly qualified under the Trust Indenture Act and constitutes a valid and binding obligation of the Company; the Notes have been duly authorized and, when executed by the Company and authenticated in accordance with the terms of the Indenture and paid for by the holders thereof, will constitute valid, binding and enforceable obligations of the Company entitled, to the benefits provided by the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity; the shares of Common Stock issuable upon conversion of the Notes have been duly authorized for listing, subject to official notice of issuance, on the Nasdaq National Market; the holders of the outstanding shares of capital stock of the Company are not entitled, under the Articles of Incorporation or bylaws of the Company or under the laws of the State of Delaware, to any preemptive or other rights to subscribe for the Notes or the shares of Common Stock issuable upon the conversion thereof; the shares of Common Stock initially issuable upon conversion of the Notes have been duly and validly authorized and reserved for issuance upon such conversion and, when issued upon conversion, will be validly issued, fully paid and nonassessable; and the Notes and the Indenture conform in all material respects to the descriptions thereof contained in the Offering Prospectuses.

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(v) to the knowledge of such counsel, there is no pending action, suit or proceeding, or any written threat thereof, by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Subsidiaries of a character required to be disclosed in any Registration Statement which is not adequately disclosed in the Prospectuses, and there is no franchise, contract or other document of a character required to be described in any Registration Statement or Prospectus, or to be filed as an exhibit, which is not described or filed as required; and the statements in the Prospectuses under the headings "Reorganization," "Description of Capital Stock," "Description of the Convertible Notes," "Shares Eligible for Future Sale" and "Certain United States Federal Tax Consequences to Non-United States Holders of Common Stock and Convertible Notes," insofar as such statements constitute a summary of legal matters referred to therein, fairly summarize the information called for with respect to such legal matters;

(vi) the Registration Statements have become effective under the Act; any required filing of the Prospectuses, and of any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the knowledge of such counsel, no stop order suspending the effectiveness of any Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened and the Registration Statements and the Prospectuses (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the rules thereunder; and such counsel has no reason to believe that on the Effective Date or at the Execution Time the Registration Statements contained any untrue statement of a material fact

or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectuses as of its date and on the Closing Date included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion);

(vii) each of this Agreement and the U.S. Underwriting Agreement has been duly authorized, executed and delivered by the Company;

(viii) no consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein or in the U.S. Underwriting Agreement, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the International Underwriters and the U.S. Underwriters in the manner contemplated in this Agreement and the U.S. Underwriting Agreement

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and in the Offering Prospectuses and such other approvals (specified in such opinion) as have been obtained;

(ix) neither the issue and sale of the Securities nor the performance of the Company's obligations hereunder or under the U.S. Underwriting Agreement nor the fulfillment of the terms hereof or thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiaries pursuant to, (i) the charter or bylaws of the Company or any U.S. Subsidiary or (ii) any U.S., California or Delaware statute, law, rule, regulation, judgment, order or decree known to such counsel applicable to the Company or any U.S. Subsidiary of any U.S., California or Delaware court, governmental body, arbitrator or other authority having jurisdiction over the Company or any U.S. Subsidiary or any of their respective properties;

(x) no holders of securities of the Company have rights to the registration of such securities under the Registration Statements;

(xi) each of the AICL Agreements has been duly authorized, executed and delivered by the Company and the U.S. Subsidiaries that are parties thereto (the "U.S. Subsidiary Parties") and is a valid, binding and enforceable agreement of the Company and the U.S. Subsidiary Parties, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity; neither the consummation of the transactions contemplated in any of the AICL Agreements nor the fulfillment of the terms thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiary Parties pursuant to, the charter or bylaws of the Company or any U.S. Subsidiary Party; and

(xii) the Company is not and, after giving effect

to the offering and sale of the Securities and application of the proceeds thereof as described in the Prospectuses under the caption "Use of Proceeds," will not be an "investment company" within the meaning of the 1940 Act.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of California, the United States or the corporate laws of the State of Delaware or, with respect to the opinion referred to in sub-paragraph (iv) above, the laws of the State of New York (to the extent such opinion relates to the validity and binding effect of the Indenture), to the extent they deem proper and specify in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the International Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. Such opinion

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may also contain customary qualifications and limitations. References to the Prospectuses in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Company shall have furnished to the International Representatives the opinion of Kevin Herron, Esq., the General Counsel of the Company, dated the Closing Date, to the effect that:

(i) neither the issue and sale of the Securities nor the consummation of any other of the transactions contemplated herein or in the U.S. Underwriting Agreement nor the fulfillment of the terms hereof or thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiaries pursuant to, (i) the charter or bylaws of the Company or any U.S. Subsidiary or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement known to such counsel to which the Company or any U.S. Subsidiary is a party or bound or to which its property is subject (except for such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect) or (iii) any Pennsylvania statute, law, rule, regulation, judgment, order or decree applicable to the Company or any U.S. Subsidiary of any Pennsylvania court, governmental body, arbitrator or other authority having jurisdiction over the Company or any U.S. Subsidiary or any of their respective properties; and

(ii) neither the consummation of the transactions contemplated in any of the AICL Agreements nor the fulfillment of the terms thereof will conflict with, or result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the U.S. Subsidiary Parties pursuant to, (i) the charter or bylaws of the Company or any U.S. Subsidiary Party or (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement known to such counsel to which the Company or any U.S. Subsidiary Party is a party or bound or to which their respective property is subject (except for such breaches or violations which would not, individually or in the aggregate, have a Material Adverse Effect) or (iii) any Pennsylvania statute, law, rule, regulation, judgment, order or decree applicable to the Company or any U.S. Subsidiary

Party of any Pennsylvania court, governmental body, arbitrator or other authority having jurisdiction over the Company or any U.S. Subsidiary Party or any of their respective properties; no consent, approval, authorization, filing with or order of any U.S. court or governmental agency or body is required in connection with the transactions contemplated in any of the AICL Agreements, except _____ [LIST APPROVALS (IF ANY) REQUIRED], each of which has been obtained.

In rendering such opinion, such counsel may rely as to matters involving the application of laws of any jurisdiction other than the State of Pennsylvania, the United States or the corporate laws of the State of Delaware, to the extent he deems proper and

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specifies in such opinion, upon the opinion of other counsel of good standing whom he believes to be reliable and who are satisfactory to counsel for the International Underwriters. Such opinion may also contain customary qualifications and limitations.

(d) The Company shall have furnished to the International Representatives the opinion of Orloge, Del Costello, Bacorro, Odulco, Calma & Carobonell, Philippine counsel for the Company, dated the Closing Date, to the effect that:

(i) each of AAP, AAAP and AMI (the "Philippine Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own its properties and conduct its business, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification; and

(ii) all the outstanding shares of capital stock of each Philippine Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except (i) such shares of AAP owned by AICL, which shares do not exceed 40.1% of the outstanding shares of AAP, (ii) such shares of each Philippine Subsidiary owned by directors thereof, which shares in each case do not exceed 0.1 % of the outstanding shares of such Philippine Subsidiary, (iii) 3,446,476 shares of preferred stock of AAP, which shares are owned by Integrated Microelectronics, Inc., and (iv) as otherwise set forth in the Prospectuses, all outstanding shares of capital stock of the Philippine Subsidiaries are owned by the Company, either directly or through wholly owned Subsidiaries, free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances.

In rendering such opinion, such counsel may rely as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. Such opinion may also contain customary qualifications and limitations. References to the Prospectuses in this paragraph (d) include any supplements thereto at the Closing Date.

(e) The Company shall have furnished to the International Representatives the opinion of Kim & Chang, Korean counsel for the Company, dated the Closing Date, to the effect that:

(i) AICL has been duly incorporated and is validly existing as a corporation in good standing under the

laws of the Republic of Korea, with full corporate power and authority to own its properties and conduct its business as described in the Prospectuses;

(ii) each of the AICL Agreements has been duly executed and delivered by AICL and is a valid, binding and enforceable agreement of AICL,

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subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity;

(iii) no consent, approval, authorization, filing with or order of any court or governmental agency or body in the Republic of Korea is required in connection with the transactions contemplated in the AICL Agreements, except _____, each of which has been obtained; and

(iv) neither the consummation of any of the transactions contemplated in the AICL Agreements nor the fulfillment of the terms thereof will conflict with or result in a breach or violation of the Articles of Incorporation of AICL or any statute, law, rule or regulation of any regulatory body, administrative agency, governmental body or other authority in the Republic of Korea having jurisdiction over AICL or any of its properties.

In rendering such opinion, such counsel may rely as to matters of fact, to the extent they deem proper, on certificates of responsible officers of AICL and public officials. Such opinion may also contain customary qualifications and limitations. References to the Prospectuses in this paragraph (e) include any supplements thereto at the Closing Date.

(f) The Selling Stockholders shall have furnished to the International Representatives the opinion of Wilson, Sonsini, Goodrich & Rosati, counsel for the Selling Stockholders, dated the Closing Date, to the effect that:

(i) this Agreement, the U.S. Underwriting Agreement and the Custody Agreement have been duly executed and delivered by the Selling Stockholders and each Selling Stockholder has full legal right, capacity, power and authority to enter into and perform this Agreement, the U.S. Underwriting Agreement and the Custody Agreement and to sell, transfer, assign and deliver in the manner provided in this Agreement, the U.S. Underwriting Agreement and the Custody Agreement the Shares being sold by such Selling Stockholder hereunder and thereunder;

(ii) upon the delivery by each Selling Stockholder to the several International Underwriters and the several U.S. Underwriters of certificates for the Shares being sold hereunder and under the U.S. Underwriting Agreement by such Selling Stockholder against payment therefor as provided herein, the International Underwriters and the U.S. Underwriters will have good and valid title to such Shares, free and clear to the knowledge of such counsel of any adverse claims;

(iii) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by any Selling Stockholder of the transactions contemplated herein or in the U.S. Underwriting Agreement,

except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the

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purchase and distribution of the Shares by the International Underwriters and the U.S. Underwriters and such other approvals (specified in such opinion) as have been obtained;

(iv) neither the sale of the Shares being sold by any Selling Stockholder nor the consummation of any other of the transactions contemplated herein or in the U.S. Underwriting Agreement by any Selling Stockholder or the fulfillment of the terms hereof or thereof by any Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or the charter or bylaws of such Selling Stockholder, or any judgment, order or decree known to such counsel to be applicable to such Selling Stockholder of any court, governmental body or arbitrator having jurisdiction over such Selling Stockholder; and

(v) the Securities Loan Agreement has been duly executed and delivered by Mr. and Mrs. James J. Kim; Mr. and Mrs. James J. Kim have full legal right, capacity, power and authority to enter into and perform the Securities Loan Agreement and to lend, assign and deliver in the manner provided in the Securities Loan Agreement the Borrowed Shares being lent by Mr. and Mrs. James J. Kim thereunder; Mr. and Mrs. James J. Kim have good and valid title to the Borrowed Shares, free and clear to the knowledge of such counsel of any adverse claims; no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by Mr. and Mrs. James J. Kim of the transactions contemplated in the Securities Loan Agreement, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the borrowing and distribution of the Borrowed Shares by SBI and such other approvals (specified in such opinion) as have been obtained; and neither the lending of the Borrowed Shares by Mr. and Mrs. James J. Kim nor the consummation of any other of the transactions contemplated in the Securities Loan Agreement by Mr. and Mrs. James J. Kim or the fulfillment of the terms thereof by Mr. and Mrs. James J. Kim will conflict with, result in a breach or violation of, or constitute a default under any law or the terms of any indenture or other agreement or instrument known to such counsel and to which Mr. and Mrs. James J. Kim (or either of them) are a party or bound, or any judgment, order or decree known to such counsel to be applicable to Mr. and Mrs. James J. Kim (or either of them) of any court, governmental body or arbitrator having jurisdiction over either of them.

In rendering such opinion, such counsel may (A) rely as to matters involving the application of laws of any jurisdiction other than the State of California or Delaware or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the International Underwriters, (B) rely as to matters of fact, to the extent they deem proper, on certificates of the Selling Stockholders (including Mr. and Mrs. James J. Kim) and public officials and (C) with

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respect to the opinion in clause (ii) above, may assume each International Underwriter and each U.S. Underwriter takes delivery of the Shares without notice of any adverse claim. Such opinion may also contain customary qualifications and limitations.

(g) The International Representatives shall have received from Cleary, Gottlieb, Steen & Hamilton, counsel for the International Underwriters, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the International Securities, the Registration Statements, the Prospectuses (together with any supplement thereto) and other related matters as the International Representatives may reasonably require, and the Company and each Selling Shareholder shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(h) The Company shall have furnished to the International Representatives a certificate of the Company, signed by the Chairman of the Board or the President and the principal financial or accounting officer of the Company, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statements, the Prospectuses, any supplements to the Prospectuses, this Agreement and the U.S. Underwriting Agreement and that:

(i) the representations and warranties of the Company in this Agreement and the U.S. Underwriting Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Prospectuses, there has been no material adverse change in the condition (financial or other), prospects, earnings, business or properties of the Company and the Subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectuses.

(i) Each Selling Stockholder shall have furnished to the International Representatives a certificate, signed by or on behalf of such Selling Stockholder, dated the Closing Date, to the effect that the signer of such certificate has carefully examined the Offering Registration Statement, the Offering Prospectuses, any supplement to the Offering Prospectuses, this Agreement and the U.S. Underwriting Agreement and that the representations and warranties of such Selling Stockholder in this Agreement and the

U.S. Underwriting Agreement are true and correct in all material respects on and as of the Closing Date to the same effect as if made on the Closing Date.

(j) At the Execution Time and at the Closing Date, Arthur Andersen LLP shall have furnished to the International Representatives letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the

International Representatives, confirming that they are independent accountants within the meaning of the Act and the applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included in the Registration Statements and the Prospectuses and reported on by them comply in form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations;

(ii) on the basis of a reading of the latest unaudited financial statements made available by the Company and the Subsidiaries; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and the audit and compensation committees of the Company and the Subsidiaries; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and the Subsidiaries as to transactions and events subsequent to December 31, 1997, nothing came to their attention which caused them to believe that:

(1) with respect to the period subsequent to December 31, 1997, there were any changes, at a specified date not more than five business days prior to the date of the letter, in the long-term debt of the Company and the Subsidiaries or capital stock of the Company or decreases in the total stockholders' equity of the Company or decreases in working capital of the Company and the Subsidiaries as compared with the amounts shown on the December 31, 1997 combined balance sheet included in the Registration Statements and the Prospectuses, or for the period from December 31, 1997 to such specified date there were any decreases, as compared with the corresponding period in the preceding quarter, in revenues, net operating income or interest expense or in total or per share amounts of net income of the Company and the Subsidiaries, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by the International Representatives;

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(2) the information included in the Registration Statements and Prospectuses in response to Item 301 (Selected Financial Data), Item 302 (Supplementary Financial Information) and Item 402 (Executive Compensation) of Regulation S-K under the Act is not in conformity with the applicable disclosure requirements of Regulation S-K; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and the Subsidiaries) set forth in the Registration

Statements and the Prospectuses, including the information set forth under the captions "Summary Financial Data" and "Selected Financial Data" in the Prospectuses, agrees with the accounting records of the Company and the Subsidiaries, excluding any questions of legal interpretation.

References to the Prospectuses in this paragraph (j) include any supplement thereto at the date of the letter.

(k) At the Execution Time and at the Closing Date, Samil Accounting Corporation shall have furnished to the International Representatives and the Company a letter or letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the International Representatives and the Company, confirming that they are independent accountants within the meaning of the standards established for independent certified public accountants in the Republic of Korea and stating in effect that they have performed certain specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of AICL) set forth in the Registration Statements and the Prospectuses, including the information set forth under the captions "Risk Factors -- Dependence on Relationship with AICL; Potential Conflicts of Interest" and "Relationship with Anam Industrial Co., Ltd." in the Prospectuses, agrees with the accounting records of AICL, excluding any questions of legal interpretation. References to the Prospectuses in this paragraph (k) include any supplement thereto at the date of the letter.

(l) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statements (exclusive of any amendment thereof) and the Prospectuses, there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (j) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the business or properties of the Company and the Subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectuses the effect of which, in any case referred to in clause (i) or (ii) above, is, in the sole judgment of the International Representatives, so material and adverse as to

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make it impractical or inadvisable to proceed with the offering or delivery of the International Securities as contemplated by the Registration Statements (exclusive of any amendment thereof) and the Prospectuses.

(m) At the Execution Time, the Company shall have furnished to the International Representatives and the U.S. Representatives a letter substantially in the form of Exhibit A hereto from each officer, director and shareholder (other than the Selling Stockholders) of the Company, which persons are listed in Schedule III hereto, addressed to the International Representatives and the U.S. Representatives.

(n) Prior to the Closing Date, the Company shall have furnished to the International Representatives such further information, certificates and documents as the International Representatives may reasonably request.

(o) The closing of the purchase of the U.S. Securities to be issued and sold by the Company pursuant to the U.S. Underwriting Agreement shall occur concurrently with the closing described herein.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the International Representatives and counsel for the International Underwriters, this Agreement and all obligations of the International Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the International Representatives. Notice of such cancellation shall be given to the Company and each Selling Stockholder in writing or by telephone or telegraph confirmed in writing.

The documents required to be delivered by this Section 6 shall be delivered at the office of Cleary, Gottlieb, Steen & Hamilton, counsel for the International Underwriters, at 1 Liberty Plaza, New York, New York, on the Closing Date.

7. Reimbursement of International Underwriters' Expenses. If the sale of the International Securities provided for herein is not consummated because any condition to the obligations of the International Underwriters set forth in Section 6 hereof is not satisfied or because of any refusal, inability or failure on the part of the Company or any Selling Stockholder to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the International Underwriters, the Company will reimburse the International Underwriters severally through SBI on demand for all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the International Securities. If the Company is required to make any payments to the International Underwriters under this Section 7 because of any Selling Stockholder's refusal, inability or failure to satisfy any condition to the obligations of the International Underwriters set forth in Section 6, the Selling Stockholders pro rata in proportion to the percentage of International Shares to be sold by each shall reimburse the Company on demand for all amounts so paid.

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8. Indemnification and Contribution. (a) The Company and Mr. James J. Kim jointly and severally agree to indemnify and hold harmless each International Underwriter (including without limitation SBI (the "Market Maker") in its capacity as a market maker for the Securities and SBI (the "Independent Underwriter") in its capacity as "qualified independent underwriter" (within the meaning of NASD Conduct Rule 2720)), the directors, officers, employees and agents of each International Underwriter, and each person who controls any International Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Registration Statement or in any amendment thereof, or in any Offering Preliminary Prospectus or in either of the Offering Prospectuses, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company and Mr. James J. Kim will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any International Underwriter through the International Representatives specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Company or Mr. James J. Kim may otherwise have.

(b) Each International Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Offering Registration Statement, and each person who controls the Company within the meaning of either the Act or the Exchange Act and Mr. James J. Kim, to the same extent as the foregoing indemnity from the Company and Mr. James J. Kim to each International Underwriter, but only with reference to written information relating to such International Underwriter furnished to the Company by or on behalf of such International Underwriter through the International Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any International Underwriter may otherwise have. The Company and Mr. James J. Kim acknowledge that the statements set forth in the last paragraph of the front cover page, the last paragraph of the inside front cover page and, under the heading "Underwriting", the _____ paragraphs in the Offering Registration Statement, any Offering Preliminary Prospectus and the Offering Prospectuses and any amendment or supplement thereto constitute the only information furnished in writing by or on behalf of the several International Underwriters for inclusion in any Offering Preliminary Prospectus or the Offering Prospectuses and any amendment or supplement thereto.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is

to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from any liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel (and one local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate (and local) counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party in writing to employ separate (and local) counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and Mr. James J. Kim, jointly and severally, and the International Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company, Mr. James J. Kim and one or more of the International Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company and Mr. James J. Kim on the one hand and by the International Underwriters on the other from the offering of the International Securities; provided, however, that in no case shall any International Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the International Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the International Securities purchased by such International Underwriter hereunder.

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If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and Mr. James J. Kim, jointly and severally, and the International Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and Mr. James J. Kim on the one hand and of the International Underwriters on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company and Mr. James J. Kim shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by them, and benefits received by the International Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Offering International Prospectus. Benefits received by the Independent Underwriter in its capacity as "qualified independent underwriter" shall be deemed to be equal to the compensation received by the Independent Underwriter for acting in such capacity. Relative fault shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information provided by the Company or Mr. James J. Kim on the one hand or by the International Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, Mr. James J. Kim and the International Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an International Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an International Underwriter shall have the same rights to contribution as such International Underwriter, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Offering Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

(e) The liability of each Selling Stockholder under such Selling Stockholder's representations and warranties contained in Section 1 hereof and under the indemnity and contribution agreements contained in this Section 8 shall be limited to an amount equal to the initial public offering price of the International Shares sold by such Selling Stockholder to the International Underwriters, less the underwriting discounts and commissions paid thereon to the International Underwriters. The Company and the Selling Stockholders may agree, as among themselves and without limiting the rights of the International Underwriters under this Agreement, as to the respective

amounts of such liability for which they each shall be responsible.

(f) The Company and Mr. James J. Kim shall not have any liability under this Section 8 with respect to any losses, claims, damages or liabilities of an International Underwriter if copies of the Offering International Prospectus, as then amended or supplemented,

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were furnished by the Company to the International Underwriters as required by this Agreement, and such copies of the Offering International Prospectus were not sent or given by or on behalf of such International Underwriter, as required by law, to the purchasers of the International Securities and if the Offering International Prospectus, as so amended or supplemented, would have cured the defect giving rise to such losses, claims, damages or liabilities.

9. Default by an International Underwriter. If any one or more International Underwriters shall fail to purchase and pay for any of the International Shares or International Notes agreed to be purchased by such International Underwriter or International Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining International Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of International Shares or International Notes, as the case may be, set forth opposite their names in Schedule I hereto bears to the aggregate amount of International Shares or International Notes, as the case may be, set forth opposite the names of all the remaining International Underwriters) the International Shares or International Notes which the defaulting International Underwriter or International Underwriters agreed but failed to purchase; provided, however, that in the event that (x) the aggregate amount of International Shares which the defaulting International Underwriter or International Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of International Shares set forth in Schedule I hereto or (y) the aggregate principal amount of International Notes which the defaulting International Underwriter or International Underwriters agreed but failed to purchase shall exceed 10% of the aggregate principal amount of International Notes set forth in Schedule I hereto, then the remaining International Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the International Shares or International Notes, as the case may be, and if such nondefaulting International Underwriters do not purchase all the International Shares or International Notes, as the case may be, this Agreement will terminate without liability to any nondefaulting International Underwriter, the Selling Stockholders or the Company. In the event of a default by any International Underwriter as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the International Representatives shall determine in order that the required changes in the Registration Statements and the Prospectuses or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting International Underwriter of its liability, if any, to the Company, the Selling Stockholders and any nondefaulting International Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the International Representatives, by notice given to the Company prior to delivery of and payment for the International Securities, if prior to such time (i) trading in the Company's Common Stock shall have been suspended by the Commission or the Nasdaq National Market or trading in securities generally on the New York Stock Exchange or the Nasdaq National Market shall have been suspended or limited or minimum prices shall have been established on such Exchange or National Market, (ii) a banking moratorium shall have been declared by either Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other

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calamity or crisis, the effect of which on financial markets is such as to make it, in the sole judgment of the International Representatives, impracticable or inadvisable to proceed with the offering or delivery of the International Securities as contemplated in the Offering International Prospectus.

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers, of each Selling Stockholder and of the International Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any International Underwriter, any Selling Stockholder or the Company or any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the International Securities. The provisions of Sections 7 and 8 and the last sentence of Section 9 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the International Representatives, will be mailed, delivered or telefaxed to the SBI General Counsel (fax no.: (212) _____) and confirmed to the General Counsel, care of Smith Barney Inc., 333 West 34th Street, New York, New York 10001, Attention: General Counsel; or, if sent to the Company, will be mailed, delivered or telefaxed to James J. Kim (fax no.: (610) 431-9600) and confirmed to it at 1345 Enterprise Drive, West Chester, Pennsylvania 19380, attention of the Legal Department, with a copy to Larry W. Sonsini (fax no.: (650) 493-6811) at Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304; or, if sent to the Selling Stockholders, will be mailed, delivered, or telefaxed to James J. Kim (fax no.: (610) 431-9600) and confirmed to it at the address set forth in Schedule II hereto.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. APPLICABLE LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

15. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

16. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

17. Definitions. The terms which follow, when used in this Agreement, shall have the meanings indicated.

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"Act" shall mean the Securities Act of 1933, as amended.

"Borrowing Effective Date" shall mean each date and time that the Borrowing Registration Statement, any post-effective amendment or amendments thereto and any Rule 462(b) Registration Statement relating thereto became or shall become effective.

"Borrowing Preliminary Prospectus" shall mean any preliminary prospectus with respect to the offering of the Borrowed Shares referred to in paragraph 1A(c) above and any preliminary prospectus included in the Borrowing Registration Statement at the Borrowing Effective Date that omits Rule 430A

Information.

"Borrowing Prospectus" shall mean the prospectus relating to the Borrowed Shares that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Borrowed Shares included in the Borrowing Registration Statement at the Borrowing Effective Date.

"Borrowing Registration Statement" shall mean the registration statement referred to in paragraph 1A(c) above, including exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective at any time or from time to time, shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Borrowing Effective Date as provided by Rule 430A.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City or London.

"Effective Date" shall mean each date and time that the Offering Registration Statement, any post-effective amendment or amendments thereto and any Rule 462(b) Registration Statement relating thereto became or shall become effective.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto.

"Material Adverse Effect" shall mean a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and the Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business.

"Offering International Preliminary Prospectus" shall have the meaning set forth under "Offering U.S. Preliminary Prospectus".

"Offering Preliminary Prospectuses" shall have the meaning set forth under "Offering U.S. Preliminary Prospectus".

"Offering Registration Statement" shall mean the registration statement referred to in paragraph 1A(a) above, including the exhibits thereto and the financial statements included therein, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective prior to the Closing Date, shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A.

"Offering U.S. Preliminary Prospectus" and the "Offering International Preliminary Prospectus", respectively, shall mean any preliminary prospectus with respect to the offering of the U.S. Securities and the International Securities, as the case may be, referred to in paragraph 1A(a) above and any preliminary prospectus with respect to the offering of the U.S. Securities and the

International Securities, as the case may be, included in the Offering Registration Statement at the Effective Date that omits Rule 430A Information; and the Offering U.S. Preliminary Prospectus and the Offering International Preliminary Prospectus are hereinafter collectively called the "Offering Preliminary Prospectuses".

"Preliminary Prospectuses" shall mean, collectively, the Offering Preliminary Prospectuses and the Borrowing Preliminary Prospectus.

"Prospectuses" shall mean, collectively, the Offering Prospectuses and the Borrowing Prospectus.

"Registration Statements" shall mean, collectively, the Offering Registration Statement and the Borrowing Registration Statement.

"Rule 424", "Rule 430A" and "Rule 462" refer to such rules under the Act.

"Rule 430A Information" shall mean information with respect to the Securities or the Borrowed Shares, as the case may be, and the offering thereof permitted to be omitted from the Offering Registration Statement or the Borrowing Registration Statement, as the case may be, when it becomes effective pursuant to Rule 430A.

"Rule 462(b) Registration Statement" shall mean a registration statement and any amendments thereto filed pursuant to Rule 462(b) relating to the offering covered by the initial Offering Registration Statement or the initial Borrowing Registration Statement, as the case may be.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended.

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"United States or Canadian Person" shall mean any person who is a national or resident of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, or any estate or trust the income of which is subject to United States or Canadian Federal income taxation, regardless of its source (other than any non-United States or non-Canadian branch of any United States or Canadian Person), and shall include any United States or Canadian branch of a person other than a United States or Canadian Person. "U.S." or "United States" shall mean the United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company, the Selling Stockholders and the several International Underwriters.

Very truly yours,

Amkor Technology, Inc.

By: _____
Name:
Title:

James J. Kim

[Selling Stockholder]

By: _____
Name:
Title:

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

Smith Barney Inc.
BancAmerica Robertson Stephens International Limited
Cowen International L.P.

By: Smith Barney Inc.

By: _____
Name:
Title:

For themselves and the other several International Underwriters named in
Schedule I to the foregoing Agreement.

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SCHEDULE I

International Underwriter -----	Number of Shares of International Underwritten Shares to Be Purchased -----	Principal Amount of International Underwritten Notes to Be Purchased -----
Smith Barney Inc.....		\$
BancAmerica Robertson Stephens International Limited.....		\$
Cowen International L.P.....		\$
[Other International Underwriters].....		\$
Total.....	=====	\$ =====

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SCHEDULE II

Selling Stockholders -----	Number of Shares -----
Address [Address for notice]	

SCHEDULE III

List of Officers, Directors and Shareholders
(other than Selling Stockholders)

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EXHIBIT A

[LETTERHEAD OF OFFICER, DIRECTOR, STOCKHOLDER OR SHAREHOLDER OF
AMKOR TECHNOLOGY, INC.]

Amkor Technology, Inc.
Public Offering of Common Stock and Convertible Notes

_____, 1998

Smith Barney Inc.
BancAmerica Robertson Stephens
Cowen & Company
as U.S. Representatives of the several U.S. Underwriters
c/o Smith Barney Inc.
333 West 34th Street
New York, New York 10001

Smith Barney Inc.
BancAmerica Robertson Stephens International Limited
Cowen International L.P.
as International Representatives of the several International Underwriters
c/o Smith Barney Inc.
333 West 34th Street
New York, New York 10001

Ladies and Gentlemen:

This letter is being delivered to you in connection with (i) the proposed U.S. Underwriting Agreement (the "U.S. Underwriting Agreement") among Amkor Technology, Inc., a Delaware corporation (the "Company"), certain selling stockholders of the Company and a group of U.S. Underwriters named therein and (ii) the proposed International Underwriting Agreement (the "International Underwriting Agreement") among the Company, certain selling stockholders of the Company and a group of International Underwriters named therein, relating to an underwritten public offering of Common Stock, \$.001 par value (the "Common Stock"), of the Company, and the Company's ___% Convertible Subordinated Notes due 2003.

In order to induce you and the other U.S. Underwriters and International Underwriters to enter into the U.S. Underwriting Agreement and the International Underwriting Agreement, the undersigned will not, without the prior written consent of Smith Barney Inc.,

offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, with respect to, any shares of Common Stock of the Company or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date of the U.S. Underwriting Agreement and the International Underwriting Agreement, other than (i) upon the exercise of any option or warrant, or the conversion of a security, outstanding on the date of the U.S. Underwriting Agreement and the International Underwriting Agreement and referred to in the Offering Prospectuses (as defined in the U.S. Underwriting Agreement and the International Underwriting Agreement) and (ii) shares of Common Stock disposed of as bona fide gifts approved by Smith Barney Inc.

If for any reason the U.S. Underwriting Agreement and the International Underwriting Agreement shall be terminated prior to the Closing Date (as defined in the U.S. Underwriting Agreement and the International Underwriting Agreement), the agreement set forth above shall likewise be terminated.

Very truly yours,

Signature

Print Name

Address

[AMKOR TECHNOLOGY LOGO]

AMKOR TECHNOLOGY, INC.
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

[GRAPHIC]
COMMON STOCK

[GRAPHIC]
CUSIP 031652 10 0
SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES,
OF THE PAR VALUE OF \$.001 EACH, OF THE COMMON STOCK OF

AMKOR TECHNOLOGY, INC. transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed in facsimile by its duly authorized officers and has caused its facsimile seal to be affixed hereto.

Dated:

/s/ F. J. Marcucci [AMKOR TECHNOLOGY CORPORATE SEAL]
CHIEF FINANCIAL OFFICER

/s/ James J. Kim
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN

COUNTERSIGNED AND REGISTERED:
FIRST CHICAGO TRUST COMPANY OF NEW YORK

TRANSFER AGENT
AND REGISTRAR

BY

AUTHORIZED OFFICER

AMKOR TECHNOLOGY, INC.

THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS A FULL OR SUMMARY STATEMENT OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AUTHORIZED TO BE ISSUED BY THE CORPORATION AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. SUCH REQUEST MAY BE MADE TO THE CORPORATION OR THE TRANSFER AGENT.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE
GUARANTOR INSTITUTION (BANKS, STOCK BROKERS, SAVINGS AND
LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN

APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM) PURSUANT
TO SEC RULE 17Ad-15.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN, MUTILATED OR
DESTROYED, THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO
THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

AMKOR TECHNOLOGY, INC.

AND

STATE STREET BANK AND TRUST COMPANY

AS TRUSTEE

\$150,000,000

_____ % Convertible Subordinated Notes due 2003*

INDENTURE

Dated as of , 1998

- -----

*Plus an over-allotment option to purchase up to \$22,500,000 principal amount of _____ % Convertible Subordinated Notes due 2003.

THIS INDENTURE, dated as of _____, 1998, is between Amkor Technology, Inc., a Delaware corporation (the "Company"), and State Street Bank and Trust Company, a trust company duly organized and existing under laws of the Commonwealth of Massachusetts (the "Trustee"). The Company has duly authorized the creation of its % Convertible Subordinated Notes due 2003 (the "Convertible Subordinated Notes") and to provide therefor the Company and the Trustee have duly authorized the execution and delivery of this Indenture. Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the holders from time to time of the Convertible Subordinated Notes:

ARTICLE 1

DEFINITIONS

SECTION 1.01 Definitions.

"Acquiring Person" means any person (as defined in Section 13(d)(3) of the Exchange Act) who or which, together with all affiliates and associates (each as defined in Rule 12b-2 under the Exchange Act), becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act and as further defined

below) of shares of Common Stock or other voting securities of the Company having more than 50% of the total voting power of the Voting Stock of the Company; provided, however, that an Acquiring Person shall not include (i) the Company, (ii) any subsidiary of the Company, (iii) any Permitted Holder, (iv) an underwriter engaged in a firm commitment underwriting in connection with a public offering of the Voting Stock of the Company or (v) any current or future employee or director benefit plan of the Company or any subsidiary of the Company or any entity holding Common Stock of the Company for or pursuant to the terms of any such plan. For purposes hereof, a person shall not be deemed to be the beneficial owner of (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's affiliates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (2) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act.

"Affiliate" means, when used with reference to any person, any other person directly or indirectly controlling, controlled by, or under direct or indirect common control of, the referent person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of management or policies of the referent person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. The terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Agent" means any Registrar, Paying Agent, Conversion Agent or co-registrar.

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"Agent Member" means any member of, or participant in, the Depositary.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of the Depositary for such Global Note to the extent applicable to such transaction and as in effect from time to time.

"Board of Directors" means the Board of Directors of the Company or any authorized committee of the Board of Directors.

"Capital Stock" of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, but excluding any debt securities convertible into such equity.

"Change of Control" means the occurrence of one or more of the following events: (a) any person has become an Acquiring Person, (b) the Company consolidates with or merges into any other corporation, or conveys, transfers or leases all or substantially all of its assets to any person, or any other corporation merges into the Company, and, in the case of any such transaction, the outstanding Common Stock of the Company is changed or exchanged as a result, unless the stockholders of the Company immediately before such transaction own, directly or indirectly immediately following such transaction, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock of the Company immediately before such transaction, or (c) any time the Continuing Directors do not constitute a majority of the Board of Directors of the Company (or, if applicable, a successor corporation to the Company); provided, that a Change of Control shall not be deemed to have occurred if either (y) the last sale price of the Common Stock for any five trading days during the ten trading days immediately preceding the Change of Control is at least equal to 105% of the

Conversion Price in effect on the date of such Change of Control or (z) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Change of Control consists of shares of common stock that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company. Subject to the provisions of Section 12.06, however, shares issuable on conversion of Convertible Subordinated Notes shall include only shares of the class designated as Common Stock of the Company at the date of this Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation,

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dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Company" means the party named as such above until a successor replaces it in accordance with Article 5 and thereafter means the successor.

A "consolidated subsidiary" of any person means a subsidiary which for financial reporting purposes is or, in accordance with GAAP, should be, accounted for by such person as a consolidated subsidiary.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors who (i) was a member of such Board of Directors on the date of this Indenture or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Convertible Subordinated Notes" means the ____% Convertible Subordinated Notes due 2003 issued, authenticated and delivered under this Indenture.

"Conversion Price" means the initial conversion price specified in the form of Convertible Subordinated Note in Paragraph 16 of such form, as adjusted in accordance with the provisions of Article 12.

"Corporate Trust Office" means the corporate trust office of the Trustee at which at any particular time the trust created by this Indenture shall principally be administered; as of the date hereof, the Corporate Trust Office is located at Two International Place, 4th Floor, Boston, MA 02110.

"Default" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"Depository" means, with respect to any Global Notes, a clearing agency that is registered as such under the Exchange Act and is designated by the Company to act as Depository for such Global Notes (or any successor securities clearing agency so registered), which shall initially be DTC.

"Designated Event" means the occurrence of a Change of Control or a Termination of Trading.

"Designated Senior Debt" means any particular Senior Debt if the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Indebtedness shall be "Designated Senior Debt" for purposes of the Indenture (provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Debt to exercise the rights of Designated Senior Debt.)

"DTC" means The Depository Trust Company, a New York corporation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect from time to time.

"Global Note" means a Convertible Subordinated Note that is registered in the Register.

"Indebtedness" means, with respect to any person, all obligations, whether or not contingent, of such person (i) (a) for borrowed money (including, but not limited to, any indebtedness secured by a security interest, mortgage or other lien on the assets of the Company that is (1) given to secure all or part of the purchase price of property subject thereto, whether given to the vendor of such property or to another, or (2) existing on property at the time of acquisition thereof), (b) evidenced by a note, debenture, bond or other written instrument, (c) under a lease required to be capitalized on the balance sheet of the lessee under GAAP or under any lease or related document (including a purchase agreement) that provides that the Company is contractually obligated to purchase or cause a third party to purchase and thereby guarantee a minimum residual value of the lease property to the lessor and the obligations of the Company under such lease or related document to purchase or to cause a third party to purchase such leased property, (d) in respect of letters of credit, bank guarantees or bankers' acceptances (including reimbursement obligations with respect to any of the foregoing), (e) with respect to Indebtedness secured by a mortgage, pledge, lien, encumbrance, charge or adverse claim affecting title or resulting in an encumbrance to which the property or assets of such person are subject, whether or not the obligation secured thereby shall have been assumed by or shall otherwise be such person's legal liability, (f) in respect of the balance of deferred and unpaid purchase price of any property or assets, (g) under interest rate or currency swap agreements, cap, floor and collar agreements, spot and forward contracts and similar agreements and arrangements; (ii) with respect to any obligation of others of the type described in the preceding clause (i) or under clause (iii) below assumed by or guaranteed in any manner by such person through an agreement to purchase (including, without limitation, "take or pay" and similar arrangements), contingent or otherwise (and the obligations of such person under any such assumptions, guarantees or other

such arrangements); and (iii) any and all deferrals, renewals, extensions, refinancings and refundings of, or amendments, modifications or supplements to,

any of the foregoing.

"Indenture" means this Indenture as amended or supplemented from time to time.

"Interest Payment Date" means _____ and _____ of each year.

"Issue Date" means the date on which Convertible Subordinated Notes are first issued and authenticated under this Indenture.

"Material Subsidiary" means any subsidiary of the Company which at the date of determination is a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X under the Securities Act and the Exchange Act.

"Maturity Date" means _____, 2003.

"Note Custodian" means State Street Bank and Trust Company, as custodian with respect to any Global Note, or any successor entity thereto.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Accounting Officer, any Executive Vice President, Senior Vice President or Vice President (whether or not designated by a number or numbers or word or words before or after the title "Vice President"), the Treasurer, any other executive officer, the Secretary and any Assistant Treasurer or any Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers, one of whom must be the principal executive officer, principal financial officer or principal accounting officer of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who may be an employee of or counsel to the Company or the Trustee except to the extent otherwise indicated in this Indenture.

A "person" means any individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, limited liability company or government or any agency or political subdivision thereof.

"Permitted Holders" means James J. Kim and his estates, spouses, ancestors and lineal descendants (and spouses thereof), the legal representatives of any of the foregoing, and the

trustee of any bona fide trust of which one or more of the foregoing are the sole beneficiaries or the grantors, or any person of which any of the foregoing, individually or collectively, beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) voting securities representing at least a majority of the total voting power of all classes of Capital Stock of such person (exclusive of any matters as to which class voting rights exist).

"redemption date" when used with respect to any of the Convertible Subordinated Notes to be redeemed, means the date fixed by the Company for such redemption pursuant to Article 3 of this Indenture and the Convertible Subordinated Notes.

"redemption price" when used with respect to any of the Convertible Subordinated Notes to be redeemed, means the price fixed for such redemption pursuant to Article 3 of this Indenture and the Convertible Subordinated Notes.

"Regular Record Date" means the _____ or _____ immediately preceding each Interest Payment Date.

"Representative" means (a) the indenture trustee or other trustee, agent or representative for any Senior Debt or (b) with respect to any Senior Debt that does not have any such trustee, agent or other representative, (i) in the case of such Senior Debt issued pursuant to an agreement providing for voting arrangements as among the holders or owners of such Senior Debt, any holder or owner of such Senior Debt acting with the consent of the required persons necessary to bind such holders or owners of such Senior Debt and (ii) in the case of all other such Senior Debt, the holder or owner of such Senior Debt.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Senior Debt" means the principal of, premium, if any, and interest on, rent under, and any other amounts payable on or in respect of any Indebtedness of the Company (including, without limitation, any Obligations in respect of such Indebtedness and, in the case of Designated Senior Debt, any interest accruing after the filing of a petition by or against the Company under any bankruptcy law, whether or not allowed as a claim after such filing in any proceeding under such bankruptcy law), whether outstanding on the date of this Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to the foregoing); provided, however, that Senior Debt does not include (v) Indebtedness evidenced by the Convertible Subordinated Notes, (w) any liability for federal, state, local or other taxes owed or owing by the Company, (x) Indebtedness of the Company to any Subsidiary of the Company except to the extent such Indebtedness is of a type described in clause (ii) of the definition of Indebtedness, (y) trade payables of the Company for goods, services or materials purchased in the ordinary course of business (other than, to the extent they may otherwise constitute trade payables, any obligations of the type described in clause (ii) of the definition of Indebtedness), and

(z) any particular Indebtedness in which the instrument creating or evidencing the same expressly provides that such Indebtedness shall not be senior in right of payment to, or is pari passu with, or is subordinated or junior to, the Convertible Subordinated Notes.

A "subsidiary" means, with respect to any person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other subsidiaries of that person (or a combination thereof) and (ii) any partnership (a) the sole general partner or managing general partner of which is such person or a Subsidiary of such person or (b) the only general partners of which are such person or of one or more Subsidiaries of such person (or any combination thereof).

"Termination of Trading" will be deemed to have occurred if the Common Stock (or other common stock into which the Convertible Subordinated Notes are then convertible) is neither listed for trading on a United States national securities exchange nor approved for trading on an established automated over-the-counter trading market in the United States.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbbbb) as in effect on the date of execution of this Indenture, except as provided in Sections 9.03 and 12.06.

"Trustee" means the party named as such above until a successor replaces it

in accordance with the applicable provisions of this Indenture and thereafter manes the successor.

"Trust Officer" means an officer in the Corporate Trust Office of the Trustee.

"U.S. Government Obligations" means direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged. In order to have money available on a payment date to pay principal or interest on the Convertible Subordinated Notes, the U.S. Government Obligations shall be payable as to principal or interest on or before such payment date in such amounts as will provide the necessary money. U.S. Government Obligations shall not be callable at the issuer's option.

"Voting Stock" of a corporation means all classes of Capital Stock of such corporation then outstanding and normally entitled to vote in the election of directors.

SECTION 1.02 Other Definitions

	Defined in Section
"Bankruptcy Law".....	6.01
"business day".....	10.07

	Defined in Section
"Current Market Price".....	2.05
"closing price".....	12.05
"Conversion Agent".....	2.03
"Custodian".....	6.01
"Designated Event Date".....	4.06
"Designated Event Offer".....	4.06
"Designated Event Offer Termination Date".....	4.06
"Designated Event Payment".....	4.06
"Designated Event Payment Date".....	4.06
"Event of Default".....	6.01
"Expiration Time".....	12.05
"fair market value".....	12.05
"Legal Holiday".....	10.07
"New Rights Plan".....	12.05
"non-electing share".....	12.06
"Paying Agent".....	2.03
"Payment Blockage Notice".....	10.04
"Purchased Shares".....	12.05
"Record Date".....	12.05
"Registrar".....	2.03
"Securities".....	12.05
"trading day".....	12.05
"Trigger Event".....	12.05

SECTION 1.03 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"Commission" means the Commission;

"indenture securities" means the Convertible Subordinated Notes;

"indenture security holder" means a holder of a Convertible Subordinated Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Convertible Subordinated Notes means the Company or any other obligor on the Convertible Subordinated Notes.

All other terms in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

SECTION 1.04 Rules of Construction.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular; and
- (5) the male, female and neuter genders include one another.

ARTICLE 2

THE CONVERTIBLE SUBORDINATED NOTES

SECTION 2.01 Form and Dating.

The Convertible Subordinated Notes and the Trustee's certificate of authentication relating thereto shall be substantially in the form set forth in Exhibit A, which is part of this Indenture, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. The Convertible Subordinated Notes may have notations, legends or endorsements required by law, stock exchange rule or the Depositary or usage. The Company shall approve the form of the Convertible Subordinated Notes and any notation, legend or endorsement on them. Each Convertible Subordinated Note shall be dated the date of its authentication.

The terms and provisions contained in the Convertible Subordinated Notes shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to

be bound thereby.

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SECTION 2.02 Execution and Authentication.

Two Officers shall sign the Convertible Subordinated Notes for the Company by manual or facsimile signature. The Company's seal shall be reproduced on the Convertible Subordinated Notes.

If an Officer whose signature is on a Convertible Subordinated Note no longer holds that office at the time the Convertible Subordinated Note is authenticated, the Convertible Subordinated Note shall nevertheless be valid.

A Convertible Subordinated Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Convertible Subordinated Note has been authenticated under this Indenture.

Upon a written order of the Company signed by an Officer of the Company, the Trustee shall authenticate Convertible Subordinated Notes for original issue up to an aggregate principal amount of \$150,000,000 (plus up to \$22,500,000 aggregate principal amount of Convertible Subordinated Notes that may be sold by the Company pursuant to the over-allotment option granted pursuant to (i) the U.S. Underwriting Agreement, dated as of _____, 1998, among the Company and Smith Barney Inc., BancAmerica Robertson Stephens and Cowen & Company and (ii) the International Underwriting Agreement, dated as of _____, 1998, among the Company and Smith Barney Inc., BancAmerica Robertson Stephens International Limited and Cowen International L.P.). The aggregate principal amount of Convertible Subordinated Notes outstanding at any time may not exceed that amount except as provided in Section 2.07.

The Convertible Subordinated Notes shall be issuable only in registered form without coupons and only in denominations of \$1,000 or any integral multiple thereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Convertible Subordinated Notes. An authenticating agent may authenticate Convertible Subordinated Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same right as an Agent to deal with the Company or an Affiliate of the Company.

SECTION 2.03 Registrar, Paying Agent and Conversion Agent.

The Company shall maintain or cause to be maintained in such locations as it shall determine, which may be the Corporate Trust Office, an office or agency: (i) where securities may be presented for registration of transfer or for exchange ("Registrar"); (ii) where Convertible Subordinated Notes may be presented for payment ("Paying Agent"); (iii) an office or agency where Convertible Subordinated Notes may be presented for conversion (the "Conversion Agent"); and (iv) where notices and demands to or upon the Company in respect of Convertible

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Subordinated Notes and this Indenture may be served by the holders of the Convertible Subordinated Notes. The Registrar shall keep a Register ("Register") of the Convertible Subordinated Notes and of their transfer and exchange. The

Company may appoint one or more co-registrars, one or more additional paying agents and one or more additional conversion agents. The term "Paying Agent" includes any additional paying agent and the term "Conversion Agent" includes any additional Conversion Agent. The Company may change any Paying Agent, Registrar, Conversion Agent or co-registrar without prior notice. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture and shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Conversion Agent or co-registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company or any of its subsidiaries may act as Paying Agent, Registrar, Conversion Agent or co-registrar, except that for purposes of Articles 3 and 8 and Section 4.06, neither the Company nor any of its subsidiaries shall act as Paying Agent. If the Company fails to appoint or maintain another entity as Registrar, or Paying Agent or Conversion Agent, the Trustee shall act as such, and the Trustee shall initially act as such.

SECTION 2.04 Paying Agent To Hold Money in Trust.

The Company shall require each Paying Agent (other than the Trustee, who hereby so agrees), to agree in writing that the Paying Agent will hold in trust for the benefit of holders of the Convertible Subordinated Notes or the Trustee all money held by the Paying Agent for the payment of principal or interest on the Convertible Subordinated Notes, and will notify the Trustee of any default by the Company in respect of making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a subsidiary of the Company) shall have no further liability for the money. If the Company or a subsidiary of the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the holders of the Convertible Subordinated Notes all money held by it as Paying Agent.

SECTION 2.05 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of holders of Convertible Subordinated Notes and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven business days before each Interest Payment Date, and as the Trustee may request in writing within fifteen (15) days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of holders of Convertible Subordinated Notes.

SECTION 2.06 Transfer and Exchange.

When Convertible Subordinated Notes are presented to the Registrar or a co-registrar with a request to register a transfer or to exchange them for an equal principal amount of Convertible Subordinated Notes for other denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Company shall issue and the Trustee shall authenticate Convertible Subordinated Notes at the Registrar's request, bearing registration numbers not contemporaneously outstanding. No service charge shall be made to a holder for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Company may require payment of a sum sufficient to cover any transfer tax or other governmental charge payable

upon exchanges pursuant to Sections 2.10, 3.07, 9.05 or 12.02.

The Company or the Registrar shall not be required (i) to issue, register the transfer of or exchange Convertible Subordinated Notes during a period beginning at the opening of business fifteen (15) days before the day of any selection of Convertible Subordinated Notes for redemption under Section 3.03 and ending at the close of business on the day of selection, (ii) to register the transfer or exchange of any Convertible Subordinated Note so selected for redemption in whole or in part, except the unredeemed portion of any Convertible Subordinated Note being redeemed in part or (iii) to register the transfer of any Convertible Subordinated Notes surrendered for repurchase pursuant to Section 4.06.

All Convertible Subordinated Notes issued upon any transfer or exchange of Convertible Subordinated Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Convertible Subordinated Notes surrendered upon such registration of transfer or exchange.

The provisions of Clauses (1), (2), (3), (4) and (5) below shall apply only to Global Notes:

(1) Each Global Note authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Note or a nominee thereof and delivered to such Depositary or a nominee thereof or Note Custodian therefor, and each such Global Note shall constitute a single Convertible Subordinated Note for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture, in the event that (i) the Depositary is unwilling, unable or ineligible to continue as Depositary and a successor Depositary is not appointed by the Company within 90 days, or (ii) if, at any time in the Company's sole discretion, the Company determines not to have a Global Note, the Company will issue Convertible Subordinated Notes in definitive form in exchange for the Global Notes.

(3) Subject to Clause (2) above, any exchange of a Global Note for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Note or any portion thereof shall be registered in such names as the Depositary for such Global Note shall direct.

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(4) Every Convertible Subordinated Note authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Note or any portion thereof, whether pursuant to this Article 2 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Note, unless such Convertible Subordinated Note is registered in the name of a person other than the Depositary for such Global Note or a nominee thereof.

(5) The Depositary or its nominee, as registered owner of a Global Note, shall be the Holder of such Global Note for all purposes under the Indenture and the Convertible Subordinated Notes, and owners of beneficial interests in a Global Note shall hold such interests pursuant to the Applicable Procedures. Accordingly, any such owner's beneficial interest in a Global Note will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depositary or its nominee or its Agent Members and such owners of beneficial interests in a Global Note will not be considered the owners or holders thereof.

SECTION 2.07 Replacement Convertible Subordinated Notes.

If the holder of a Convertible Subordinated Note claims that the Convertible Subordinated Note has been lost, destroyed or wrongfully taken, the

Company shall issue and the Trustee shall authenticate a replacement Convertible Subordinated Note if the Trustee's requirements are met. If required by the Trustee or the Company as a condition of receiving a replacement Convertible Subordinated Note, the holder of a Convertible Subordinated Note must provide a certificate of loss and an indemnity and/or an indemnity bond sufficient, in the judgment of both the Company and the Trustee, to fully protect the Company, the Trustee, any Agent and any authenticating agent from any loss, liability, cost or expense which any of them may suffer or incur if the Convertible Subordinated Note is replaced. The Company and the Trustee may charge the relevant holder for their expenses in replacing any Convertible Subordinated Note.

The Trustee or any authenticating agent may authenticate any such substituted Convertible Subordinated Note, and deliver the same upon the receipt of such security or indemnity as the Trustee, the Company and, if applicable, such authenticating agent may require. Upon the issuance of any substituted Convertible Subordinated Note, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Convertible Subordinated Note which has matured or is about to mature, or has been called for redemption pursuant to Article 3, submitted for repurchase pursuant to Section 4.06 or is about to be converted into Common Stock pursuant to Article 12, shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Convertible Subordinated Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Convertible Subordinated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to the authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by

or connected with such substitution, and, in case of destruction, loss or theft, evidence satisfactory to the Company, the Trustee and, if applicable, any paying agent or conversion agent of the destruction, loss or theft of such Convertible Subordinated Note and of the ownership thereof.

Every replacement Convertible Subordinated Note is an additional obligation of the Company and shall be entitled to all the benefits provided under this Indenture equally and proportionately with all other Convertible Subordinated Notes duly issued, authenticated and delivered hereunder.

SECTION 2.08 Outstanding Convertible Subordinated Notes.

The Convertible Subordinated Notes outstanding at any time are all the Convertible Subordinated Notes properly authenticated by the Trustee except for those canceled by the Trustee, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Convertible Subordinated Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Convertible Subordinated Note is held by a bona fide purchaser.

If Convertible Subordinated Notes are considered paid under Section 4.01 or converted under Article 12, they cease to be outstanding and interest on them ceases to accrue.

Subject to Section 2.09 hereof, a Convertible Subordinated Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Convertible Subordinated Note.

SECTION 2.09 When Treasury Convertible Subordinated Notes Disregarded.

In determining whether the holders of the required principal amount of Convertible Subordinated Notes have concurred in any direction, waiver or consent, Convertible Subordinated Notes owned by the Company or an Affiliate of the Company shall be considered as though they are not outstanding except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Convertible Subordinated Notes which the Trustee knows are so owned shall be so disregarded.

SECTION 2.10 Temporary Convertible Subordinated Notes.

Until definitive Convertible Subordinated Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Convertible Subordinated Notes. Temporary Convertible Subordinated Notes shall be substantially in the form of definitive Convertible Subordinated Notes but may have variations that the Company considers appropriate

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for temporary Convertible Subordinated Notes. If temporary Convertible Subordinated Notes are issued, the Company will cause definitive Convertible Subordinated Notes to be prepared without unreasonable delay. After the preparation of definitive Convertible Subordinated Notes, the temporary Convertible Subordinated Notes shall be exchangeable for definitive Convertible Subordinated Notes upon surrender of the temporary Convertible Subordinated Notes at any office or agency of the Company designated pursuant to Section 2.03 without charge to the holder of the Convertible Subordinated Note, except as specified in Section 2.06. Upon surrender for cancellation of any one or more temporary Convertible Subordinated Notes the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Convertible Subordinated Notes of authorized denominations. Until so exchanged, the temporary Convertible Subordinated Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Convertible Subordinated Notes.

SECTION 2.11 Cancellation.

The Company at any time may deliver Convertible Subordinated Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Convertible Subordinated Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else may cancel Convertible Subordinated Notes surrendered for registration of transfer, exchange, payment, replacement, conversion, redemption, repurchase or cancellation. Upon written instructions of the Company, the Trustee shall destroy and dispose of canceled Convertible Subordinated Notes as the Company directs and, after such destruction, shall deliver a certificate of destruction to the Company. The Company may not issue new Convertible Subordinated Notes to replace Convertible Subordinated Notes that it has paid, redeemed or repurchased or that have been delivered to the Trustee for cancellation or that any holder has (i) converted pursuant to Article 12 hereof, (ii) submitted for redemption pursuant to Article 3 hereof or (iii) submitted for repurchase pursuant to Section 4.06 hereof (unless revoked).

SECTION 2.12 Defaulted Interest.

If the Company fails to make a payment of interest on the Convertible Subordinated Notes, it shall pay such defaulted interest plus, to the extent lawful, any interest payable on the defaulted interest. It may pay such defaulted interest, plus any such interest payable on it, to the persons who are holders of Convertible Subordinated Notes on a subsequent special record date.

The Company shall fix any such record date and payment date. At least 15 days before any such record date, the Company shall mail to holders of the Convertible Subordinated Notes a notice that states the record date, payment date and amount of such interest to be paid.

SECTION 2.13 CUSIP Number.

The Company in issuing the Convertible Subordinated Notes may use a "CUSIP" number, and if so, such CUSIP number shall be included in notices of redemption, repurchase or exchange as a convenience to holders of Convertible Subordinated Notes; provided, however, that any such

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notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Convertible Subordinated Notes and that reliance may be placed only on the other identification numbers printed on the Convertible Subordinated Notes. The Company will promptly notify the Trustee of any change in the CUSIP number.

ARTICLE 3

REDEMPTION

SECTION 3.01 Optional Redemption.

The Company may redeem all or any portion of the Convertible Subordinated Notes upon the terms and at the redemption prices set forth in each of the Convertible Subordinated Notes. Any redemption shall be made pursuant to Paragraph 5 of the Convertible Subordinated Notes and this Article 3.

SECTION 3.02 Notices to Trustee.

If the Company elects to redeem Convertible Subordinated Notes pursuant to the optional redemption provisions of paragraph 5 of the Convertible Subordinated Notes, it shall furnish to the Trustee, at least 15 (20 if less than all of the then outstanding Convertible Subordinated Notes are to be redeemed or if the Company requests the Trustee to give notice of redemption pursuant to Section 3.04) days but not more than 60 days before a redemption date (unless a shorter period shall be satisfactory to the Trustee), an Officers' Certificate setting forth (i) the Section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Convertible Subordinated Notes (if less than all) to be redeemed, (iv) the redemption price and (v) the CUSIP number of the Convertible Subordinated Notes being redeemed.

SECTION 3.03 Selection of Convertible Subordinated Notes To Be Redeemed.

If less than all the Convertible Subordinated Notes are to be redeemed, the Trustee shall select the Convertible Subordinated Notes to be redeemed by a method that complies with the requirements of the principal national securities exchange, if any, on which the Convertible Subordinated Notes are listed or quoted or, if the Convertible Subordinated Notes are not so listed, on a pro rata basis by lot or by any other method that the Trustee considers fair and appropriate. The Trustee shall make the selection not more than 60 days and not less than 15 days before the redemption date from Convertible Subordinated Notes outstanding and not previously called for redemption. The Trustee may select for redemption a portion of the principal of any Convertible Subordinated Notes that has a denomination larger than \$1,000. Convertible Subordinated Notes and portions thereof will be redeemed in the amount of \$1,000 or integral multiples

of \$1,000.

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Provisions of this Indenture that apply to Convertible Subordinated Notes called for redemption also apply to portions of Convertible Subordinated Notes called for redemption. The Trustee shall notify the Company promptly of the Convertible Subordinated Notes or portions of Convertible Subordinated Notes to be called for redemption.

If any Convertible Subordinated Note selected for partial redemption is converted in part after such selection, the converted portion of such Convertible Subordinated Note shall be deemed (so far as may be) to be the portion to be selected for redemption. The Convertible Subordinated Notes (or portion thereof) so selected shall be deemed duly selected for redemption for all purposes hereof, notwithstanding that any such Convertible Subordinated Note is converted in whole or in part before the mailing of the notice of redemption. Upon any redemption of less than all the Convertible Subordinated Notes, the Company and the Trustee may treat as outstanding any Convertible Subordinated Notes surrendered for conversion during the period of 15 days next preceding the mailing of a notice of redemption and need not treat as outstanding any Convertible Subordinated Note authenticated and delivered during such period in exchange for the unconverted portion of any Convertible Subordinated Note converted in part during such period.

SECTION 3.04 Notice of Redemption.

At least 15 days but not more than 60 days before a redemption date, the Company shall mail by first class mail a notice of redemption to each holder whose Convertible Subordinated Notes are to be redeemed.

The notice shall identify the Convertible Subordinated Notes to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price;

(3) if any Convertible Subordinated Note is being redeemed in part, the portion of the principal amount of such Convertible Subordinated Note to be redeemed and that, after the redemption date, upon surrender of such Convertible Subordinated Note, a new Convertible Subordinated Note or Convertible Subordinated Notes in principal amount equal to the unredeemed portion will be issued in the name of the holder thereof;

(4) that Convertible Subordinated Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(5) that interest on Convertible Subordinated Notes called for redemption and for which funds have been set apart for payment, ceases to accrue on and after the redemption date (unless the Company defaults in the payment of the redemption price or

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the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture);

(6) the paragraph of the Convertible Subordinated Notes pursuant to

which the Convertible Subordinated Notes called for redemption are being redeemed;

(7) the aggregate principal amount of Convertible Subordinated Notes (if less than all) that are being redeemed;

(8) the CUSIP number of the Convertible Subordinated Notes (provided that the disclaimer permitted by Section 2.13 may be made);

(9) the name and address of the Paying Agent;

(10) that Convertible Subordinated Notes called for redemption may be converted at any time prior to the close of business on the last trading day immediately preceding the redemption date and if not converted prior to the close of business on such date, the right of conversion will be lost; and

(11) that in the case of Convertible Subordinated Notes or portions thereof called for redemption on a date that is also an Interest Payment Date, the interest payment due on such date shall be paid to the person in whose name the Convertible Subordinated Note is registered at the close of business on the relevant Regular Record Date.

The notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Convertible Subordinated Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any Convertible Subordinated Note.

At the Company's request, the Trustee shall give notice of redemption in the Company's name and at its expense.

SECTION 3.05 Effect of Notice of Redemption.

Once notice of redemption is mailed, Convertible Subordinated Notes called for redemption become due and payable on the redemption date at the redemption price set forth in the Convertible Subordinated Note.

SECTION 3.06 Deposit of Redemption Price.

On or before the redemption date, the Company shall deposit with the Trustee or with the Paying Agent money in immediately available funds sufficient to pay the redemption price of and

accrued interest on all Convertible Subordinated Notes to be redeemed on that date. The Trustee or the Paying Agent shall return to the Company any money not required for that purpose.

On and after the redemption date, unless the Company shall default in the payment of the redemption price, interest will cease to accrue on the principal amount of the Convertible Subordinated Notes or portions thereof called for redemption and for which funds have been set apart for payment and such Convertible Subordinated Notes shall cease after the close of business on the business day immediately preceding the Redemption Date to be convertible into Common Stock and, except as provided in this Section 3.06 and 8.04, to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Convertible Subordinated Notes except the right to receive the Redemption Price thereof and unpaid interest to (but excluding) the Redemption Date. In the case of Convertible Subordinated

Notes or portions thereof redeemed on a redemption date which is also an Interest Payment Date, the interest payment due on such date shall be paid to the person in whose name the Convertible Subordinated Note is registered at the close of business on the relevant Regular Record Date.

SECTION 3.07 Convertible Subordinated Notes Redeemed in Part.

Upon surrender of a Convertible Subordinated Note that is redeemed in part only, the Company shall issue and the Trustee shall authenticate and deliver to the holder of a Convertible Subordinated Note a new Convertible Subordinated Note equal in principal amount to the unredeemed portion of the Convertible Subordinated Note surrendered, at the expense of the Company, except as specified in Section 2.06.

SECTION 3.08 Conversion Arrangement on Call for Redemption.

In connection with any redemption of Convertible Subordinated Notes, the Company may arrange for the purchase and conversion of any Convertible Subordinated Notes by an arrangement with one or more investment bankers or other purchasers to purchase such Convertible Subordinated Notes by paying to the Trustee in trust for the holders, on or before the date fixed for redemption, an amount not less than the applicable redemption price, together with interest accrued to the date fixed for redemption, of such Convertible Subordinated Notes. Notwithstanding anything to the contrary contained in this Article 3, the obligation of the Company to pay the redemption price of such Convertible Subordinated Notes, together with interest accrued to the date fixed for redemption, shall be deemed to be satisfied and discharged to the extent such amount is so paid by the purchasers. If such an agreement is entered into, a copy of which will be filed with the Trustee prior to the date fixed for redemption, any Convertible Subordinated Notes not duly surrendered for conversion by the holders thereof may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such holders and (notwithstanding anything to the contrary contained in Article 12) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the date fixed for redemption (and the right to convert any such Convertible Subordinated Notes shall be deemed to have been extended through such time), subject to payment of the above

amount as aforesaid. At the direction of the Company, the Trustee shall hold and dispose of any such amount paid to it in the same manner as it would monies deposited with it by the Company for the redemption of Convertible Subordinated Notes. Without the Trustee's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Convertible Subordinated Notes shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture, and the Company agrees to indemnify the Trustee from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Convertible Subordinated Notes between the Company and such purchasers to which the Trustee has not consented in writing, including the costs and expenses incurred by the Trustee in the defense of any claim or liability arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture.

ARTICLE 4

COVENANTS

SECTION 4.01 Payment of Convertible Subordinated Notes.

The Company shall pay the principal of and interest on the Convertible

Subordinated Notes on the dates and in the manner provided in the Convertible Subordinated Notes. Principal, interest, the redemption price and the Designated Event Payment shall be considered paid on the date due if the Trustee or Paying Agent (other than the Company or a subsidiary of the Company) holds as of 10:00 a.m. New York City time on that date immediately available funds designated for and sufficient to pay all principal, interest, the redemption price and the Designated Event Payment then due, provided, however, that money held by the Agent for the benefit of holders of Senior Debt pursuant to the provisions of Article 11 hereof or the payment of which to the holders of the Convertible Subordinated Notes is prohibited by Article 11 shall not be considered to be designated for the payment of any principal of or interest on the Convertible Subordinated Notes within the meaning of this Section 4.01.

To the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on (i) overdue principal, at the rate borne by Convertible Subordinated Notes, compounded semiannually; and (ii) overdue installments of interest (without regard to any applicable grace period) at the same rate, compounded semiannually.

SECTION 4.02 Commission Reports.

The Company shall comply with Section 314(a) of the TIA.

SECTION 4.03 Compliance Certificate.

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The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company, an Officers' Certificate stating that a review of the activities of the Company and its subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has fully performed its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge, the Company is not in default in the performance or observance of any of the terms and conditions hereof (or, if any Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge) and, that to the best of his or her knowledge, no event has occurred and remains in existence by reason of which payments on account of the principal of or interest on the Convertible Subordinated Notes are prohibited.

The Company shall, so long as any of the Convertible Subordinated Notes are outstanding, deliver to the Trustee, forthwith upon becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default.

SECTION 4.04 Maintenance of Office or Agency.

The Company shall maintain or cause to be maintained the office or agency required under Section 2.03. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency not maintained by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, presentations, surrenders, notices and demands with respect to the Convertible Subordinated Notes may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Convertible Subordinated Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such

designation.

SECTION 4.05 Continued Existence.

Subject to Article 5, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 4.06 Repurchase Upon Designated Event.

Following a Designated Event (the date of each such occurrence being the "Designated Event Date"), the Company shall notify the holders of Convertible Subordinated Notes in writing of such occurrence and shall make an offer (the "Designated Event Offer") to repurchase all Convertible Subordinated Notes then outstanding at a repurchase price in cash (the "Designated Event Payment") equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the Designated Event Payment Date (as defined below).

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Notice of a Designated Event shall be mailed by or at the direction of the Company to the holders of Convertible Subordinated Notes as shown on the Register of such holders maintained by the Registrar not more than 20 days after the applicable Designated Event Date at the addresses as shown on the Register of holders maintained by the Registrar, with a copy to the Trustee and the Paying Agent. The Designated Event Offer shall remain open until a specified date (the "Designated Event Offer Termination Date") which is at least 20 business days from the date such notice is mailed. During the period specified in such notice, holders of Convertible Subordinated Notes may elect to tender their Convertible Subordinated Notes in whole or in part in integral multiples of \$1,000 in exchange for cash. Payment shall be made by the Company in respect of Convertible Subordinated Notes properly tendered pursuant to this Section on a specified business day (the "Designated Event Payment Date") which shall be no earlier than five business days after the applicable Designated Event Offer Termination Date and no later than 60 days after the applicable Designated Event.

The notice, which shall govern the terms of the Designated Event Offer, shall include such disclosures as are required by law and shall state:

(a) that a Designated Event Offer is being made pursuant to this Section 4.06 and that all Convertible Subordinated Notes will be accepted for payment;

(b) the transaction or transactions that constitute the Designated Event;

(c) the Designated Event Payment for each Convertible Subordinated Note, the Designated Event Offer Termination Date and the Designated Event Payment Date;

(d) that any Convertible Subordinated Note not accepted for payment will continue to accrue interest in accordance with the terms thereof;

(e) that, unless the Company defaults on making the Designated Event Payment, any Convertible Subordinated Note accepted for payment pursuant to the Designated Event Offer shall cease to accrue interest on the Designated Event Payment Date and no further interest shall accrue on or after such date;

(f) that holders electing to have Convertible Subordinated Notes repurchased pursuant to a Designated Event Offer will be required to surrender their Convertible Subordinated Notes to the Paying Agent at the

address specified in the notice prior to 5:00 p.m., New York City time, on the Designated Event Offer Termination Date and must complete any form letter of transmittal proposed by the Company and acceptable to the Trustee and the Paying Agent;

(g) that holders of Convertible Subordinated Notes will be entitled to withdraw their election if the Paying Agent receives, not later than 5:00 p.m., New York City time, on the Designated Event Offer Termination Date, a facsimile transmission or letter setting

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forth the name of the holder, the principal amount of Convertible Subordinated Notes the holder delivered for purchase, the Convertible Subordinated Note certificate number (if any) and a statement that such holder is withdrawing his election to have such Convertible Subordinated Notes purchased;

(h) that holders whose Convertible Subordinated Notes are repurchased only in part will be issued Convertible Subordinated Notes equal in principal amount to the unpurchased portion of the Convertible Subordinated Notes surrendered;

(i) the instructions that holders must follow in order to tender their Convertible Subordinated Notes; and

(j) that in the case of a Designated Event Offer Termination Date that is also an interest payment date, the interest payment due on such date shall be paid to the person in whose name the Convertible Subordinated Note is registered at the close of business on the relevant Designated Event Offer Termination Date.

On the Designated Event Offer Termination Date the Company shall (i) accept for payment all Convertible Subordinated Notes or portions thereof properly tendered pursuant to the Designated Event Offer, (ii) deposit with the Paying Agent money sufficient to pay the Designated Event Payment with respect to all Convertible Subordinated Notes or portions thereof so tendered and accepted and (iii) deliver or cause to be delivered to the Trustee the Convertible Subordinated Notes so accepted together with an Officers' Certificate setting forth the aggregate principal amount of Convertible Subordinated Notes or portions thereof tendered to and accepted for payment by the Company. On the Designated Event Payment Date, the Paying Agent shall mail or deliver to the holders of Convertible Subordinated Notes so accepted, the Designated Event Payment, and the Trustee shall promptly authenticate and mail or cause to be transferred by book entry to such holders a new Convertible Subordinated Note equal in principal amount to any unpurchased portion of the Convertible Subordinated Note surrendered, if any; provided that such new Convertible Subordinate Notes will be in a principal amount of \$1,000 or an integral multiple thereof. Any Convertible Subordinated Notes not so accepted shall be promptly mailed or delivered by the Company to the holder thereof.

In the case of any reclassification, change, consolidation, merger, combination or sale or conveyance to which Section 12.06 applies, in which the Common Stock of the Company is changed or exchanged as a result into the right to receive stock, securities or other property or assets (including cash) which includes shares of common stock of the Company or another person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such stock, securities other property and assets (including cash) (as determined by the Company, which determination shall be conclusive and binding), then the person formed by such consolidation or resulting from such merger or which

acquires such assets, as the case may be, shall execute and deliver to the Trustee a supplemental indenture (which shall comply with the TIA as in force at the date of execution of such supplemental indenture) modifying the provisions of this Indenture relating to the right of holders of Convertible Subordinated Notes to cause the Company to repurchase Convertible Subordinated Notes following a Designated Event, including the applicable provisions of this Section 4.06 and the definitions of Designated Event, Change of Control and Termination of Trading, as appropriate, as determined in good faith by the Company (which determination shall be conclusive and binding), to make such provision apply to such common stock and the issuer thereof if different from the Company and Common Stock of the Company (in lieu of the Company and the Common Stock of the Company).

The Designated Event Offer shall be made by the Company in compliance with all applicable provisions of the Exchange Act, and all applicable tender offer rules promulgated thereunder, to the extent such laws and regulations are then applicable and shall include all instructions and materials that the Company shall reasonably deem necessary to enable such holders of Convertible Subordinated Notes to tender their Convertible Subordinated Notes.

SECTION 4.07 Appointments to Fill Vacancies in Trustee's Office.

The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.08, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 4.08 Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter enforced, that may affect the Company's obligation to pay the Convertible Subordinated Notes; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law insofar as such law applies to the Convertible Subordinated Notes, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.09 Taxes

The Company shall, and shall cause each of its subsidiaries to, pay prior to delinquency all taxes, assessments and government levies, except as contested in good faith and by appropriate proceedings.

ARTICLE 5

SECTION 5.01 When the Company May Merge, Etc.

The Company may not, in a single transaction or series of related transactions, consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets to, any person as an entirety or substantially as an entirety unless:

(a) either

- (i) the Company shall be the surviving or continuing corporation or
- (ii) the person formed by or surviving any such consolidation or into which the Company is merged (if other than the Company) or the person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company substantially as an entirety
 - (1) shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and
 - (2) shall expressly assume, by supplemental indenture in form reasonably satisfactory to the Trustee, executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the Convertible Subordinated Notes and the performance of every covenant of the Convertible Subordinated Notes and this Indenture on the part of the Company to be performed or observed, including, without limitation, modifications to rights of holders to cause the repurchase of Convertible Subordinated Notes upon a Designated Event in accordance with the last paragraph of Section 4.06 and conversion rights in accordance with Section 12.06 to the extent required by such Sections;

(b) immediately after giving effect to such transaction no Default and no Event of Default shall have occurred and be continuing; and

(c) the Company or such person shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this provision of this Indenture and that all conditions precedent in this Indenture relating to such transaction have been satisfied.

For purposes of this Section 5.01, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more subsidiaries of the Company, the capital stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

SECTION 5.02 Successor Corporation Substituted.

Upon any such consolidation, merger, sale, assignment, conveyance, lease, transfer or other disposition in accordance with Section 5.01, the successor person formed by such consolidation or into which the Company is merged or to which such assignment, conveyance, lease, transfer or other disposition is made will succeed to, and be substituted for, and may exercise every right and power

of, the Company under this Indenture with the same effect as if such successor had been named as the Company therein, and thereafter (except in the case of a sale, assignment, transfer, lease, conveyance or other disposition) the predecessor corporation will be relieved of all further obligations and covenants under this Indenture and the Convertible Subordinated Notes.

SECTION 5.03 Purchase Option on Change of Control.

This Article 5 does not affect the obligations of the Company (including without limitation any successor to the Company) under Section 4.06.

ARTICLE 6

DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default.

An "Event of Default" with respect to any Convertible Subordinated Notes occurs if:

(a) the Company defaults in the payment (whether or not such payment is prohibited by the subordination provisions set forth in Article 11 of this Indenture) of principal of, or premium, if any, on the Convertible Subordinated Notes when due at maturity, upon repurchase, upon acceleration or otherwise, including, without limitation, failure of the Company to make any optional redemption payment when required pursuant to Article 3; or

(b) the Company defaults in the payment (whether or not such payment is prohibited by the subordination provisions set forth in Article 11 of this Indenture) of any installment of interest on the Convertible Subordinated Notes when due (including any interest payable in connection with a repurchase pursuant to Section 4.06 or in connection

with any optional redemption payment pursuant to Article 3) and continuance of such default for 30 days or more; or

(c) the Company defaults (other than a default set forth in clauses (a) and (b) above and clause (d) below) in the performance of, or breaches, any other covenant or warranty of the Company set forth in this Indenture or the Convertible Subordinated Notes and fails to remedy such default or breach within a period of 60 days after the receipt of written notice from the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Convertible Subordinated Notes; or

(d) the Company defaults in the payment of the Designated Event Payment in respect of the Convertible Subordinated Notes on the date therefor, whether or not such payment is prohibited by the subordination provisions set forth in Article 11 of this Indenture; or

(e) the Company fails to provide timely notice of any Designated Event in accordance with Section 4.06; or

(f) failure of the Company or any Material Subsidiary to make any payment at maturity, including any applicable grace period, in respect of indebtedness for borrowed money of, or guaranteed or assumed by, the Company or any Material Subsidiary, which payment is in an amount in excess of \$20,000,000, and continuance of such failure for 30 days after notice thereof from the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Convertible Subordinated Notes; or

(g) default by the Company or any Material Subsidiary with respect to any indebtedness referred to in clause (f) above, which default results in the acceleration of any such indebtedness of an amount in excess of \$20,000,000 without such indebtedness having been paid or discharged or such acceleration having been cured, waived, rescinded or annulled for 30 days after notice thereof from the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Convertible Subordinated Notes; or

(h) the Company or any Material Subsidiary, pursuant to or within the meaning of any Bankruptcy Law:

(v) commences a voluntary case,

(w) consents to the entry of an order for relief against it in an involuntary case,

(x) consents to the appointment of a Custodian of it or for all or substantially all of its property,

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(y) makes a general assignment for the benefit of its creditors;

(z) makes the admission in writing that it generally is unable to pay its debts as the same become due; or

(i) a court of competent jurisdiction enters a judgment, order or decree under any Bankruptcy Law that:

(i) is for relief against the Company or any Material Subsidiary in an involuntary case,

(ii) appoints a Custodian of the Company or any Material Subsidiary, and the order or decree remains unstayed and in effect for 90 days.

(iii) orders the liquidation of the Company or any Material Subsidiary, and the order or decree remains unstayed and in effect for 90 days.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

In the case of any Event of Default, pursuant to the provisions of this Section 6.01, occurring by reason of any wilful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium which the Company would have had to pay if the Company then had elected to redeem the Convertible Subordinated Notes pursuant to Paragraph 5 of the Convertible Subordinated Notes, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law, upon the acceleration of the Convertible Subordinated Notes notwithstanding anything contained in this Indenture or in the Convertible Subordinated Notes to the contrary.

If an Event of Default occurs prior to any date on which the Company is prohibited from redeeming the Convertible Subordinated Notes, pursuant to Paragraph 5 of the Convertible Subordinated Notes, by reason of any wilful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Convertible Subordinated Notes prior to such date, then the premium specified in this Indenture shall also become immediately due and payable to the extent permitted

by law upon the acceleration of the Convertible Subordinated Notes.

SECTION 6.02 Acceleration.

If an Event of Default (other than an Event of Default with respect to the Company specified in clauses (h) and (i) of Section 6.01) occurs and is continuing, then and in every such case the Trustee, by written notice to the Company, or the holders of at least 25% in aggregate

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principal amount of the then outstanding Convertible Subordinated Notes, by written notice to the Company and the Trustee, may declare the unpaid principal of, premium, if any, and accrued and unpaid interest on all the Convertible Subordinated Notes to be due and payable. Upon such declaration such principal amount, premium, if any, and accrued and unpaid interest shall become immediately due and payable, notwithstanding anything contained in this Indenture or the Convertible Subordinated Notes to the contrary, but subject to the provisions of Article 11 hereof. If any Event of Default with respect to the Company specified in clauses (h) or (i) of Section 6.01 occurs, all unpaid principal of and premium, if any, and accrued and unpaid interest on the Convertible Subordinated Notes then outstanding shall become automatically due and payable subject to the provisions of Article 11 hereof, without any declaration or other act on the part of the Trustee or any holder of Convertible Subordinated Notes.

The holders of a majority in aggregate principal amount of the then outstanding Convertible Subordinated Notes by notice to the Trustee may rescind an acceleration of the Convertible Subordinated Notes and its consequences if all existing Events of Default (other than nonpayment of principal of or premium, if any, and interest on the Convertible Subordinated Notes which has become due solely by virtue of such acceleration) have been cured or waived and if the rescission would not conflict with any judgment or decree of any court of competent jurisdiction. No such rescission shall affect any subsequent Default or Event of Default or impair any right consequent thereto.

SECTION 6.03 Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Convertible Subordinated Notes or to enforce the performance of any provision of the Convertible Subordinated Notes or this Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Convertible Subordinated Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any holder of a Convertible Subordinated Note in exercising any right or remedy occurring upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04 Waiver of Past Defaults.

The holders of a majority in aggregate principal amount of the Convertible Subordinated Notes then outstanding may, on behalf of the holders of all the Convertible Subordinated Notes, waive an existing Default or Event of Default and its consequences, except a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Convertible Subordinated Notes (other than the non-payment of principal of and premium, if any, and interest on the Convertible Subordinated Notes which has become due solely by virtue of an acceleration which has been duly rescinded as provided above), or in respect of a covenant or provision of this Indenture which cannot be modified or amended

without the consent of all holders of Convertible

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Subordinated Notes. When a Default or Event of Default is waived, it is cured and stops continuing. No waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 6.05 Control by Majority.

The holders of a majority in aggregate principal amount of the then outstanding Convertible Subordinated Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other holders of Convertible Subordinated Notes or that may involve the Trustee in personal liability; provided that the Trustee shall have no duty or obligation (subject to Section 7.01) to ascertain whether or not such actions of forbearances are unduly prejudicial to such holders; provided, further, that the Trustee may take any other action the Trustee deems proper that is not inconsistent with such directions.

SECTION 6.06 Limitation on Suits.

A holder of a Convertible Subordinated Note may not pursue any remedy with respect to this Indenture or the Convertible Subordinated Notes unless:

- (1) the holder gives to the Trustee notice of a continuing Event of Default;
- (2) the holders of at least 25% in principal amount of the then outstanding Convertible Subordinated Notes make a request to the Trustee to pursue the remedy;
- (3) such holder or holders offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and
- (5) during such 60-day period the holders of a majority in principal amount of the then outstanding Convertible Subordinated Notes do not give the Trustee a direction inconsistent with the request.

A holder of a Convertible Subordinated Note may not use this Indenture to prejudice the rights of another holder or to obtain a preference or priority over another holder.

SECTION 6.07 Rights of Holders To Receive Payment.

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Subject to the provisions of Article 11 hereof, notwithstanding any other provision of this Indenture, the right of any holder of a Convertible

Subordinated Note to receive payment of principal, premium, if any, and interest on the Convertible Subordinated Note, on or after the respective due dates expressed in the Convertible Subordinated Note, or to bring suit for the enforcement of any such payment on or after such respective dates, or to bring suit for the enforcement of the right to convert the Convertible Subordinated Note shall not be impaired or affected without the consent of the holder of a Convertible Subordinated Note.

SECTION 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a), (b) or (d) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal and interest remaining unpaid on the Convertible Subordinated Notes and interest on overdue principal and interest and such further amount as shall be sufficient to cover the costs and, to the extent lawful, expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09 Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the holders of Convertible Subordinated Notes allowed in any judicial proceedings relative to the Company, its creditors or its property. Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any holder of a Convertible Subordinated Note any plan of reorganization, arrangement, adjustment or composition affecting the Convertible Subordinated Notes or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any holder in any such proceeding.

SECTION 6.10 Priorities.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee, and the costs and expenses of collection;

Second: to holders of Senior Debt to the extent required by Article 11;

Third: to holders of Convertible Subordinated Notes for amounts due and unpaid on the Convertible Subordinated Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on

the Convertible Subordinated Notes for principal, premium, if any, and interest, respectively; and

Fourth: to the Company.

Except as otherwise provided in Section 2.12, the Trustee may fix a record date and payment date for any payment to holders of Convertible Subordinated Notes.

SECTION 6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit, other than the Trustee, of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a holder pursuant to Section 6.07 or a suit by holders of more than 10% in principal amount of the then outstanding Convertible Subordinated Notes.

ARTICLE 7

THE TRUSTEE

The Trustee hereby accepts the trust imposed upon it by this Indenture and covenants and agrees to perform the same, as herein expressed. Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 7.

SECTION 7.01 Duties of the Trustee.

(a) If an Event of Default known to the Trustee has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default known to the Trustee:

(1) The duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

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(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the form required by this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section;

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction

received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that is in any way related to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk of liability is not reasonably assured to it.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02 Rights of the Trustee.

(a) The Trustee may rely on and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate, or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, security or other document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter contained therein.

(b) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof is herein

specifically prescribed). In addition, before the Trustee acts or refrains from acting, it may require an Officers' Certificate, an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its attorneys and agents and other persons not regularly in its employ and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith without negligence or willful misconduct which it believes to be authorized or within its discretion, rights or powers.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by Officers of the Company.

(f) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or discretion of any of the holders of Convertible Subordinated Notes pursuant to the provisions of this Indenture, unless such holders have offered to the Trustee security or

indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred therein or thereby.

(h) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, security or other document unless requested in writing to do so by the holders of not less than a majority in aggregate principal amount of the Convertible Subordinated Notes then outstanding, provided that if the Trustee determines in its discretion to make any such investigation, then it shall be entitled, upon reasonable prior notice and during normal business hours, to examine the books and records and the premises of the Company, personally or by agent or attorney, and the reasonable expenses of every such examination shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be reimbursed by the Company upon demand.

(i) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or wilful misconduct.

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(j) The Trustee shall not be responsible for the computation of any adjustment to the Conversion Price or for any determination as to whether an adjustment is required and shall not be deemed to have knowledge of any adjustment unless and until it shall have received the notice from the Company contemplated by Section 12.05(j).

SECTION 7.03 Individual Rights of the Trustee.

Subject to Sections 7.10 and 7.11, the Trustee in its individual or any other capacity may become the owner or pledgee of Convertible Subordinated Notes with the same rights it would have if it were not the Trustee and may otherwise deal with the Company or an Affiliate of the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 7.04 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Convertible Subordinated Notes. It shall not be accountable for the Company's use of the proceeds from the Convertible Subordinated Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture. It shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Convertible Subordinated Notes or any other document in connection with the sale of the Convertible Subordinated Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each holder of a Convertible Subordinated Note a notice of the Default or Event of Default within 60 days after it occurs. A Default or an Event of Default shall not be considered known to the Trustee unless it is a Default or Event of Default in the payment of principal or interest when due under Section 6.01(a), (b) or (d) or the Trustee shall have received notice thereof, in accordance with this Indenture, from the Company or from the holders of a majority in principal amount of the outstanding Convertible Subordinated Notes. Except in the case of a Default or Event of

Default in payment of principal of, premium, if any, or interest on any Convertible Subordinated Note, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interest of the holders of the Convertible Subordinated Notes.

SECTION 7.06 Reports by the Trustee to Holders.

Within 60 days after the reporting date stated in Section 10.10, the Trustee shall mail to holders of Convertible Subordinated Notes a brief report dated as of such reporting date that

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complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b) (2). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to holders of Convertible Subordinated Notes shall be filed, at the expense of the Company, by the Trustee with the Commission and each stock exchange or securities market, if any, on which the Convertible Subordinated Notes are listed. The Company shall timely notify the Trustee when the Convertible Subordinated Notes are listed or quoted on any stock exchange or securities market.

SECTION 7.07 Compensation and Indemnity.

The Company shall pay to the Trustee from time to time and the Trustee shall be entitled to reasonable compensation for its acceptance of this Indenture and its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by or on behalf of it in addition to the compensation for its services. Such expenses may include the reasonable compensation, disbursements and expenses of the Trustee's agents, counsel and other persons not regularly in its employ.

The Company shall indemnify the Trustee against any loss, liability or expense incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture and the trusts hereunder, including the costs and expenses of defending itself against or investigating any claim of liability in the premises, except as set forth in the next paragraph. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim with counsel designated by the Company, who may be outside counsel to the Company but shall in all events be reasonably satisfactory to the Trustee, and the Trustee shall cooperate in the defense. In addition, the Trustee may retain one separate counsel and, if deemed advisable by such counsel, local counsel, and the Company shall pay the reasonable fees and expenses of such separate counsel and local counsel. The indemnification herein extends to any settlement, provided that the Company will not be liable for any settlement made without its consent, provided, further, that such consent will not be unreasonably withheld.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through its own negligence or wilful misconduct.

The Trustee shall have a lien prior to the Convertible Subordinated Notes on all money or property held or collected by the Trustee to secure the

Company's payment obligations in this Section 7.07, except that held in trust to pay principal and interest on Convertible Subordinated

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Notes. Such liens and the Company's obligations under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(h) or (i) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08 Replacement of the Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign at any time and be discharged from the trust hereby created by so notifying the Company. The holders of a majority in principal amount of the then outstanding Convertible Subordinated Notes may remove the Trustee by so notifying the Trustee and the Company in writing and may appoint a successor Trustee. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a Custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the holders of a majority in principal amount of the then outstanding Convertible Subordinated Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the holders of at least 10% in principal amount of the then outstanding Convertible Subordinated Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee after written request by any holder of a Convertible Subordinated Note who has been a holder for at least six months fails to comply with Section 7.10, such holder may

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petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment

to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to holders of Convertible Subordinated Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided that all sums owing to the retiring Trustee hereunder have been paid and subject to the lien provided for in Section 7.07. Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee with respect to expenses and liabilities incurred by it prior to such replacement.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the preceding paragraph.

SECTION 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business (including the trust created by this Indenture) to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act shall be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee herein.

SECTION 7.10 Eligibility, Disqualification.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1). The Trustee shall always have a combined capital and surplus as stated in Section 10.10. The Trustee is subject to TIA Section 310(b) regarding the disqualification of a trustee upon acquiring a conflicting interest.

SECTION 7.11 Preferential Collection of Claims Against Company.

The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship set forth in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8

SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 8.01 Discharge of Indenture.

When (a) the Company delivers to the Trustee for cancellation all Convertible Subordinated Notes theretofore authenticated (other than any other Convertible Subordinated Notes which have been destroyed, lost or stolen and in lieu of or in substitution for which other Convertible Subordinated Notes have been authenticated and delivered) and not theretofore canceled, or (b) all the Convertible Subordinated Notes not theretofore canceled or delivered to the Trustee for cancellation have become due and payable, or are by their terms will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company deposits with the Trustee, in trust, amounts sufficient to pay at maturity or upon redemption of all of the Convertible

Subordinated Notes (other than any Convertible Subordinated Notes which have been mutilated, destroyed, lost or stolen and in lieu of or in substitution for which other Convertible Subordinated Notes have been authenticated and delivered) not theretofore canceled or delivered to the Trustee for cancellation, including principal and premium, if any, and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in either case the Company also pays, or causes to be paid, all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer, substitution, replacement and exchange and conversion of Convertible Subordinated Notes, (ii) rights hereunder of holders of Convertible Subordinated Notes to receive payments of principal of and premium, if any, and interest on, the Convertible Subordinated Notes, (iii) the obligations under Sections 2.03 and 8.05 hereof and (iv) the rights, obligations and immunities of the Trustee hereunder), and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel as required by Section 10.04 and at the Company's cost and expense, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; the Company, however, hereby agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Convertible Subordinated Notes.

SECTION 8.02 Deposited Monies to be Held in Trust by Trustee.

Subject to Section 8.04, all monies deposited with the Trustee pursuant to Section 8.01 shall be held in trust and applied by it to the payment, notwithstanding the provisions of Article 11, either directly or through the Paying Agent, to the holders of the particular Convertible Subordinated Notes for the payment or redemption of which such monies have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest and premium, if any.

SECTION 8.03 Paying Agent to Repay Monies Held.

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Upon the satisfaction and discharge of this Indenture, all monies then held by any Paying Agent (other than the Trustee) shall, upon the Company's demand, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such monies.

SECTION 8.04 Return of Unclaimed Monies.

Subject to the requirements of applicable law, any monies deposited with or paid to the Trustee for payment of the principal of, premium, if any, or interest on Convertible Subordinated Notes and not applied but remaining unclaimed by the holders thereof for two years after the date upon which the principal of, premium, if any, or interest on such Convertible Subordinated Notes, as the case may be, have become due and payable, shall be repaid to the Company by the Trustee on demand; provided, however, that the Company, or the Trustee at the request of the Company, shall have first caused notice of such payment to the Company to be mailed to each holder of a Convertible Subordinated Note entitled thereto no less than 30 days prior to such payment and all liability of the Trustee shall thereupon cease with respect to such monies; and the holder of any of the Convertible Subordinated Notes shall thereafter look only to the Company for any payment which such holder may be entitled to collect unless an applicable abandoned property law designates another person.

SECTION 8.05 Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with Section 8.02 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Convertible Subordinated Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01 until such time as the Trustee or the Paying Agent is permitted to apply all such money in accordance with Section 8.02; provided, however, that if the Company makes any payment of interest on or principal of any Convertible Subordinated Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the holders thereof to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENTS

SECTION 9.01 Without the Consent of Holders.

The Company and the Trustee may amend this Indenture or the Convertible Subordinated Notes without notice to or the consent of any holder of a Convertible Subordinated Note for the purposes of:

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(a) curing any ambiguity or correcting or supplementing any defective or inconsistent provision contained in this Indenture or making any other changes in the provisions of this Indenture which the Company and the Trustee may deem necessary or desirable provided such amendment does not materially and adversely affect the legal rights under the Indenture of the holders of Convertible Subordinated Notes.

(b) providing for uncertificated Convertible Subordinated Notes in addition to or in place of certificated Convertible Subordinated Notes;

(c) evidencing the succession of another person to the Company and providing for the assumption by such successor of the covenants and obligations of the Company thereunder and in the Convertible Subordinated Notes as permitted by Section 5.01;

(d) providing for conversion rights and/or repurchase rights of holders of Convertible Subordinated Notes in the event of consolidation, merger or sale of all or substantially all of the assets of the Company as required to comply with Sections 5.01 and/or 12.06;

(e) reducing the Conversion Price;

(f) making any changes that would provide the holders of the Convertible Subordinated Notes with any additional rights or benefits or that does not adversely affect the legal rights under this Indenture of any such holder; or

(g) complying with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA.

SECTION 9.02 With the Consent of Holders.

Subject to Section 6.07, the Company and the Trustee may amend this Indenture or the Convertible Subordinated Notes with the written consent of the holders of at least a majority in principal amount of the then outstanding

Convertible Subordinated Notes (including consents obtained in connection with a tender offer or exchange offer for Convertible Subordinated Notes).

Subject to Sections 6.04 and 6.07, the holders of a majority in principal amount of the Convertible Subordinated Notes then outstanding may also waive compliance in a particular instance by the Company with any provision of this Indenture or the Convertible Subordinated Notes.

However, without the consent of each holder of a Convertible Subordinated Note affected, an amendment or waiver under this Section may not (with respect to any Convertible Subordinated Notes held by a non-consenting holder):

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(a) reduce the principal amount of Convertible Subordinated Notes whose holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or premium on or change the fixed maturity of any Convertible Subordinated Note or, except as permitted pursuant to Section 9.01(a), alter the redemption provisions with respect thereto;

(c) reduce the rate of, or change the time for payment of, interest, including defaulted interest, on any Convertible Subordinated Note;

(d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Convertible Subordinated Notes (except a rescission of acceleration of the Convertible Subordinated Notes by the holders of at least a majority in aggregate principal amount of the Convertible Subordinated Notes then outstanding and a waiver of the payment default that resulted from such acceleration);

(e) make the principal of, or premium, if any, or interest on, any Convertible Subordinated Note payable in money other than as provided for herein and in the Convertible Subordinated Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or Events of Default or the rights of holders of Convertible Subordinated Notes to receive payments of principal of, premium, if any, or interest on the Convertible Subordinated Notes;

(g) waive a redemption payment with respect to any Convertible Subordinated Notes;

(h) except as permitted herein (including Section 9.01(a)), increase the Conversion Price or modify the provisions contained herein relating to conversion of the Convertible Subordinated Notes in a manner adverse to the holders thereof; or

(i) make any change to the abilities of holders of Convertible Subordinated Notes to enforce their rights hereunder or the provisions of clauses (a) through (i) of this Section 9.02.

To secure a consent of the holders of Convertible Subordinated Notes under this Section, it shall not be necessary for such holders to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment or waiver under this Section becomes effective, the Company shall mail to holders of Convertible Subordinated Notes a notice briefly describing the amendment or waiver.

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In order to amend any provisions of Article 11, holders of at least 75% in aggregate principal amount of Convertible Subordinated Notes then outstanding must consent to such amendment if such amendment would adversely affect the rights of holders of Convertible Subordinated Notes.

SECTION 9.03 Compliance with the Trust Indenture Act.

Every amendment to this Indenture or the Convertible Subordinated Notes shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04 Revocation and Effect of Consents.

Until an amendment or waiver becomes effective, a consent to it by a holder of a Convertible Subordinated Note is a continuing consent by the holder and every subsequent holder of a Convertible Subordinated Note or portion of a Convertible Subordinated Note that evidences the same debt as the consenting holder's Convertible Subordinated Note, even if notation of the consent is not made on any Convertible Subordinated Note. However, any such holder or subsequent holder may revoke the consent as to his or her Convertible Subordinated Note or portion of a Convertible Subordinated Note if the Trustee receives the notice of revocation before the date on which the Trustee receives an Officers' Certificate certifying that the holders of the requisite principal amount of Convertible Subordinated Notes have consented to the amendment or waiver.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the holders of Convertible Subordinated Notes entitled to consent to any amendment or waiver. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those persons who were holders of Convertible Subordinated Notes at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment or waiver or to revoke any consent previously given, whether or not such persons continue to be holders after such record date. No consent shall be valid or effective for more than 90 days after such record date unless consents from holders of the principal amount of Convertible Subordinated Notes required hereunder for such amendment or waiver to be effective shall have also been given and not revoked within such 90-day period.

After an amendment or waiver becomes effective it shall bind every holder of a Convertible Subordinated Note, unless it is of the type described in clauses (a)-(i) of Section 9.02. In such case, the amendment or waiver shall bind each holder of a Convertible Subordinated Note who has consented to it and every subsequent holder of a Convertible Subordinated Note or portion of a Convertible Subordinated Note that evidences the same debt as the consenting holder's Convertible Subordinated Note.

SECTION 9.05 Notation on or Exchange of Convertible Subordinated Notes.

Convertible Subordinated Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article 9 may, and shall if required by the Trustee, bear a notation in the form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Convertible Subordinated Notes so modified as to conform, in the opinion of the Company and the Trustee, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Convertible Subordinated

Notes without charge to the holders of the Convertible Subordinated Notes, except as specified in Section 2.06.

SECTION 9.06 Trustee Protected.

The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article 9 if such amendment or supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing such amendment or supplemental indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment or supplemental indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it will be valid and binding upon the Company in accordance with its terms.

ARTICLE 10

GENERAL PROVISIONS

SECTION 10.01 Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), such duties imposed by such section of the TIA shall control. If any provision of this Indenture expressly modifies or excludes any provision of the TIA that may be so modified or excluded, the Indenture provision so modifying or excluding such provision of the TIA shall be deemed to apply.

SECTION 10.02 Notices.

Any notice or communication by the Company or the Trustee to the other is duly given if in writing and delivered in person or mailed by first-class mail, with postage prepaid (registered or certified, return receipt requested), or sent by facsimile or overnight air couriers guaranteeing next day delivery, to the other's address as stated in Section 10.10. The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to holders of Convertible Subordinated Notes) shall be deemed to have been duly given at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when transmission is confirmed, if transmitted by facsimile; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. Notwithstanding the foregoing, all notices to the Trustee shall be effective only upon receipt by a Trust Officer.

Any notice or communication to a holder of a Convertible Subordinated Note shall be mailed by first-class mail, with postage prepaid, to his or her address shown on the Register kept by the Registrar. Failure to mail a notice or communication to a holder or any defect in it shall not affect its sufficiency with respect to other holders.

If a notice or communication is sent in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company sends a notice or communication to holders of Convertible

Subordinated Notes, it shall send a copy to the Trustee and each Agent at the same time.

All notices or communications shall be in writing.

SECTION 10.03 Communication by Holders With Other Holders.

Holders may communicate pursuant to TIA Section 312(b) with other holders with respect to their rights under this Indenture or the Convertible Subordinated Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 10.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.05) stating that, in the opinion of such person, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.05) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 10.05 Statements Required in Certificate or Opinion.

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Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any Officers' Certificate may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such Officer knows that the opinion with respect to the matters upon which his or her certificate may be based as aforesaid is erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon certificates, statements or opinions of, or representations by an officer or officers of the Company, or other persons or firms deemed appropriate by such counsel, unless such counsel knows that the certificates, statements or opinions or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous.

Any Officers' Certificate, statement or Opinion of Counsel may be based,

insofar as it relates to accounting matters, upon a certificate or opinion of or representation by an accountant (who may be an employee of the Company), or firm of accountants, unless such Officer or counsel, as the case may be, knows that the certificate or opinion or representation with respect to the accounting matters upon which his or her certificate, statement or opinion may be based as aforesaid is erroneous.

SECTION 10.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by, or a meeting of, holders of Convertible Subordinated Notes. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 10.07 Legal Holidays.

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A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in the City of New York, the city in which the Corporate Trust Office of the Trustee is located or the City of San Jose, California are not required to be open, and a "business day" is any day that is not a Legal Holiday. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If any date specified in this Indenture, including, without limitation, a redemption date under Paragraph 5 of Convertible Subordinated Notes, is a Legal Holiday, then such date shall be the next succeeding business day.

SECTION 10.08 No Recourse Against Others.

No director, officer, employee or stockholder, as such, of the Company from time to time shall have any liability for any obligations of the Company under the Convertible Subordinated Notes or this Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder by accepting a Convertible Subordinated Note waives and releases all such liability. This waiver and release are part of the consideration for the Convertible Subordinated Notes. Each of such directors, officers, employees and stockholders is a third party beneficiary of this Section 10.08.

SECTION 10.09 Counterparts.

This Indenture may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 10.10 Other Provisions.

The Company initially appoints the Trustee as Paying Agent, Registrar and authenticating agent.

The reporting date for Section 7.06 is [May 15] of each year. The first reporting date is the [May 15] following the issuance of Convertible Subordinated Notes hereunder.

The Trustee shall always have, or shall be a subsidiary of a bank or bank holding company which has, a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

The Company's address is:

Amkor Technology, Inc.
1345 Enterprise Drive
West Chester, PA 19380
Attention: General Counsel's Office

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Facsimile: (610) 431-9967
Telephone: (610) 431-9600

The Trustee's address is:

State Street Bank and Trust Company
Two International Place, 4th Floor
Boston, MA 02110
attention: Corporate Trust Department (Amkor Technology, Inc.
____% Convertible Notes due 2003)
Facsimile: (617) 664-5372
Telephone: (617) 664-5635

SECTION 10.11 Governing Law.

The internal laws of the State of New York shall govern this Indenture and the Convertible Subordinated Notes, without regard to the conflict of laws provisions thereof.

SECTION 10.12 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a subsidiary. Any such other indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 10.13 Successors.

All agreements of the Company in this Indenture and the Convertible Subordinated Notes shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 10.14 Severability.

In case any provision in this Indenture or in the Convertible Subordinated Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 10.15 Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

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ARTICLE 11
SUBORDINATION

SECTION 11.01 Agreement to Subordinate.

The Company agrees, and each holder of Convertible Subordinated Notes by accepting a Convertible Subordinated Note agrees, that the indebtedness evidenced by the Convertible Subordinated Note is subordinated in right of payment, to the extent and in the manner provided in this Article 11, to the prior payment in full in cash or payment satisfactory to holders of Senior Debt of all Senior Debt (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of the holders of Senior Debt.

SECTION 11.02 Liquidation; Dissolution; Bankruptcy.

Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, in an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities:

(1) holders of Senior Debt shall be entitled to receive payment in full of all Obligations due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt) in cash or other payment satisfactory to the holders of the Senior Debt before holders of Convertible Subordinated Notes shall be entitled to receive any payment with respect to the Convertible Subordinated Notes (except that the holders of Convertible Subordinated Notes may receive (i) securities that are subordinated to at least the same extent as the Convertible Subordinated Notes to (a) Senior Debt and (b) any securities issued in exchange for Senior Debt and (ii) payments and other distributions made from any trust created pursuant to Section 8.01 hereof); and

(2) until all Senior Debt is paid in full in cash or other payment satisfactory to the holders of the Senior Debt, any distribution to which holders of Convertible Subordinated Notes would be entitled but for this Article 11 shall be made to holders of Senior Debt (except that holders of Convertible Subordinated Notes may receive securities that are subordinated to at least the same extent as the Convertible Subordinated Notes to (a) Senior Debt and (b) any securities issued in exchange for Senior Debt), as their interests may appear.

SECTION 11.03 Default on Senior Debt and/or Designated Senior Debt.

The Company may not make any payment or distribution to the Trustee or any holder of Convertible Subordinated Notes in respect of Obligations with respect to the Convertible Subordinated Notes and may not acquire from the Trustee or any holder of Convertible Subordinated Notes any Convertible Subordinated Notes (other than, in each case, (i) distributions of securities that are subordinated to at least the same extent as the Convertible Subordinated Notes to (a) Senior Debt and (b) any securities issued in exchange for Senior Debt and (ii) payments and other distributions made from any trust created pursuant to Section 8.01 hereof) until all Senior Debt has been paid in full in cash or other payment satisfactory to the holders of the Senior Debt if:

(i) a default in the payment of any principal of, premium, if any, interest, rent or other Obligations in respect of Senior Debt occurs and is continuing beyond any applicable grace period in the agreement, indenture or other document governing such Senior Debt; or

(ii) a default, other than a payment default, on Designated Senior Debt occurs and is continuing that then permits holders of such Designated Senior Debt to accelerate its maturity and the Trustee receives a notice of the default (a "Payment Blockage Notice") from a person who may give it pursuant to Section 11.11 hereof.

If the Trustee receives any Payment Blockage Notice pursuant to Section 11.03 (ii) hereof, no subsequent Payment Blockage Notice shall be effective for purposes of such Section unless and until at least 365 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

The Company may and shall resume payments on and distributions in respect of the Convertible Subordinated Notes and may acquire them upon the earlier of:

(1) in the case of a payment default, upon the date upon which the default is cured or waived or ceases to exist, or

(2) in the case of a nonpayment default referred to in Section 11.03(ii) hereof, the earlier of the date upon which the default is cured or waived ceases to exist or 179 days after notice is received if the maturity of such Designated Senior Debt has not been accelerated,

if this Article otherwise permits the payment, distribution or acquisition at the time of such payment or acquisition.

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SECTION 11.04 Acceleration of Convertible Subordinated Notes

In the event of the acceleration of the Convertible Subordinated Notes because of an Event of Default, the Company may not make any payment or distribution to the Trustee or any holder of Convertible Subordinated Notes in respect of Obligations with respect to Convertible Subordinated Notes and may not acquire or purchase from the Trustee or any holder of Convertible Subordinated Notes any Convertible Subordinated Notes (other than, in each case, (i) distributions of securities that are subordinated to at least the same extent as the Convertible Subordinated Notes to (a) Senior Debt and (b) any securities issued in exchange for Senior Debt, and (ii) payments and other distributions made from any trust created pursuant to Section 8.01) until all Senior Debt has been paid in full in cash or other payment satisfactory to the holders of Senior Debt or such acceleration is rescinded in accordance with the terms of this Indenture.

If payment of the Convertible Subordinated Notes is accelerated because of an Event of Default, the Company or the Trustee shall promptly notify holders of Senior Debt or trustee(s) of such Senior Debt of the acceleration. The Company may not pay the Convertible Subordinated Notes until five business days after such holders or trustee(s) of Senior Debt receive notice of such acceleration and, thereafter, may pay the Convertible Subordinated Notes only if the provisions of this Article 11 otherwise permit payment at that time.

SECTION 11.05 When Distribution Must Be Paid Over.

In the event that the Trustee, any holder of Convertible Subordinated Notes or any other person receives any payment or distributions of assets of the

Company of any kind with respect to the Convertible Subordinated Notes in contravention of any terms contained in this Indenture, whether in cash, property or securities, including, without limitation by way of set-off or otherwise, then such payment shall be held by the recipient in trust for the benefit of holders of Senior Debt, and shall be immediately paid over and delivered to the holders of Senior Debt or the representative(s), to the extent necessary to make payment in full of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution or provision therefor, to or for the holders of Senior Debt; provided that the foregoing shall apply to the Trustee only if the Trustee has actual knowledge (as determined in accordance with Section 11.11) that such payment or distribution is prohibited by this Indenture.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article 11, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of holders of Convertible Subordinated Notes or the Company or any other person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article 11, except if such payment is made as a result of the wilful misconduct or gross negligence of the Trustee.

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SECTION 11.06 Notice by Company.

The Company shall promptly notify the Trustee of any facts known to the Company that would cause a payment of any Obligations with respect to the Convertible Subordinated Notes or the purchase of any Convertible Subordinated Notes by the Company to violate this Article, but failure to give such notice shall not affect the subordination of the Convertible Subordinated Notes to the Senior Debt as provided in this Article.

SECTION 11.07 Subrogation.

After all Senior Debt is paid in full and until the Convertible Subordinated Notes are paid in full, holders of Convertible Subordinated Notes shall be subrogated (equally and ratably with all other indebtedness pari passu with the Convertible Subordinated Notes) to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the holders of Convertible Subordinated Notes have been applied to the payment of Senior Debt. A distribution made under this Article to holders of Senior Debt that otherwise would have been made to holders of Convertible Subordinated Notes is not, as between the Company and holders of Convertible Subordinated Notes, a payment by the Company on the Convertible Subordinated Notes.

SECTION 11.08 Relative Rights.

This Article defines the relative rights of holders of Convertible Subordinated Notes and holders of Senior Debt. Nothing in this Indenture shall:

- (1) impair, as between the Company and holders of Convertible Subordinated Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of, premium, if any, and interest on the Convertible Subordinated Notes in accordance with their terms;

- (2) affect the relative rights of holders of Convertible Subordinated Notes and creditors (other than with respect to Senior Debt) of the

Company, other than their rights in relation to holders of Senior Debt; or

(3) prevent the Trustee or any holder of Convertible Subordinated Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt to receive distributions and payments otherwise payable to holders of Convertible Subordinated Notes.

If the Company fails because of this Article to pay principal of or interest on a Convertible Subordinated Note on the due date, the failure is still a Default or Event of Default.

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SECTION 11.09 Subordination May Not Be Impaired by Company.

No right of any holder of Senior Debt to enforce the subordination of the indebtedness evidenced by the Convertible Subordinated Notes shall be impaired by any act or failure to act by the Company or any holder of Convertible Subordinated Notes or by the failure of the Company or any such holder to comply with this Indenture.

SECTION 11.10 Distribution or Notice to Representative.

Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of the Company referred to in this Article 11, the Trustee and the holders of Convertible Subordinated Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other person making any distribution to the Trustee or to the holders of Convertible Subordinated Notes for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 11.

SECTION 11.11 Rights of Trustee and Paying Agent.

Notwithstanding the provisions of this Article 11 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee (other than pursuant to Section 11.04), and the Trustee may continue to make payments on the Convertible Subordinated Notes, unless a Trust Officer shall have received at least two business days prior to the date of such payment or distribution written notice of facts that would cause such payment or distribution with respect to the Convertible Subordinated Notes to violate this Article. Only the Company or a Representative may give the notice.

Nothing in this Article 11 shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 11.12 Authorization to Effect Subordination.

Each holder of a Convertible Subordinated Note by the holder's acceptance

thereof authorizes and directs the Trustee on the holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 11, and appoints the

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Trustee to act as the holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, the holders of any Senior Debt or their Representatives are hereby authorized to file an appropriate claim for and on behalf of the holders of the Convertible Subordinated Notes.

SECTION 11.13 Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that the second and third paragraphs of Section 11.11 shall not apply to the Company or any subsidiary of the Company if it or such subsidiary acts as Paying Agent.

SECTION 11.14 Senior Debt Entitled to Rely.

The holders of Senior Debt shall have the right to rely upon this Article 11, and no amendment or modification of the provisions contained herein shall diminish the rights of such holders unless such holders shall have agreed in writing thereto.

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ARTICLE 12

CONVERSION OF CONVERTIBLE SUBORDINATED NOTES

SECTION 12.01 Right to Convert.

Subject to and upon compliance with the provisions of this Indenture, each holder of Convertible Subordinated Notes shall have the right, at his or her option, at any time on or before the close of business on the last trading day prior to the Maturity Date (except that, (a) with respect to any Convertible Subordinated Note or portion thereof which is called for redemption prior to such date, such right shall terminate, except as provided in the fourth paragraph of Section 12.02, before the close of business on the last trading day preceding the date fixed for redemption (unless the Company defaults in payment of the redemption price in which case the conversion right will terminate at the

close of business on the date such default is cured) and (b) with respect to any Convertible Subordinated Note or portion thereof subject to a duly completed election for repurchase, such right shall terminate on or before the close of business on the Designated Event Offer Termination Date (unless the Company defaults in the payment due upon repurchase or such holder elects to withdraw the submission of such election to repurchase)) to convert the principal amount of any Convertible Subordinated Note held by such holder, or any portion of such principal amount which is \$1,000 or an integral multiple thereof, into that number of fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) obtained by dividing the principal amount of the Convertible Subordinated Note or portion thereof to be converted by the Conversion Price in effect at such time, by surrender of the Convertible Subordinated Note so to be converted in whole or in part in the manner provided in Section 12.02. A holder of Convertible Subordinated Notes is not entitled to any rights of a holder of Common Stock until such holder of Convertible Subordinated Notes has converted his or her Convertible Subordinated Notes to Common Stock, and only to the extent such Convertible Subordinated Notes are deemed to have been converted to Common Stock under this Article 12.

SECTION 12.02 Exercise of Conversion Privilege; Issuance of Common Stock on Conversion; No Adjustment for Interest or Dividends.

To exercise, in whole or in part, the conversion privilege with respect to any Convertible Subordinated Note, the holder of such Convertible Subordinated Note shall surrender such Convertible Subordinated Note, duly endorsed, at an office or agency maintained by the Company pursuant to Section 4.04, accompanied by the funds, if any, required by the penultimate paragraph of this Section 12.02, and shall give written notice of conversion in the form provided on the Convertible Subordinated Notes (or such other notice which is acceptable to the Company) to the office or agency that the holder of Convertible Subordinated Notes elects to convert such Convertible Subordinated Note or such portion thereof specified in said notice. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock which are issuable on such conversion shall be issued, and shall be

accompanied by transfer taxes, if required pursuant to Section 12.07. Each such Convertible Subordinated Note surrendered for conversion shall, unless the shares issuable on conversion are to be issued in the same name as the registration of such Convertible Subordinated Note, be duly endorsed by, or be accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder of Convertible Subordinated Notes or his or her duly authorized attorney. The holder of such Convertible Subordinated Notes will not be required to pay any tax or duty which may be payable in respect of the issue or delivery of Common Stock on conversion, but will be required to pay any tax or duty which may be payable in respect of any transfer involved in the issue or delivery of Common Stock in a name other than the same name as the registration of such Convertible Subordinated Note.

As promptly as practicable after satisfaction of the requirements for conversion set forth above, the Company shall issue and shall deliver to such holder at the office or agency maintained by the Company for such purpose pursuant to Section 4.04, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Convertible Subordinated Note or portion thereof in accordance with the provisions of this Article 12 and a check or cash in respect of any fractional interest in respect of a share of Common Stock arising upon such conversion, as provided in Section 12.03 (which payment, if any, shall be paid no later than five business days after satisfaction of the requirements for conversion set forth above). Certificates representing shares of Common Stock will not be issued or delivered unless all taxes and duties, if any, payable by the holder have been paid. In

case any Convertible Subordinated Note of a denomination of an integral multiple greater than \$1,000 is surrendered for partial conversion, and subject to Section 2.02, the Company shall execute, and the Trustee shall authenticate and deliver to the holder of the Convertible Subordinated Note so surrendered, without charge to him or her, a new Convertible Subordinated Note or Convertible Subordinated Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Convertible Subordinated Note.

Each conversion shall be deemed to have been effected as to any such Convertible Subordinated Note (or portion thereof) on the date on which the requirements set forth above in this Section 12.02 have been satisfied as to such Convertible Subordinated Note (or portion thereof), and the person in whose name any certificate or certificates for shares of Common Stock are issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; provided, however, that any such surrender on any date when the Company's stock transfer books are closed shall constitute the person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Convertible Subordinated Note is surrendered.

Any Convertible Subordinated Note or portion thereof surrendered for conversion during the period from the close of business on the record date for any interest payment through the close of business on the last trading day immediately preceding such interest payment date shall

(unless such Convertible Subordinated Note or portion thereof being converted has been called for redemption pursuant to a notice of redemption mailed by the Company to the holders in accordance with the provisions of Section 3.04) be accompanied by payment, in funds acceptable to the Company, of an amount equal to the interest otherwise payable on such interest payment date on the principal amount being converted; provided however, that no such payment need be made if there exists at the time of conversion a default in the payment of interest on the Convertible Subordinated Notes. An amount equal to such payment shall be paid by the Company on such interest payment date to the holder of such Convertible Subordinated Note at the close of business on such record date; provided, however, that if the Company defaults in the payment of interest on such interest payment date, such amount shall be paid to the person who made such required payment. Except as provided above in this Section 12.02, no adjustment shall be made for interest accrued on any Convertible Subordinated Note converted or for dividends on any shares issued upon the conversion of such Convertible Subordinated Note as provided in this Article 12.

SECTION 12.03 Cash Payments in Lieu of Fractional Shares.

No fractional shares of Common Stock or scrip representing fractional shares shall be issued upon conversion of Convertible Subordinated Notes. If more than one Convertible Subordinated Note shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Convertible Subordinated Notes (or specified portions thereof to the extent permitted hereby) so surrendered for conversion. If any fractional share of stock otherwise would be issuable upon the conversion of any Convertible Subordinated Note or Convertible Subordinated Notes, the Company shall make an adjustment therefor in cash based upon the Current Market Price of the Common Stock on the last trading day prior to the date of conversion.

SECTION 12.04 Conversion Price.

The conversion price shall be as specified in the form of Convertible Subordinated Note attached as Exhibit A hereto, subject to adjustment as provided in this Article 12.

SECTION 12.05 Adjustment of Conversion Price.

The Conversion Price shall be adjusted from time to time by the Company as follows:

(a) If the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Price in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date (as defined in Section 12.05(g))

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fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this Section 12.05(a) is declared but not so paid or made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(b) If the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and, conversely, if the outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) If the Company shall issue rights or warrants to all or substantially all holders of its outstanding shares of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price (as defined in Section 12.05(g)) on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect at the opening of business on the date after such Record Date by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Current Market Price, and of which the denominator shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase. Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Price shall be readjusted to be the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or

warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, with the value of such consideration, if other than cash, to be determined by the Board of Directors.

(d) If the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which Section 12.05(a) applies) or evidences of its indebtedness, cash or other assets (including securities, but excluding (i) any rights or warrants of a type referred to in Section 12.05(c) and (ii) dividends and distributions paid exclusively in cash) (the foregoing hereinafter in this Section 12.05(d) called the "Securities"), then, in each such case, the Conversion Price shall be reduced so that the same shall be equal to the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the Record Date (as defined in Section 12.05(g)) with respect to such distribution by a fraction of which the numerator shall be the Current Market Price (determined as provided in Section 12.05(g)) on such date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) on such date of the portion of the Securities so distributed applicable to one share of Common Stock and the denominator shall be such Current Market Price, such reduction to become effective immediately prior to the opening of business on the day following the Record Date; provided, however, that in the event the then fair market value (as so determined) of the portion of the Securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of Convertible Subordinated Notes shall have the right to receive upon conversion of a Convertible Subordinated Note (or any portion thereof) the amount of Securities such holder would have received had such holder converted such Convertible Subordinated Note (or portion thereof) immediately prior to such Record Date. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 12.05(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price pursuant to Section 12.05(g) to the extent possible.

Notwithstanding any other provision of this Section 12.05(d) to the contrary, rights, warrants, evidences of indebtedness, other securities, cash or other assets (including, without limitation, any rights distributed pursuant to any stockholder rights plan) shall be deemed not to have been distributed for purposes of this Section 12.05(d) if the Company makes proper provision so that each holder of Convertible Subordinated Notes who converts a Convertible Subordinated Note (or any portion thereof) after the date fixed for determination of stockholders entitled to receive such distribution shall be entitled to receive upon such conversion, in addition to the shares of Common Stock issuable upon such conversion, the amount and kind of such distributions that such holder would have been entitled to receive if such holder had, immediately prior to such determination date, converted such Convertible Subordinated Note into Common Stock.

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Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 12.05(d) (and no adjustment to the Conversion Price under this Section 12.05(d) shall be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment to the Conversion Price under this Section 12.05(d) shall be made. If any such rights or warrants, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to subsequent events, upon the occurrence of each of which such rights or warrants shall become exercisable to purchase different securities, evidences of indebtedness or other assets, then the occurrence of each such event shall be deemed to be such date of issuance and record date with respect to new rights or warrants (and a termination or expiration of the existing rights or warrants without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event with respect thereto, that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Price under this Section 12.05 was made, (1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants which shall have expired or been terminated without exercise by any holders thereof, the Conversion Price shall be readjusted as if such rights and warrants had not been issued.

For purposes of this Section 12.05(d) and Sections 12.05(a) and (c), any dividend or distribution to which this Section 12.05(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 12.05(c) applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock or rights or warrants to which Section 12.05(c) applies (and any Conversion Price reduction required by this Section 12.05(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Price reduction required by Sections 12.05(a) and (c) with respect to such dividend or distribution shall then be made, except that (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determination" and "Record Date" within the meaning of Section 12.05(a) and as "the date fixed for the determination of stockholders entitled to receive

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such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and "such Record Date" within the meaning of Section 12.05(c) and (B) any shares of Common Stock

included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 12.05(a)).

(e) If the Company shall, by dividend or otherwise, distribute cash to all holders of its Common Stock (excluding any cash that is distributed upon a merger or consolidation to which Section 12.06 applies or as part of a distribution referred to in Section 12.05(d)) in an aggregate amount that, combined together with (1) the aggregate amount of any other such all-cash distributions to all holders of its Common Stock within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 12.05(e) has been made, and (2) the aggregate of any cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) of consideration payable in respect of any tender offer by the Company or any of its subsidiaries for all or any portion of the Common Stock concluded within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to Section 12.05(f) has been made, exceeds 15% of the product of the Current Market Price (determined as provided in Section 12.05(g)) on the Record Date with respect to such distribution times the number of shares of Common Stock outstanding on such date, then, and in each such case, immediately after the close of business on such date, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on such Record Date by a fraction (i) the numerator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the excess of such combined amount over such 15% and (y) the number of shares of Common Stock outstanding on the Record Date and (ii) the denominator of which shall be equal to the Current Market Price on such Record Date; provided, however, that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the Common Stock on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of Convertible Subordinated Notes shall have the right to receive upon conversion of a Convertible Subordinated Note (or any portion thereof) the amount of cash such holder would have received had such holder converted such Convertible Subordinated Note (or portion thereof) immediately prior to such Record Date. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. Any cash distribution to all holders of Common Stock as to which the Company makes the election permitted by Section 12.05(m) and as to which the Company has complied with the requirements of such Section shall be treated as not having been made for all purposes of this Section 12.05(e).

(f) If a tender offer made by the Company or any of its subsidiaries for all or any portion of the Common Stock expires and such tender offer (as amended upon the expiration thereof) requires the payment to stockholders (based on the acceptance (up to any maximum

specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that, combined together with (1) the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors), as of the expiration of such tender offer, of consideration payable in respect of any other tender offers, by the Company or any of its subsidiaries for all or any portion of the Common Stock, expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this Section 12.05(f) has been made and (2) the aggregate amount of any such all-cash distributions to all holders

of the Common Stock within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to Section 12.05(e) has been made, exceeds 15% of the product of the Current Market Price (determined as provided in Section 12.05(g)) as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to close of business on the date of the Expiration Time by a fraction of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time multiplied by the Current Market Price of the Common Stock on the trading day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such reduction (if any) to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender offer had not been made. If the application of this Section 12.05(f) to any tender offer would result in an increase in the Conversion Price, no adjustment shall be made for such tender offer under this Section 12.05(f).

(g) For purposes of this Section 12.05, the following terms shall have the meaning indicated:

(1) "closing price" with respect to any securities on any day means the closing price on such day or, if no such sale takes place on such day, the average of the reported high and low prices on such day, in each case on the Nasdaq National Market or New

York Stock Exchange, as applicable, or, if such security is not listed or admitted to trading on such national market or exchange, on the principal national securities exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the high and low prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available, in such manner as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors for that purpose, or a price determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors.

(2) "Current Market Price" means the average of the daily closing prices per share of Common Stock for the 10 consecutive trading days immediately prior to the date in question; provided, however, that (1) if the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Sections 12.05(a), (b), (c), (d), (e) or (f) occurs during such 10 consecutive trading days, the closing

price for each trading day prior to the "ex" date for such other event shall be adjusted by multiplying such closing price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such other event, (2) if the "ex" date for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 12.05(a), (b), (c), (d), (e) or (f) occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the closing price for each trading day on and after the "ex" date for such other event shall be adjusted by multiplying such closing price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event, and (3) if the "ex" date for the issuance or distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (1) or (2) of this proviso, the closing price for each trading day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Board of Directors in a manner consistent with any determination of such value for purposes of Sections 12.05(d) or (f), whose determination shall be conclusive and described in a resolution of the Board of Directors) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of Common Stock as of the close of business on the day before such "ex" date. For purposes of any computation under Section 12.05(f), the Current Market Price on any date shall be deemed to be the average of the daily closing prices per share of Common Stock for such day and the next two succeeding trading days; provided, however, that if the "ex" date for any event (other than the tender offer requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 12.05(a), (b), (c), (d), (e) or (f) occurs on or after the Expiration Time for the tender or exchange offer requiring such computation and prior to the day in question, the closing price for each trading day

on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the closing price was obtained without the right to receive such issuance or distribution, (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and (3) when used with respect to any tender or exchange offer means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer. Notwithstanding the foregoing, whenever successive adjustments to the Conversion Price are called for pursuant to this Section 12.05, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this Section 12.05 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(3) "fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(4) "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property,

the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(5) "trading day" shall mean (x) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or another national securities exchange is open for business or (y) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made thereon or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(h) The Company may make such reductions in the Conversion Price, in addition to those required by Sections 12.05(a), (b), (c), (d), (e) and (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

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The Company from time to time may, to the extent permitted by law, reduce the Conversion Price by any amount for any period of at least 20 days, if the Board of Directors has made a determination that such reduction would be in the Company's best interests, which determination shall be conclusive and described in a resolution of the Board of Directors. The reduction in Conversion Price shall be irrevocable during this period. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Company shall mail to the holders of Convertible Subordinated Notes at his or her last address appearing on the Register of holders maintained for that purpose a notice of the reduction at least 15 days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period during which it will be in effect.

(i) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Section 12.05(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 12 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be.

No adjustment need be made for a change in the par value or no par value of the Common Stock.

(j) Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to each holder of Convertible Subordinated Notes at his or her last address appearing on the Register of holders maintained for that purpose within 20 days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(k) In any case in which this Section 12.05 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event issuing to the holder of any Convertible Subordinated Note converted after such Record Date and before the

occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment.

(l) For purposes of this Section 12.05, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common

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Stock. The Company shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(m) In lieu of making any adjustment to the Conversion Price pursuant to Section 12.05(e), the Company may elect to reserve an amount of cash for distribution to the holders of Convertible Subordinated Notes upon the conversion of the Convertible Subordinated Notes so that any such holder converting Convertible Subordinated Notes will receive upon such conversion, in addition to the shares of Common Stock and other items to which such holder is entitled, the full amount of cash which such holder would have received if such holder had, immediately prior to the Record Date for such distribution of cash, converted its Convertible Subordinated Notes into Common Stock, together with any interest accrued with respect to such amount, in accordance with this Section 12.05(m). The Company may make such election by providing an Officers' Certificate to the Trustee to such effect on or prior to the payment date for any such distribution and depositing with the Trustee on or prior to such date an amount of cash equal to the aggregate amount that the holders of Convertible Subordinated Notes would have received if such holders had, immediately prior to the Record Date for such distribution, converted all of the Convertible Subordinated Notes into Common Stock. Any such funds so deposited by the Company with the Trustee shall be invested by the Trustee in U.S. Government Obligations with a maturity not more than three (3) months from the date of issuance. Upon conversion of Convertible Subordinated Notes by a holder thereof, such holder shall be entitled to receive, in addition to the Common Stock issuable upon conversion, an amount of cash equal to the amount such holder would have received if such holder had, immediately prior to the Record Date for such distribution, converted its Convertible Subordinated Note into Common Stock, along with such holder's pro-rata share of any accrued interest earned as a consequence of the investment of such funds. Promptly after making an election pursuant to this Section 12.05(m), the Company shall give or shall cause to be given notice to all holders of Convertible Subordinated Notes of such election, which notice shall state the amount of cash per \$1,000 principal amount of Convertible Subordinated Notes such holders shall be entitled to receive (excluding interest) upon conversion of the Convertible Subordinated Notes as a consequence of the Company having made such election.

SECTION 12.06 Effect of Reclassification, Consolidation, Merger or Sale.

If any of the following events occur: (i) any reclassification or change of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (ii) any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of the properties and assets of the Company as an entirety or substantially as an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing corporation,

as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the TIA as in force at the date of execution of such supplemental indenture if such supplemental indenture is then required to so comply) providing that the Convertible Subordinated Notes shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of the Convertible Subordinated Notes (assuming, for such purposes, a sufficient number of authorized shares of Common Stock available to convert all such Convertible Subordinated Notes) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise his or her rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance (provided that, if the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election have not been exercised ("non-electing share"), then, for the purposes of this Section 12.06, the kind and amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 12. If, in the case of any such reclassification, change, consolidation, merger, combination, sale or conveyance, the stock or other securities and assets receivable thereupon by a holder of shares of Common Stock includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such reclassification, change, consolidation, merger, combination, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the holders of the Convertible Subordinated Notes as the Board of Directors shall reasonably consider necessary by reason of the foregoing.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder of Convertible Subordinated Notes at his or her address appearing on the Register of holders for that purpose within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section 12.06 shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 12.06 applies to any event or occurrence, Section 12.05 shall not apply.

SECTION 12.07 Taxes on Shares Issued.

The issue of stock certificates on conversions of Convertible Subordinated Notes shall be made without charge to the converting holder for any tax in respect of the issue thereof. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any

Convertible Subordinated Note converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 12.08 Reservation of Shares; Shares to Be Fully Paid; Listing of Common Stock.

The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares to provide for the conversion of the Convertible Subordinated Notes from time to time as such Convertible Subordinated Notes are presented for conversion.

Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Convertible Subordinated Notes, the Company shall take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Price.

The Company covenants that all shares of Common Stock issued upon conversion of Convertible Subordinated Notes will be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

The Company further covenants that as long as the Common Stock is quoted on the Nasdaq National Market, or its successor, the Company shall cause all Common Stock issuable upon conversion of the Convertible Subordinated Notes to be eligible for such quotation in accordance with, and at the times required under, the requirements of such market, and if at any time the Common Stock becomes listed on the New York Stock Exchange or any other national securities exchange, the Company shall cause all Common Stock issuable upon conversion of the Convertible Subordinated Notes to be so listed and kept listed.

SECTION 12.09 Responsibility of Trustee.

The Trustee shall not at any time be under any duty of responsibility to any holders of Convertible Subordinated Notes to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any

supplemental indenture provided to be employed, in making the same. The Trustee shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Convertible Subordinated Note; and the Trustee makes no representations with respect thereto. Subject to the provisions of Section 7.01, the Trustee shall not be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Convertible Subordinated Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 12. Without limiting the generality of the foregoing, the Trustee shall not have any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 12.06 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by holders of Convertible Subordinated Notes upon the conversion of their Convertible Subordinated Notes after any event referred to in such Section 12.06 or to any

adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate and Opinion of Counsel (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

SECTION 12.10 Notice to Holders Prior to Certain Actions.

If

(a) the Company declares a dividend (or any other distribution) on its Common Stock (other than in cash out of retained earnings or other than a dividend that results in an adjustment in the Conversion Price pursuant to Section 12.05 as to which the Company has made an election in accordance with Section 12.05(m)); or

(b) the Company authorizes the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class of Common Stock or any other rights or warrants; or

(c) there is any reclassification of the Common Stock (other than a subdivision or combination of outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) there is any voluntary or involuntary dissolution, liquidation or winding-up of the Company;

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then the Company shall cause to be filed with the Trustee and to be mailed to each holder of Convertible Subordinated Notes at his or her address appearing on the Register maintained for that purpose as promptly as possible but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

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IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed and attested, all as of the date first above written, signifying their agreements contained in this Indenture.

AMKOR TECHNOLOGY, INC.

By _____

Name:

Title:

STATE STREET BANK AND TRUST COMPANY

By _____

Name:

Title:

EXHIBIT A

(Face of Security)

[The following legend shall appear on the face of each Global Note:

THIS CONVERTIBLE SUBORDINATED NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY, WHICH MAY BE TREATED BY THE COMPANY, THE TRUSTEE AND ANY AGENT THEREOF AS OWNER AND HOLDER OF THIS CONVERTIBLE SUBORDINATED NOTE FOR ALL PURPOSES.]

[The following legend shall appear on the face of each Global Note for which The Depositary Trust Company is to be the Depositary:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY THE AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OR DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR REGISTERED CONVERTIBLE SUBORDINATED NOTES IN DEFINITIVE REGISTERED FORM IN THE LIMITED CIRCUMSTANCES REFERRED TO IN THE INDENTURE, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE

DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OR SUCH SUCCESSOR DEPOSITARY.]

No. _____

\$ _____

CUSIP _____

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AMKOR TECHNOLOGY, INC.

% CONVERTIBLE SUBORDINATED NOTE DUE 2003

promises to pay to

or registered assigns,

the principal sum of _____ Dollars on , 2003 _____

Interest Payment Dates: _____ and _____, commencing _____

Regular Record Dates: _____ and _____

Certificate of Authentication

This is one of the Convertible Subordinated Notes described in the within-mentioned Indenture.

State Street Bank and Trust Company, AMKOR TECHNOLOGY,
as Trustee

By _____
Authorized Signatory

By _____
Chief Financial Officer

Dated:

By _____
Assistant Secretary

(SEAL)

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(Back of Security)

AMKOR TECHNOLOGY, INC.

% CONVERTIBLE SUBORDINATED NOTE DUE 2003

1. INTEREST. Amkor Technology, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Convertible Subordinated Note at the rate per annum shown above. The Company will pay interest semi-annually in arrears on _____ and _____ of each year, beginning _____. Interest on the Convertible Subordinated Notes will accrue from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from _____. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

2. METHOD OF PAYMENT. The Company will pay interest on the Convertible Subordinated Notes (except defaulted interest) to the person in whose name each Convertible Subordinated Note is registered at the close of business on the _____ or _____ immediately preceding the relevant interest payment date (each a "Regular Record Date") (other than with respect to a Convertible Subordinated Note or portion thereof called for redemption on a redemption date, or repurchased in connection with a Designated Event on a repurchase date, during the period from the close of business on a Regular Record Date to (but excluding) the next succeeding interest payment date, in which case accrued interest shall be payable (unless such Convertible Subordinated Note or portion thereof is converted) to the holder of the Convertible Subordinated Note or portion thereof redeemed or repurchased in accordance with the applicable redemption or repurchase provisions of the Indenture). Holder must surrender Convertible Subordinated Notes to a Paying Agent to collect principal payments. The Company will pay the principal of, premium, if any, and interest on the Convertible Subordinated Notes at the office or agency of the Company maintained for such purpose, in money of the United States that at the time of payment is legal tender for payment of public and private debts. Until otherwise designated by the Company, the Company's office or agency maintained for such purpose will be the principal Corporate Trust Office of the Trustee (as defined below). However, the Company may pay principal, premium, if any, and interest by check payable in such money, and may mail such check to the holders of the Convertible Subordinated Notes at their respective addresses as set forth in the Register of holders of Convertible Subordinated Notes.

3. PAYING AGENT AND REGISTRAR. State Street Bank and Trust Company (together with any successor Trustee under the Indenture referred to below, the "Trustee"), will act as Paying Agent and Registrar. The Company may change the Paying Agent, Registrar or co-registrar without prior notice. Subject to certain limitations in the Indenture, the Company or any of its subsidiaries may act in any such capacity.

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4. INDENTURE. The Company issued the Convertible Subordinated Notes under an Indenture dated as of _____, 1998 (the "Indenture") between the Company and the Trustee. The terms of the Convertible Subordinated Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA") as in effect on the date of the Indenture. The Convertible Subordinated Notes are subject to, and qualified by, all such terms, certain of which are summarized hereon, and holders are referred to the Indenture and the TIA for a statement of such terms. The Convertible Subordinated Notes are unsecured general obligations of the Company limited to (except as otherwise provided in the Indenture) up to \$150,000,000 in aggregate principal amount, unless an election has been made as set forth in Article 2 of the Indenture to increase such aggregate principal amount by an amount not to exceed \$22,500,000. Capitalized terms not defined below have the same meaning as is given to them in the Indenture.

5. OPTIONAL REDEMPTION. The Company shall not have the option to redeem the Convertible Subordinated Notes prior to _____, 2001. Thereafter, the Company shall have the option to redeem the Convertible Subordinated Notes, in whole or from time to time in part, at the following redemption prices (expressed as percentages of principal amount), if redeemed during the 12-month period beginning _____ of each year indicated (_____ with respect to 2001) plus accrued and unpaid interest to, but excluding, the date fixed for

redemption; provided, however, that the Company shall not have the option to redeem the Convertible Subordinated Notes unless the closing price of the Common Stock on the principal stock exchange or market on which the Common Stock is then quoted or admitted to trading equals or exceeds 125% of the Conversion Price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the date the notice of redemption is first mailed to the holders of the Convertible Subordinated Notes:

Year	Redemption Price
- ----	-----
2001.....	%
2002.....	%

and 100% at _____, 2003.

Notice of redemption will be mailed by first class mail at least 15 days but not more than 60 days before the date fixed for redemption to each holder of Convertible Subordinated Notes to be redeemed at his or her registered address. Convertible Subordinated Notes in denominations larger than \$1,000 may be redeemed in part but only in integral multiples of \$1,000. If less than all the Convertible Subordinated Notes are to be redeemed, the Trustee shall select the Convertible Subordinated Notes to be redeemed by a method that complies with the requirements of the principal national securities exchange, if any, on which the Convertible Subordinated Notes are listed or quoted, or, if the Convertible Subordinated Notes are not so listed, on a pro rata

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basis by lot or by any other method that the Trustee considers fair and appropriate. On and after the redemption date, interest ceases to accrue on Convertible Subordinated Notes or portions thereof called for redemption (unless the Company defaults in the payment of the redemption price). If this Convertible Subordinated Note is redeemed on a date which is also an Interest Payment Date, the interest payment due on such date will be paid to the person in whose name this Convertible Subordinated Note is registered at the close of business on such record date.

6. DESIGNATED EVENT. Upon a Designated Event, the Company shall make a Designated Event Offer to repurchase all outstanding Convertible Subordinated Notes at a price equal to 101% of the aggregate principal amount of the Convertible Subordinated Notes, plus accrued and unpaid interest to, but excluding, the date of repurchase, such offer to be made as provided in the Indenture. To accept the Designated Event Offer, the holder hereof must comply with the terms thereof, including surrendering this Convertible Subordinated Note, with the "Option of Holder to Elect Repurchase" portion hereof completed, to the Company, a depository, if appointed by the Company, or a Paying Agent, at the address specified in the notice of the Designated Event Offer mailed to holders as provided in the Indenture, prior to termination of the Designated Event Offer.

7. SUBORDINATION. The Company's payment of the principal of, premium, if any, and interest on the Convertible Subordinated Notes is subordinated to the prior payment in full of the Company's Senior Debt as set forth in the Indenture. Each holder of Convertible Subordinated Notes by his or her acceptance hereof covenants and agrees that all payments of the principal of, premium, if any, and interest on the Convertible Subordinated Notes by the Company shall be subordinated in accordance with the provisions of Article 11 of the Indenture, and each holder of Convertible Subordinated Notes accepts and

agrees to be bound by such provisions.

8. DENOMINATIONS, TRANSFER, EXCHANGE. The Convertible Subordinated Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Convertible Subordinated Notes may be registered and Convertible Subordinated Notes may be exchanged as provided in the Indenture. As a condition of transfer, the Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company or the Registrar need not exchange or register the transfer of any Convertible Subordinated Note or portion of a Convertible Subordinated Note selected for redemption or submitted for repurchase. Also, the Company or the Registrar need not exchange or register the transfer of any Convertible Subordinated Note for a period of 15 days before a selection of Convertible Subordinated Notes to be redeemed.

9. PERSONS DEEMED OWNERS. The registered holder of a Convertible Subordinated Note may be treated as its owner for all purposes.

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10. AMENDMENTS AND WAIVERS. Subject to certain exceptions, the Indenture or the Convertible Subordinated Notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the then outstanding Convertible Subordinated Notes and any existing default may be waived with the consent of the holders of a majority in principal amount of the then outstanding Convertible Subordinated Notes.

Without the consent of any holder, the Indenture or the Convertible Subordinated Notes may be amended to: (a) cure any ambiguity or correct or supplement any defective or inconsistent provision contained in the Indenture, or make any other changes in the provisions of the Indenture which the Company and the Trustee may deem necessary or desirable provided such amendment does not materially and adversely affect the legal rights under the Indenture of the holders of Convertible Subordinated Notes; (b) provide for uncertificated Convertible Subordinated Notes in addition to or in place of certificated Convertible Subordinated Notes; (c) evidence the succession of another person to the Company and providing for the assumption by such successor of the covenants and obligations of the Company thereunder and in the Convertible Subordinated Notes as permitted by Section 5.01 of the Indenture; (d) provide for conversion rights and/or repurchase rights of holders of Convertible Subordinated Notes in the event of consolidation, merger or sale of all or substantially all of the assets of the Company as required to comply with Sections 5.01 and/or 12.06 of the Indenture; (e) reduce the Conversion Price; (f) make any change that would provide any additional rights or benefits to the holders of Convertible Subordinated Notes or that does not adversely affect the legal rights under the Indenture of any such holder; or (g) comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA.

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Convertible Subordinated Notes held by a non-consenting holder): (a) reduce the principal amount of Convertible Subordinated Notes whose holders must consent to an amendment, supplement or waiver; (b) reduce the principal of, or premium on, or change the fixed maturity of any Convertible Subordinated Note or, except as permitted pursuant to clause (a) of the immediately preceding paragraph, alter the provisions with respect to the redemption of the Convertible Subordinated Notes; (c) reduce the rate of or change the time for payment of interest, including defaulted interest, on any Convertible Subordinated Notes; (d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Convertible Subordinated Notes (except a rescission of acceleration of the Convertible Subordinated Notes by the holders of at least a majority in aggregate principal amount of the Convertible Subordinated Notes and a waiver of the payment default

that resulted from such acceleration); (e) make the principal of, or premium, if any, or interest on, any Convertible Subordinated Note payable in money other than as provided for in the Indenture and in the Convertible Subordinated Notes; (f) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Convertible Subordinated Notes to receive payments of principal of, premium, if any, or interest on the Convertible Subordinated Notes; (g) waive a redemption payment with respect to any Convertible Subordinated Note; (h) make any change in the foregoing amendment and waiver provisions, or (i) except as permitted by the Indenture (including Section 9.01(a)),

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increase the Conversion Price or modify the provisions of the Indenture relating to conversion of the Convertible Subordinated Notes in a manner adverse to the holders thereof. In addition, any amendment to the provisions of Article 11 of the Indenture (which relate to subordination) will require the consent of the holders of at least 75% in aggregate principal amount of the Convertible Subordinated Notes then outstanding if such amendment would adversely affect the rights of holders of Convertible Subordinated Notes.

11. DEFAULTS AND REMEDIES. An Event of Default is: (a) default in payment of the principal of, or premium, if any, on the Convertible Subordinated Notes, when due at maturity, upon repurchase, upon acceleration or otherwise, whether or not such payment is prohibited by the subordination provisions of the Indenture; (b) default for 30 days or more in payment of any installment of interest on the Convertible Subordinated Notes, whether or not such payment is prohibited by the subordination provisions of the Indenture; (c) default by the Company for 60 days or more after notice in the observance or performance of any other covenants in the Indenture; (d) default in the payment of the Designated Event Payment in respect of the Convertible Subordinated Notes on the date therefor, whether or not such payment is prohibited by the subordination provisions of the Indenture; (e) failure to provide timely notice of a Designated Event; (f) failure of the Company or any Material Subsidiary to make any payment at maturity, including any applicable grace period, in respect of indebtedness for borrowed money of, or guaranteed or assumed by, the Company or any Material Subsidiary which payment is in an amount in excess of \$20,000,000 and continuance of such failure for 30 days after notice; (g) default by the Company or any Material Subsidiary with respect to any such indebtedness, which default results in the acceleration of such indebtedness of an amount in excess of \$20,000,000 without such indebtedness having been paid or discharged or such acceleration having been cured, waived, rescinded, or annulled for 30 days after notice; or (h) certain events involving bankruptcy, insolvency or reorganization of the Company or any Material Subsidiary. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Convertible Subordinated Notes may declare the unpaid principal of, premium, if any, and accrued and unpaid interest on all Convertible Subordinated Notes then outstanding to be due and payable immediately, except that in the case of an Event of Default arising from certain events of bankruptcy, insolvency, or reorganization with respect to the Company all outstanding Convertible Subordinated Notes become due and payable without further action or notice. Holders of Convertible Subordinated Notes may not enforce the Indenture or the Convertible Subordinated Notes except as provided in the Indenture. The Trustee may require an indemnity satisfactory to it before it enforces the Indenture or the Convertible Subordinated Notes. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Convertible Subordinated Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders notice of any continuing default (except a default in payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interests. The Company must furnish annual compliance certificates to the Trustee.

12. TRUSTEE DEALINGS WITH THE COMPANY. The Trustee or any of its Affiliates, in their individual or any other capacities, may make or continue loans to or guaranteed by, accept deposits from and perform services for the Company or its Affiliates and may otherwise deal with the Company or its Affiliates as if it were not Trustee.

13. NO RECOURSE AGAINST OTHERS. No director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Convertible Subordinated Notes or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each holder by accepting a Convertible Subordinated Note waives and releases all such liability. The waiver and release are part of the consideration for the Convertible Subordinated Notes.

14. AUTHENTICATION. This Convertible Subordinated Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. ABBREVIATIONS. Customary abbreviations may be used in the name of a holder or an assignee, such as: TEN CO = tenants in common, TEN ENT = tenants by the entireties, JT TEN = joint tenants with right of survivorship and not as tenants in common, CUST = Custodian and U/G/M/A = Uniform Gifts to Minors Act.

16. CONVERSION. Subject to and upon compliance with the provisions of the Indenture, the registered holder of this Convertible Subordinated Note has the right at any time on or before the close of business on the last trading day prior to _____ (or in case this Convertible Subordinated Note or any portion hereof that is (a) called for redemption prior to such date, before the close of business on the last trading day preceding the date fixed for redemption (unless the Company defaults in payment of the redemption price in which case the conversion right will terminate at the close of business on the date such default is cured) or (b) subject to a duly completed election for repurchase, on or before the close of business on the Designated Event Offer Termination Date (unless the Company defaults in payment due upon repurchase or such holder elects to withdraw the submission of such election to repurchase) to convert the principal amount hereof, or any portion of such principal amount which is \$1,000 or an integral multiple thereof, into that number of fully paid and non-assessable shares of common stock of the Company ("Common Stock") obtained by dividing the principal amount of the Convertible Subordinated Note or portion thereof to be converted by the conversion price of \$_____ per share, as adjusted from time to time as provided in the Indenture (the "Conversion Price"), upon surrender of this Convertible Subordinated Note to the Company at the office or agency maintained for such purpose (and at such other offices or agencies designated for such purpose by the Company), accompanied by written notice of conversion duly executed (and if the shares of Common Stock to be issued on conversion are to be issued in any name other than that of the registered holder of this Convertible Subordinated Note by instruments of transfer, in form satisfactory to the Company, duly executed by the registered holder or its duly authorized attorney) and, in case such surrender shall be made during the period from the close of business on the Regular Record Date immediately preceding any Interest Payment Date through the close

of business on the last trading day immediately preceding such Interest Payment Date (unless this Convertible Subordinated Note or the portion thereof being converted has been called for redemption on a date in such period), also accompanied by payment, in funds acceptable to the Company, of an amount equal to the interest otherwise payable on such Interest Payment Date on the principal

amount of this Convertible Subordinated Note then being converted. Subject to the aforesaid requirement for a payment in the event of conversion after the close of business on a Regular Record Date immediately preceding an Interest Payment Date, no adjustment shall be made on conversion for interest accrued hereon or for dividends on Common Stock delivered on conversion. The right to convert this Convertible Subordinated Note is subject to the provisions of the Indenture relating to conversion rights in the case of certain consolidations, mergers, or sales or transfers of substantially all the Company's assets.

The Company shall not issue fractional shares or scrip representing fractions of shares of Common Stock upon any such conversion, but shall make an adjustment therefor in cash based upon the current market price of the Common Stock on the last trading day prior to the date of conversion.

The Company will furnish to any holder upon written request and without charge a copy of the Indenture. Requests may be made to: General Counsel, Amkor Technology, Inc., 1345 Enterprise Drive, West Chester, PA 19380.

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FORM OF CONVERSION NOTICE

To: AMKOR TECHNOLOGY, INC.

The undersigned registered owner of the Convertible Subordinated Note hereby irrevocably exercises the option to convert this Convertible Subordinated Note, or portion hereof (which is \$1,000 or an integral multiple thereof) below designated, into shares of Common Stock of Amkor Technology, Inc. in accordance with the terms of the Indenture referred to in this Convertible Subordinated Note, and directs that the shares issuable and deliverable upon the conversion, together with any check in payment for fractional shares and Convertible Subordinated Notes representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Convertible Subordinated Note not converted are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of interest and taxes accompanies this Convertible Subordinated Note. Dated:

Fill in for registration of shares if
to be delivered, and Convertible
Subordinated Notes if to be issued,
other than to and in the name of the
registered holder (Please Print):

Signature(s)

Principal amount to be converted (if
less than all):

\$____,000

(Name)

(Street Address)

Social Security or other Taxpayer
Identification Number

(City, State and Zip Code)

Signature Guarantee:

[Signatures must be guaranteed by an eligible Guarantor Institution (banks, brokers, dealers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares are to be issued, or Convertible Subordinated Notes are to be delivered, other than to and in the name of the registered holder(s).]

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ASSIGNMENT FORM

If you the holder want to assign this Convertible Subordinated Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Convertible Subordinated Note to _____

(Insert assignee's social security or tax ID number) _____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Convertible Subordinated Note on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____
(Sign exactly as your name appears on the other side of this Convertible Subordinated Note)

Signature Guarantee: _____

[Signatures must be guaranteed by an eligible Guarantor Institution (banks, brokers, dealers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares are to be issued, or Convertible Subordinated Notes are to be delivered, other than to and in the name of the registered holder(s).]

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OPTION OF HOLDER TO ELECT REPURCHASE

If you wish to have this Convertible Subordinated Note repurchased by the Company pursuant to Section 4.06 of the Indenture, check the Box: []

If you wish to have a portion of this Convertible Subordinated Note purchased by the Company pursuant to Section 4.06 of the Indenture, state the amount (in multiples of \$1,000): \$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on
the other side of this Convertible
Subordinated Note)

Signature Guarantee: _____

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CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310 (a) (1)	7.10
(a) (2)	7.11
(a) (3)	N.A.
(a) (4)	N.A.
(b)	7.08, 7.10, 10.02
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.05
(b)	10.03
(c)	10.03
313 (a)	7.06
(b) (1)	N.A.
(b) (2)	7.06
(c)	7.06, 10.02
(d)	7.06
314 (a)	4.01, 10.02
(b)	N.A.
(c) (1)	10.04
(c) (2)	10.04
(c) (3)	N.A.
(d)	N.A.
(e)	10.05
(f)	N.A.
315 (a)	7.01 (b)
(b)	7.05, 10.02
(c)	7.01 (a)
(d)	7.01 (c)
(e)	6.11
316 (a) (last sentence)	2.09
(a) (1) (A)	6.05
(a) (2) (B)	6.04
(a) (2)	N.A.
(b)	6.02
317 (a) (1)	6.08
(a) (2)	6.09
(b)	2.04

N.A. means not applicable.

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*This Cross-Reference Table is not part of the Indenture.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("AGREEMENT") is made as of this ____ day of _____, 1997 by and between Amkor Technology, Inc., a Delaware corporation (the "COMPANY"), and _____ ("INDEMNITEE").

WHEREAS, the Company and Indemnatee recognize the increasing difficulty in obtaining directors' and officers' liability insurance, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance;

WHEREAS, the Company and Indemnatee further recognize the substantial increase in corporate litigation in general, subjecting officers and directors to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited;

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnatee, to serve as officers and directors of the Company and to indemnify its officers and directors so as to provide them with the maximum protection permitted by law.

NOW, THEREFORE, the Company and Indemnatee hereby agree as follows:

1. INDEMNIFICATION.

(a) Third Party Proceedings. The Company shall indemnify Indemnatee if Indemnatee is or was a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that Indemnatee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnatee while an officer or director, by reason of the fact that Indemnatee is or was a director or officer of the Corporation or by reason of the fact that Indemnatee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually and reasonably incurred by Indemnatee in connection with such action or proceeding if Indemnatee acted in good faith and in a manner Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnatee's conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that (i) Indemnatee did not act in good faith and in a manner which Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Company, or (ii) with respect to any criminal action or proceeding, Indemnatee had reasonable cause to believe that Indemnatee's conduct was unlawful.

(b) Proceedings By or in the Right of the Company. The Company shall indemnify Indemnatee if Indemnatee was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor by reason of the fact that Indemnatee is or was a

director, officer, employee or agent of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnatee while an officer or director or by reason of the fact that Indemnatee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) and, to the fullest extent permitted by law, amounts paid in settlement, in each case to the extent actually and reasonably incurred by Indemnatee in connection with the defense or settlement of such action or proceeding if Indemnatee acted in good faith and in a manner Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Company, and its stockholders, except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnatee shall have been adjudged to be liable to the Company in the performance of Indemnatee's duty to the Company and its stockholders unless and only to the extent that the Delaware Court of Chancery or the court in which such action or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnatee is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

2. EXPENSES; INDEMNIFICATION PROCEDURE.

(a) Advancement of Expenses. The Company shall advance all expenses incurred by Indemnatee in connection with the investigation, defense, settlement or appeal of any civil or criminal action or proceeding referenced in Section 1(a) or (b) hereof (but not amounts actually paid in settlement of any such action or proceeding, which shall be governed by Section 1(a)). Indemnatee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that Indemnatee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to Indemnatee within twenty (20) days following delivery of a written request therefor by Indemnatee to the Company.

(b) Notice/Cooperation by Indemnatee. Indemnatee shall, as a condition precedent to his right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnatee for which indemnification will or could be sought under this Agreement, provided however, that a delay in giving such notice shall not deprive Indemnatee of any right to be indemnified under this Agreement unless, and then only to the extent that, such delay is materially prejudicial to the defense of such claim. Notice to the Company shall be directed to the Chief Executive Officer of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnatee). Notice shall be deemed received three business days after the date postmarked if sent by domestic certified or registered mail, properly addressed; otherwise notice shall be deemed received when such notice shall actually be received by the Company. In addition, Indemnatee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnatee's power.

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(c) Procedure. Any indemnification provided for in Section 1 shall be made no later than forty-five (45) days after receipt of the written request of Indemnatee. If a claim under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or Bylaws providing for indemnification, is not paid in full by the Company within forty-five (45) days after a written request for payment thereof has first been received by the Company, Indemnatee may, but need not, at any time thereafter bring an action against the Company to recover the unpaid amount of the claim and, subject to Section 13 of this Agreement, Indemnatee shall also be entitled to be paid for the expenses (including attorneys' fees) of bringing such action. It shall be a defense to any such action (other than an action brought to

enforce a claim for expenses incurred in connection with any action or proceeding in advance of its final disposition) that Indemnatee has not met the standards of conduct which make it permissible under applicable law for the Company to indemnify Indemnatee for the amount claimed, but the burden of proving such defense shall be on the Company, and Indemnatee shall be entitled to receive interim payments of expenses pursuant to Subsection 2(a) unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists. It is the parties' intention that if the Company contests Indemnatee's right to indemnification, the question of Indemnatee's right to indemnification shall be for the court to decide, and neither the failure of the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) to have made a determination that indemnification of Indemnatee is proper in the circumstances because Indemnatee has met the applicable standard of conduct required by applicable law, nor an actual determination by the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) that Indemnatee has not met such applicable standard of conduct, shall create a presumption that Indemnatee has or has not met the applicable standard of conduct.

(d) Notice to Insurers. If, at the time of the receipt of a notice of a claim pursuant to Section 2(b) hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnatee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(e) Selection of Counsel. In the event the Company shall be obligated under Section 2(a) hereof to pay the expenses of any proceeding against Indemnatee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by Indemnatee, which approval shall not be unreasonably withheld, upon the delivery to Indemnatee of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnatee and the retention of such counsel by the Company, the Company will not be liable to Indemnatee under this Agreement for any fees of counsel subsequently incurred by Indemnatee with respect to the same proceeding, provided that (i) Indemnatee shall have the right to employ his counsel in any such proceeding at Indemnatee's expense; and (ii) if (A) the employment of counsel by Indemnatee has been previously authorized by the Company, (B) Indemnatee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnatee in the conduct of any such defense or (C) the Company shall not, in fact, have employed counsel to assume

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the defense of such proceeding, then the fees and expenses of Indemnatee's counsel shall be at the expense of the Company.

3. ADDITIONAL INDEMNIFICATION RIGHTS; NONEXCLUSIVITY.

(a) Scope. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify the Indemnatee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes shall be, ipso facto, within the purview of Indemnatee's rights and Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule which narrows

the right of a Delaware corporation to indemnify a member of its Board of Directors or an officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) Nonexclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any action or other covered proceeding.

4. PARTIAL INDEMNIFICATION. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines or penalties actually or reasonably incurred by him in the investigation, defense, appeal or settlement of any civil or criminal action or proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled.

5. MUTUAL ACKNOWLEDGMENT. Both the Company and Indemnitee acknowledge that in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

6. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE. The Company shall, from time to time, make the good faith determination whether or not it is practicable for the Company to obtain

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and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses from wrongful acts, or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. In all policies of directors' and officers' liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company.

7. SEVERABILITY. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided

in this Section 7. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

8. EXCEPTIONS. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Excluded Acts. To indemnify Indemnitee for any acts or omissions or transactions from which a director may not be relieved of liability under applicable law.

(b) Claims Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors has approved the initiation or bringing of such suit; or

(c) Lack of Good Faith. To indemnify Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous; or

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(d) Insured Claims. To indemnify Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under a policy of directors' and officers' liability insurance maintained by the Company; or

(e) Claims Under Section 16(b). To indemnify Indemnitee for expenses and the payment of profits inuring to and recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

9. EFFECTIVENESS OF AGREEMENT. To the extent that the indemnification permitted under the terms of certain provisions of this Agreement exceeds the scope of the indemnification provided for in the Delaware General Corporation Law, such provisions shall not be effective unless and until the Company's Certificate of Incorporation authorize such additional rights of indemnification. In all other respects, the balance of this Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

10. CONSTRUCTION OF CERTAIN PHRASES.

(a) For purposes of this Agreement, references to the "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would

have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnatee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnatee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnatee would have with respect to such constituent corporation if its separate existence had continued.

(b) For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on Indemnatee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

11. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

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12. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of Indemnatee and Indemnatee's estate, heirs, legal representatives and assigns.

13. ATTORNEYS' FEES. In the event that any action is instituted by Indemnatee under this Agreement to enforce or interpret any of the terms hereof, Indemnatee shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by Indemnatee with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that each of the material assertions made by Indemnatee as a basis for such action were not made in good faith or were frivolous. In the event of an action instituted by or in the name of the Company under this Agreement or to enforce or interpret any of the terms of this Agreement, Indemnatee shall be entitled to be paid all court costs and expenses, including attorneys' fees, incurred by Indemnatee in defense of such action (including with respect to Indemnatee's counterclaims and cross-claims made in such action), unless as a part of such action the court determines that each of Indemnatee's material defenses to such action were made in bad faith or were frivolous.

14. NOTICE. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

15. CONSENT TO JURISDICTION. The Company and Indemnatee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the Court of Chancery of the State of Delaware in and for New Castle County, which shall be the exclusive and only proper forum for adjudicating such a claim.

16. CHOICE OF LAW. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

17. INTEGRATION AND ENTIRE AGREEMENT. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

18. NO CONSTRUCTION AS EMPLOYMENT AGREEMENT. Nothing contained in this Agreement shall be construed as giving Indemnatee any right to be retained in the employ of the Company or any of its subsidiaries or affiliated entities.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AMKOR TECHNOLOGY, INC.

By: _____

Title: _____

Address:

AGREED TO AND ACCEPTED:

INDEMNITEE:

Address: _____

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AMKOR TECHNOLOGY, INC.
1998 STOCK PLAN

1. Purposes of the Plan. The purposes of this Stock Plan are:

- . to attract and retain the best available personnel for positions of substantial responsibility,
- . to provide additional incentive to Employees, Directors and Consultants, and
- . to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of stock option plans under U. S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights are, or will be, granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the common stock of the Company.

(g) "Company" means Amkor Technology, Inc., a Delaware corporation.

(h) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(i) "Director" means a member of the Board.

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(j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety days, unless reemployment upon expiration of such leave is guaranteed by

statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 181st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

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(p) "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option or Stock Purchase Right grant. The Notice of Grant is part of the Option Agreement.

(q) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(r) "Option" means a stock option granted pursuant to the Plan.

(s) "Option Agreement" means an agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(t) "Option Exchange Program" means a program whereby outstanding Options are surrendered in exchange for Options with a lower exercise price.

(u) "Optioned Stock" means the Common Stock subject to an Option or Stock Purchase Right.

(v) "Optionee" means the holder of an outstanding Option or

Stock Purchase Right granted under the Plan.

(w) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(x) "Plan" means this 1998 Stock Plan.

(y) "Restricted Stock" means shares of Common Stock acquired pursuant to a grant of Stock Purchase Rights under Section 11 of the Plan.

(z) "Restricted Stock Purchase Agreement" means a written agreement between the Company and the Optionee evidencing the terms and restrictions applying to stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(aa) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(bb) "Section 16(b)" means Section 16(b) of the Exchange Act.

(cc) "Service Provider" means an Employee, Director or Consultant.

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(dd) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(ee) "Stock Purchase Right" means the right to purchase Common Stock pursuant to Section 11 of the Plan, as evidenced by a Notice of Grant.

(ff) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 5,000,000 Shares, plus an annual increase to be added on each anniversary date of the adoption of the Plan equal to the lesser of (i) the number of Shares needed to restore the maximum aggregate number of Shares which may be optioned and sold under the Plan to 5,000,000, or (ii) a lesser amount determined by the Administrator. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan, whether upon exercise of an Option or Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Options granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

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(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be covered by each Option and Stock Purchase Right granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to reduce the exercise price of any Option or Stock Purchase Right to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option or Stock Purchase Right shall have declined since the date the Option or Stock Purchase Right was granted;

(vii) to institute an Option Exchange Program;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

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(x) to modify or amend each Option or Stock Purchase Right (subject to Section 15(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by an Optionee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(xii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option or Stock Purchase Right previously granted by the Administrator;

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options or Stock Purchase Rights.

5. Eligibility. Nonstatutory Stock Options and Stock Purchase Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Limitations.

(a) Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) Neither the Plan nor any Option or Stock Purchase Right shall confer upon an Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options:

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(i) No Service Provider shall be granted, in any fiscal year of the Company, Options to purchase more than 2,000,000 Shares.

(ii) In connection with his or her initial service, a Service Provider may be granted Options to purchase up to an additional 2,000,000 Shares which shall not count against the limit set forth in subsection (i) above.

(iii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 13.

(iv) If an Option is cancelled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 13), the cancelled Option will be counted against the limits set forth in subsections (i) and (ii) above. For this purpose, if the exercise price of an Option is reduced, the transaction will be treated as a cancellation of the Option and the grant of a new Option.

7. Term of Plan. Subject to Section 19 of the Plan, the Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 15 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Option Agreement. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

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(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator. In the case of a Nonstatutory Stock Option intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

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(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the

Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as

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is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Buyout Provisions. The Administrator may at any time offer to buy out for a payment in cash or Shares an Option previously granted based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid, and the time within which the offeree must accept such offer. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by

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cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Shareholder. Once the Stock Purchase Right is exercised, the purchaser shall have the rights equivalent to those of a shareholder, and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

12. Non-Transferability of Options and Stock Purchase Rights. Unless determined otherwise by the Administrator, an Option or Stock Purchase Right may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right shall contain such additional terms and conditions as the Administrator deems appropriate.

13. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option and Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be

proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an

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Optionee to have the right to exercise his or her Option until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and the Option or Stock Purchase Right shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option or Stock Purchase Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share of Optioned Stock subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

14. Date of Grant. The date of grant of an Option or Stock Purchase Right shall be, for all purposes, the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

15. Amendment and Termination of the Plan.

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(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

16. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Company may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

17. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

19. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under Applicable Laws.

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1998 STOCK PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

I. NOTICE OF STOCK OPTION GRANT

[OPTIONEE'S NAME AND ADDRESS]

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Exercise Price per Share	\$ _____
Total Number of Shares Granted	_____
Total Exercise Price	\$ _____
Type of Option:	_____ Incentive Stock Option _____ Nonstatutory Stock Option
Term/Expiration Date:	_____

Vesting Schedule:

This Option may be exercised, in whole or in part, in accordance with the following schedule:

[25% OF THE SHARES SUBJECT TO THE OPTION SHALL VEST TWELVE MONTHS AFTER THE VESTING COMMENCEMENT DATE, AND 1/48 OF THE SHARES SUBJECT TO THE OPTION SHALL VEST EACH MONTH THEREAFTER, SUBJECT TO THE OPTIONEE CONTINUING TO BE A SERVICE PROVIDER ON SUCH DATES].

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Termination Period:

This Option may be exercised for 30 days after Optionee ceases to be a Service Provider. Upon the death or Disability of the Optionee, this Option may be exercised for one year after Optionee ceases to be a Service Provider. In no event shall this Option be exercised later than the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the Optionee named in the Notice of Grant attached as Part I of this Agreement (the "Optionee") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 15(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement,

the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an Incentive Stock Option, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it shall be treated as a Nonstatutory Stock Option ("NSO").

2. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit A (the "Exercise Notice"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be completed by the Optionee and delivered to [TITLE] of the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Exercised Shares.

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3. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash; or

(b) check; or

(c) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; or

(d) surrender of other Shares which (i) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six (6) months on the date of surrender, AND (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

4. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

5. Term of Option. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

6. Tax Consequences. Some of the federal tax consequences relating

to this Option, as of the date of this Option, are set forth below. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(a) Exercising the Option.

(i) Nonstatutory Stock Option. The Optionee may incur regular federal income tax liability upon exercise of a NSO. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an Employee or a former Employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

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(ii) Incentive Stock Option. If this Option qualifies as an ISO, the Optionee will have no regular federal income tax liability upon its exercise, although the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to alternative minimum taxable income for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of exercise. In the event that the Optionee ceases to be an Employee but remains a Service Provider, any Incentive Stock Option of the Optionee that remains unexercised shall cease to qualify as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option on the date three (3) months and one (1) day following such change of status.

(b) Disposition of Shares.

(i) NSO. If the Optionee holds NSO Shares for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes.

(ii) ISO. If the Optionee holds ISO Shares for at least one year after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after the grant date, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the Fair Market Value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price. Any additional gain will be taxed as capital gain, short-term or long-term depending on the period that the ISO Shares were held.

(c) Notice of Disqualifying Disposition of ISO Shares. If the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition. The Optionee agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to the Optionee.

by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware.

8. NO GUARANTEE OF CONTINUED SERVICE. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT

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THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement. Optionee has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understands all provisions of the Plan and Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Option Agreement. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

AMKOR TECHNOLOGY, INC.

- -----
Signature

- -----
By

- -----
Print Name

- -----
Title

- -----
Residence Address

- -----

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EXHIBIT A

1998 STOCK PLAN

EXERCISE NOTICE

AMKOR TECHNOLOGY, INC.
Goshen Corporate Park
1345 Enterprise Drive
West Chester, PA 19380

Attention: [TITLE]

1. Exercise of Option. Effective as of today, _____, 199__, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of AMKOR TECHNOLOGY, INC. (the "Company") under and pursuant to the 1998 Stock Plan (the "Plan") and the Stock Option Agreement dated _____, 19__ (the "Option Agreement"). The purchase price for the Shares shall be \$_____, as required by the Option Agreement.

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price for the Shares.

3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Shareholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares so acquired shall be issued to the Optionee as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 13 of the Plan.

5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. Entire Agreement; Governing Law. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all

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prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware.

Submitted by:

Accepted by:

PURCHASER:

AMKOR TECHNOLOGY, INC.

Signature

By

Print Name

Its

Address:

- -----
- -----

Address:

Amkor Technology, Inc.
Goshen Corporate Park
1345 Enterprise Drive
West Chester, PA 19380

Date Received

S CORPORATION TERMINATION, TAX ALLOCATION
AND INDEMNIFICATION AGREEMENT

This S CORPORATION TERMINATION, TAX ALLOCATION AND INDEMNIFICATION AGREEMENT (the "Agreement"), between Amkor Technology, Inc., a Delaware corporation ("ATI"), Amkor Electronics, Inc., a Pennsylvania corporation ("AEI", ATI and AEI are collectively referred to the "Company"), and James J. Kim, the David D. Kim Trust of December 31, 1987, the John T. Kim Trust of December 31, 1987, and the Susan Y. Kim Trust of December 31, 1987 (each such person or entity, a "Shareholder," and such person and all such entities, collectively, the "Shareholders") (the Company and the Shareholders are hereinafter referred to individually as a "party" and collectively as the "parties").

WHEREAS, AEI is an S corporation, as defined in Section 1361(a) of the Code (as hereinafter defined) and will continue to be an S corporation until the Termination Date (as hereinafter defined); and

WHEREAS, AEI will be merged with and into ATI pursuant to a reincorporation of AEI into Delaware in a tax free reorganization; and

WHEREAS, the Shareholders own capital stock of the Company; and

WHEREAS, it is anticipated that ATI will close an underwritten initial public offering of its common stock (the "Public Offering"); and

WHEREAS, in connection with the Public Offering, it is anticipated that AEI will distribute to the Shareholders an amount which represents AEI's cumulative net income in all prior periods while it was an S corporation, less the amount of distributions previously made to the Shareholders; and

WHEREAS, prior to the merger of AEI with and into ATI, the Shareholders and the Company wish to revoke AEI's status as an S Corporation; and

WHEREAS, the Shareholders and the Company wish to enter into an agreement as to the termination of AEI's status as an S corporation, the method used to allocate AEI's income during its S Termination Year (as hereinafter defined) pursuant to Code Section 1362(e)(3), and the indemnification of the Company and the Shareholders with respect to certain tax matters.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS. The following terms, as used herein, have the following meanings:

"C Short Year" means the portion of the S Termination Year of the Company beginning on the Termination Date and ending on December 31, 1998.

"Code" means the Internal Revenue Code of 1986, as amended, and, in the context of a state or local tax, a reference to the Code or a section of the Code includes any similar applicable provision of state or local law.

"Excess Distributions" means the excess of cash or property distributions by the Company to a Shareholder over the federal and state income taxes paid by the Shareholder with respect to the taxable income of the Company for all periods during which the Company has been an S corporation, including the S Short Year.

"S Short Year" means that portion of the S Termination Year of the Company beginning on January 1, 1998, and ending on the day before the Termination Date.

"S Termination Year" means the Company's fiscal year beginning January 1, 1998.

"Taxes" means all taxes, however denominated, including any interest, penalties or additions to tax that may become payable in respect therewith, imposed by any federal, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income, payroll and employee withholding, unemployment insurance, social security, sales and use, excise, profits, value added, ad valorem, occupancy, disability, franchise, gross receipts, environmental, occupation, real and personal property, stamp, transfer, license, net worth, real property gains, capital, worker's compensation taxes.

"Tax Benefit" shall mean (i) with respect to a Shareholder the amount of the Tax savings resulting from a decrease in that Shareholder's allocable share of S Corporation taxable income if and to the extent that decrease results in an increase (or would result in an increase absent a net operating loss) in the Tax liability of the Company, and (ii) with respect to the Company the amount of the Tax savings resulting from a decrease in its taxable income if and to the extent that decrease results in an increase in the Tax liability of a Shareholder attributable to that Shareholder's allocable share of S Corporation taxable income.

"Tax Returns" means all reports, estimates, information statements and returns relating to, or required to be filed in connection with, any Taxes.

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"Termination Date" means the date on which S corporation status of AEI is terminated as a result of revocation of such status in accordance with Section 1362(d)(1) of the Code or otherwise.

ARTICLE II

TERMINATION

2.1 TERMINATION OF S STATUS. AEI's S corporation status shall be terminated as a result of revocation of such status pursuant to Section 1362(d)(1) of the Code. The Company agrees to execute and file with the Internal Revenue Service an executed election in substantially the form attached hereto to as Exhibit A, prior to the Termination Date. The termination of the AEI's S corporation status shall be effective prior to (i) its reincorporation as ATI and (ii) the closing of the Public Offering.

2.2 SHAREHOLDER CONSENT. Each Shareholder agrees to execute and deliver to the Company an executed consent in substantially the form attached hereto to as Exhibit B, prior to the Termination Date.

ARTICLE III

ALLOCATION OF INCOME

3.1 ALLOCATION ELECTION. The Company agrees to elect and the Shareholders agree to consent, pursuant to Section 1362(e)(3) of the Code, to allocate Tax items to its S Short Year and C Short Year pursuant to normal tax accounting rules (the "closing of the books method") rather than by the pro rata allocation method contained in Section 1362(e)(2) of the Code. The Company and each of the Shareholders agree to take all necessary actions under Treasury Regulation Section 1.1362-6 (or successor thereto) to cause such election and

consents and the revocation election and consents to be effective for federal income tax purposes, including the execution and delivery, by the Shareholders to the Company of a consent in substantially the form attached hereto as Exhibit C, prior to the Termination Date. Additionally, the Company agrees to execute and attach to its Tax Return filed with the Internal Revenue Service an executed election in substantially the form attached hereto to as Exhibit D.

ARTICLE IV

TAX RETURNS AND INDEMNIFICATION

4.1 FILING TAX RETURN FOR THE TERMINATION YEAR. The Company shall be responsible for and shall effect the filing of all Tax Returns required to be filed by the Company with respect to all taxable periods ending prior to, with or within the Termination Year. The Company shall cause such returns to include the Company's income from all sources for all periods covered by such returns.

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4.2 SHAREHOLDER INDEMNIFICATION FOR TAX LIABILITIES. Except with respect to any tax jurisdiction that does not recognize S corporations as pass-through entities and to the extent any tax jurisdiction either (i) does not accord S corporation tax treatment to nonresident shareholders or (ii) requires an S corporation to make an affirmative election to be treated as an S corporation and the Company does not make such an election, each Shareholder, severally (according to the percentage of the outstanding shares of the Company's common stock owned by such Shareholder for the year in question) and not jointly, hereby indemnifies and agrees to hold the Company harmless from, against and in respect for any U.S. federal or state income Tax liability (including interest and penalties), if any, resulting from the Company failing to qualify as an S corporation under Code Section 1361(a)(1) (as enacted and in effect prior to the Termination Date), pursuant to a final determination by the applicable taxing authority, for every taxable year on or before the Termination Date as to which the Company filed or files Tax Returns claiming status as an S corporation, provided, however, that the total payments to be made by a Shareholder pursuant to this Section 4.2 shall not exceed the Excess Distributions received by the Shareholder with respect to all taxable years in which such Shareholder was a Shareholder.

4.3 COMPANY INDEMNIFICATION FOR TAX LIABILITIES. Except with respect to any tax jurisdiction that does not recognize S corporations as pass-through entities and to the extent any tax jurisdiction either (i) does not accord S corporation tax treatment to nonresident shareholders or (ii) requires an S corporation to make an affirmative election to be treated as an S corporation and the Company does not make such an election, the Company hereby indemnifies and agrees to hold each Shareholder harmless from, against and in respect for, on an after-tax basis, any U.S. federal or state income Tax liability (including interest and penalties), if any, resulting from such Shareholder being required to include in income, pursuant to a final determination by the applicable taxing authority, amounts in excess of the income shown to be reportable by such shareholder on the Tax Returns of the Company as originally filed for every taxable year on or before the Termination Date as to which the Company filed or files Tax Returns claiming status as an S corporation; provided, however, that any indemnification and hold harmless hereunder shall be limited to the amount of cash or the value of property actually received by the Company from another party (or deemed received by the Company in the case of another entity actually owned, directly or indirectly, by the Company) connected to the event giving rise to such requirement to include additional amounts in a Shareholder's income.

4.4 INDEMNIFICATION FOR TIMING DIFFERENCES. The Company and each of the Shareholders hereby agree to pay to the other party the amount of any Tax Benefit (as defined above) resulting from a final determination of an adjustment (by reason of an amended return, claim for refund, audit or otherwise) with respect to such parties' federal or state Tax liability.

4.5 AUDIT AND CONTEST RIGHTS. The parties hereto shall cooperate with each other in the conduct of any audit or other proceeding relating to Taxes. Within ten (10) days of the notice of any proposed or threatened adjustment which could give rise to a claim for indemnification under Section 4.2, 4.3, or 4.4, the Company shall notify the Shareholders or a Shareholder shall notify the Company thereof. The Shareholders shall have the right to control any resulting proceedings and to determine when, whether and to what extent to settle any such claim, assessment or dispute which would give rise to a claim for indemnification under Section 4.2 or

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4.4. The Company shall have the right to control any resulting proceedings and to determine when, whether and to what extent to settle any such claim, assessment or dispute which would give rise to a claim for indemnification under Section 4.3 or 4.4. A party hereto shall not make any election, take any Tax Return position, or agree to any adjustment or adjustments that would have the effect of increasing any Tax liability with respect to any period ending on or before the Termination Date without obtaining the prior written consent of the other party. Each party agrees to execute any powers of attorney or other documents necessary to permit the appropriate party to conduct such proceedings.

4.6 PAYMENTS. A party required to make any payment under Section 4.2, 4.3 or 4.4 shall make such payment within thirty (30) days after the final determination (as such term is defined in Section 1313(a) of the Code) of any Tax liability resulting in a claim for indemnification.

ARTICLE V

MISCELLANEOUS

5.1 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which counterparts collectively shall constitute an instrument representing the Agreement between the parties hereto.

5.2 CONSTRUCTION OF TERMS. Nothing herein expressed or implied is intended, or shall be construed, to confer upon or give any person, form or corporation, other than the parties hereto or their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

5.3 GOVERNING LAW. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Pennsylvania without regard to Pennsylvania choice of law rules.

5.4 AMENDMENT AND MODIFICATION. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, nor is this Agreement intended to confer upon any other person except the parties any rights or remedies hereunder.

5.5 INTERPRETATION. The title, article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

5.6 SEVERABILITY. In the event that any one or more of the provisions of this Agreement shall be held to illegal, invalid and unenforceable in any respect, the same shall not in any respect affect the validity, legality or enforceability of the remainder of this Agreement, and

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the parties shall use their best efforts to replace such illegal, invalid or unenforceable provisions with an enforceable provision approximating, to the extent possible, the original intent of the parties.

5.7 ENTIRE AGREEMENT. This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter constrained herein. There are no representations, promises, warranties, covenants, or undertakings with respect to the subject matter contained herein, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

5.8 EFFECTIVE DATE. This Agreement shall become effective on the Termination Date.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the ____ day of _____, 1998.

AMKOR TECHNOLOGY, INC., A DELAWARE CORPORATION

By: _____
Title: President

By: _____
Title: Secretary

AMKOR ELECTRONICS, INC., A PENNSYLVANIA CORPORATION

By: _____
Title: President

By: _____
Title: Secretary

SHAREHOLDERS:

James J. Kim

the David D. Kim Trust of
December 31, 1987

the John T. Kim Trust of
December 31, 1987

the Susan Y. Kim Trust of
December 31, 1987

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EXHIBIT A

STATEMENT OF REVOCATION OF ELECTION

Internal Revenue Service Center
{Address}

RE: Amkor Technology, Inc., a Delaware corporation
EIN 23-2925614

Revocation of S Corporation Election

The S corporation election under IRC Section 1362(a) of Amkor

Technology, Inc., a Delaware corporation, with its principal office located at 1345 Enterprise Drive, West Chester, Pennsylvania 19380, is hereby revoked as of (DATE). At the time of revocation, the number of shares (issued and outstanding) of Amkor Technology, Inc. stock, including nonvoting stock, is (NUMBER).

Attached are the consents to the revocation by shareholders owning more than one-half of the issued and outstanding shares.

AMKOR TECHNOLOGY, INC., A DELAWARE CORPORATION

By: _____

Title: President

Date: _____

Attachment

{All revocations and consents should be mailed to the IRS certified mail return receipt requested.}

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EXHIBIT B

SHAREHOLDERS' STATEMENT OF CONSENT TO REVOCATION OF ELECTION

We, the undersigned, being shareholders of Amkor Technology, Inc., a Delaware corporation ("ATI") holding more than one-half of ATI's issued and outstanding shares (including nonvoting stock), do hereby consent to the revocation by ATI of its S corporation election under IRC Section 1362(a). The revocation is to be effective as of _____ 1998.

Under penalties of perjury, the undersigned declare that the facts presented in the accompanying statement are, to the best of our knowledge and belief, true, correct, and complete.

Name and Address	Social Security or Employer Identification Number	Number of Shares Owned	Date Acquired Per Regs. 1.1362-6(b) (1)	Tax Year End (Month & Day)
James J. Kim	_____	_____	_____	
1345 Enterprise Drive West Chester, PA 19301				
the David D. Kim Trust of December 31, 1987	_____	_____	_____	
1500 E. Lancaster Avenue Paoli, PA 19301				
the John T. Kim Trust of December 31, 1987	_____	_____	_____	
1500 E. Lancaster Avenue Paoli, PA 19301				
the Susan Y. Kim Trust of December 31, 1987	_____	_____	_____	
1500 E. Lancaster Avenue Paoli, PA 19301				

Signature

Signature

Signature

Signature

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Dated: _____, 1998

{All election and consents should be mailed to the IRS certified mail return receipt requested.}

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EXHIBIT C

SHAREHOLDER CONSENT

RE: Amkor Technology, Inc., a Delaware corporation
EIN 23-2925614

SHAREHOLDER NAME: _____

SHAREHOLDER ADDRESS: _____

TAXPAYER IDENTIFICATION NUMBER: _____

NUMBER OF SHARES: _____

DATE OR DATES SHARES ACQUIRED: _____

DATE SHAREHOLDER'S TAX YEAR ENDS: _____

THE UNDERSIGNED HEREBY CONSENTS TO THE ELECTION OF AMKOR TECHNOLOGY, INC., A DELAWARE CORPORATION TO ALLOCATE THE TAXABLE INCOME OF THE CORPORATION FOR THE S TERMINATION YEAR AS PROVIDED BY SECTION 1362(e) (3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

This consent is executed by the undersigned under penalties of perjury.

Date: _____ Signature: _____

Date: _____ Signature: _____

Note: Each person owning a community property, tenancy in common, joint tenancy, or tenancy by the entirety interest must sign. Consent of minor must be by legal representative or parent if no legal representative. Consent of qualifying trust must be the person treated as shareholder under Section 1361(b) (1) of the Code.

EXHIBIT D

ELECTION TO CLOSE BOOKS UPON S CORPORATION TERMINATION.

(Attach to Form 1120)

Amkor Technology, Inc., a Delaware corporation ("ATI"), EIN 23-2925614, with the consent of all the shareholders of the short S year and all the shareholders on the first day of the short C year (attached), elects under IRC Section 1362(e)(3) not to have the pro rata allocation of S corporation items under IRC Section 1362(e)(2) apply to the S termination year ending (Date). The date of the ATI's termination was _____, 1998 and the cause of termination was an election to revoke its status as an S corporation.

AMKOR TECHNOLOGY, INC., A DELAWARE CORPORATION

By: _____

Title: President

Date: _____

Attachment

AMKOR TECHNOLOGY, INC.

1998 DIRECTOR OPTION PLAN

1. Purposes of the Plan. The purposes of this 1998 Director Option Plan are to attract and retain the best available personnel for service as Outside Directors (as defined herein) of the Company, to provide additional incentive to the Outside Directors of the Company to serve as Directors, and to encourage their continued service on the Board.

All options granted hereunder shall be nonstatutory stock options.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" means the common stock of the Company.

(d) "Company" means Amkor Technology, Inc., a Delaware corporation.

(e) "Director" means a member of the Board.

(f) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a Director's fee by the Company shall not be sufficient in and of itself to constitute "employment" by the Company.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(h) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for the last market

trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Board deems

reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(i) "Inside Director" means a Director who is an Employee.

(j) "Option" means a stock option granted pursuant to the Plan.

(k) "Optioned Stock" means the Common Stock subject to an Option.

(l) "Optionee" means a Director who holds an Option.

(m) "Outside Director" means a Director who is not an Employee.

(n) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(o) "Plan" means this 1998 Director Option Plan.

(p) "Share" means a share of the Common Stock, as adjusted in accordance with Section 10 of the Plan.

(q) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Internal Revenue Code of 1986.

3. Stock Subject to the Plan. Subject to the provisions of Section 10 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 300,000 Shares of Common Stock (the "Pool"). The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan.

4. Administration and Grants of Options under the Plan.

(a) Procedure for Grants. All grants of Options to Outside Directors under this Plan shall be automatic and nondiscretionary and shall be made strictly in accordance with the following provisions:

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(i) No person shall have any discretion to select which Outside Directors shall be granted Options or to determine the number of Shares to be covered by Options granted to Outside Directors.

(ii) Each Outside Director shall be automatically granted an Option to purchase 15,000 Shares (the "First Option") on the date on which the later of the following events occurs: (A) the effective date of this Plan, as determined in accordance with Section 6 hereof, or (B) the date on which such person first becomes an Outside Director, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy;

provided, however, that an Inside Director who ceases to be an Inside Director but who remains a Director shall not receive a First Option.

(iii) Each Outside Director shall be automatically granted an Option to purchase 5,000 Shares on each date on which such person is re-elected by the stockholders of the Company as an Outside Director; provided that, as of such date, he or she shall have served on the Board for at least the preceding six (6) months.

(iv) Notwithstanding the provisions of subsections (ii) and (iii) hereof, any exercise of an Option granted before the Company has obtained stockholder approval of the Plan in accordance with Section 16 hereof shall be conditioned upon obtaining such stockholder approval of the Plan in accordance with Section 16 hereof.

(v) The terms of each Option granted hereunder shall be as follows:

(A) the term of the Option shall be ten (10) years.

(B) the Option shall be exercisable only while the Outside Director remains a Director of the Company, except as set forth in Sections 8 and 10 hereof.

(C) the exercise price per Share shall be 100% of the Fair Market Value per Share on the date of grant of the Option. For purposes of Options granted at the time of the effectiveness of this Plan pursuant to Section 6 hereof the Fair Market Value shall be the initial price to the Underwriters as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's Common Stock (the "Registration Statement").

(D) subject to Section 10 hereof, the Option shall become exercisable as to one-third (1/3) of the Shares subject to the Option on each anniversary of its date of grant, provided that the Optionee continues to serve as a Director on such dates.

(vi) In the event that any Option granted under the Plan would cause the number of Shares subject to outstanding Options plus the number of Shares previously purchased under Options to exceed the Pool, then the remaining Shares available for Option grant shall be granted under Options to the Outside Directors on a pro rata basis. No further grants shall be made until such time, if any, as additional Shares become available for grant under the Plan through action of the Board or the stockholders to increase the number of Shares which may be issued under the Plan or through cancellation or expiration of Options previously granted hereunder.

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5. Eligibility. Options may be granted only to Outside Directors. All Options shall be automatically granted in accordance with the terms set forth in Section 4 hereof.

The Plan shall not confer upon any Optionee any right with respect to continuation of service as a Director or nomination to serve as a Director, nor shall it interfere in any way with any rights which the Director or the Company may have to terminate the Director's relationship with the Company at any time.

6. Term of Plan. The Plan shall become effective on the date on which the Securities and Exchange Commission declares the Company's Registration Statement effective. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 11 of the Plan.

7. Form of Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall consist of (i) cash, (ii) check, (iii) other shares which (x) in the case of Shares acquired upon exercise of an Option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, (iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, or (v) any combination of the foregoing methods of payment.

8. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable at such times as are set forth in Section 4 hereof; provided, however, that no Options shall be exercisable until stockholder approval of the Plan in accordance with Section 16 hereof has been obtained.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may consist of any consideration and method of payment allowable under Section 7 of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. A share certificate for the number of Shares so acquired shall be issued to the Optionee as soon as practicable after exercise of the Option. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

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Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Continuous Status as a Director. Subject to Section 10 hereof, in the event an Optionee's status as a Director terminates (other than upon the Optionee's death or total and permanent disability (as defined in Section 22(e)(3) of the Code)), the Optionee may exercise his or her Option, but only within three (3) months following the date of such termination, and only to the extent that the Optionee was entitled to exercise it on the date of such termination (but in no event later than the expiration of its ten (10) year term). To the extent that the Optionee was not entitled to exercise an Option on the date of such termination, and to the extent that the Optionee does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(c) Disability of Optionee. In the event Optionee's status as a Director terminates as a result of total and permanent disability (as defined in Section 22(e)(3) of the Code), the Optionee may exercise his or her Option, but only within twelve (12) months following the date of such termination, and only to the extent that the Optionee was entitled to exercise it on the date of such termination (but in no event later than the expiration of its ten (10) year term). To the extent that the Optionee was not entitled to exercise an Option on the date of termination, or if he or she does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(d) Death of Optionee. In the event of an Optionee's death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance may exercise the Option, but only within twelve (12) months following the date of death, and only to the extent that the Optionee was entitled to exercise it on the date of death (but in no event later than the expiration of its ten (10) year term). To the extent that the Optionee was not entitled to exercise an Option on the date of death, and to the extent that the Optionee's estate or a person who acquired the right to exercise such Option does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

9. Non-Transferability of Options. The Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

10. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option, the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per Share covered by each such outstanding Option, and the number of Shares issuable

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pursuant to the automatic grant provisions of Section 4 hereof shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it shall terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation or the sale of substantially all of the assets of the Company, outstanding Options may be assumed or equivalent options may be substituted by the successor corporation or a Parent or Subsidiary thereof (the "Successor Corporation"). If an Option is assumed or substituted

for, the Option or equivalent option shall continue to be exercisable as provided in Section 4 hereof for so long as the Optionee serves as a Director or a director of the Successor Corporation. Following such assumption or substitution, if the Optionee's status as a Director or director of the Successor Corporation, as applicable, is terminated other than upon a voluntary resignation by the Optionee, the Option or option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable. Thereafter, the Option or option shall remain exercisable in accordance with Sections 8(b) through (d) above.

If the Successor Corporation does not assume an outstanding Option or substitute for it an equivalent option, the Option shall become fully vested and exercisable, including as to Shares for which it would not otherwise be exercisable. In such event the Board shall notify the Optionee that the Option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and upon the expiration of such period the Option shall terminate.

For the purposes of this Section 10(c), an Option shall be considered assumed if, following the merger or sale of assets, the Option confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares). If such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share of Optioned Stock subject to the Option, to be solely common stock of

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the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

11. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend, or discontinue the Plan, but no amendment, alteration, suspension, or discontinuation shall be made which would impair the rights of any Optionee under any grant theretofore made, without his or her consent. In addition, to the extent necessary and desirable to comply with any applicable law, regulation or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) Effect of Amendment or Termination. Any such amendment or termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if this Plan had not been amended or terminated.

12. Time of Granting Options. The date of grant of an Option shall, for all purposes, be the date determined in accordance with Section 4 hereof.

13. Conditions Upon Issuance of Shares. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, state securities laws, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

Inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

14. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

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15. Option Agreement. Options shall be evidenced by written option agreements in such form as the Board shall approve.

16. Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval shall be obtained in the degree and manner required under applicable state and federal law and any stock exchange rules.

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AMKOR TECHNOLOGY, INC.

DIRECTOR OPTION AGREEMENT

Amkor Technology, Inc., a Delaware corporation (the "Company"), has granted to _____ (the "Optionee"), an option to purchase a total of [_____] (_____) shares of the Company's Common Stock (the "Optioned Stock"), at the price determined as provided herein, and in all respects subject to the terms, definitions and provisions of the Company's 1998 Director Option Plan (the "Plan") adopted by the Company which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings herein.

1. Nature of the Option. This Option is a nonstatutory option and is not intended to qualify for any special tax benefits to the Optionee.

2. Exercise Price. The exercise price is \$_____ for each share of Common Stock.

3. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions of Section 8 of the Plan as follows:

(i) Right to Exercise.

(a) This Option shall become exercisable in installments cumulatively with respect to one-third (1/3) of the Optioned Stock one year after the date of grant, and as to an additional one-third (1/3) of the Optioned Stock on each anniversary of the date of grant, so that one hundred percent (100%) of the Optioned Stock shall be exercisable three years after the date of grant; provided, however, that in no event shall any Option be exercisable prior to the date the stockholders of the Company approve the Plan.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee's death, disability or other termination of service as a Director, the exercisability of the Option is governed by Section 8 of the Plan.

(ii) Method of Exercise. This Option shall be exercisable by written notice which shall state the election to exercise the Option and the number of Shares in respect of which the Option is being exercised. Such written notice, in the form attached hereto as Exhibit A, shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the exercise price.

4. Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of the Optionee:

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(i) cash;

(ii) check; or

(iii) surrender of other shares which (x) in the case of Shares acquired upon exercise of an Option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised; or

(iv) delivery of a properly executed exercise notice together with such other documentation as the Company and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price.

5. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulations, or if such issuance would not comply with the requirements of any stock exchange upon which the Shares may then be listed. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

7. Term of Option. This Option may not be exercised more than ten (10) years from the date of grant of this Option, and may be exercised during such period only in accordance with the Plan and the terms of this Option.

8. Taxation Upon Exercise of Option. Optionee understands that, upon exercise of this Option, he or she will recognize income for tax purposes in an amount equal to the excess of the then Fair Market Value of the Shares purchased over the exercise price paid for such Shares. Since the Optionee is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, under certain limited circumstances the measurement and timing of such income (and the commencement of any capital gain holding period) may be deferred, and the Optionee is advised to contact a tax advisor concerning the application of Section 83 in general and the availability a Section 83(b) election in particular in connection with the exercise of the Option. Upon a resale of such Shares by the Optionee, any difference between the sale price and the Fair Market Value of the Shares on the

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date of exercise of the Option, to the extent not included in income as described above, will be treated as capital gain or loss.

DATE OF GRANT: _____

AMKOR TECHNOLOGY, INC.,
a Delaware corporation

By: _____

Optionee acknowledges receipt of a copy of the Plan, a copy of which is attached hereto, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Plan.

Dated: _____

Optionee

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EXHIBIT A

DIRECTOR OPTION EXERCISE NOTICE

Amkor Technology, Inc.

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Attention: Corporate Secretary

1. Exercise of Option. The undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of Amkor Technology, Inc. (the "Company") under and pursuant to the Company's 1998 Director Option Plan and the Director Option Agreement dated _____ (the "Agreement").

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Agreement.

3. Federal Restrictions on Transfer. Optionee understands that the Shares must be held indefinitely unless they are registered under the Securities Act of 1933, as amended (the "1933 Act"), or unless an exemption from such registration is available, and that the certificate(s) representing the Shares may bear a legend to that effect. Optionee understands that the Company is under no obligation to register the Shares and that an exemption may not be available or may not permit Optionee to transfer Shares in the amounts or at the times proposed by Optionee.

4. Tax Consequences. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultant(s) Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

5. Delivery of Payment. Optionee herewith delivers to the Company the aggregate purchase price for the Shares that Optionee has elected to purchase and has made provision for the payment of any federal or state withholding taxes required to be paid or withheld by the Company.

6. Entire Agreement. The Agreement is incorporated herein by reference. This Exercise Notice and the Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the

subject matter hereof. This Exercise Notice and the Agreement are governed by Delaware law except for that body of law pertaining to conflict of laws.

Submitted by:

Accepted by:

OPTIONEE:

AMKOR TECHNOLOGY, INC.

By: _____

Its: _____

Address:

Dated: _____

Dated: _____

AMKOR TECHNOLOGY, INC.

1998 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the Common Stock of the Company.

(d) "Company" shall mean AMKOR TECHNOLOGY, INC. and any Designated Subsidiary of the Company.

(e) "Compensation" shall mean all base straight time gross earnings and commissions, but exclusive of payments for overtime, shift premium, incentive compensation, incentive payments, bonuses and other compensation.

(f) "Designated Subsidiary" shall mean any Subsidiary which has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

(g) "Employee" shall mean any individual who is an Employee of the Company for tax purposes whose customary employment with the Company is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

(h) "Enrollment Date" shall mean the first day of each Offering Period.

(i) "Exercise Date" shall mean the last day of each Purchase Period.

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(j) "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(1) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The

Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day on the date of such determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable, or;

(2) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in The Wall Street Journal or such other source as the Board deems reliable, or;

(3) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(k) "Offering Periods" shall mean the periods of approximately six (6) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after dates of each year to be determined by the Board and terminating on the last Trading Day in the periods ending six (6) months later. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan.

(l) "Plan" shall mean this Employee Stock Purchase Plan.

(m) "Purchase Price" shall mean an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower.

(n) "Purchase Period" shall mean each of the periods of approximately six months duration in an Offering Period during which payroll deductions shall be accumulated for Employees to be applied towards the purchase of Common Stock at the end of each such period.

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(o) "Reserves" shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(p) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

(q) "Trading Day" shall mean a day on which national stock exchanges and the Nasdaq System are open for trading.

3. Eligibility.

(a) Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold

outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries accrues at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan shall be implemented by consecutive, overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after dates of each year to be determined by the Board, and continuing thereafter until terminated in accordance with Section 20 hereof. The Board shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

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5. Participation.

(a) An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions in the form of Exhibit A to this Plan and filing it with the Company's payroll office prior to the applicable Enrollment Date.

(b) Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation which he or she receives on each pay day during the Offering Period.

(b) All payroll deductions made for a participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing or filing with the Company a new subscription agreement authorizing a change in payroll deduction rate. The Board may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new subscription agreement unless the Company elects to process a given change in participation more quickly. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a participant's payroll deductions may be decreased to zero percent (0%) at any time during a Purchase Period. Payroll deductions shall recommence at the rate provided in such participant's subscription agreement at the beginning of the first Purchase Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10 hereof.

(e) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the

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Company may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee.

7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall an Employee be permitted to purchase during each Purchase Period more than [30,000] shares of the Company's Common Stock (subject to any adjustment pursuant to Section 19) on the Enrollment Date, and provided further that such purchase shall be subject to the limitations set forth in Sections 3(b) and 12 hereof. Exercise of the option shall occur as provided in Section 8 hereof, unless the participant has withdrawn pursuant to Section 10 hereof. The option shall expire on the last day of the Offering Period.

8. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 hereof. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the shares purchased upon exercise of his or her option.

10. Withdrawal.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan. All of the participant's

payroll deductions credited to his or her account shall be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a participant withdraws from an Offering Period, payroll deductions shall

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not resume at the beginning of the succeeding Offering Period unless the participant delivers to the Company a new subscription agreement.

(b) A participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. Termination of Employment.

Upon a participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such participant's account during the Offering Period but not yet used to exercise the option shall be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such participant's option shall be automatically terminated. The preceding sentence notwithstanding, a participant who receives payment in lieu of notice of termination of employment shall be treated as continuing to be an Employee for the participant's customary number of hours per week of employment during the period in which the participant is subject to such payment in lieu of notice.

12. Interest. No interest shall accrue on the payroll deductions of a participant in the Plan.

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 1,000,000 shares, plus an annual increase to be added on each anniversary date of the adoption of the Plan equal to the lesser of (i) the number of shares needed to restore the maximum aggregate number of shares available for sale under the Plan to 1,000,000, or (ii) a lesser amount determined by the Board. If, on a given exercise date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

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(b) The participant shall have no interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan shall be registered in the name of the participant or in the name of the participant and his or her spouse.

14. Administration. The Plan shall be administered by the Board or a committee of members of the Board appointed by the Board. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

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18. Reports. Individual accounts shall be maintained for each participant in the Plan. Statements of account shall be given to participating Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the Reserves, the maximum number of shares each participant may purchase each Purchase Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Purchase Periods then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date") and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option

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has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Board of Directors of the Company may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board of Directors on any Exercise Date if the Board determines that the termination of the Plan is in the best interests of the Company and its shareholders. Except as provided in

Section 19 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in such a manner and to such a degree as required.

(b) Without shareholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board (or its committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are

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being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the shareholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20 hereof.

24. Automatic Transfer to Low Price Offering Period. To the extent permitted by any applicable laws, regulations, or stock exchange rules if the Fair Market Value of the Common Stock on any Exercise Date in an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date of such Offering Period, then all participants in such Offering Period shall be automatically withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

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EXHIBIT A

AMKOR TECHNOLOGY, INC.

1998 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

_____ Original Application Enrollment Date: _____
_____ Change in Payroll Deduction Rate
_____ Change of Beneficiary(ies)

1. _____ hereby elects to participate in the AMKOR TECHNOLOGY, INC. 1998 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Employee Stock Purchase Plan.
2. I hereby authorize payroll deductions from each paycheck in the amount of _____% of my Compensation on each payday (from 0 to 15%) during the Offering Period in accordance with the Employee Stock Purchase Plan. (Please note that no fractional percentages are permitted.)
3. I understand that said payroll deductions shall be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Employee Stock Purchase Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option.
4. I have received a copy of the complete Employee Stock Purchase Plan. I understand that my participation in the Employee Stock Purchase Plan is in all respects subject to the terms of the Plan. I understand that my ability to exercise the option under this Subscription Agreement is subject to shareholder approval of the Employee Stock Purchase Plan.
5. Shares purchased for me under the Employee Stock Purchase Plan should be issued in the name(s) of (Employee or Employee and Spouse only):

_____.
6. I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares) or one year after the Exercise Date, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me

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over the price which I paid for the shares. I hereby agree to notify the Company in writing within 30 days after the date of any disposition of my shares and I will make adequate provision for Federal, state or other tax withholding obligations, if any, which

arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the 2-year and 1-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (1) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (2) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I hereby agree to be bound by the terms of the Employee Stock Purchase Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Employee Stock Purchase Plan.
8. In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due me under the Employee Stock Purchase Plan:

NAME: (Please print) _____
(First) (Middle) (Last)

Relationship _____

(Address)

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Employee's Social
Security Number: _____

Employee's Address: _____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated: _____
Signature of Employee

Spouse's Signature (If beneficiary other than spouse)

EXHIBIT B

AMKOR TECHNOLOGY, INC.

1998 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

The undersigned participant in the Offering Period of the AMKOR TECHNOLOGY, INC. 1998 Employee Stock Purchase Plan which began on _____, 19____ (the "Enrollment Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned shall be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

Signature:

Date: _____

PACKAGING & TEST SERVICES AGREEMENT

BY AND AMONG

AMKOR TECHNOLOGY, INC.

AMKOR ELECTRONICS, INC.

C.I.L. LIMITED

ANAM USA, INC.

AND

ANAM INDUSTRIAL CO., LTD.

JANUARY 1, 1998

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This Packaging and Test Services Agreement ("Agreement") is made and entered into this 1st day of January 1998 ("Effective Date") by and among Amkor Technology, Inc., a corporation organized and existing under the laws of the state of Delaware, with offices located at 1345 Enterprise Drive, West Chester, Pennsylvania 19380; Amkor Electronics, Inc., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with offices located at 1345 Enterprise Drive, West Chester, Pennsylvania 19380; C.I.L. Limited, a corporation organized and existing under the laws of the Cayman Islands, with offices located at CIBC Building, Edward Street, Grand Cayman, Cayman Islands; Anam USA, Inc., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with offices located at 1345 Enterprise Drive, West Chester, Pennsylvania 19380; and, Anam Industrial Co., Ltd., a corporation organized and existing under the laws of the Republic of Korea, with offices located at 280-8 Sungsu 2-ga, Sungdong-ku, Seoul 133-120, Korea ("Parties").

RECITALS

WHEREAS, Amkor Technology, Inc. ("ATI") is the parent corporation of, among other legal entities, Amkor Electronics, Inc. ("Amkor") and C.I.L. Limited ("CIL"); and

WHEREAS, Anam Industrial Co., Ltd. ("AICL"), a publicly traded Korean company, is engaged in the business, inter alia, of performing various semiconductor packaging and test services and desires to market said services to the semiconductor industry through Amkor and CIL; and

WHEREAS, Amkor and CIL are engaged in the business of marketing subcontract packaging and test services to the semiconductor industry and desire to purchase such services from AICL; and

WHEREAS, Anam USA, Inc. ("Anam USA"), a wholly-owned subsidiary of AICL, is a trading company that will establish financing arrangements for AICL, Amkor and CIL with respect to the services and transactions contemplated hereunder.

NOW THEREFORE, in consideration for the mutual covenants and promises contained herein and in reliance thereon, the Parties hereby agree as follows:

1. ARTICLE I - PURPOSE

The Parties hereto have enjoyed a well-established and synergistic business relationship whereby Amkor and CIL and their respective Affiliates have established numerous relationships with semiconductor companies to provide integrated circuit packaging and test services. A substantial portion of these services has been performed by AICL, who, in turn, has relied on Amkor and CIL for their worldwide marketing and sales capabilities.

The purpose of this Agreement is to establish a long-term arrangement between the Parties to provide Packaging Services to the semiconductor industry. The Parties believe that such a long-term relationship, under the terms and conditions of this Agreement, is necessary to assure their respective long-term profitability and growth and is in their respective best interests.

2. ARTICLE II - DEFINITIONS

2.1 "Affiliate" of a Party shall mean an entity that is controlled by such Party or by an entity controlling such Party. For the purposes of the foregoing, "control" means ownership, directly or indirectly, of at least fifty percent (50%) of the voting stock of the controlled entity.

- 2.2 "Bankruptcy Event" shall mean any of the following events or circumstances with respect to a Party: (i) such Party ceases conducting its business in the normal course; (ii) becomes insolvent or becomes unable to meet its obligations as they become due; (iii) make a general assignment for the benefit of its creditors; (iv) petitions, applies for, or suffers or permits with or without its consent the appointment of a custodian, receiver, trustee in bankruptcy or similar officer for all or any substantial part of its business or assets; or (v) avails itself or becomes subject to any proceeding under the U.S. Bankruptcy Code or any similar state, federal or foreign, including Korean, statute relating to bankruptcy, insolvency, reorganization, receivership, arrangement, adjustment of debts, dissolution or liquidation, which proceeding is not dismissed within sixty (60) days of commencement thereof.
- 2.3 "Customer" shall mean a third party with whom Amkor, CIL or AICL, as the case may be, enters into a contractual arrangement to provide Packaging Services.
- 2.4 "Die" shall mean the semiconductor wafers and/or die supplied to AICL by Customers for the Packaging Services.
- 2.5 "Direct Material Costs" shall mean direct material costs incurred in the performance of Packaging Services .
- 2.6 "Customer Contract" shall mean a contract (including the Amkor or CIL Quotation) between Amkor or CIL, as the case may be, and a Customer to provide Packaging Services to such Customer.
- 2.7 "Intellectual Property Rights" shall mean all rights in, to, or arising out of: (i) any U.S., international or foreign patent or any application therefor and any and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (ii) inventions (whether patentable or not in any country), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology and technical data; (iii) copyrights, copyright registrations, mask works, mask work registrations, and applications therefor in the U.S. or any foreign country, and all other rights corresponding thereto throughout the world; and (iv) any other proprietary rights in or to Technology anywhere in the world.
- 2.8 "Packaging Services" shall mean providing integrated circuit assembly, packaging and test services, or related services by AICL with respect to Customer Die .
- 2.9 "Products" shall mean integrated circuits assembled and/or tested by AICL for Amkor, CIL or their respective Customers.

- 2.10 "Qualified Facilities" shall mean any of AICL's four (4) Korean factories which are qualified to perform Packaging Services for Customer Products pursuant to Customer requirements, specifications and other similar criteria.
- 2.11 "Quotation" shall mean the written quotation provided by Amkor or CIL to their Customers which contains the material terms of agreement for Packaging Services.
- 2.12 "Technology" shall mean all technology, however embodied, including all know-how, show-how, techniques, processes, specifications, recipes, mask works, design rules, trade

secrets, inventions (whether or not patented or patentable), algorithms, routines, software, net lists, files, databases, works of authorship, devices and hardware.

2.13 "Term" shall mean the term of this Agreement as defined in Section 15.1.

2.14 "Total Device Revenue" shall mean all amounts billed to Customers by Amkor or CIL for Packaging Services including 1) base price, 2) material and process adders, 3) gold/silver adders, 4) fast track premiums, and 5) lot charges, but excluding packing/shipping materials (i.e., trays) and miscellaneous charges such as tooling and non-recurring engineering costs.

3. ARTICLE III - MARKETING & SALES SERVICES

3.1 Amkor will provide Packaging Services to Customers that principally are located in the United States. CIL will provide Packaging Services to Customers that principally are located outside of the United States excluding the Republic of Korea which will be serviced directly by AICL.

3.2 Amkor and CIL, either directly or through their respective Affiliates, will enter into Customer Contracts for Packaging Services and, upon execution of same, will provide AICL with the material terms and conditions thereof.

3.3 Amkor and CIL will use commercially reasonable efforts to enter into Customer Contracts so as to maximize the utilization of AICL's manufacturing capacity consistent with the respective interests of the Parties, their respective obligations under the Agreement, and the operational and business requirements of the manufacturing and packaging facilities of ATI's Affiliates. In furtherance of the foregoing, Amkor's and CIL's responsibilities to AICL will include using reasonable commercial efforts to:

3.3.1 actively and diligently market Packaging Services to potential and existing Customers;

3.3.2 provide timely Forecasts (as defined below in Section 4.1) to permit AICL to efficiently plan its capacity requirements; and

3.3.3 arrange through an Affiliate of ATI, Amkor-Anam, Inc., for the supply to AICL of all direct materials to enable AICL to package and test products in accordance with the relevant Customer Contract.

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3.4 CIL will have the sole discretion to have Packaging Services performed by any of (Subject to the purchase commitment described in Article IV below, Amkor and i) the Affiliates of ATI, (ii) third parties, or (iii) AICL.

4. ARTICLE IV - PURCHASE COMMITMENTS & FORECASTS

4.1 Amkor and CIL shall have the right of first refusal with respect to substantially all of the utilization of AICL's capacity subject to the terms herein. In order to facilitate an orderly and equitable capacity reservation and allocation process, Amkor, CIL, and AICL agree that Amkor will coordinate the process for commitment and allocation of AICL's capacity among the Customers based on a mutually agreed upon set of

rules for equitably reserving and allocating AICL's capacity (the "Commitment & Allocation Policy"). Amkor, CIL and AICL shall use commercially reasonable efforts to obtain each month from their Customers a six-month rolling forecast of such Customers' requirements ("Forecasts"). Updates to said Forecasts shall be communicated to Amkor as demand changes are received from the Customers.

- 4.2 AICL will provide Amkor and CIL, on a monthly basis, a six-month rolling capacity plan ("Capacity Plan") by package, for packaging services, and by test platform, for test services. AICL will further provide a weekly notification to Amkor and CIL of any changes in delivery schedules or equipment ratings to the Capacity Plan since the last monthly report. In order to facilitate AICL's capacity planning and materials procurement services, Amkor and CIL will include with their Forecasts to AICL their assessment of these Forecasts. AICL will use the Customers' Forecasts and Amkor's and CIL's assessment of these Forecasts only as a guide of anticipated requirements, and such Forecasts and judgements will not constitute a commitment by either (i) AICL to Amkor or CIL, or (ii) by Amkor or CIL to AICL. Such Customer Forecasts will not constitute a commitment by the Customers to furnish Die for packaging or testing in amounts at least equal to their respective Forecasts.
- 4.3 In addition to the Forecasts, Amkor, CIL and AICL will annually prepare a sales projection by month and by package for the upcoming fiscal year ("Annual Plan") in order to facilitate AICL's longer-range capacity and space planning. AICL will use the Annual Plan only as a guide to anticipated requirements and such projections will not constitute a commitment by either (i) AICL to Amkor or CIL, or (ii) by Amkor or CIL to AICL.
- 4.4 Amkor and CIL will consult with AICL prior to making commitments to its Customers with respect to processing specifications or cycle time. AICL will be obligated to process all Die received from Amkor's and CIL's Customers in accordance with the processing and cycle time specifications agreed to by Amkor and CIL and their Customers and in accordance with the commitments of capacity made by Amkor and CIL to their Customers.
- 4.5 Immediately upon receipt of each lot of Die from the Customers at either AICL's bonded warehouse in Korea or Amkor's shipping office in San Jose, California, AICL will provide an accurate, firm ship date for the completed packaged and/or

tested Products. For bulk Die receipts (i.e., Die shipments from a given Customer for a given package that exceed the current week's processing commitment as made by either Amkor or CIL to the given Customer), AICL will immediately provide a planned ship date for the quantity of Die exceeding the current week's loading commitment. AICL shall commit that this planned ship date will be considered a "not later than" ship date by Amkor, CIL and the Customer.

- 4.6 In the event that Customers of Amkor or CIL send Die that has not been Forecasted or committed to AICL ("Unforecasted Die") for Packaging Services, AICL will be obligated to perform the requested services within the agreed upon cycle time for those Customers, provided that AICL's capacity and raw materials inventory, at that point in time, on the line in question is

sufficient to satisfy the cycle time commitments for the Die already awaiting production plus the Unforecasted Die, and also provided that Amkor or CIL has engaged such Customers' business as evidenced by a Customer Contract.

4.7 In the event that the volume of Customer Die awaiting Packaging Services exceeds AICL's capacity or raw materials inventory to process that Die within the cycle times agreed upon with each Customer, Amkor shall manage AICL's capacity or raw materials inventory among Amkor's, CIL's and AICL's Customers in accordance with the Allocation Policy. For this purpose, a packaging or test line is deemed to be "on allocation" if the volume of Die in front of the line exceeds one week's capacity on that line. Likewise, a particular raw material component will be deemed to be "on allocation" if the volume of Die requiring that particular component plus the future loading commitments made that require that component exceeds the current inventory plus the anticipated deliveries of that component over the same time period.

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4.9 Remediation for higher levels of capacity under-utilization that persist for extended periods can be comprehended in the quarterly contract price renegotiations between Amkor, CIL, and AICL pursuant to this Agreement should all Parties agree thereto. In the event that AICL adds capacity beyond the levels suggested by the Customer Forecasts, Amkor's and CIL's judgements of those Forecasts, and the Annual Plan, and such capacity becomes unutilized, such unutilized capacity will not be considered for possible remediation in the quarterly contract price renegotiations between Amkor, CIL, and AICL. Furthermore, in the event that persistently higher levels of under-utilization of capacity result from AICL's failure to procure sufficient supplies of raw materials, as suggested by the Customer

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

Forecasts, such under-utilized capacity will likewise not be considered for possible remediation.

5. ARTICLE V - PACKAGING SERVICES

5.1 AICL will provide Packaging Services to Amkor and CIL, or on behalf of Amkor and CIL to their respective Customers. Such services will be in conformity with the obligations of Amkor and CIL to their respective Customers as set forth in the relevant Customer Contract and will otherwise permit Amkor and CIL to fulfill their respective Customer obligations.

5.2 In furtherance of the foregoing, AICL shall, among other things, use its reasonable commercial efforts to:

5.2.1 maintain a coordinated tracking system capable of identifying the status of Customer materials and Die at any time;

- 5.2.2 participate with Amkor and CIL in compiling the Annual Plan (as defined under Section 4.3) based on annual demand as forecasted by Amkor and CIL and in accordance with a worldwide management accounting system to be prescribed by Amkor;
- 5.2.3 obtain, install and qualify required capacity commensurate with demand as forecasted in the Annual Plan, the six-month rolling Customer Forecasts (as defined under Section 4.2) or such other level of capacity as mutually agreed among Amkor, CIL and AICL;
- 5.2.4 provide purchasing and custodial services for Amkor and CIL regarding required direct materials and tooling for Customer Contracts; and
- 5.2.5 engage in the R&D activities in cooperation with Amkor, as set forth in Article XIII.

6. ARTICLE VI - SPECIFICATIONS, QUALITY & RELIABILITY

- 6.1 AICL shall manufacture and supply all Products to or on behalf of Amkor and CIL in accordance with the specifications provided to AICL by Amkor, CIL or their respective Customers.
- 6.2 Amkor and CIL reserve the right to modify the specifications as may be required by technological enhancements, cost considerations, market conditions, or other similar factors. Any such modifications shall be submitted to AICL who shall take immediate actions to incorporate such changes in the applicable Products as soon as reasonably possible.
- 6.3 AICL will be responsible for meeting and maintaining quality and reliability standards as reasonably specified by the Customer Contracts.
- 6.4 AICL will perform Packaging Services only at Qualified Facilities.

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- 6.5 AICL will not implement Product changes and/or changes in Product materials which may directly or indirectly impact compliance with the Customer's specifications, unless such changes have been approved by Amkor or CIL, as the case may be.

7. ARTICLE VII - ELECTRONIC DATA & INFORMATION EXCHANGE

- 7.1 For purposes of satisfying Customer requirements and optimizing the flow of business communications, Amkor, CIL, AICL, and Customers will work jointly to effect the electronic exchange of certain data and information as described below.
 - 7.1.1 AICL will provide information from its internal computer systems to Amkor and CIL, as agreed to by Amkor, CIL, and AICL, to support Amkor's and CIL's needs to perform certain functions including, but not limited to, billing, lot tracking, product costing, capacity commitments, order promising, annual and long range planning, material planning, material procurement and control, and quality tracking and reporting.
 - 7.1.2 Amkor and CIL will likewise provide information from

their internal computer systems to AICL to support AICL's needs in certain areas including, but not limited to, capacity planning, material procurement services, and production scheduling.

- 7.1.3 Amkor, CIL, and AICL will work jointly to establish and maintain an effectively linked electronic mail system, communications network, data exchange network, electronic document management and control system, and workflow systems.
- 7.1.4 AICL will establish and maintain a FTP (File Transfer Protocol) site and capability for the purpose of receiving engineering, production, and other such documents electronically from Amkor's and CIL's Customers, and as a means for staging data required by certain Customers.
- 7.1.5 AICL will provide Amkor's and CIL's Customers with reports or other information directly, from time to time, as deemed necessary by Amkor and CIL, or their respective Customers, and in compliance with the formats, means, and definitions prescribed by such Customers.
- 7.1.6 When communicating information to Amkor and CIL or their Customers, AICL will utilize definitions in terms, data fields, and measurements as prescribed by Amkor and CIL, or by Amkor's and CIL's Customers, as the case may be.
- 7.1.7 AICL will provide Amkor and CIL with any necessary information or assistance in meeting any Customers' information exchange requirements that may directly or indirectly affect AICL.

- 7.2 Amkor, CIL, and AICL agree to notify and gain approval from the other Parties should such Party desire to implement any changes or upgrades to the foregoing systems and networks that could potentially have an impact on the other Parties. The data and information contemplated above shall be subject to the confidentiality agreement pursuant to Section 17.1 hereof.

8. ARTICLE VIII - DELIVERY & RISK OF LOSS

- 8.1 Amkor and CIL shall be responsible for ensuring the delivery of Customer Die or wafers to AICL. All return shipments of Products by AICL shall be made in accordance with the terms specified in the applicable Customer Contract.
- 8.2 All Products shall be shipped in secure containers with applicable labels identifying, as required, any Customer specific Product numbering or lot number. Each shipment shall also contain the agreed upon processing documentation such as commercial invoices or bills of lading.
- 8.3 AICL shall be responsible for the safe storage and handling of Customer Die or wafers while in its possession. The liability of AICL in regard to any damage or loss to said Die or wafers while in its possession shall be determined in accordance with the applicable Customer Contract, and AICL shall indemnify Amkor or CIL to the extent of their liability under said Contract.

9. ARTICLE IX - PRICING & INVOICING

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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10. ARTICLE X - PACKAGING SERVICES WARRANTY

10.1 Warranty

AICL warrants, at a minimum, that its Packaging Services and Products (excluding Customer supplied Die and wafers) shall be in conformance with the specifications provided by Amkor, CIL or their respective Customers and will be free from defects in workmanship and materials. In addition, AICL shall adhere to those warranties specified in any Customer Contracts, provided that copies of said warranties were made available to AICL prior to the performance of Packaging Services under such Customer Contracts.

10.2 Remedy

Upon breach of any of the warranties made or referred to in Section 10.1 above, AICL, at the sole option of Amkor or CIL, shall either rework any nonconforming Product or issue a credit for the amount of the associated Packaging Services. Subject to Section 10.3 and Article XIV, AICL will indemnify, defend, and hold harmless Amkor and CIL against all warranty claims, settlement costs or damages arising out of AICL's failure to comply with

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any warranties provided by Amkor or CIL under their respective Customer Contracts.

10.3 Limitation

THE WARRANTIES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL ANY PARTY BE LIABLE OR RESPONSIBLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, PUNITIVE OR SPECIAL DAMAGES ARISING OUT OF OR RESULTING FROM THE PERFORMANCE OF ANY OBLIGATIONS HEREUNDER.

11. ARTICLE XI - INTELLECTUAL PROPERTY WARRANTY & INDEMNIFICATIONS

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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12. ARTICLE XII - INTELLECTUAL PROPERTY OWNERSHIP AND LICENSES

12.1 Intellectual Property Ownership

- 12.1.1 Except as set forth herein, this Agreement shall not affect a Party's Intellectual Property Rights existing prior to the Effective Date.
- 12.1.2 Each Party shall own all Intellectual Property Rights in Technology created or invented by such Party's employees, as determined in accordance with principles of United States law.
- 12.1.3 Any Technology created or invented by the employees of more than one Party, and all Intellectual Property Rights therein, will be jointly owned by the Parties that are the employers of such employees, as determined in accordance with principles of United States law. Such joint ownership will be without the duty to account. Such Parties shall cooperate in the enforcement of such jointly-owned Intellectual Property Rights against third-party infringers.

12.2 Licenses

- 12.2.1 Amkor and CIL hereby grant to AICL and its Affiliates a non-exclusive, non-sublicensable, perpetual, worldwide, irrevocable license under all Intellectual Property Rights that Amkor, CIL or any of their Affiliates now or during the Term may hold or acquire, and which they are free to license to third parties without payment of any kind to (i) provide Packaging Services, (ii) manufacture, use, sell and import Products, and (iii) perform AICL's related activities. Amkor, CIL and their Affiliates shall disclose promptly to AICL any Technology to which AICL would reasonably desire access in connection with the performance of its obligations under this Agreement, the provision of Packaging Services, or the operation of its Packaging Services business.
- 12.2.2 AICL, on behalf of itself and its Affiliates, hereby

grants to Amkor, CIL and their Affiliates a non-exclusive, fully sublicensable, perpetual, worldwide, irrevocable license under all Intellectual Property Rights that AICL or its Affiliates now or during the Term may hold or acquire, and which they are free to license to third parties without payment of any kind to (i) provide Packaging Services, (ii) have manufactured, use, sell and import Products, and (iii) otherwise conduct activities related to the Packaging Services. AICL shall disclose promptly to Amkor, CIL and their Affiliates any Technology to which Amkor and CIL would reasonably desire access in order for Amkor, CIL and their Affiliates to operate their Packaging Service businesses.

12.3 Intellectual Property Protection

- 12.3.1 The Parties shall cooperate to obtain patents, copyright and mask work registrations, and other intellectual property protection with respect to any Technology developed by any of them related to Packaging Services or resulting from any joint development hereunder. In the case of

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jointly-owned Intellectual Property Rights, the Parties shall equitably allocate the costs of obtaining patent, copyright, mask work and other protection for such Intellectual Property Rights among themselves.

- 12.3.2 Notwithstanding the foregoing, each Party shall have the right to file patent applications or copyright or mask work registrations on any inventions made by, or works authored by, its employees. Any patents or registrations issuing from such applications shall be exclusively owned by the Party that made such application.

12.4 Third Party Licenses

In the event that a Party intends to license Technology from a third party, it will endeavor to obtain a license on equal terms for any of the other Parties and their Affiliates to the extent that such other Parties and Affiliates would benefit from such a license.

12.5 Enforcement of Intellectual Property

- 12.5.1 If a Party becomes aware that a third party is infringing such Party's or any other Party's Intellectual Property Rights, such Party shall promptly notify the relevant other Parties thereof.
- 12.5.2 Where such Intellectual Property Rights are owned by only one Party, such Party shall have the sole right to determine whether or not to bring infringement or unfair competition or related proceedings in connection with any such infringement.
- 12.5.3 If such infringed Intellectual Property Rights are owned by more than one Party, then within thirty (30) days of receipt of such notice or otherwise becoming aware of such infringement, such Parties shall determine which of them, if any, shall bring an

infringement or unfair competition or related proceedings in connection with such infringement. In any event, all such parties shall cooperate in the bringing of such action and, where required, join such action. Any amount awarded with respect to any proceeding shall be payable entirely to the Party or Parties bringing such proceeding, unless otherwise agreed by the Parties. Any disputes as to which Party has the right to prosecute such proceeding, or as to allocation of proceeds from such proceeding, shall be settled by arbitration as provided in Article 16.

12.6 Use of AICL Trademarks

AICL hereby grants to Amkor and CIL and their respective Affiliates the right to use AICL's and Anam USA's respective corporate names, trademarks and service marks ("AICL Trademarks") in connection with the promotion of AICL's Packaging Services and otherwise in connection with Amkor's and CIL's Packaging Service operations. Amkor and CIL and their respective Affiliates shall observe all instructions and directions provided to them by AICL or Anam USA regarding the use of the AICL Trademarks. Amkor and CIL and

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their respective Affiliates shall not use the AICL Trademarks in a manner that detracts from the goodwill associated with such AICL Trademarks.

13. ARTICLE XIII - RESEARCH & DEVELOPMENT

13.1 Joint R&D Committee

Amkor, CIL and their Affiliates and AICL shall establish a committee ("R&D Committee") to coordinate their respective research and development activities and any joint research and development projects. Amkor and AICL shall designate two (2) individuals to serve on the R&D Committee. Such R&D Committee shall meet from time to time during the Term, as it shall in its discretion determine.

13.2 Coordination

13.2.1 Amkor, CIL and their Affiliates and AICL shall collaborate in and coordinate their respective research and development activities, as well as those of their respective Affiliates, so as to foster the development of new and improved technologies related to Packaging Services.

13.2.2 Unless otherwise agreed or determined by the R&D Committee, (i) Amkor, CIL and their Affiliates will have primary responsibility for developing new and advanced packaging designs and technologies; and (ii) AICL and its Affiliates will have primary responsibility for developing new and advanced technologies for packaging and test processes, methods and systems.

13.3 Funding

Unless specifically agreed in writing to the contrary, Amkor, CIL and their Affiliates and AICL will fund their own (and their respective Affiliates') research and development efforts.

14. ARTICLE XIV - LIABILITY LIMITATIONS

14.1 Exclusion of Damages

EXCEPT AS PROVIDED IN ARTICLE 11, IN NO EVENT SHALL ANY PARTY BE LIABLE TO ANY OTHER PARTY HEREUNDER FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT THE PARTY AGAINST WHOM LIABILITY IS SOUGHT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

15. ARTICLE XV - TERM

15.1 The Agreement will have an initial term of five (5) years, commencing on the Effective Date, and thereafter may be terminated by any Party upon five (5)

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years' prior written notice at any time after the fifth (5th) anniversary of the Effective Date.

15.2 In addition, the Agreement will be terminable with respect to a Party in the event of a material breach of such Party which is not cured within thirty (30) calendar days from receipt of a notice of such breach by any non-breaching Party.

15.3 Any Party may terminate this Agreement upon one hundred eighty days' written notice to the other Parties if a Bankruptcy Event occurs with respect to another Party that is not an Affiliate of the terminating Party.

15.4 In the event of termination, the Parties shall mutually determine the most reasonable disposition of any work-in-progress and other Packaging Services so as to best fulfill the requirements of the Customer Contracts.

16. ARTICLE XVI - ARBITRATION

16.1 Arbitration of Disputes

16.1.1 Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement, including any claim based on contract, tort or statute, shall be settled, at the request of any Party, by arbitration conducted in Santa Clara, California, or such other location upon which the Parties may mutually agree, before and in accordance with the then-existing Rules of Commercial Arbitration of the American Arbitration Association ("AAA"), and judgment upon any award rendered by the arbitrator may be entered by any state or federal court having jurisdiction thereof.

16.1.2 The Parties hereby consent to the jurisdiction of an arbitration panel and of the courts located in, and venue in, Philadelphia, Pennsylvania, with respect to any dispute arising under this Agreement.

16.1.3 Any controversy concerning whether a dispute is an arbitrable dispute hereunder shall be determined by one or more arbitrators selected in accordance with Section 16.3.

16.1.4 The Parties intend that this agreement to arbitrate be valid, specifically enforceable and irrevocable.

16.2 Initiation of Arbitration

A Party may initiate arbitration hereunder by filing a written demand for arbitration with each other Party to the dispute in accordance with Section 17.10 and with the AAA. Arbitration hereunder shall be conducted on a timely, expedited basis.

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16.3 Selection of Arbitrator

Any arbitration shall be held before a single arbitrator, who shall be selected in accordance with the procedures of the AAA, and shall be a member of the Large Complex Case Panel with significant intellectual property (patent and copyright) law and semiconductor manufacturing experience. If the Parties are unable to agree on a single arbitrator, then each of AICL and Amkor shall select an arbitrator and such arbitrators shall select a third arbitrator. Such arbitration shall then be held before such three (3) arbitrators.

16.4 Awards

The arbitrator(s) may, in its discretion award to the prevailing Party in an arbitration proceeding commenced hereunder, and the court shall include in its judgment for the prevailing Party in any claim arising hereunder, the prevailing Party's costs and expenses (including expert witness expenses and reasonable attorneys' fees) of investigating, preparing and presenting such arbitration claim or cause of action.

17. ARTICLE XVII - MISCELLANEOUS

17.1 Confidentiality

The Parties will enter into appropriate non-disclosure agreements respecting the treatment of their respective confidential technical and business information and confidential information disclosed to any of them by third Parties. AICL acknowledges that this Agreement may be required to be filed or provided as supplemental information to the U.S. Securities and Exchange Commission. In the event of any such filing or provision, ATI and its Affiliates agree to use reasonable efforts to seek confidential treatment for portions of such documents that ATI and its Affiliates conclude in their discretion are appropriate subjects for such treatment.

17.2 Audits

AICL will permit Customers to visit the Qualified Facilities and to conduct audits of AICL in accordance with industry norms and the terms and conditions specified in the Customer Contracts.

17.3 Assignability

AICL will not be permitted to assign, directly or indirectly, any of its obligations or duties under the Agreement, without the consent of the other Parties hereto. This Agreement shall be binding on, and inure to the benefit of, all successors and assignees of the Parties.

17.4 Integration

This Agreement will supersede all contracts and agreements currently existing between the Parties with respect to the terms hereof. In the event of any

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inconsistency between this Agreement and any existing agreement or contract between the Parties, the terms of this Agreement shall prevail.

17.5 Force Majeure

No Party shall be liable for delay in performance or failure to perform, in whole or in part, due to labor dispute, strike, war or act of war, insurrection, riot, civil unrest, act of public enemy, fire, flood, or other acts of God, or the acts of any governmental authority, or other causes beyond the control of such Party. The Party experiencing such cause or delay shall immediately notify the other Parties of the circumstances which may prevent or significantly delay its performance hereunder, and shall use its best efforts to alleviate the effects of such cause or delay.

17.6 Export Laws

This Agreement is subject to all applicable United States laws and regulations relating to exports and to all administrative acts of the U.S. Government pursuant to such laws and regulations. No Party shall export or re-export, directly or indirectly, any technical data or semiconductor materials in violation of the aforementioned export laws.

17.7 Survival

The rights and obligations of those sections which by their nature survive, including, but not limited to Articles , VIII, X, XI, XII, XIII and XIV of this Agreement, shall survive and continue after any expiration or termination of this Agreement and shall bind the Parties and their legal representatives, successors and assigns.

17.8 Entire Agreement

This Agreement supersedes all prior and contemporaneous agreements and representations made with respect to the same subject matter and contains the entire agreement between the Parties with respect to the subject matter hereof and shall not be modified except by an instrument in writing signed by duly authorized representatives of each Party.

17.9 Governing Law

This Agreement and all questions relating to its validity, interpretation, and enforcement shall be governed by and construed, interpreted, and enforced in accordance with the laws of the State of California without regard to that state's choice of laws. The UN Convention on the International Sale of Goods shall not apply to this Agreement, or any transactions contemplated hereby or thereby.

17.10 Notices

All notices, requests, demands, waivers, and other

communications required or permitted hereunder shall be in writing and shall be deemed to have been duly

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given: (i) when delivered by hand or confirmed facsimile transmission; (ii) one (1) day after delivery by receipted overnight delivery; or (iii) four (4) days after being mailed by certified or registered mail, return receipt requested, with postage prepaid to the appropriate address set forth at the beginning of this Agreement or to such other person or address as any Party shall furnish to the other Parties in writing pursuant to the above.

17.11 Counterparts

This Agreement may be executed in counterparts which taken together shall constitute one and the same document.

INTENDING TO BE LEGALLY BOUND, the Parties hereto have caused this Agreement to be executed as of the date first above written.

AMKOR TECHNOLOGY, INC.

ANAM INDUSTRIAL CO., LTD.

By: _____
Name: Frank J. Marcucci
Title: CFO & Secretary

By: _____
Name: In Kil Hwang
Title: President

AMKOR ELECTRONICS, INC.

C.I.L. LIMITED

By: _____
Name: Frank J. Marcucci
Title: Executive Vice President

By: _____
Name: Richard McMillan
Title: _____

ANAM USA, INC.

By: _____
Name: Hong Taek Chung
Title: President

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FOUNDRY AGREEMENT

THIS FOUNDRY AGREEMENT (this "Agreement"), dated as of November 1, 1997, (the "Effective Date") is entered into by and among Amkor Technology, Inc. ("ATI") a Delaware corporation with a place of business at 1345 Enterprise Drive, West Chester, Pennsylvania 19380, Amkor Electronics, Inc. a Pennsylvania corporation ("Amkor (Pa.)"), with a place of business at 1345 Enterprise Drive, West Chester, Pennsylvania 19380, C.I.L. Limited (Caymans) ("CIL"), a Cayman Islands corporation with a place of business at CIBC Building, Edward Street, Grand Cayman, Cayman Islands, Anam Industrial Co., Ltd. ("AICL") a Korean corporation with a place of business at 280-8 Sungsu 2-ga, Sungdong-ku, Seoul 133-120, Korea and Anam USA, Inc. ("Anam USA") a Pennsylvania corporation with a place of business at 1345 Enterprise Drive, West Chester, Pennsylvania 19380 (each, a "Party"; together, the "Parties").

W I T N E S S E T H:

WHEREAS, in connection with an initial public offering of the stock of ATI (the "IPO"), Amkor (Pa.) will be merged into ATI;

WHEREAS, following the IPO, ATI will commence operations including engaging in those operations previously engaged in by Amkor (Pa.);

WHEREAS, until the occurrence of the IPO, ATI will not assume the responsibilities of Amkor (Pa.) under this Agreement;

WHEREAS, ATI is, or will become the parent corporation of, among other legal entities, CIL;

WHEREAS, AICL, a publicly traded Korean company, is engaged in the business, inter alia, of owning and operating a semiconductor foundry in Korea;

WHEREAS, Amkor (Pa.) and CIL are engaged in the business of providing foundry services to third parties, which foundry services will be performed by AICL;

WHEREAS, Anam USA is a wholly-owned subsidiary of AICL and is engaged in (a) providing certain services to AICL, Amkor (Pa.) and CIL regarding the obtaining and extending of credit to AICL, Amkor (Pa.) and CIL and (b) acting as a trading company for the purpose of facilitating transactions between Amkor (Pa.) and CIL, on the one hand, and AICL on the other;

WHEREAS, the Parties wish to set forth the terms and conditions under which AICL will manufacture semiconductor wafers and otherwise perform foundry services as a subcontractor to Amkor (as defined below) and CIL;

WHEREAS, the Parties and their predecessor corporations have enjoyed a well-established and synergistic business relationship whereby Amkor and CIL and their respective affiliates have entered in numerous contracts with semiconductor companies to provide semiconductor packaging and testing services and have had some of such services performed by AICL;

WHEREAS, the Parties wish to establish a long-term arrangement among them to provide Foundry Services (as such term is herein defined) to the semiconductor industry in a manner similar to the manner the Parties operate their packaging services operations;

WHEREAS, AICL and Amkor wish to coordinate their respective research and development activities; and

WHEREAS, the Parties believe that such a long-term relationship, under the terms and conditions set forth in this Agreement, is necessary to assure their respective long-term profitability and growth, and is in their respective best interest.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the Parties hereby agree as follows:

ARTICLE 1. CONSTRUCTION AND DEFINITIONS

SECTION 1.1. CONSTRUCTION. (a) All references in this Agreement to "Articles," "Sections" and "Exhibits" refer to the articles, sections and exhibits of this Agreement.

(b) The words "hereof," "herein" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any subdivision contained in this Agreement.

(c) The words "include" and "including" when used herein are not exclusive and mean "include, without limitation" and "including, without limitation," respectively.

SECTION 1.2. DEFINITIONS. As used herein:

(a) "Affiliate" of a Party means an entity that is controlled by such Party or by an entity controlling such Party. For the purposes of the foregoing, "control" means ownership, directly or indirectly, of at least 50% of the voting stock of the controlled entity.

(b) "Amkor" means, prior to the IPO, Amkor (Pa.), and following the IPO, ATI.

(c) "Bankruptcy Event" means any of the following events or circumstances with respect to a Party, such Party: (i) ceases conducting its business in the normal course; (ii) becomes insolvent or becomes unable to meet its obligations as they become due; (iii) makes a general assignment for the benefit of its creditors; (iv) petitions, applies for, or suffers or permits with or without its consent the appointment of a custodian, receiver, trustee in bankruptcy or similar officer for all or any substantial part of its business or assets; or (v) avails itself or becomes subject to any proceeding under the U.S. Bankruptcy Code or any similar state, federal or foreign, including Korean,

statute relating to bankruptcy, insolvency, reorganization, receivership, arrangement, adjustment of debts, dissolution or liquidation, which proceeding is not dismissed within sixty (60) days of commencement thereof.

(d) "Change of Control" means, with respect to a Party: (A) the direct or indirect acquisition of either (i) the majority of the voting stock of such Party or (ii) all or substantially all of the assets of such Party, by another entity in a single transaction or series of related transactions; or (B) the merger of such Party with, or into, another entity. The reincorporation of a Party shall not be considered a Change of Control.

(e) "Confidential Information" means any information: (i) disclosed by one Party (the "Disclosing Party") to the other Party (the "Receiving Party"), which, if in written, graphic, machine-readable or other tangible form is marked as "Confidential" or "Proprietary", or which, if disclosed orally or by demonstration, is identified at the time of initial disclosure as confidential and such identification is reduced to writing and delivered to the Receiving Party within thirty (30) days of such disclosure; or (ii) which is otherwise deemed to be confidential by the terms of this Agreement.

(f) "Customer" means a third party with whom Amkor, CIL and/or AICL, as the case may be, enters into a contractual arrangement to provide Foundry Services.

(g) "Customer Contract" means a contract (including a binding purchase order) between Amkor or CIL, as the case may be, and a Customer to provide Foundry Services to such Customer. Customer Contracts may include AICL as a party.

(h) "Customer Payment" is the net amount payable by a Customer to Amkor or CIL, as the case may be, for all services and deliverables under the relevant Foundry Contract with respect to services performed, and wafers produced, by AICL.

(i) "EDE System" means the electronic data exchange and communications ("EDE") system to be established among the Parties and certain Customers.

(j) "Foundry" means the semiconductor wafer foundry owned and operated by AICL in Buchon, Korea and such other foundries as shall be owned and operated by AICL during the Term.

(k) "Foundry Management System" means the computerized Foundry operation and planning, management accounting, and accounting system, including the EDE System, established by

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the Parties for the purposes of planning, managing and coordinating among them the provision of Foundry Services and the operation the Foundry.

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(n) "Foundry Services" means the manufacturing and testing of Products, including semiconductor wafers and die, and related services provided to a Customer.

(o) "Indemnified Party" means a Party hereunder that receives an indemnity from an Indemnifying Party hereunder in accordance with Article 13.

(p) "Indemnifying Party" means a Party hereunder providing an

indemnity to any other Party hereunder in accordance with Article 13.

(q) "Intellectual Property Rights" means all rights in, to, or arising out of: (i) any U.S., international or foreign patent or any application therefor and any and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (ii) inventions (whether patentable or not in any country), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology and technical data; (iii) copyrights, copyright registrations, mask works, mask work registrations, and applications therefor in the U.S. or any foreign country, and all other rights corresponding thereto throughout the world; and (iv) any other proprietary rights in or to Technology anywhere in the world.

(r) "Products" means semiconductor wafers, die, and other materials or deliverables manufactured by AICL for Customers in accordance with this Agreement.

(s) "Technology" means all technology, however embodied, including all know-how, show-how, techniques, processes, specifications, recipes, mask works, design rules, trade secrets, inventions (whether or not patented or patentable), algorithms, routines, software, net lists, files, databases, works of authorship, devices and hardware.

(t) "Term" means the term of this Agreement defined in Section 15.1.

ARTICLE 2. MARKETING AND SALES

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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SECTION 2.1. EXCLUSIVITY. AICL shall not provide Foundry Services directly to any Customer. Amkor and CIL shall together have the exclusive right, in all countries, to enter into contracts with Customers to provide AICL's Foundry Services to such Customers.

SECTION 2.2. AMKOR AND CIL TERRITORIAL DIVISION. Amkor may provide Foundry Services only to Customers that principally are located in the United States. CIL may provide Foundry Services and Packaging Services to Customers that principally are located outside of the United States.

SECTION 2.3. CUSTOMER CONTRACTS. (a) Amkor and CIL, either directly or thorough their respective Affiliates, shall enter into Customer Contracts, if any, in a form generally approved by AICL.

(b) Amkor and CIL shall use commercially reasonable efforts to enter into Customer Contracts to the extent consistent with the respective interests of the Parties and their obligations set forth in this Agreement.

(c) AICL shall perform the Foundry Services required under each Customer Contract on the terms and conditions set forth in this Agreement and such other terms and conditions as the Parties may deem necessary with respect to such Customer Contract. AICL shall perform all such Foundry Services in a manner that satisfies Amkor's and CIL's respective obligations pursuant to such Customer Contracts.

(d) AICL shall act as an independent subcontractor to perform Foundry Services for Amkor or CIL, as the case may be.

(e) Neither Amkor nor CIL shall have any authority to bind AICL to any contract with a Customer.

(f) Upon execution of each Customer Contract, Amkor and CIL shall provide to AICL a copy of such Customer Contract.

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ARTICLE 3. OPERATION OF FOUNDRY BUSINESS

SECTION 3.1. AICL'S GENERAL RESPONSIBILITIES WITH RESPECT TO FOUNDRY SERVICES. AICL shall:

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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(a) participate with Amkor and CIL in compiling an annual operational plan based on annual demand as forecasted by Amkor and CIL in accordance with a worldwide management accounting basis to be prescribed by Amkor;

(b) obtain, install and qualify required Foundry capacity commensurate with demand as forecasted in the operational plan or such other level of capacity as is mutually agreed among Amkor, CIL and AICL;

(c) purchase Customer tooling for wafer fabrication and wafer testing, including photolithography masks and test fixtures;

(d) maintain a coordinated electronic tracking system able to identify the status of Customer Products (including masks, tooling, wafers and die and other materials) at any time; and

SECTION 3.2. AMKOR'S AND CIL'S GENERAL OBLIGATIONS. Amkor and CIL shall use commercially reasonable efforts to:

(a) actively and diligently market Foundry Services to potential and existing Customers;

(b) provide Customer Forecasts (as defined below) to permit AICL to efficiently plan its capacity requirements; and

(c) where required by a Customer Contract, cooperate with AICL to arrange for the supply to AICL of all photolithography masks and related materials to be used in the wafer fabrication process.

ARTICLE 4. FOUNDRY PRICING

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ARTICLE 5. FORECASTS AND ORDER COORDINATION

SECTION 5.1. FOUNDRY MANAGEMENT SYSTEMS. (a) Amkor, CIL and AICL shall cooperate to acquire, install and operate a computerized Foundry Management System which, among other things, will facilitate:

- (i) EDE (as set forth below) between the Parties and Customers;
- (ii) Customer order processing;
- (iii) Supply chain optimization and decision support;
- (iv) Foundry capacity forecasting;
- (v) Foundry utilization monitoring and optimization; and
- (vi) Management accounting.

(b) Amkor shall be responsible for engaging third-party consultants for the purpose of installing the Foundry Management System.

(c) Amkor shall be responsible for acquiring a license from i2 Technologies (or other vendor) and such other software vendors as may be chosen by Amkor for software that will perform the features of the Foundry Management System and such other functions as the Parties may deem desirable.

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(e) No Party may implement any change or upgrade to the Foundry Management System that potentially could have a material detrimental impact on any other Party or its business without the consent of each such Party.

SECTION 5.2. ELECTRONIC DATA EXCHANGE. (a) For purposes of satisfying Customer requirements and optimizing the flow of business communications among Amkor, CIL, AICL and Customers, Amkor and AICL shall establish, as part of the Foundry Management System or otherwise, an EDE System.

(b) Such EDE System shall include an electronic mail system, a communications network, a data exchange network, and electronic document interchange systems.

(c) AICL shall provide to Amkor and CIL, through such EDE System or otherwise, the manufacturing information and reports needed to enable Amkor and CIL to satisfy their respective obligations pursuant to their respective Customer Contracts on a timely basis and to plan their respective business operations.

(d) Without limiting the foregoing, AICL shall provide Amkor and CIL the following information on a regular basis and also on an as requested basis:

- (i) inventory levels including wafers and/or die and work-in-process and rejects;
- (ii) production schedule status and shipment dates;
- (iii) engineering and quality data for yield loss analysis;
- (iv) Foundry loading levels; and
- (v) cycle time data.

SECTION 5.3. CUSTOMER FORECASTS. Amkor and CIL shall use commercially reasonable efforts to obtain each month from each of their respective Customers a six (6)-month rolling forecast of such Customer's requirements, by work week, for Foundry Services ("Customer Forecasts"). Amkor and CIL shall provide such Customer Forecasts to AICL. AICL shall use such Customer Forecasts only as a guide to anticipated requirements, and such forecasts shall not constitute a commitment by either (i) AICL to Amkor or CIL or (ii) by Amkor or CIL to AICL.

SECTION 5.4. ORDER COORDINATION. Prior to entering into a Customer Contract, or otherwise agreeing to provide Foundry Services, Amkor and CIL shall consult with AICL for the purposes of

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determining, or shall otherwise determine, that AICL has the Foundry capacity to provide such Foundry Services. In furtherance of the foregoing:

- (i) upon Amkor's or CIL's request, AICL shall

provide a response, in writing or through the EDE System to be developed hereunder, as to whether, and in what time-frame, AICL can provide the specified Foundry Services;

- (ii) upon receipt of written wafer start releases from Amkor or CIL, AICL shall provide accurate delivery dates for completed associated wafers and/or die; and
- (iii) AICL shall schedule wafer starts to conform to the cycle time requirements of the Customers.

SECTION 5.5. ALLOCATION. At all times when the demand of all Customers exceeds AICL's available Foundry capacity, subject to any preexisting agreements of AICL, Amkor or CIL with third parties, Amkor and CIL, at their sole discretion, shall have the right to allocate AICL's Foundry capacity among their Customers.

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SECTION 5.7. HANDLING OF CUSTOMER MATERIALS. Unless a particular Customer Contract provides otherwise, to the extent, if at all, that the relevant Customer provides any masks, tapes, wafers, tooling or other materials directly or through Amkor or CIL to AICL, such materials shall remain the property of the Customer. AICL shall be responsible for secured storage handling and accounting for such Customer materials in accordance with the terms of the relevant Customer Contract. AICL shall keep confidential all Customer materials to the extent set forth in the relevant Customer Contract or otherwise agreed between the Customer and Amkor or CIL, as the case may be.

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ARTICLE 6. SHIPMENTS, PAYMENTS , ETC.

SECTION 6.1. CUSTOMER SHIPMENTS. (a) Amkor and CIL shall be responsible for ensuring the delivery to Customers of wafers and other products manufactured by AICL; provided, however, that AICL shall assume such obligation upon Amkor's and CIL's request.

(b) AICL shall ship all such products in secure containers with labels identifying, as required, any Customer-specific product numbering or lot number. Each shipment shall also contain the agreed-upon processing documentation such as commercial invoices or bills of lading.

SECTION 6.2. STORAGE. AICL shall be responsible for the safe storage and handling of Customer products in AICL's possession. The liability of AICL

with regard to any damage to or loss of such Products shall be determined in accordance with the applicable Customer Contract, and, in accordance with Section 13.3, AICL shall indemnify Amkor and CIL to the extent of their liability under such Customer Contract.

ARTICLE 7. RECORDS, ETC.

SECTION 7.1. RECORDS. (a) Each Party shall timely create and keep complete and accurate books and records ("Records") regarding its operations hereunder, including any records or materials that relate to or form the basis for any payment or other obligation of such Party to any other Party hereunder.

(b) Each Party shall maintain its Records for at least three (3) years from the date such records were created.

(c) Each Party shall make available, at no cost, to each other Party and its authorized representatives (the "Requesting Party"), copies of, or access to, such Records as may be relevant under this Agreement to the Requesting Party and as the Requesting Party may reasonably request.

SECTION 7.2. ACCESS. (a) Amkor, CIL and AICL shall each allow free access to its respective premises by employees of any of them.

(b) Without limiting the foregoing, AICL shall make available office space and resources, including access to its Foundry Management System, to Amkor and CIL employees for the purpose of coordinating the operations of the Parties hereunder.

(c) Each Party shall be responsible for the conduct of its employees while they are on the premises of another Party and, during such time, such employees shall abide by all rules and regulations of the Party on whose premises they are.

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SECTION 7.3. AUDIT. (a) Each Party (the "Audited Party") shall, during the Term and for three (3) years thereafter, at its sole cost and expense (except as provided below), provide reasonable assistance to any other Party (the "Auditing Party"), including providing access to the Audited Party's facilities and Records, to enable the Auditing Party and third-party auditors and examiners selected by the Auditing Party to conduct audits and examinations of the Records and operations of the Audited Party relating to this Agreement.

(b) An Auditing Party shall provide the Audited Party with at least ten (10) business days' notice prior to conducting any audit hereunder. Each such audit shall be conducted at reasonable hours and in a manner that does not materially interfere with the Audited Party's operations. Each Party may audit each other Party as described herein not more than two (2) times each calendar year, unless otherwise required by law or regulation.

ARTICLE 8. CONFIDENTIAL INFORMATION

SECTION 8.1. CONFIDENTIAL INFORMATION EXCLUSIONS. Notwithstanding the provisions of Section 1.2(d), Confidential Information shall exclude information that the Receiving Party can demonstrate: (i) was independently developed by the Receiving Party without any use of the Disclosing Party's Confidential Information or by the Receiving Party's employees or other agents (or independent contractors hired by the Receiving Party) who have not been exposed to the Disclosing Party's Confidential Information; (ii) becomes known to the Receiving Party, without restriction, from a source other than the Disclosing Party without breach of this Agreement and that had a right to disclose it; (iii) was in the public domain at the time it was disclosed or becomes in the

public domain through no act or omission of the Receiving Party; or (iv) was rightfully known to the Receiving Party, without restriction, at the time of disclosure.

SECTION 8.2. COMPELLED DISCLOSURE. In the event that a Receiving Party discloses Confidential Information of a Disclosing Party pursuant to the order or requirement of a court, administrative agency, or other governmental body; such Receiving Party shall provide prompt notice thereof to such Disclosing Party and shall use its best efforts to obtain a protective order or otherwise prevent public disclosure of such information.

SECTION 8.3. CONFIDENTIALITY OBLIGATION. The Receiving Party shall treat as confidential all of the Disclosing Party's Confidential Information and shall not use such Confidential Information except as expressly permitted under this Agreement. Without limiting the foregoing, the Receiving Party shall use at least the same degree of care which it uses to prevent the disclosure of its own confidential information of like importance, but in no event with less than reasonable care, to prevent the disclosure of the Disclosing Party's Confidential Information. To the extent consistent with the foregoing, a Receiving Party may use any knowledge, confidential information, trade secrets or proprietary information constituting Confidential Information of a Disclosing Party that is retained in

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the memory of such Receiving Party's employees or that constitutes any such employee's general knowledge or skill, even if acquired in connection with this Agreement, for any purpose whatsoever.

SECTION 8.4. REMEDIES. Unauthorized use by a Party of another Party's Confidential Information will diminish the value of such information. Therefore, if a Party breaches any of its obligations with respect to confidentiality or use of Confidential Information hereunder, the relevant Disclosing Party shall be entitled to seek equitable relief to protect its interest therein, including but not limited to injunctive relief, as well as money damages.

SECTION 8.5. NO CONFIDENTIAL INFORMATION OF OTHER PARTIES. Each Party represents and warrants that it has not and shall not use in the course of its performance hereunder, and shall not disclose to any other Party, any confidential information of any third party, unless such Party expressly is authorized by such third party to do so.

ARTICLE 9. ANAM USA'S RESPONSIBILITIES

SECTION 9.1. CREDIT FUNCTIONS. Anam USA shall use its best efforts to obtain lines of credit at lowest commercially available rates of interest to permit letters of credit to be opened, with AICL as beneficiary, for payment for AICL's performance of Foundry Services.

ARTICLE 10. INTELLECTUAL PROPERTY OWNERSHIP AND LICENSES

SECTION 10.1. INTELLECTUAL PROPERTY OWNERSHIP. (a) Except as set forth herein, this Agreement shall not affect a Party's Intellectual Property Rights existing prior to the Effective Date.

(b) Each Party shall own all Intellectual Property Rights in Technology created or invented by such Party's employees, as determined in accordance with principles of United States law.

(c) Any Technology created or invented by the employees of more than one Party, and all Intellectual Property Rights therein, will be jointly owned by the Parties that are the employers of such employees, as determined in accordance with principles of United States law. Such joint ownership will be without the duty to account. Such Parties shall cooperate in the enforcement of such jointly-owned Intellectual Property Rights against third-party infringers.

SECTION 10.2. LICENSES. (a) Amkor and CIL hereby grant to AICL and its Affiliates a non-exclusive, non-sublicensable, perpetual, worldwide, irrevocable license under all Intellectual Property Rights that Amkor or CIL now or during the Term may hold or acquire, and which they are free to license to third parties without payment of any kind, to (i) provide Foundry Services, (ii) manufacture, use, sell and import Products, and (iii) otherwise operate the Foundry and perform AICL's related activities. Amkor and CIL shall disclose promptly to AICL any Technology to which AICL reasonably

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would desire access in connection with the performance of its obligations under this Agreement, the provision of Foundry Services, or the operation of its Foundry business.

(b) AICL, on behalf of itself and its Affiliates, hereby grants to Amkor, CIL and their Affiliates a non-exclusive, fully sublicensable, perpetual, worldwide, irrevocable, license under all Intellectual Property Rights that AICL or its Affiliates now or during the Term may hold or acquire, and which they are free to license to third parties without payment of any kind, to (i) provide Foundry Services, (ii) have manufactured, use, sell and import Products, and (iii) otherwise conduct activities related to the Foundry Services. AICL shall disclose promptly to Amkor and CIL any Technology to which Amkor and CIL would reasonably desire access in order to perform their obligations under the Agreement or to otherwise operate their Foundry Service businesses.

SECTION 10.3. INTELLECTUAL PROPERTY PROTECTION. (a) The Parties shall cooperate to obtain patents, copyright and mask work registrations, and other intellectual property protection with respect to any Technology developed by any of them related to Foundry Services or resulting from any joint development hereunder. In the case of jointly-owned Intellectual Property Rights, the Parties shall equitably allocate the costs of obtaining patent, copyright, mask work and other protection for such Intellectual Property Rights among themselves.

(b) Notwithstanding the foregoing, each Party shall have the right to file patent applications or copyright or mask work registrations on any inventions made by, or works authored by, its employees. Any patents or registrations issuing from such applications shall be exclusively owned by the Party that made such application.

SECTION 10.4. THIRD PARTY LICENSES. In the event that a Party intends to license Technology from a third party, it will endeavor to obtain a license on equal terms for any of the other Parties to the extent that such other Parties would benefit from such a license.

SECTION 10.5. ENFORCEMENT OF INTELLECTUAL PROPERTY. (a) If a Party becomes aware that a third party is infringing such Party's or any other Party's Intellectual Property Rights, such Party shall promptly notify the relevant other Parties thereof.

(b) Where such Intellectual Property Rights are owned by only one Party, such Party shall have the sole right to determine whether or not to bring infringement or unfair competition or related proceedings in connection with any such infringement.

(c) If such infringed Intellectual Property Rights are owned by more than one Party, then within thirty (30) days of receipt of such notice or otherwise becoming aware of such infringement, such Parties shall determine which of them, if any, shall bring an infringement or unfair competition or related proceedings in connection with such infringement. In any event, all such Parties shall cooperate in the bringing of such action, and, where required, join such action. Any amount awarded with respect to any such proceeding shall be payable entirely to the Party or Parties bringing such proceeding, unless

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otherwise agreed by the Parties. Any disputes as to which Party has the right to prosecute such proceeding, or as to allocation of proceeds from such proceeding, shall be settled by arbitration as provided in Article 16.

SECTION 10.6. USE OF AICL TRADEMARKS. (a) AICL hereby grants to Amkor and CIL (and their respective Affiliates) the right to use AICL's and Anam USA's respective corporate names, trademarks and service marks ("AICL Trademarks") in connection with the promotion of AICL's Foundry Services and otherwise in connection with Amkor's and CIL's Foundry Service operations. Amkor and CIL (and their respective Affiliates) shall observe all instructions and directions provided to them by AICL or Anam USA regarding the use of the AICL Trademarks. Amkor and CIL (and their respective Affiliates) shall not use the AICL Trademarks in a manner that detracts from the goodwill associated with such AICL Trademarks.

(b) To the extent required by or advisable under Korean law, the Parties will enter into a separate trademark agreement in accordance with the terms set forth in Section 10.6(a) and register such license agreement with the appropriate Korean authorities.

ARTICLE 11. RESEARCH AND DEVELOPMENT

SECTION 11.1. JOINT R&D COMMITTEE. Amkor and AICL shall establish a committee (the "R&D Committee") to coordinate their respective research and development activities and any joint research and development projects. Amkor and AICL shall designate two (2) individuals to serve on the R&D Committee. Such R&D Committee shall meet from time to time during the Term, as it shall in its discretion determine.

SECTION 11.2. COORDINATION. (a) Amkor and AICL shall collaborate in, and coordinate, their respective research and development activities, as well as those of their respective Affiliates, so as to foster the development of new and improved technologies related to Foundry Services.

(b) Unless otherwise agreed or determined by the R&D Committee, (i) AICL will have primary responsibility for, and will confine its research and development activities to, the development of process technology used in the operation of the Foundry and (ii) Amkor will have primary responsibility for, and will confine its research and development activities to, the specification of required process technology features, the development and creation of design cell libraries, design tools and designs optimized for AICL's foundry processes.

SECTION 11.3. FUNDING. Unless specifically agreed in writing to the contrary, Amkor and AICL will fund their own (and their respective Affiliates') research and development efforts.

ARTICLE 12. WARRANTIES

SECTION 12.1. GENERAL WARRANTY. Each Party hereby represents and warrants to the other Parties that (i) such Party has the right, power and authority to enter into this Agreement and to fully perform all its obligations hereunder; and (ii) the making of this Agreement does not violate any agreement existing between such Party and any third party.

SECTION 12.2. AICL FOUNDRY SERVICES WARRANTY. (a) AICL warrants to Amkor and CIL, with respect to Foundry Services, that:

- (i) the relevant Products will be manufactured by AICL using processes that conform to the processes that have been specified and qualified by the relevant Customer for such Product; and
- (ii) as delivered by AICL to Amkor and CIL or their respective Customers, the relevant Products shall conform to the specifications (including as to yield and defect levels) set forth in the relevant Customer Contract.

(b) AICL shall grant to Amkor and CIL, for the benefit of their Customers, such other warranties with respect to Foundry Services and Products as Amkor and CIL provide to their respective Customers in the relevant Customer Contracts, or as may be imposed by law, provided that AICL has received notice of such warranties prior to its manufacture of such Products.

SECTION 12.3. REMEDIES. In the event of a breach by AICL of the warranties set forth in Section 12.2, AICL shall provide to Amkor or CIL, as the case may be, or on its behalf, to its Customer, the same remedy that Amkor or CIL, as the case may be, is required to provide to such Customer pursuant to the relevant Customer Contract.

SECTION 12.4. INTELLECTUAL PROPERTY WARRANTY. (a) AICL warrants that (i) its performance of the Foundry Services and any other services hereunder, and (ii) the Products and any other material or things delivered by it to Amkor and CIL and Customers hereunder, will not infringe or misappropriate any third party's Intellectual Property Rights.

(b) Notwithstanding the foregoing, AICL shall have no responsibility for infringement arising from any Foundry Service performed for, or Product delivered to, Amkor or CIL for a Customer to the extent that such infringement arises solely from AICL's compliance with or use of specifications, processes, instructions or materials as provided by such Customer.

(c) If any Foundry Services or Products infringe or misappropriate, or in Amkor's or CIL's, as the case may be, reasonable determination is likely to infringe or misappropriate, any third party's Intellectual Property Rights, in addition to the obligations set forth in Article 13, AICL shall, at Amkor's and CIL's choice and at AICL's sole expense, either (i) obtain from such third party the right to continue to operate the Foundry and provide Foundry Services and Products, or (ii) to the extent permitted, modify the Foundry, Foundry Services and Products to avoid and eliminate such

infringement or misappropriation, as the case may be; provided, however, that such Foundry Services and Products shall at all times comply with all relevant specifications.

SECTION 12.5. DISCLAIMERS. Except as may be agreed to in writing by AICL, Amkor and CIL shall disclaim and limit their warranties and limit their liability to their respective Customers to at least the same extent that AICL limits its warranties and disclaims liability to Amkor and CIL hereunder.

SECTION 12.6. NO LIENS. AICL represents and warrants that all Products delivered by it to Amkor, CIL or their respective Customers will be free of all third-party liens, security interests and other encumbrances.

ARTICLE 13. INDEMNITIES

SECTION 13.1. AICL INDEMNITY. AICL and Anam USA shall, jointly and severally, indemnify and hold Amkor and CIL and their Affiliates, and each of their respective employees, directors, distributors, agents, customers, licensees, successors and assigns harmless from and against all costs, liabilities, losses, damages, expenses and judgments resulting from or arising out of (i) any breach of any warranty made by AICL hereunder, including pursuant to Article 12, (ii) in connection with any claim, action or proceeding, in a court or otherwise, related to any such breach, (iii) or resulting from AICL's breach of, or failure to perform under, any agreement among AICL, Amkor and any Customer; or (iv) any breach by AICL of any agreement between AICL and TI. AICL and Anam USA shall settle or defend, at their option, all such claims, actions and proceedings at AICL's and Anam USA's sole cost and expense.

SECTION 13.2. AMKOR INDEMNITY. Amkor and CIL shall, jointly and severally, indemnify and hold AICL and Anam USA and their Affiliates, and each of their respective employees, directors, distributors, agents, customers, licensees, successors and assigns harmless from and against all costs, liabilities, losses, damages, expenses and judgments resulting from or arising out of any breach of (i) any warranty made by Amkor or CIL hereunder, including pursuant to Article 12, or in connection with any claim, action or proceeding, in a court or otherwise, related to any such breach or (ii) any breach of any agreement between Amkor and TI. Amkor and CIL shall settle or defend, at their option, all such claims, actions and proceedings at Amkor's and CIL's sole cost and expense.

SECTION 13.3. LIMITATION. An Indemnifying Party shall have no obligation with respect to any claim, action or proceeding (a "Claim") pursuant to this Article 13 unless (i) such Indemnifying Party is promptly notified by the Indemnified Party of such Claim, (ii) such Indemnifying Party has sole control of the defense and settlement of such Claim, and (iii) the associated Indemnified Party provides such Indemnifying Party with reasonable assistance, at such Indemnifying Party's expense, in the defense and settlement of such Claim.

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SECTION 13.4. PAYMENTS. In the event that AICL is required to make any indemnity payment to Amkor, CIL or any of their respective Affiliates, such indemnified Party and AICL shall comply with the Korean government regulations necessary to enable AICL to obtain approval to make such payments in United States currency.

ARTICLE 14. LIABILITY LIMITATIONS

SECTION 14.1. EXCLUSION OF DAMAGES. EXCEPT AS PROVIDED IN ARTICLE 13, IN NO EVENT SHALL ANY PARTY BE LIABLE TO ANY OTHER PARTY HEREUNDER FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, OR OTHERWISE, AND

WHETHER OR NOT THE PARTY AGAINST WHOM LIABILITY IS SOUGHT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

SECTION 14.2. FAILURE OF ESSENTIAL PURPOSE. The limitations specified in this Article shall survive and apply even if any limited remedy specified in this Agreement is found to have failed of its essential purpose.

ARTICLE 15. TERM AND TERMINATION

SECTION 15.1. TERM. (a) The initial term of this Agreement shall commence on the Effective Date and continue unless terminated in accordance with this Article 15.

(b) Any Party may terminate this Agreement for any or no reason with respect to such Party, upon on five (5) years' written notice given to all other Parties at any time after the fifth (5th) anniversary of the Effective Date.

SECTION 15.2. DEFAULT. If a Party (a "Breaching Party") defaults in the performance of any of its material obligations to another Party or Parties hereunder (the "Non-Breaching Party"), the Breaching Party shall use its best efforts to correct such default within ninety (90) days after written notice thereof from the Non-Breaching Party. If any such default is not corrected within such ninety (90)-day period, then provided that the Non-Breaching Party is not an Affiliate of the Breaching Party, the Non-Breaching Party shall have the right, in addition to any other remedies it may have, to terminate this Agreement by giving written notice to all Parties.

SECTION 15.3. TERMINATION FOR INSOLVENCY. Any Party may terminate this Agreement upon one hundred eighty (180) days' written notice to the other Parties if a Bankruptcy Event occurs with respect to another Party that is not an Affiliate of the terminating Party.

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SECTION 15.4. EFFECT OF TERMINATION. Upon any expiration or termination of this Agreement (i) AICL shall complete all work in progress with respect to Customer Contracts entered into prior to such termination, (ii) each Party shall satisfy its payment obligations hereunder that arose prior to such termination or incurred in connection with any completion of work in progress, and (iii) each Party shall return all property, including copies of all Confidential Information, to the Party that owns such property.

SECTION 15.5. SURVIVAL. The following Articles and Sections shall survive any termination or expiration of this Agreement: 1, 7.1, 7.3, 8, 10, 11.1, 11.3, 11.5, 13, 14, 15, 16, 17 and 18.

ARTICLE 16. ARBITRATION

SECTION 16.1. ARBITRATION OF DISPUTES. (a) Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement, including any claim based on contract, tort or statute, shall be settled, at the request of any Party, by arbitration conducted in Santa Clara County, California, USA or such other location upon which the Parties may mutually agree, before and in accordance with the then-existing Rules of Commercial Arbitration of the American Arbitration Association ("AAA"), and judgment upon any award rendered by the arbitrator may be entered by any State or Federal court having jurisdiction thereof.

(b) The Parties hereby consent to the jurisdiction of an arbitration panel and of the courts located in, and venue in, Santa Clara County, California, USA, with respect to any dispute arising under this Agreement.

(c) Any controversy concerning whether a dispute is an arbitrable dispute hereunder shall be determined by the one or more arbitrators selected in accordance with Section 16.3.

(d) The Parties intend that this agreement to arbitrate be valid, specifically enforceable and irrevocable.

SECTION 16.2. INITIATION OF ARBITRATION. A Party may initiate arbitration hereunder by filing a written demand for arbitration with each other Party to the dispute in accordance with Section 17.11 and with the AAA. Arbitration hereunder shall be conducted on a timely, expedited basis.

SECTION 16.3. SELECTION OF ARBITRATOR. Any arbitration shall be held before a single arbitrator, who shall be selected in accordance with the procedures of the AAA, and shall be a member of the Large Complex Case Panel with significant intellectual property (patent and copyright) law and semiconductor manufacturing experience. If the Parties are unable to agree on single arbitrator, then each of AICL and Amkor shall select an arbitrator and such arbitrators shall select a third arbitrator. Such arbitration shall then be held before such three arbitrators.

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SECTION 16.4. AWARDS. The arbitrator(s) may, in its discretion, award to the prevailing Party in any arbitration proceeding commenced hereunder, and the court shall include in its judgment for the prevailing Party in any claim arising hereunder, the prevailing Party's costs and expenses (including expert witness expenses and reasonable attorneys' fees) of investigating, preparing and presenting such arbitration claim or cause of action.

ARTICLE 17. MISCELLANEOUS

SECTION 17.1. INDEPENDENT CONTRACTORS. The Parties hereto are independent contractors. Nothing contained herein or done pursuant to this Agreement shall constitute any Party the agent of any other Party for any purpose or in any sense whatsoever, or constitute the Parties as partners or joint venturers.

SECTION 17.2. BANKRUPTCY. (a) All rights and licenses with respect to Intellectual Property Rights licensed to a Party pursuant to this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses to rights of "intellectual property" as defined thereunder. Notwithstanding any provision contained herein to the contrary, if a Party (the "Bankrupt Party") is under any proceeding under the Bankruptcy Code and the trustee in bankruptcy of such Party, or such Party, as a debtor in possession, rightfully elects to reject this Agreement, the other Parties that are not Affiliates of the Bankrupt Party may, pursuant to 11 U.S.C. Section 365(n)(1) and (2), retain any and all rights granted to them hereunder, to the maximum extent permitted by law, subject to the payments specified herein.

SECTION 17.3. ASSIGNABILITY. AICL and Anam USA shall not assign or delegate this Agreement, or any of AICL's or Anam USA's rights or duties hereunder, directly, indirectly, by operation of law, or otherwise, or in connection with a Change of Control, and any such purported assignment or delegation shall be void, except with the express written permission of Amkor. Without limiting the foregoing, any permitted assigns or successors of the Parties shall be bound by all terms and conditions of this Agreement and this Agreement shall inure to the benefit of such permitted successors or assigns.

SECTION 17.4. ENTIRE AGREEMENT. The terms and conditions herein contained constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous and contemporaneous

agreements and understandings, whether oral or written, between the Parties with respect to the subject matter hereof.

SECTION 17.5. AMENDMENT. No alteration, amendment, waiver, cancellation or any other change in any term or condition of this Agreement shall be valid or binding on any Party unless mutually assented to in writing by all Parties.

SECTION 17.6. FORCE MAJEURE. No Party shall be liable for delay in performance or failure to perform, in whole or in part, to the extent due to labor dispute, strike, war or act of war, insurrection,

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riot, civil unrest, act of public enemy, fire, flood, or other acts of God, or the acts of any governmental authority, or other causes beyond the control of such Party. The Party experiencing such cause or delay shall immediately notify the other Parties of the circumstances which may prevent or significantly delay its performance hereunder, and shall use its best efforts to alleviate the effects of such cause or delay.

SECTION 17.7. EXPORT LAWS. This Agreement is subject to all applicable United States laws and regulations relating to exports and to all administrative acts of the U.S. Government pursuant to such laws and regulations. No Party shall export or re-export, directly or indirectly, any technical data or semiconductor or other materials in violation of the any U.S. export or similar laws.

SECTION 17.8. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO THAT STATE'S CHOICE OF LAWS. THE UNITED NATIONS CONVENTION ON THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT OR ANY TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 17.9. NO WAIVER. The failure of a Party to enforce at any time any of the provisions of this Agreement, or the failure to require at any time performance by any other Party of any of the provisions of this Agreement, shall in no way be construed to be a present or future waiver of such provisions, nor in any way affect the validity thereof or a Party's right to enforce each and every such provision thereafter. The express waiver by a Party of any provision, condition or requirement of this Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

SECTION 17.10. SEVERABILITY. If, for any reason, a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect. The Parties agree to negotiate in good faith an enforceable substitute provision for any invalid or unenforceable provision that most nearly achieves the intent and economic effect of such provision.

SECTION 17.11. NOTICES. All notices, requests, demands, waivers, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given: (i) when delivered by hand or confirmed facsimile transmission; (ii) one day after delivery by receipted overnight delivery; or (iii) four days after being mailed by certified or registered mail, return receipt requested, with postage prepaid to the appropriate address set forth at the beginning of this Agreement or to such other person or address as any Party shall furnish to the other Parties in writing pursuant to the above.

SECTION 17.12. TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

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SECTION 17.13. COUNTERPARTS. This Agreement may be executed in counterparts which, taken together, shall constitute one and the same document.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers or representatives to be effective as of the date first above written.

AMKOR TECHNOLOGY, INC.

ANAM INDUSTRIAL CO., LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

AMKOR ELECTRONICS, INC.

ANAM USA, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

C.I.L. LIMITED

By: _____
Name:
Title:

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FOUNDRY AGREEMENT

by and among

AMKOR TECHNOLOGY, INC.;

AMKOR ELECTRONICS, INC.;

C.I.L. LIMITED (CAYMANS);

ANAM INDUSTRIAL CO., LTD.;

and

ANAM USA

dated as of November 1, 1997

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of _____, 1998 between AMKOR TECHNOLOGY, INC., a Delaware corporation (the "Company"), and Smith Barney Inc. (the "Borrower") in consideration of the Master Securities Loan Agreement of even date herewith. Reference is made to the Securities Loan Agreement of even date herewith (the "Securities Loan Agreement"), by and among Smith Barney Inc., and James L. Kim and Agnes C. Kim (collectively the "Lender"). The Company hereby confirms its agreement with the Borrower as follows:

1. SHELF REGISTRATION.

(a) The Company shall use its best efforts to cause the Securities and Exchange Commission (the "Commission") to declare effective as promptly as practicable (if not declared effective as of the date hereof) the registration statement on Form S-1 (No. 333-) (as amended or supplemented from time to time, the "Shelf Registration Statement") of the Company under the Securities Act of 1933, as amended (the "1933 Act"), covering, among other things, the offering and sale by Borrower of shares of common stock of the Company ("Common Stock") that are Loaned Securities (as defined in the Securities Loan Agreement) ("Loaned Company Stock"). If the Shelf Registration Statement has become or becomes effective pursuant to Rule 430A under the 1933 Act, or filing of the prospectus constituting a part thereof (as amended or supplemented from time to time, the "Prospectus") is otherwise required under Rule 424(b) under the 1933 Act, the Company will cause the Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed.

2. REGISTRATION PROCEDURES. In connection with any Shelf Registration Statement, the following provisions shall apply:

(a) The Company shall furnish to Borrower, prior to the filing thereof with the Commission, a copy of each amendment to the Shelf Registration Statement and each amendment or supplement, if any, to the Prospectus (and of each report or other document incorporated therein by reference) and shall use its best efforts to reflect in each such document, when so filed with the Commission, such changes thereto as Borrower reasonably may propose.

(b) Notwithstanding any other provision hereof, the Company shall take such action as may be necessary so that (i) the Shelf Registration Statement, and any amendment thereto, and any Prospectus, and any amendment or supplement thereto (and each report or other document incorporated therein by reference in each case) complies in all material respects with the 1933 Act and the Securities Exchange Act of 1934, as amended (the "1934 Act") and the respective rules and

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regulations thereunder, (ii) the Shelf Registration Statement, and any amendment thereto, does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus, and any amendment or supplement to such Prospectus, does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company shall not be responsible for the correctness of any information contained in the Shelf Registration Statement or the Prospectus or any amendment or supplement thereto provided to the Company in writing by Borrower specifically for

inclusion therein.

(c) The Company shall promptly advise Borrower, and, if requested by Borrower, confirm such advice in writing:

(i) when any amendment to the Shelf Registration Statement has been filed with the Commission and when the Shelf Registration Statement or any amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement, the Prospectus, or each report or other document incorporated by reference therein, or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Loaned Company Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event as a result of which the Prospectus would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall not take any action to withdraw the Shelf Registration Statement without the prior written consent of Borrower. The Company will make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the Shelf Registration Statement or any suspension of qualification of the Loaned Company Stock in any jurisdiction at the earliest possible time.

(e) The Company will furnish to Borrower, without charge, at least one copy of the Shelf Registration Statement and any amendment thereto, any report or document incorporated by reference therein, including financial statements and schedules, and, if Borrower so requests in writing, all exhibits thereto (including those incorporated by reference).

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(f) The Company will deliver to Borrower, without charge, as many copies of the Prospectus and any amendment or supplement thereto as Borrower may reasonably request; and will consent to the use of the Prospectus or any amendment or supplement thereto by Borrower in connection with the offering and sale of the Loaned Company Stock.

(g) The Company will register or qualify or cooperate with Borrower in connection with the registration or qualification of the Loaned Company Stock for offer and sale under the securities or blue sky laws of such jurisdictions as Borrower reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Loaned Company Stock; provided, however, that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process or to taxation in any such jurisdiction where it is not then so subject.

(h) Upon the occurrence of any event described in Section 2(c)(v) above, the Company will promptly prepare and file with the Commission a post-effective amendment to the Shelf Registration Statement or an amendment or supplement to the Prospectus forming a part thereof or any document or report incorporated or deemed to be incorporated therein by reference, or file any

other required document so that, as thereafter delivered to purchasers of the Loaned Company Stock, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company may delay the preparation and filing of any such amendment or supplement (i) to the extent required by applicable law (in which event the Company shall promptly notify the Borrower in writing of such requirement of applicable law) or (ii) for a period not exceeding 28 calendar days (or such longer period as agreed to in writing by Borrower) from the date of occurrence of such event if such amendment or supplement would disclose a material financing, acquisition or other corporate development with respect to the Company and the chief executive officer or chief financial officer of the Company shall have determined in good faith (and shall have notified the Borrower in writing of such determination) that such disclosure is not in the best interest of the Company.

(i) The Company shall instruct Borrower in writing to immediately suspend its use of the Prospectus if (i) the Commission has issued a stop order suspending the effectiveness of the Shelf Registration Statement, (ii) an event contemplated by Section 2(c)(v) above has occurred or (iii) the Board of Directors of the Company, on the advice of its counsel, reasonably concludes that it is inadvisable as a matter of the federal securities laws that the Prospectus continue to be used. Such an instruction shall be given by facsimile transmission, with receipt confirmed telephonically. Such an instruction shall be deemed received (A) if receipt by each required recipient is telephonically confirmed between the hours of 7:30 a.m. and 4:30 p.m. on any Business Day, two hours after the last such confirmation is obtained or (B) otherwise, upon the next opening of business of the Nasdaq National Market following the time the last such confirmation is made.

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(j) Promptly upon the Company satisfying the eligibility criteria for use of a Form S-3 under the 1933 Act, the Company will file a post-effective amendment to the Shelf Registration Statement to convert it from a Form S-1 to a Form S-3 registration statement.

3. INDEMNIFICATION AND CONTRIBUTION.

(a) The Company agrees to indemnify, contribute to and hold harmless Borrower and each person, if any, who controls Borrower within the meaning of Section 15 of the 1933 Act as follows:

(1) against any and all loss, liability, claim, damage, expense and judgment whatsoever ("Loss") arising out of any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement (or any amendment thereto or any information document or report incorporated by reference therein), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto or any information document or report incorporated by reference therein) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(2) against any and all loss, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(3) against any and all expense whatsoever, reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (1) or (2) above;

provided, however, that the provisions of this Section 3 shall not apply to any Loss to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by Borrower expressly for use in the Shelf Registration Statement (or amendment thereto) or the Prospectus.

(b) The Company agrees to indemnify and hold harmless Borrower against any and all Loss, following receipt by Borrower of a written instruction from the Company to cease using the Prospectus, to the extent such Loss arises out of Borrower's inability to deliver Loaned Company Stock upon settlement of trades entered into prior to receipt by Borrower of such instruction. The

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Company shall not be required under this Section 3(b) to indemnify Borrower for any Loss to the extent such Loss arises out of (1) Borrower's inability to deliver Loaned Company Stock upon settlement of trades entered into after receipt by Borrower of such instruction, (2) the bad faith or gross negligence of Borrower or (3) Borrower's failure to take reasonable steps to mitigate its Loss.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to the Company of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify the Company shall not relieve the Company from any liability which it may have otherwise under this Section 3. The Company may participate at its own expense in the defense of any such action.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in Sections 3(a), (b) and (c) above is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company and Borrower shall contribute to the aggregate Losses of the nature contemplated by said indemnity agreement incurred by the Company and Borrower, in such proportions as is appropriate to reflect the relative fault of the Company, on the one hand, and Borrower, on the other hand, in connection with the statements or omissions that resulted in such Losses, determined by reference to whether any alleged untrue statement or omission related to information provided by the Company, on the one hand, or Borrower, on the other hand; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 3(d), each person, if any, who controls Borrower within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as Borrower.

4. OBLIGATIONS OF THE COMPANY.

(a) The Company from time to time (but not more than once per calendar quarter), upon receipt of a written request from Borrower therefor, shall furnish or cause to be furnished to Borrower:

(1) The opinions of legal counsel for the Company, in form and substance reasonably satisfactory to Borrower, substantially in the form set forth in Sections 7(b), 7(c), 7(d) and 7(e) of the U.S. Underwriting Agreement dated _____, 1998 (the "Underwriting Agreement") among Smith Barney Inc., BancAmerica Robertson Stephens, Cowen & Company and the Company;

(2) A certificate of the Company, signed by the Chairman of the Board or the President and the principal financial or accounting officer of the Company, to the effect that (i) from the date of the most recent financial information contained in the Prospectus there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company or its subsidiaries, considered as one enterprise, and (ii) no stop order suspending the effectiveness of the Shelf

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Registration Statement has been issued and no proceedings for that purpose have been initiated or threatened by the Commission; and

(3) A letter from the independent public accountants of the Company, in form and substance satisfactory to Borrower, to the same effect as set forth in Section 7(j) of the Underwriting Agreement.

5. REGISTRATION EXPENSES. The Company will bear all expenses incurred in connection with the performance of its obligations under this Agreement.

6. TERMINATION. This Agreement and the obligations of the parties hereunder shall terminate upon the termination of the Securities Loan Agreement, except for any liabilities and obligations pursuant to Sections 3 and 5 hereof.

7. MISCELLANEOUS.

(a) The Company has not entered into, nor will the Company on or after the date of this Agreement enter into, any agreement which is inconsistent with the rights granted to Borrower in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to Borrower hereunder do not in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(b) The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Borrower.

(c) Any request, demand, authorization, notice, waiver, consent, report or communication to a party hereunder shall, unless this Agreement specifically provides otherwise, be in writing and delivered in person or mailed by first-class mail, postage prepaid, addressed as follows or transmitted by facsimile transmission to the following facsimile numbers (or to such address or facsimile number as such party may designate by the notice):

if to the Company:

Amkor Technology, Inc.
1345 Enterprise Drive
West Chester, PA 19380
Attention: Chief Financial Officer
Facsimile No.: (610) 431-9967
Telephone No.: (610) 431-9600

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if to Borrower:

Smith Barney Inc.
333 West 34th Street
New York, NY 10001

Facsimile No.:
Telephone No.:

with copies in the case of any notice, advice or instruction
under Section 2 to:

Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94306
Attention: Larry W. Sonsini
Facsimile No.: (650) 493-6811
Telephone No.: (650) 493-9300

and to:

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Alan L. Beller
Facsimile No.: (212) 225-3999
Telephone No.: (212) 225-2000

Any request, demand, authorization, notice, waiver, consent, report or communication hereunder shall be deemed given when actually received, except that any request, demand, authorization, notice waiver, consent, report or communication actually received on a day that is not a Business Day or after business hours on a Business Day shall be deemed given and received on the next succeeding Business Day.

(d) This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(e) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(f) This Agreement shall be governed and construed in accordance with the internal laws of the State of New York.

(g) In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

AMKOR TECHNOLOGY, INC.

By: _____
Name:
Title:

Confirmed and accepted as of the date first above written:

SMITH BARNEY INC.

By: _____

Name:
Title:

MANUFACTURING AND
PURCHASE AGREEMENT
BETWEEN
TEXAS INSTRUMENTS INCORPORATED,
ANAM INDUSTRIAL CO., LTD.
AND
AMKOR ELECTRONICS, INC.
DATED AS OF JANUARY 1, 1998

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MANUFACTURING AND PURCHASE AGREEMENT

This Manufacturing and Purchase Agreement (this "Agreement") dated as of January 1, 1998 (the "Effective Date") is made by and among TEXAS INSTRUMENTS INCORPORATED, a Delaware, U.S.A. corporation, with its principal place of business at 13500 North Central Expressway, Dallas, Texas 75265, U.S.A. ("TI"), ANAM INDUSTRIAL CO., LTD., a corporation of the Republic of Korea, with its principal place of business at Seoul, Republic of Korea ("Anam"), and AMKOR ELECTRONICS INC., a Pennsylvania, U.S.A. corporation, with its principal place of business at 1345 Enterprise Drive, West Chester, Pa 19380 ("Amkor"). TI, Anam and Amkor are hereinafter referred to individually by their respective names or as Party and collectively as Parties.

RECITALS

WHEREAS, Anam is engaged in the business of, among other things, operating a semiconductor foundry in Korea;

WHEREAS Amkor is in the business of, among other things contracting with third parties to sell semiconductor wafers and die manufactured by Anam;

WHEREAS, the Parties desire to implement certain provisions of the Technical Assistance Agreement dated as of January 28, 1997 ("Phase 1 TAA") between TI and Anam and the Technical Assistance Agreement of even date herewith ("Phase 2 TAA") between TI and Anam for the purchase by TI from Amkor, and the sale by Amkor to TI, of TI Products (as hereinafter defined) to be manufactured by Anam;

WHEREAS, TI and Anam desire to amend and supersede certain provisions of the Phase 1 TAA related to matters covered by this Agreement; and

WHEREAS, the Parties desire to address manufacturing requirements, loading, pricing and other purchase-related terms and conditions for both Phase 1 Products, Phase 2 Products;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1.

DEFINITIONS

For purposes of this Agreement, the following words, terms and phrases shall have the meanings assigned to them in this Article 1 unless specifically otherwise stated. Furthermore, any defined term herein shall have a constant meaning regardless of whether it is used in its singular or plural form.

ADVANCED AVAILABLE TECHNOLOGY means, as the context herein requires, "Advanced

Available Technology" as defined in the Phase 1 TAA and/or "Advanced Available Technology" as defined in the Phase 2 TAA.

CUSTOMER QUALIFICATION means that a TI customer has qualified a particular TI Product device manufacturable by Anam hereunder for sale by TI to such customer, as reflected in TI's written notification thereof to Anam.

FACILITY means the completed wafer fabrication plant known as Anam Fabrication Buchon (AFB) 1, located at 222, Dodang-dong, Wonmi-gu, Buchon, Kyunggi-do, Korea 420-130 which Anam constructed, in connection with the Phase 1 TAA, which Facility includes only a single 60 meter by 100 meter clean room. The term Facility includes a wafer fabrication facility and equipment only, and shall not include facilities or equipment for assembly and testing of Products.

PHASE 1 means that portion of the clean room within the Facility, the process capability of which, as currently contemplated by the Parties, is sufficient to manufacture approximately 15,000 wafer starts per month under the provisions of the Phase 1 TAA.

PHASE 1 PRODUCTS means "TI Products," as defined in the Phase 1 TAA.

PHASE 2 means that portion of the clean room within the Facility, the process capability of which, as currently contemplated by the Parties, is sufficient to manufacture approximately 10,000 wafer starts per month under the provisions of the Phase 2 TAA.

PHASE 2 PRODUCTS means "TI Products," as defined in the Phase 2 TAA.

PROCESS QUALIFICATION means TI's written certification that a unique process flow within the broader C10-node or C07-node (e.g., the split-gate C10 process flow and the split-gate C07 process flow) in operation at the Facility, which unique process flow cannot be qualified by similarity to another already qualified process flow, is qualified per the standards referred to within TI as the "QSS standards."

PROCESS QUALIFICATION COSTS means all costs incurred during the period of operation preceding Process Qualification relating to (i) the fabrication of prototype wafers, (ii) the Process Qualification testing of those wafers, including but not limited to costs relating to the acquisition, production, testing (including but not limited to final test, life test and environmental test), assembly and/or qualification testing of sample materials (including but not limited to wafers), and (iii) the failure analysis of failed units.

PRODUCTS means Phase 1 Products and Phase 2 Products, as defined herein.

PRODUCT QUALIFICATION means, with respect to TI Products, the process, as described herein, resulting in TI issuing its written certification that such TI Products and their

manufacture have achieved a level of quality, consistency and reliability that meets or exceeds the Specifications in accordance with this Agreement.

PRODUCT QUALIFICATION COSTS means all costs incurred during Product Qualification relating to (i) the fabrication of prototype wafers, (ii) the Product Qualification testing of those wafers, including but not limited to costs relating to the acquisition, production, testing (including but not limited to final test, life test and environmental test), assembly and/or qualification testing of sample materials (including but not limited to wafers), and (iii) the failure analysis of failed units; provided, however, that Product

Qualification Costs shall not in any event include Process Qualification Costs.

QUALIFICATION COSTS means Product Qualification Costs and Process Qualification Costs.

SPECIFICATIONS means specifications related to a specific process flow which are supplied to Anam in writing by TI to describe, characterize, circumscribe and define the design characteristics, quality and performance of TI Products, manufacturing processes, manufacturing equipment or Product Qualification and which are consistent with Specifications which are applicable to the same process flow manufactured by a TI facility comparable to the Facility.

TERM means the period during which this Agreement is in effect, as more specifically set forth in Article 11 of this Agreement.

TI PRODUCTS means TI Products as defined in the Phase 1 TAA and as defined in the Phase 2 TAA.

Unless otherwise provided herein, other capitalized terms herein shall have the meaning assigned to them in either or both the Phase 1 TAA or the Phase 2 TAA, as the context herein requires.

ARTICLE 2.

ITEMS AND COOPERATION TO BE SUPPLIED BY ANAM AND/OR AMKOR

2.1 MANUFACTURE. In accordance with the Phase 1 TAA, Phase 2 TAA, or any other applicable Technical Assistance Agreement ("TAA") executed between the Parties, Anam shall manufacture the TI Products to be sold by Amkor to TI hereunder.

2.2 COSTS, EXPENSES AND FEES. Except as otherwise expressly provided for in this Agreement, any applicable TAA or as may otherwise be agreed between the Parties, Amkor and Anam shall be solely responsible for any and all costs, expenses, fees and the like for equipment, labor, facilities, materials and other items required in connection with Anam's and Amkor's performance of their obligations hereunder or under any applicable TAA.

2.3 QUALIFICATION COSTS. TI shall bear all Product Qualification Costs associated with the initial Product Qualification of each TI Product other than those costs relating to mask sets that, pursuant to Section 2.04 below, shall be borne by either Anam or TI. Without limiting the application of Section 2.02 above, Anam shall bear all Process Qualification

Costs.

2.4 MASK SETS.

2.4.1 For each TI Product which is to be manufactured by Anam for TI and which requires a specific mask design, TI agrees to provide to Anam the design data base and Technical Information necessary for Anam to manufacture or have manufactured mask sets, including any such additional mask sets (or portions thereof) as may be redesigned by TI from time to time, to be used for manufacturing such product.

2.4.2 Subject to Sections 2.04.03, 2.04.04 and 5.04, Anam shall bear the costs of all mask sets ordered prior to January 1, 1999

relating to Phase 1 Products.

2.4.3 TI shall bear the costs of (i) the initial mask set relating to each Phase 2 Product and (ii) the initial mask set ordered on or after January 1, 1999 for each Phase 1 Product. Anam shall bear the cost of the mask sets used solely in connection with Process Qualification under the Phase 1 TAA and the Phase 2 TAA; provided, however, that if, and to the extent (i) the same mask set used in Process Qualification is used in production, and (ii) TI would otherwise be obligated to have paid for such production mask set under this Section 2.04.03, then Anam and TI shall share equally the cost of purchasing such qualification mask set.

2.4.4 Notwithstanding anything to the contrary set forth in this Section 2.04, TI shall bear the cost of any reasonable mask redesign and mask manufacturing costs associated with modifications or changes to the original mask sets which are necessitated by design errors or changes by TI or TI's Customers with respect to the initial mask sets. For any wafers that have been manufactured in whole or in part that are required to be scrapped due to any such design error or change of TI or TI's customers, TI shall pay Amkor an amount (the "Wafer Termination Amount") equal to:

*

*

2.4.5 Anam shall be responsible for the costs of all masks and mask sets for which TI is not otherwise responsible pursuant to Sections 2.04.03, 2.04.04 and 5.04.04.

2.5 TI MASK SET PROTECTION. Anam shall protect all mask sets as Trade and Industrial Secrets of TI according to Article 10 of the applicable TAA. When any mask set is no longer usable by Anam for the purposes of this Agreement, Anam shall either return the mask set to TI immediately, or, upon TI's instructions, destroy the mask set and provide TI with written certification of any such destruction.

2.6 MATERIAL QUALITY REQUIREMENTS AND EQUIPMENT USAGE. TI will provide to Anam the most current version of TI's manufacturing Specifications, test programs and other test procedures needed by Anam to manufacture TI Products. In the process of qualifying the Facility and the manufacture of each TI Product, Anam shall, unless it obtains TI's consent to the contrary, use the same materials, recipes, processes, specifications and equipment directly relating to the manufacture of TI Products that TI uses in its commercial production of such TI Products as may have been disclosed by TI to Anam or as otherwise instructed by TI. Notwithstanding the foregoing, where required by local availability of materials and supplies, with the consent of TI, which consent shall not unreasonably be withheld or delayed, Anam may use materials, recipes, processes, specifications and equipment that are different from those used by TI.

ARTICLE 3.

SPECIFICATIONS, QUALITY INSPECTION, TESTING AND CUSTOMER SERVICE

3.1 CHANGE TO SPECIFICATIONS. TI has the right to modify, change or alter the

Specifications from time-to-time, at its sole discretion and upon reasonable written notice to Anam. In the event TI makes a change to the Specifications, the Parties, through good faith negotiations, shall agree upon the delivery schedule of the TI Products resulting from said change and TI's and Anam's respective responsibilities, in accordance with Section 3.02 for the costs incurred by Anam in connection with such changes, within thirty (30) days following any such notice. All Specification changes shall be consistent with TI's own Specification changes and shall not require Anam to perform changes not otherwise generally performed by TI with respect to comparable process flows under comparable circumstances.

3.2 SPECIFICATION CHANGE COSTS.

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EXECUTION COPY

3.2.1 In the event TI changes the Specifications pursuant to Section 3.01, then:

- (a) If the change results in an improvement in the manufacture of Products in general, including the process for manufacturing the Products in general, then Anam shall bear all costs associated with the change to the extent that they relate to such improvements and result in savings to Anam; or
- (b) Subject to Section 3.02.01(a), TI shall bear all costs associated with the change.

3.2.2 TI shall give Anam reasonable notice prior to exercising its option to change Specifications, and TI and Anam shall exercise reasonable efforts to resolve any hardships which Anam would suffer from such change in the Specifications. For purposes of this Section 3.02, "costs" shall include, but not be limited to, costs relating to wafers, assembly, testing, Qualification Costs, engineering for failure analysis, incremental equipment to run qualification lots, and the like.

3.3 TI RESIDENT INSPECTOR. Anam agrees that TI employee safety and well-being, product quality and reliability assurance, and the protection of TI's intellectual property, including but not limited to Technical Information, are of material importance to TI. Therefore, throughout the Term, TI shall have the right to maintain at the Facility, at TI's sole discretion, one or more resident representatives, as reasonably approved by Anam, for the purpose of monitoring compliance with this Agreement, the Specifications, and TI safety and environmental standards for the protection of TI personnel, and protecting TI's intellectual property, including but not limited to Technical Information. Anam shall provide suitable office space for use by such representatives, and shall provide reasonable access to the manufacturing processes for the TI Products as may be required for monitoring said compliance. Such representatives shall not interfere with Anam's operation of the Facility.

3.4 TI CUSTOMER RIGHT OF INSPECTION. Upon reasonable notice, Anam agrees to allow TI customer representatives (who have been approved by TI), to conduct quality control and Specification audits and certification/qualification of the Facility, and manufacturing process, provided that, where requested by Anam, a TI employee accompanies such customer during its audit in the Facility, subject to reasonable rules of Anam relating to visitors.

3.5 TI RIGHT TO MONITOR PRODUCTION. Throughout the Term, during completion of production lots for TI, TI may perform monitoring tests and may recommend

disposition or corrective action where variance to the Specifications exists. Anam will support this activity with quality trend reports and such other documentation as shall be reasonably requested by TI from time-to-time. In addition, if at any other time TI detects variances or deviations from Specifications, TI may recommend corrective actions to Anam.

3.6 VISITS AND SECRECY AGREEMENT. Anything to the contrary in this Article 3 notwithstanding, each and every personnel of TI or TI's customers who shall be given

access to the Anam Facility pursuant to this Agreement, including, without limitation, pursuant to Section 3.03, 3.04 and 3.05 shall execute an agreement, which shall include reasonable terms governing the protection of Anam confidential information, as a condition precedent to admission or access to such Facility or receipt of technical information of Anam pursuant to this Agreement. All such personnel shall fully abide by all Facility rules and regulations. TI shall be fully liable for any personal injury or property damage resulting from any act or omission of TI's personnel while on the premises of Anam. All transitory visits of TI and TI customers shall be arranged at such times and in such manner as to minimize interference with the activities of Anam.

3.7 ANAM CORRECTIVE ACTIONS. During the Term, Anam agrees to use reasonable commercial efforts to make corrective actions as may be reasonably recommended by TI as soon as practicable, after written notification of the problem; provided, however, that TI shall use reasonable commercial efforts to assist Anam in taking such action recommended by TI or in solving problems.

3.8 CYCLE TIME. Anam agrees to supply TI Products to TI in cycle times which shall be competitive with merchant world-class foundry companies. In any event, Anam agrees that the maximum production cycle time (i.e., the period from the start date for production specified in the TI Start Plan (as defined below) by TI to Anam's shipment of TI Products) shall be [*] except where otherwise expressly provided for herein.

3.9 EXPEDITED PRODUCTION. On production lots specified by TI, Anam shall expedite cycle time to a [*], or such other cycle time as may be agreed (such expedited lots herein referred to as "Hot Lots"). Regardless of the stage of the production process at which a normal lot is converted into a Hot Lot, for each such Hot Lot shipped within such cycle time, TI shall pay Anam a fee of [*]; provided, however, that:

- (a) Unless otherwise agreed, Anam shall not be obligated to so expedite production, through March 31, 1998, on more than [*] at any one time; from April 1, 1998 through June 30, 1998, on more than [*] at any one time; and thereafter, on more than [*] at any one time; and
- (b) Any lots required to be expedited pursuant to Section 8.05, below shall not count against the limits described in Section 3.09.00(a) above.

3.10 TESTING. Anam shall perform multi-probe testing in a manner consistent with

TI practice, to the extent disclosed by TI to Anam, at Anam's Buchon, Republic of Korea site on all TI Products delivered to TI hereunder and, without limiting its obligations elsewhere provided for herein, shall be responsible, at its sole expense, for having sufficient facilities, test equipment, labor, test programs and other items in place on such site to meet required quantities and cycle times. Notwithstanding the foregoing, TI shall be responsible, solely at its expense, for furnishing to Anam in a timely manner copies of the multi-probe test

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programs necessary for Anam to perform multiprobe testing on the required quantities and within the required cycle times; provided, however, that TI shall be under no obligation to furnish test programs compatible with any test equipment other than the test equipment TI uses in its wholly-owned facilities for comparable wafers. All test programs required to be implemented by Anam in accordance with this Section 3.10 shall be consistent with TI's own test programs and shall not require Anam to perform testing not otherwise generally performed by TI with respect to comparable products. Anam shall use no other test programs on TI Products other than those furnished or approved by TI. TI agrees to purchase any testers used by Anam for TI Products at the end of Anam's use of such testers on TI Products. TI's purchase price for such equipment shall be equal to Anam's original purchase price for such equipment depreciated on a five-year straight line basis and subject to a discount in price for excessive wear and tear.

3.11 TI INCOMING TESTING AND INSPECTION.

3.11.1 TI shall furnish to Anam from time to time, as required, quality and reliability Specifications applicable to TI Products. Among other things, those Specifications will specify the quality standards referred to within TI as the "Category 1" standards. Such Specification shall be consistent with specifications applicable to the Category 1 specifications met by TI's own facilities. Following receipt of each shipment, TI may perform incoming tests on each shipment of TI Products. In the event such tests demonstrate that such TI Products fail to conform to the then-applicable quality and reliability Specifications furnished by TI and such Specifications conform to the foregoing, TI shall have the right to return, after confirmation of failures, such TI Products to Anam for rework or replacement at no cost to TI. TI has the right to recommend corrective action to address variances from Specifications. Such return shipments shall be made by TI, F.O.B. the destination from which they were originally shipped by Anam. A return material authorization ("RMA") form previously issued by Anam must accompany any such returned TI Products.

3.11.2 TI agrees to perform incoming inspection of TI Products for conformance with applicable Specifications within ninety (90) days of delivery, and to advise Anam and Amkor of rejections by written or electronic notice within five (5) business days after inspection. If any delivery of products by Anam or Amkor does not conform in any material respect to TI's order for such TI Products or is found to fail applicable inspection, TI shall have the right to reject such delivery by giving timely

notice to Anam and Amkor to that effect. TI will thereupon return the non-conforming TI Products to Amkor or Anam (as the case may be) at Amkor's or Anam's cost and risk, for, as may be agreed between Amkor and TI, credit or rescreen and replacement. If it is agreed that such TI Products shall be rescreened, Anam and Amkor shall use reasonable efforts to rescreen and replace such non-

conforming wafers or dies and to do so, if at all, within forty-five (45) days after the receipt thereof. TI will provide Anam and Amkor with a report specifying the reason for any rejection. All rejected products may be subjected to inspection by Anam or Amkor to confirm that they are defective. Any TI Product not rejected by TI within ninety (90) days plus five (5) business days after receipt by TI shall be deemed accepted. In the event that it determined that TI's rejection of a TI Product was not justified in accordance with the foregoing, TI shall reimburse Anam or Amkor, as the case may be, for all costs incurred in connection with such rejection, including without limitation in connection with the shipping and testing of such TI Product.

3.11.3 Nothing in this Section 3.11 shall limit TI's rights under Section 3.12 below.

3.12 CONFORMANCE TO QUALITY AND RELIABILITY STANDARDS; STOP SHIPMENTS.

3.12.1 Prior to any shipment of TI Products to TI, Anam shall:

(a) Visually inspect such outgoing TI Products in accordance with applicable Specifications; and

(b) electrically test such TI Products to determine whether:

(i) such TI Products conform to the relevant Category 1 standards (as defined in Section 3.11 above), as may be applicable to such TI Products in accordance with Section 3.11; and

(ii) the defective parts per million ("DPPM") levels of such shipment (as determined under then-current TI practice applied by TI to comparable products manufactured by TI) for such TI Products conform to the DPPM levels agreed upon by the Parties provided that such DPPM levels shall not be lower than those demonstrated by the manufacturing process, as qualified, in use at a TI wholly-owned facility, which process is most comparable to the one in use at the Facility.

3.12.2 Unless otherwise permitted by TI, Anam shall assure that the TI Products meet, and shall not ship TI Products to TI that do not meet, the standards set forth in Section 3.12.01 above.

3.12.3 If it is determined by TI within 90 days of the shipment of TI Products to TI that such TI Products do not conform to the standards set forth in Section 3.12.01, above, then notwithstanding anything to the contrary contained herein and

upon written notice by TI, Anam shall stop all

further shipments of such TI Products to TI, and TI shall be under no obligation to accept or pay for any such shipments, until TI shall be reasonably satisfied that appropriate corrective actions have been taken by Anam to address the nonconformance to such Category 1 standards and/or DPPM levels in accordance with Section 3.12.01 above.

3.12.4 Notwithstanding Section 3.11 above, or Sections 3.12.03 and 3.12.02 above, TI shall discuss with Anam in good faith the disposition of those TI Products produced and held hereunder that fail to satisfy Category 1 standards [*].

3.13 SECURITY AND DESTRUCTION OF SCRAP. Anam shall not assign, consign, deliver, transfer or otherwise provide TI Products, and shall undertake security measures (including but not limited to scrap and non-conforming TI Product destruction) sufficient to prevent TI Products (including all defective TI Products which do not meet Specifications) from being sold, assigned, consigned, delivered, transferred or otherwise provided, to any third party without the express written consent of TI. Unless otherwise specified in writing by TI, (a) all defective TI Products which cannot be repaired economically shall be scrapped and destroyed and (b) such defective TI Products shall not be transferred to any third party. TI shall have the right, from time-to-time, to review (i) Anam's security and scrap destruction procedures and (ii) Anam's compliance with such procedures.

3.14 PRODUCTION HOLDS. At TI's request, Anam shall hold production on any lot without charging TI an extra fee for that service for the [*]. With respect to lots for which the hold is made prior to the backgrind stage and which hold exceeds [*], TI will pay Anam [*]. TI shall not be required to pay Anam a hold fee with respect to lots for which the hold is made from and following the backgrind stage. If any hold on a lot exceeds [*], TI, at its option, will thereupon either (i) release the lot for cancellation pursuant to Section 8.06, or (ii) release the lot for further processing. In the event that a lot which is on hold is canceled in accordance with Section 8.06, TI shall pay Anam only the cancellation charge provided under Section 8.06.

3.15 WAFER BANK. Upon TI's request Anam agrees to store, at no additional expense to TI, up to [*] (or such other amount as may be agreed from time to time) unfinished wafers that have been processed up to the contact or "via" stage of processing for a period not to exceed 365 days. After Anam has stored such wafer for 60 days, Amkor shall have the right to invoice TI for, and TI shall purchase, such wafers at the Fixed Wafer Price therefor; provided that, in such case, Anam shall complete the processing of, and

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delivery of, such wafers upon TI's request at no additional cost. Notwithstanding the foregoing, upon shipment of such wafer to TI, the Price for such wafer shall be recalculated in accordance with Article 7 and if such recalculated Price is different from the Fixed Wafer Price paid, Amkor shall issue a credit or debit to TI, as the case may be, for such difference. Any wafers so purchased by TI, while in the possession of Anam, shall be owned by TI and retained by Anam on a consignment basis and Anam shall continue to be responsible for any loss or damage to such wafers while they are in Anam's possession. In the event that either Anam or Amkor is responsible for a wafer for which TI has paid in accordance with the foregoing not being ultimately saleable to TI in accordance with this Agreement, Amkor shall credit TI the amount paid for such wafer.

3.16 IMPLEMENTATION OF TECHNICAL INFORMATION.

3.16.1 Unless otherwise instructed by TI, and except as provided in Section 2.06, Anam shall, in accordance with this Agreement and the applicable TAA, implement all Technical Information provided under the applicable TAA as well as any manufacturing improvements (including TI Product performance improvements) as and when the Technical Information is furnished by TI to Anam.

3.16.2 Anam shall establish failure analysis capability reasonably satisfactory to TI, prior to Product Qualification.

3.17 TEST CORRELATION PROCEDURES. TI and Anam agree that quality and reliability assurance are of prime importance to TI's customers; therefore, both companies agree to establish test correlation procedures to assure compliance with TI customer requirements.

3.18 ANAM PROCESS RECORDS. Anam shall maintain, for a period of three (3) years from each date of origin, accurate records describing processing detail on a per die-lot basis.

3.19 OBSOLETE PRODUCTS. Notwithstanding anything to the contrary contained herein, if over any six-month period the quantity of TI's orders for TI Products falling within any particular process flow (e.g., the 33C10.c3 process flow) constitutes less than the lower of (i) one percent (1%) of the Anam total wafer manufacturing capacity in such period or (ii) 1,500 wafers, then Anam may notify TI in writing of its intention to exercise its rights under this Section 3.19, and after two and one-half years following such notice, Anam may refuse any further order for TI Products so falling within such process flow; provided, however, that if TI has (i) the same process flow qualified at a TI wholly-owned facility and (ii) available capacity for the manufacturing of such TI Products at such facility, then Anam may refuse any such further order after nine (9) months following such notice.

3.20 PERFORMANCE METRICS. TI and Anam shall share with each other, on a periodic basis, their respective data under the performance metrics as may be agreed between them and reports of their respective performance against such metrics.

ARTICLE 4.

MANUFACTURING CHANGES

Both TI and Anam understand that the particular TI Product to be provided to TI for initial Product Qualification and as qualified by TI will define the applicable manufacturing process with respect to the manufacture of TI Products. After Product Qualification is successfully completed, Anam shall not make any changes to said manufacturing process(es) or the Specifications without the prior written instruction and consent of TI. Any unauthorized manufacturing changes by Anam which affect the form, fit, function or reliability of the TI Products shall render them unqualified. TI assumes no liability for the manufacture of unqualified TI Products. Any particular TI Product and its manufacture can become unqualified after Product Qualification if such formerly qualified TI Product subsequently falls below applicable Specifications. Changes to a particular TI Product or its manufacture may necessitate re-qualification. TI or Anam shall bear the costs associated with the foregoing as determined under the applicable TAA and this Agreement.

ARTICLE 5.

TI LOADING OBLIGATIONS AND OPTION

5.01 LOADING OBLIGATIONS.

- 5.1.1 Throughout the Term, TI and/or TI's Affiliates (individually or collectively) shall, subject to only the conditions set forth in Section 5.03, purchase from Amkor, and Amkor shall sell (subject, inter alia, to Section 6.03) to TI, no less than the quantities of TI Products provided in this Section 5.01, as follows:

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- 5.1.2 For the purpose of the foregoing the term "month" means calendar month; provided, however, that if the Phase 2 Qualification Date does not occur at the beginning of a calendar month, the Parties shall adjust the time periods set forth in Section 5.01.01 above accordingly.
- 5.1.3 TI shall purchase TI Products in accordance with Article 6 below. Such purchases shall be at such prices and upon such terms as are set forth in this Agreement.
- 5.1.4 Notwithstanding the foregoing, TI shall not be deemed to be in breach of Sections 5.01.01(a) and 5.01.01(d) for so long as TI

meets its minimum purchases obligations under such sections as determined on a rolling six-month average basis.

- 5.1.5 Anam and Amkor agree to take all reasonable commercial efforts to work with TI with respect to this Section 5.01.

5.02 CAPACITY. Regardless of Anam's actual manufacturing capacity, "Capacity" means, with respect to Phase 1, 15,000 wafer starts per month, and, with respect to Phase 2, 10,000 wafer starts per month, unless otherwise agreed.

5.03 CONDITIONS TO TI PURCHASE OBLIGATIONS. TI shall be relieved by Anam and Amkor of TI's obligation to purchase TI Products from Amkor pursuant to Section 5.01 only during the period and to the extent that: (i) Amkor and Anam have failed to achieve a sufficient number of Customer Qualifications to support such purchase obligations, such failure is the fault of Amkor or Anam and TI has used reasonable commercial efforts to obtain such Customer Qualifications; or (ii) Anam has materially failed to meet Specifications and TI Product performance specifications (e.g., cycle time, yield and delivery targets), and provided that in such case Anam and TI shall work together to remedy such failure.

5.4 C12 PRODUCTS.

- 5.4.1 Anam shall manufacture the 33C12X3L devices listed on Annex C that TI has redesigned for manufacture with the 25C10 process node ("C12 Products"). TI shall purchase from Amkor and Amkor shall sell to TI such C12 Products manufactured by Anam in quantities of, in 1998, [*], at a Fixed Wafer Price for wafers started through the first half of 1998 of [*], and for wafers started from and after the second half of 1998, [*], provided that the second half 1998 the Fixed Wafer Price will be increased as needed to maintain a 1998 average amount payable for all C12 Products of [*].

- 5.4.2 [*]

- 5.4.3 The C12 Products purchased pursuant to this Section 5.04 shall not apply to TI's loading obligations set forth in Section 5.01.01.

- 5.4.4 Notwithstanding anything to the contrary set forth herein, including in Section 2.04, TI shall be responsible for the cost of any mask set used in the Product Qualification for any C12 Product and the initial mask set used in the manufacture of a C12 Product.

- 5.4.5 Except as otherwise provided in this Section 5.04, all C12 Products will be treated as Phase 1 Products are treated hereunder.

ARTICLE 6.

TI FORECASTS AND PURCHASE ORDERS

6.1 ANNUAL QUANTITY PROJECTIONS. By the 15th of May of each year during the Term, TI shall provide to Amkor the annual quantities of Wafer Outs by

technology node (e.g., C10, C07) estimated to be purchased from Amkor by TI for the upcoming three (3) to five (5) year time period (the "Annual Quantity Projections"). For purposes of this Agreement, "Wafer Outs" means finished wafers. Such Annual Quantity Projections shall be a good faith estimate by TI but shall be for informational purposes only and not constitute a binding purchase obligation of TI. The Annual Quantity Projections may be issued electronically.

6.2 FIXED LOADINGS. Subject to Article 5 above, TI shall purchase from Amkor, Amkor shall sell, and Anam shall manufacture, quantities and types of TI Products to the extent such quantities and types are deemed fixed in Forecasts and TI Start Plans issued in

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accordance with the following provisions of this Article 6.

6.3 MONTHLY FORECASTS.

6.3.1 At least two weeks prior to the start of each month, TI shall issue to Amkor a forecast (the "Forecast") of the monthly quantity of wafer starts by technology node (e.g., C10, C07) and process flow (e.g., 33c10x4L) to be purchased by TI from Amkor during the next twelve months. The first three months included in each Forecast shall be deemed fixed as to the quantity of wafer starts and the related technology nodes. Accordingly, the quantities of wafer starts and technology nodes specified for the first and second months of each Forecast shall be the same as the quantities of wafer starts and technology nodes specified for the second and third months of the immediately preceding Forecast.

6.3.2 The last nine months included in each Forecast shall be deemed fixed as to the quantity of wafer starts, except that in each Forecast, TI may increase or decrease the quantity of wafer starts specified for any of the last nine months of such Forecast (a "Subject Month") by up to an amount equal to five (5) percentage points of the Capacity specified in such Forecast for the corresponding month immediately preceding the Subject Month. Such forecasted amount, adjusted in accordance with the foregoing, shall be deemed fixed as to the quantity of wafer starts, unless further varied in subsequent Forecasts issued in accordance with this Section 6.03.02.

6.3.3 Nothing in this Section 6.03 shall restrict TI from specifying in its Forecasts quantities less than its minimum loading requirements under Section 5.01, provided TI satisfies those requirements on a six-month rolling average basis as set forth in Section 5.01.04.

6.4 DAILY LOADING REQUIREMENTS AND WEEKLY FORECAST.

6.4.1 On a daily basis, Monday through Friday, TI shall issue to Amkor a seven-day TI Start Plan (the "TI Start Plan"). The TI Start Plan shall specify device types, and quantities in terms of wafer starts for TI Products the production of which is to commence for each of the seven days covered by the TI Start Plan. TI shall issue each TI Start Plan at least 24 hours in advance of the first date (Korea time) covered by such TI Start Plan. The TI Start Plan will be issued electronically. The following table sets forth the day of the week (determined on the basis of Dallas, U.S., local time) on which each TI Start Plan is issued and the corresponding day (or days) of the week ("Fixed Days"), determined on the basis of Korean local time, for which the quantities set forth in such TI Start Plan shall be deemed fixed as to device

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types and quantities in terms of wafer starts:

TI Start Plan issuance Date, by 5:00pm Dallas, U.S. Local Time:	Fixed Days
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday
Friday	Sunday, Monday and Tuesday

6.4.2 Anam shall commence production of such device types in such quantities as specified for each such Fixed Day. The remaining days of each TI Start Plan shall be for informational purposes only and shall not be deemed fixed to any extent.

6.4.3 Anam shall produce TI Products, through the third quarter of 1998, in lots of 6, 12 or 24 wafers, as specified in TI Start Plans, and after such period, in lot sizes to be agreed upon by the Parties, which agreement shall be based in part on whether Anam incurs materially higher per-die costs in the production of smaller lot sizes.

6.5 SHIPPING INSTRUCTIONS. On Monday of each week, TI shall provide Amkor a Shipping Instruction Report identifying wafer shipments (including shipment destinations) that need to be made in the current week starting on that Monday.

6.6 FURTHER AGREEMENT. Nothing in this Article 6 shall restrict the Parties from agreeing from time to time on quantities and types of TI Products different from those deemed fixed pursuant to the foregoing provisions.

6.7 YIELD ESTIMATES.

6.7.1 Anam shall provide to TI accurate multi-probe yield ("MPY") and process yields estimates for Anam's production of each TI Product device on a weekly basis, or more frequently if there is a material change in the estimated MPY or process yield last

communicated to TI.

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6.7.2 Anam acknowledges that the quantities of Wafer Outs TI specifies in TI Forecasts and of wafer starts TI specifies in the TI Start Plans are dependent on the accuracy of such MPY and process yield estimates, as provided by Anam. Therefore, if with respect to any particular TI Product device type, Anam's actual integrated yield (i.e., the cumulation of the MPY and the process yield) exceeds the integrated yield estimate last furnished by Anam to TI in time to allow TI to adjust its Forecast or the TI Start Plan accordingly, then the other provisions of this Article 6 notwithstanding, but subject to TI's rights elsewhere provided in this Agreement relating to inspection, quality, reliability, warranty and the like, TI shall purchase such excess of such device type, but only up to the Acceptable Yield Variance. For purposes hereof, the "Acceptable Yield Variance" means, through 1998, [*] and, after December 31, 1998, [*] Any such excess so purchased by TI shall count against TI's loading requirements elsewhere provided for hereunder.

6.8 UNNECESSARY VARIATIONS. TI and Anam shall each use commercially reasonable efforts to minimize unnecessary variations in order to achieve as nearly as possible linear weekly shipments.

6.9 PURCHASE ORDER PROCESS. Two weeks prior to the start of each quarter, at the same time as the Quarterly Forecast, TI shall supply to Amkor a written blanket purchase order. The purchase order shall be issued solely for administrative/invoicing purposes and shall only provide the estimated amount payable by TI to Amkor in U.S. Dollars. The purchase order shall not be binding in any respect. Any terms and conditions expressed in any purchase order or acknowledgment shall have no force and effect between the Parties.

6.10 REVISIONS. The Parties may agree in writing from time to time to revise the periods covered by the rolling forecasts, the forecasting and ordering process, the forecast and ordering data, and/or the technology by which the forecasts and orders are communicated to take advantage of more efficient and effective means of transacting business. During the Phase 1 node start-up period and until March 31, 1998, TI shall provide forecasted volume by device name. These data are for informational purposes only and do not constitute a formal start plan commitment by TI.

ARTICLE 7. PRICING

7.1 PRICING.

7.1.1 For TI Products delivered to TI in accordance with this Agreement, TI shall pay Amkor an amount (the "Price") calculated in accordance with this Article 7. [*]

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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ARTICLE 8.
SHIPPING, PAYMENT AND PACKAGING

8.1 SHIPMENTS. Shipments shall be made FCA (INCO Terms), Facility (the "FCA

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Point"), in accordance with the routing and "ship to" instructions in TI's shipping instructions. All title and risk of loss or damage shall pass from Amkor to TI upon Anam's delivery to the FCA Point, provided Anam has shipped the TI Products in accordance with TI's reasonable routing and "ship to" instructions and any other packing and shipping instructions. TI shall be responsible for all shipping, handling and insurance costs from the FCA Point to the destination of the shipment.

8.2 PAYMENT PROCEDURES.

8.2.1 On the day Anam makes shipment, Amkor shall send to TI a shipping notice containing the number of TI Products shipped, estimated amount payable, lot number, and purchase order number. Amkor shall also provide, at the end of each week, a weekly invoice and reconciliation statement showing all shipments made during the week and any special or incidental fees incurred that week as authorized by this Agreement (e.g., Hot Lot fees).

8.2.2 TI's payment shall be net thirty (30) days of each such weekly invoice and reconciliation statement.

8.3 DELIVERY.

8.3.1 Anam shall ship TI Products to TI's designated delivery points on the dates required to meet the cycle time requirements hereunder from the production start dates specified in TI Start Plans (the "Scheduled Shipment Date"), but in no event shall Anam ship TI Products sooner than three (3) days in advance of the Scheduled Shipment Date. Except for those TI Products which are subject to delays caused by holds or storage at the wafer bank, as described in Sections 3.14 and 3.15 respectively, in the event that any TI Products are not shipped in accordance with such delivery dates, Anam agrees to ship via air freight (or as directed by TI) and to pay for all extra costs.

8.3.2 In addition to the TI packing and shipping instructions, the TI Products shall be packaged in accordance with applicable TI Specifications and Korean Laws and U.S. laws to ensure safe arrival at TI's designated delivery point.

8.4 PACKING AND SHIPPING INSTRUCTIONS.

8.4.1 Anam will properly pack and describe shipments in accordance with TI Specifications and applicable carrier and legal regulations. Shipments will be made at the lowest possible freight charges. TI may assist Anam by providing freight classifications or classifying material. Anam will insure or declare value on shipments except on parcel post, unless TI specifies otherwise. On shipment where value is declared, Anam will ship prepaid insured for a minimum of the equivalent of Fifty U.S. Dollars (U.S. \$50.0) to facilitate tracing. If shipping by air carrier, Anam will ship freight prepaid. Anam shall consolidate the air and surface shipments on single bills of lading insofar as possible so as to avoid premium freight costs unless instructed otherwise by TI.

8.4.2 In case any shipment does not correspond to normal practice in the industry (e.g., require special handling shipments or air ride suspension, or air shipment over five hundred (500) pounds, or over one hundred twenty (120) inches long or wide or over fifty-six (56) cubic feet, etc.), Anam agrees to notify TI's appropriate traffic department seventy-two (72) hours prior to shipment for special shipping instructions.

8.4.3 Each box, crate or carton will show TI's full street address and TI Start Plans lot number regardless of how shipped. On air carrier shipments, a packing list shall accompany each container and shall describe the contents of such container. On all other shipments, Anam will provide a packing list to accompany each shipment, referencing the appropriate TI Start Plans lot number and purchase order number. The bill of lading also will reference the TI Start Plan lot number and purchase order number.

8.4.4 Anam is responsible for packing shipments correctly based on the carrier/mode utilized. Charges for packing and crating shall be deemed part of the Price and no additional charges will be made therefor unless specifically requested by TI on the TI Start Plans. Anam agrees to ship via the carrier specified by TI.

8.5 RETURN MATERIALS AUTHORIZATION. TI Products returned to Anam or Amkor pursuant to Sections 9.2 or 3.11 or as otherwise permitted hereunder shall be returned freight collect. To the extent reasonably practicable, replacement service by Anam or Amkor shall be made on an expedited, "courier", basis, to the extent practicable, not to exceed [*], from the date of return, at no additional expense to TI. Anam agrees to provide RMA as soon as reasonably possible, but not exceeding five (5) business days after return by TI.

8.6 CUSTOMER CANCELLATION. Upon a cancellation of an order by a TI customer on the basis of which customer order TI ordered a lot in production hereunder, of a lot already in production at the Facility, TI shall have the right to cancel such lot; provided, however that TI shall pay Amkor an amount equal to the Wafer Termination Amount (as defined in

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Section 2.4.4).

ARTICLE 9.
WARRANTIES AND LIABILITY LIMITATIONS

9.1 PRODUCT WARRANTY. Anam warrants to TI that the TI Products as delivered to TI hereunder will conform to the relevant Specifications and shall be free from any defects in material or workmanship for a period of [*] from the date of delivery to TI (hereinafter, the "Warranty Period").

9.2 PRODUCT WARRANTY REMEDY.

9.2.1 If, within the Warranty Period, any TI Products are in breach of the warranty set forth in Section 9.1, TI shall notify Anam promptly in writing of such breach, and Anam shall promptly, at TI's option, either (i) if Anam still has the capability to manufacture such TI Products, repair or replace such TI Products at no cost to TI or TI's customers, or (ii) credit to TI's account [*]. A Return Materials Authorization ("RMA") form previously issued by Anam must accompany any such returned TI Products. Such return shipment shall be made by TI, F.O.B. TI's shipping dock or such other shipping location as may be designated by TI.

9.2.2 If it is determined that a TI Product returned to Anam in accordance with the foregoing has not breached the warranty set forth in Section 9.1, TI shall reimburse Anam the costs incurred by Anam in connection with Anam's treatment of such TI Product as a product subject to Section 9.2.1, including the return of such TI Product and the testing thereof.

9.3 ANAM AND TI INDEMNITY.

9.3.1 Anam will hold TI harmless from, and indemnify it against, all costs and damages, up to the total amount paid by TI to Amkor for a particular TI Product to which this indemnity relates, incurred by TI resulting from any claims made by third parties arising out of such TI Products manufactured by Anam, to the extent that such TI Product breached the warranty set forth in Section 9.1, provided the liability for such claims is not due to any intentional misconduct or gross negligence by TI (including without limitation, that of any TI employee or agent).

9.3.2 TI will hold Anam and Amkor harmless from, and indemnify them against,

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

all costs and damages in excess of the total amount paid by TI to

Anam or Amkor for a particular TI Product to which this indemnity relates, incurred by Anam or Amkor as a result of any claim against Anam or Amkor by any customer of TI with respect to such TI Product; provided, however, that in no case shall TI be obligated to hold Anam or Amkor harmless or indemnify Anam or Amkor against any claim arising out of the intentional misconduct or gross negligence of Anam or Amkor (including without limitation, that of any Anam or Amkor employee or agent).

9.4 SOLE WARRANTY.

9.4.1 WITH RESPECT TO TI PRODUCTS, THE WARRANTY SET FORTH IN SECTION 9.1 STATES ANAM'S AND AMKOR'S SOLE WARRANTY, AND SECTION 9.2.1 STATE TI'S SOLE REMEDIES FOR THE BREACH OF SUCH WARRANTY.

9.4.2 WITH RESPECT TO TI PRODUCTS, THE WARRANTIES IN THIS ARTICLE 9 ARE EXCLUSIVE AND STATED IN LIEU OF, AND ANAM AND AMKOR HEREBY DISCLAIM, ALL OTHER WARRANTIES, WHETHER EXPRESS, STATUTORY, OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND, EXCEPT AS PROVIDED IN SECTION 8 ("INDEMNITY BY ANAM") OF THE PHASE 2 TAA, NON-INFRINGEMENT. THE PARTIES NEITHER ASSUME NOR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR THE PARTIES ANY OTHER LIABILITIES IN CONNECTION WITH THE MANUFACTURE OR SALE OF SUCH PRODUCTS. THE WARRANTIES SHALL NOT APPLY TO ANY OF SUCH PRODUCTS WHICH HAVE BEEN REPAIRED OR ALTERED BY TI, EXCEPT AS AUTHORIZED BY ANAM, OR AMKOR, OR WHICH SHALL BE SUBJECTED TO MISUSE, NEGLIGENCE, ACCIDENT OR ABUSE BY TI OR ITS CUSTOMERS.

9.5 WARRANTY DISCLAIMER. ANAM AND AMKOR MAKE NO WARRANTY OR REPRESENTATION THAT THE TI PRODUCTS DELIVERED HEREUNDER ARE, OR WILL BE, SUITABLE FOR USE AS COMPONENTS IN LIFE SUPPORT DEVICES OR SYSTEMS OR ANY AVIATION, NUCLEAR, OR OTHER APPLICATION THAT PROTECTS, SUPPORTS, OR SUSTAINS LIFE, WHERE THE FAILURE OF SUCH COMPONENT TO PERFORM MAY RESULT IN SIGNIFICANT BODILY INJURY, CAUSE THE FAILURE OF, OR AFFECT THE SAFETY OR EFFECTIVENESS OF SUCH DEVICE, SYSTEM OR APPLICATION. NOTHING IN THIS SECTION 9.5 SHALL LIMIT THE WARRANTY UNDER SECTION 9.1.

9.6 LIABILITY LIMITATION. ANAM'S AND AMKOR'S TOTAL AGGREGATE LIABILITY TO TI ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING UNDER THIS

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ARTICLE, SHALL NOT EXCEED THE AGGREGATE AMOUNTS PAID BY TI TO AMKOR HEREUNDER.

EXCEPT FOR TI'S OBLIGATION TO PURCHASE AND PAY FOR TI PRODUCTS, TI'S TOTAL AGGREGATE LIABILITY TO ANAM AND AMKOR ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING UNDER THIS ARTICLE, SHALL NOT EXCEED THE AGGREGATE AMOUNTS PAID BY TI TO ANAM HEREUNDER.

IN NO EVENT SHALL ANY PARTY BE LIABLE FOR LOST PROFITS, COST OF PROCUREMENT OF SUBSTITUTE GOODS OR ANY OTHER SPECIAL, DIRECT, INDIRECT, RELIANCE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE.

THE FOREGOING LIMITATIONS SHALL APPLY REGARDLESS OF WHETHER THE PARTY AGAINST WHOM LIABILITY IS ASSERTED HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

ARTICLE 10.

AMENDMENT OF CERTAIN PRIOR AGREEMENTS

The Parties agree that (i) Articles 5, 6, 7 and 8 and Sections 2.4 and 2.5 of the Phase 1 TAA, (ii) Sections III and IV of Annex A of the Phase 1 TAA, and

(iii) the Amendment to the Phase 1 TAA, dated September 29, 1997, each in their entirety, shall be of no further force or effect and shall be replaced and superseded by the terms and conditions of this Agreement. Except as stated in the foregoing, the Phase 1 TAA shall not be considered revised or amended in any way by this Agreement. The Amkor Marketing Agreement dated as of August 1997 among TI, Anam and Amkor shall be of no further force and effect and shall be replaced and superseded by Section 10.1.2 and Annexes B and C of the Phase 2 TAA.

ARTICLE 11.

TERM

This Agreement shall be effective upon its execution by the Parties and shall continue in effect, with respect to Phase 1 Products, throughout the Term of the Phase 1 TAA and with respect to Phase 2 Products, throughout the Term of the Phase 2 TAA (as defined therein) and throughout the term of any other TAA between TI and Anam to the extent those Parties agree.

ARTICLE 12.

CONFIDENTIALITY

This Agreement incorporates Article 10 of the Phase 2 TAA in its entirety herein by reference, and such article shall be considered as part of this Agreement so long as this Agreement is effective, provided, however, that nothing herein shall limit the survival of such obligations as set forth therein. Both Anam and Amkor expressly agree to be bound by Article 10 of the Phase 2 TAA.

ARTICLE 13.

TERMINATION AND DISPUTE RESOLUTION

13.1 TERMINATION. Where the following grants to a Party the right to terminate this Agreement, such Party may exercise such right in accordance with this Article 13. For the purpose of this Article 13, Anam and Amkor on the one hand, and TI on the other hand, shall each be considered a Party.

13.1.1 Expiration or Termination of TAA. Unless extended, upon the expiration of the term or the termination of the last effective TAA, this Agreement shall terminate automatically but in accordance with any terms set forth in such TAA; or

13.1.2 Mutual Agreement of the Parties. The Parties may mutually terminate this Agreement, in which event the future relationship of the Parties shall be determined by the Parties; or

13.1.3 An Uncured Material Breach. Subject to Sections 13.2, 13.3 and 13.4 of this Agreement, a Party may terminate this Agreement, and at its option, any TAAs, in the event of an uncured material breach hereof by the other Party. A material breach includes without limitation a curable breach that is not cured in accordance with Section 13.3.

13.2 RESOLUTION OF DISPUTES. It is the intent of the Parties that any breach of this Agreement be resolved in an amicable manner, to the fullest extent possible, and that any such resolution be reasonable in light of the rights and obligations of the Parties. If any breach should arise which cannot be resolved by the personnel of each Party directly involved, the following procedures of Sections 13.3 through 13.4 inclusive shall apply in each of the circumstances described below.

13.3 CURE. If either Party (the "Breaching Party") shall at any time breach this Agreement, without any material causative fault on the part of the other Party (the "Non-Breaching Party"), by failing to perform any provision of this

Agreement, the Non-Breaching Party may advise of its intention to terminate this Agreement by providing formal written notice of breach pursuant to Section 14.13 to the Breaching Party specifying the breach. Notice for purposes of the foregoing provided other than in strict accordance with Section 14.13 will not be effective. Notwithstanding the foregoing, this Agreement will not be terminable if: (i) the breach specified in the notice is remedied within the sixty (60) day period following receipt of the notice by the Breaching Party or (ii) if the breach reasonably requires more than sixty (60) days to correct, the Breaching Party has, within thirty (30) days from receipt of the notice of breach, begun substantial corrective action to cure the breach and submitted a written remediation plan to the Non-Breaching Party pursuant to Section 14.13 providing a detailed explanation of the steps to be taken to cure the breach as quickly as practicable, the Breaching Party diligently pursues such corrective action, and such breach is actually cured within ninety (90) days following receipt of the notice of breach. If any breach is not cured within the time permitted, the Non-Breaching Party shall have the right to issue a notice of termination of this Agreement within 90 days

of the expiration of the foregoing cure period by giving written notice thereof to the Breaching Party. The Non-Breaching Party shall state in its notice of termination whether it intends to exercise its option to terminate any TAAs. Upon the giving of such notice of termination this Agreement shall terminate in accordance with Section 13.6. The Party receiving notice shall have the right to cure any such breach up to the date of the notice of termination. In the event of a material breach, the Non-Breaching Party shall have the right to suspend further implementation or effectuation of its obligations under this Agreement affected by such breach, and shall not be obligated to resume such activities until such breach has been cured. This Section 13.3 shall run concurrently with the conciliation process set forth in Section 13.4 below.

13.4 CONCILIATION PROCESS. At any time during the Term, upon the occurrence of one or more breaches under this Agreement, the Non-breaching Party shall promptly deliver written notification to the alleged Breaching Party setting out in reasonable detail and in clear and concise language the good faith basis for and the specifics of such breach. Within the applicable cure period provided in Section 13.3, either Party has the right to demand the following meetings:

13.4.1 Upon fourteen (14) calendar days' notice, a meeting of the project coordinators for the purposes of, among other things:

- (a) assessing the good faith basis for the claimed breach;
- (b) defining, assessing and prioritizing the alternatives reasonably available to cure such breach or to correct the circumstances or situations that gave rise to such breach so as to make its reoccurrence unlikely; and
- (c) adopting by unanimous vote, one or more curative or corrective courses of action.

13.4.2 If, after meeting in accordance with Section 13.4.1, the project coordinators are unable to resolve the breach, a meeting of an advisory committee consisting of the Presidents of Amkor, Anam and the TI Executive Vice President responsible for the Semiconductor Group and two additional personnel of their choice, one of each from TI and Anam or Amkor for further attempts at resolution, upon fourteen (14) calendar days' notice.

13.4.3 If, after meeting in accordance with Section 13.4.2, such advisory committee is unable to resolve the dispute, a meeting of the respective Chief Executive Officer of each of TI and Anam or Amkor for the purpose of attempting to resolve the breach, upon fourteen calendar days' notice.

13.5 REMEDIES, INJUNCTIVE AND OTHER EQUITABLE RELIEF. Upon the failure to cure
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material breach by either Party of any provision of this Agreement, the Non-Breaching Party shall have the right to pursue all available remedies at law or in equity that it may elect, including but not limited to specific performance or injunctive relief, in order to obtain the benefits which have been provided pursuant to this Agreement and the TAAs, or to obtain adequate recourse or compensation in the event the same are not so provided.

13.6 TERMINATION PROCEDURE. Following the issuance of a notice of termination by the Non-Breaching Party in accordance with Section 13.3, the Parties shall promptly meet and establish, in good faith, a reasonable transition plan that will permit for a period not to exceed two years: (i) Anam, subject to the payment of royalties under any TAA (including Section 5.3.1 of the Phase 2 TAA), to continue to use the technology provided to it under such TAA so that it will have the ability to continue in the foundry business using TI technology and at the same time transition to another process technology by the end of such period, and (ii) TI to continue to purchase TI Products from Amkor in the manner provided in this Agreement so that TI's supply of products will not be interrupted in such period while TI transitions to another source for such products. If during the transition period, Amkor or Anam repeatedly and materially fails to fulfill TI's reasonable requirements for TI Products, TI may terminate the transition period upon sixty days' notice.

13.7 FORCE MAJEURE.

13.7.1 Should either Party be prevented from performing its contractual obligations under this Agreement due to the cause or causes of force majeure such as new acts of war or aggression (declared or undeclared) by North Korea or other third country or economy, fire, storm, flood, typhoon or other severe weather conditions, earthquake, strike, student unrest, legal restraints, government or like interference, judicial action, accidental damage to equipment, as well as any other cause outside the control of that Party, that Party shall not be liable to the other Party for any delay or failure of performance caused by any of the above events. "Force majeure" shall include the failure to obtain such license(s) and other approvals, including export licenses, as are required by U.S. law or other applicable law for the equipment, software, technology and Products to be provided pursuant to the terms of this Agreement, except where such failure is due to a Party's breach of this Agreement.

13.7.2 In addition to providing notice in the manner set out in Section 14.13, the Party affected by Force Majeure shall notify the other Party of the occurrence of any of the events set out in Section 14.16.1 in writing by cable, telex, facsimile, or electronic mail within the shortest possible time.

13.7.3 Should the delay caused by any of the above events continue for more than ninety (90) days, the Parties shall settle the problem of further performance of the Agreement through friendly negotiations as soon

as possible with the objective of restructuring the relationship among them such that the effects of such delay are minimized. If the Parties cannot agree on a mutually acceptable solution within six (6) months of any Party request for such negotiations either Party may terminate this Agreement and any TAAs to the extent permitted by, and in accordance with, Section 13.06.

ARTICLE 14.

MISCELLANEOUS

14.1 ANNEX. Annexes A, B and C of this Agreement are an integral part hereof. All amendments, supplements and alterations to this Agreement shall be made in written form and signed by the authorized representative of the Parties, and such shall thereafter form an integral part of this Agreement.

14.2 SEVERABILITY. In the event that any of the provisions of this Agreement, or portions thereof, or documents referenced herein are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby. If the purposes of this Agreement are substantially frustrated by any events contemplated by this Section 14.02, a Party may terminate this Agreement in the manner and as if the conditions of Section 13.01.02 existed.

14.3 CONFIDENTIALITY OF THIS AGREEMENT. No Party, without the prior written consent of the other, shall either issue or cause the issuance of a press release or public announcement or disclose to any third party the contents of this Agreement or the transactions contemplated hereby. Under this requirement a Party shall be permitted to disclose, under confidentiality and use restrictions, such terms of this Agreement as are reasonably required to be disclosed in response to reasonable requests made by governmental authorities or potential investors or lenders not affiliated with any semiconductor developer or manufacturer in the ordinary course of seeking governmental approvals or for obtaining debt or equity financing, bank credit or the like.

Notwithstanding the foregoing or anything to the contrary set forth in the TAAs, each party may disclose the existence of this Agreement and the general fact that the Parties have entered into a technology transfer agreement and this Agreement.

14.4 HEADINGS. The headings of the Articles and Sections of this Agreement are for reference purposes only and shall not be deemed to affect in any way the meaning or interpretation of the Articles to which they refer.

14.5 WAIVER. The failure on the part of any Party to exercise or enforce any rights conferred on it hereunder shall not be deemed to constitute a waiver of any rights nor operate to bar the exercise or enforcement of any rights at any time or at times thereafter.

14.6 FURTHER ACTIONS. The Parties agree to execute and deliver to each other all

additional instruments, to provide all information, and to do or refrain from doing all further acts and things as may be necessary or as may be reasonably requested by any Party hereto, more fully to vest in, and to assure each Party of, all rights, powers, privileges, and remedies herein intended to be granted

to or conferred upon such Party.

14.7 ASSIGNMENT. A Party shall not assign or delegate this Agreement or any right or duty under this Agreement or portion thereof (including an assignment or delegation by operation of law, other than in connection with a reincorporation) without the prior written consent of the other Parties. Notwithstanding the foregoing, TI may assign this Agreement or any obligation hereunder to any Subsidiary of TI upon written notice to Anam. In such event, TI shall guarantee such Subsidiary's performance of its obligations under this Agreement and such assignment obligation shall not release TI of any of its obligations hereunder. Notwithstanding the foregoing, Amkor and Anam may assign or delegate their rights and duties hereunder among themselves or to their respective Affiliates, provided that such assignment or delegation does not cause TI to incur any additional obligations or costs. In the event of such delegation or assignment, Amkor and Anam shall guarantee such Affiliate's performance of their obligations under this Agreement and such assignment obligation shall not release Amkor or Anam of any of their obligations hereunder. Amkor and Anam shall be jointly and severally liable for the obligations and liabilities of either of them under this Agreement. Any attempted assignment or delegation, other than the delegation expressly permitted in this Section 14.07, shall be null and void.

14.8 AMKOR-ANAM AGREEMENT. Amkor and Anam represent and warrant to TI that they will enter into and cause to remain in effect an agreement providing for, inter alia, Amkor and its Affiliates to sell all of Anam's wafer manufacturing capacity to third parties, including TI as contemplated by this Agreement.

14.9 NO THIRD PARTY BENEFICIARIES. Except as specifically set forth or referred to herein, nothing express or implied in this Agreement is intended to or shall be construed to confer upon or to give any person other than the Parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

14.10 ENGLISH. All correspondence of which any Party is a recipient or sender shall be in English. All documents which are issued in Korea pursuant to this Agreement shall be provided to TI in English translation.

14.11 INSURANCE. Anam shall obtain and maintain throughout the Term such kinds and amounts of insurance as are reasonable and customary in the trade, including but not limited to insurance covering product liability, theft, fire, worker's compensation, etc.

14.12 INTEGRATION. This Agreement, and the Phase 1 TAA and Phase 2 TAA, contain the entire understanding and agreement among the Parties with respect to the subject matter hereof and thereof and supersedes all prior oral and written understandings and agreements relating thereto, and may not be modified, discharged or terminated except by the written consent of the Parties. In the event of any conflict between this Agreement and either the Phase 1 TAA or the Phase 2 TAA, the terms of this Agreement shall prevail.

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14.13 NOTICES. All notices, orders and other communications related to the operations and transactions contemplated by this Agreement shall be transmitted to the appropriate Party in the manner set forth in the sections governing such notices, orders or communications, or as otherwise may be agreed. Any formal communications pursuant to this Agreement, including without limitation notices under Article 13 shall be served on each Party in writing via facsimile transmission (confirmed by registered letter), registered letter, telex or prepaid cable to the following persons at the following addresses and fax numbers:

if to TI:

Mr. Kevin Ritchie
13353 Floyd Road, M/S 344
Dallas, Texas 75243

Fax: 972 995-5086

with a copy to:

General Counsel
7839 Churchill Way M/S 3999
Dallas, Texas 75251
Fax: 972 917-4418

if to either Anam or Amkor, both to:

Dr. Kwang O. Park
222, Dodang-dong
Wonmi-gu, Buchon
Kyunggi-do, Korea 420-130
Fax: 032 683-8104

and

Mr. Eric R. Larson
MK Plaza
720 Park Boulevard #230
Boise, ID 83706
Fax: 208 345-8199

with copies to:

Mr. Ki Chang Lee, Esq.
Hanol Law Offices
14th Floor, Oriental Chemical Building
50 Sokong-Dong, Chung-Ku
Seoul, Korea 100-718
Fax: 82 32 598 4888

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and

Kevin Heron, Esq.
General Counsel
Amkor Technology, Inc.
1345 Enterprise Drive
West Chester, Pa 19380
Fax: 610 431-7189

Selwyn B. Goldberg, Esq.
Wilson Sonsini Goodrich & Rosati
650 Page Mill Rd.
Palo Alto, Ca 94304
Fax: 650 496-4006

14.14 GOVERNING LAW. This Agreement shall be governed by, construed and enforced in accordance with the laws of Texas, U.S.A., as applicable to contracts made and fully performed in Texas. The United Nations Convention on the International Sales of Goods shall not apply to this Agreement or any transactions contemplated by this Agreement. Anam and Amkor hereby irrevocably consent to the jurisdiction of the courts of the State of Texas and of Federal courts of the U.S.A. located in the State of Texas.

14.15 REMEDIES. The Parties acknowledge that no specified remedies, such as liquidated damages, are provided for in this Agreement for breaches of several of the obligations hereunder, such as the minimum purchase, forecasting, manufacturing and cycle time performance obligations. The Parties agree to review each Party's historical performance hereunder from time to time during the Term and discuss the appropriateness of agreeing on specified remedies in light of such performance. The Parties contemplate that the first such review shall take place in or around October 1998. The absence of any specified

remedies herein shall in no event limit either Party's rights in law or in equity for breaches by the other.

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14.16 COUNTERPARTS. This Agreement may be executed in one or more counterparts, in English, each of which shall be enforceable by or against the Parties executing such counterparts, and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, and intending to be legally bound hereby, TI, Anam and Amkor have caused their duly authorized representatives to execute this Agreement.

ANAM INDUSTRIAL CO., LTD.

TEXAS INSTRUMENTS INCORPORATED

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

AMKOR ELECTRONICS, INC.

By: _____

Name: _____

Title: _____

Date: _____

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ANNEX A

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* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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ANNEX B
PERCENTAGE COMPLETION TABLE EXAMPLE:

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C12 DEVICES

LC541
LC545
LC546
LC548
F452654
F452659

Exhibit 21.1 Subsidiaries

Amkor, Inc., a Delaware corporation
AK Industries, Inc., a Texas corporation
Amkor-Anam, Inc., a Texas corporation
Amkor International Holdings, Ltd., a Cayman Islands company
First Amkor Cayman Islands, Ltd., a Cayman Islands company
Amkor/Anam Advanced Packaging, Inc., a Philippines corporation ("P3")
Amkor/Anam Pilipinas, Inc., a Philippines corporation ("P1")
Automated Microelectronics Inc., a Philippines corporation ("P2")
T.L. Limited, a Cayman Islands company
C.I.L. Limited, a Cayman Islands company
Amkor/Anam EuroServices S.A.R.L., a French company
Amkor Wafer Fabrication Services, S.A.R.L., a French company
Amkor Receivables Corp., a Delaware corporation

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this Amendment No. 3 to the Registration Statement (no. 333-37235) on Form S-1.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Philadelphia, Pa.
March 25, 1998

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility
of a Trustee Pursuant to Section 305(b) (2)

STATE STREET BANK AND TRUST COMPANY
(Exact name of trustee as specified in its charter)

Massachusetts	04-1867445
(Jurisdiction of incorporation or organization if not a U.S. national bank)	(I.R.S. Employer Identification No.)

225 Franklin Street, Boston, Massachusetts 02110
(Address of principal executive offices) (Zip Code)

Maureen Scannell Bateman, Esq. Executive Vice President and General Counsel
225 Franklin Street, Boston, Massachusetts 02110
(617) 654-3253
(Name, address and telephone number of agent for service)

AMKOR TECHNOLOGY, INC.
(Exact name of obligor as specified in its charter)

DELAWARE	23-2925614
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1345 ENTERPRISE DRIVE -- GOSHEN CORPORATE PARK
WEST CHESTER, PA 19380
(Address of principal executive offices) (Zip Code)

\$150,000,000 ____% CONVERTIBLE SUBORDINATED NOTES DUE 2003

(Title of indenture securities)
GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

- (a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISORY AUTHORITY TO WHICH
IT IS SUBJECT.

Department of Banking and Insurance of The Commonwealth of
Massachusetts, 100 Cambridge Street, Boston, Massachusetts.

Board of Governors of the Federal Reserve System, Washington,

D.C., Federal Deposit Insurance Corporation, Washington, D.C.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.
Trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

The obligor is not an affiliate of the trustee or of its parent, State Street Corporation.

(See note on page 2.)

ITEM 3. THROUGH ITEM 15. NOT APPLICABLE.

ITEM 16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS PART OF THIS STATEMENT OF ELIGIBILITY.

1. A COPY OF THE ARTICLES OF ASSOCIATION OF THE TRUSTEE AS NOW IN EFFECT.

A copy of the Articles of Association of the trustee, as now in effect, is on file with the Securities and Exchange Commission as Exhibit 1 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with the Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

2. A COPY OF THE CERTIFICATE OF AUTHORITY OF THE TRUSTEE TO COMMENCE BUSINESS, IF NOT CONTAINED IN THE ARTICLES OF ASSOCIATION.

A copy of a Statement from the Commissioner of Banks of Massachusetts that no certificate of authority for the trustee to commence business was necessary or issued is on file with the Securities and Exchange Commission as Exhibit 2 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with the Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

3. A COPY OF THE AUTHORIZATION OF THE TRUSTEE TO EXERCISE CORPORATE TRUST POWERS, IF SUCH AUTHORIZATION IS NOT CONTAINED IN THE DOCUMENTS SPECIFIED IN PARAGRAPH (1) OR (2), ABOVE.

A copy of the authorization of the trustee to exercise corporate trust powers is on file with the Securities and Exchange Commission as Exhibit 3 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with the Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

4. A COPY OF THE EXISTING BY-LAWS OF THE TRUSTEE, OR INSTRUMENTS CORRESPONDING THERETO.

A copy of the by-laws of the trustee, as now in effect, is on file with the Securities and Exchange Commission as Exhibit 4 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with the Registration Statement of Eastern Edison Company (File No. 33-37823) and is incorporated herein by reference thereto.

5. A COPY OF EACH INDENTURE REFERRED TO IN ITEM 4. IF THE OBLIGOR IS IN DEFAULT.

Not applicable.

6. THE CONSENTS OF UNITED STATES INSTITUTIONAL TRUSTEES REQUIRED BY SECTION 321(b) OF THE ACT.

The consent of the trustee required by Section 321(b) of the Act is annexed hereto as Exhibit 6 and made a part hereof.

7. A COPY OF THE LATEST REPORT OF CONDITION OF THE TRUSTEE PUBLISHED PURSUANT TO LAW OR THE REQUIREMENTS OF ITS SUPERVISING OR EXAMINING AUTHORITY.

A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority is annexed hereto as Exhibit 7 and made a part hereof.

NOTES

In answering any item of this Statement of Eligibility which relates to matters peculiarly within the knowledge of the obligor or any underwriter for the obligor, the trustee has relied upon information furnished to it by the obligor and the underwriters, and the trustee disclaims responsibility for the accuracy or completeness of such information.

The answer furnished to Item 2. of this statement will be amended, if necessary, to reflect any facts which differ from those stated and which would have been required to be stated if known at the date hereof.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, State Street Bank and Trust Company, a corporation organized and existing under the laws of The Commonwealth of Massachusetts, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Boston and The Commonwealth of Massachusetts, on the March 23, 1998.

STATE STREET BANK AND TRUST COMPANY

By: /s/ PAUL D. ALLEN

NAME PAUL D. ALLEN
TITLE VICE PRESIDENT

EXHIBIT 6

CONSENT OF THE TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939, as amended, in connection with the proposed issuance by AMKOR TECHNOLOGY, INC. of its \$150,000,000 ___% CONVERTIBLE SUBORDINATED NOTES DUE 2003, we hereby consent that reports of examination by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

STATE STREET BANK AND TRUST COMPANY

By: /s/ PAUL D. ALLEN

NAME PAUL D. ALLEN
TITLE VICE PRESIDENT

DATED: MARCH 23, 1998

EXHIBIT 7

Consolidated Report of Condition of State Street Bank and Trust Company, Massachusetts and foreign and domestic subsidiaries, a state banking institution organized and operating under the banking laws of this commonwealth and a member of the Federal Reserve System, at the close of business December 31, 1997, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act and in accordance with a call made by the Commissioner of Banks under General Laws, Chapter 172, Section 22(a).

		Thousands of Dollars
ASSETS		
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	2,220,829	
Interest-bearing balances	10,076,045	
Securities.....	10,373,821	
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and its Edge subsidiary	5,124,310	
Loans and lease financing receivables:		
Loans and leases, net of unearned income	6,270,348	
Allowance for loan and lease losses	82,820	
Allocated transfer risk reserve.....	0	
Loans and leases, net of unearned income and allowances		6,187,528
Assets held in trading accounts	1,241,555	
Premises and fixed assets		410,029
Other real estate owned	100	

Investments in unconsolidated subsidiaries	38,831	
Customers' liability to this bank on acceptances outstanding		44,962
Intangible assets	224,049	
Other assets.....	1,507,650	

Total assets	37,449,709	
	=====	
LIABILITIES		
Deposits: In domestic offices		10,115,205
Noninterest-bearing	7,739,136	
Interest-bearing	2,376,069	
In foreign offices and Edge subsidiary.....		14,791,134
Noninterest-bearing	71,889	
Interest-bearing	14,719,245	
Federal funds purchased and securities sold under		
agreements to repurchase in domestic offices of the bank		
and of its Edge subsidiary		7,603,920
Demand notes issued to the U.S. Treasury and Trading Liabilities	194,059	
Trading liabilities.....		1,036,905
Other borrowed money	459,252	
Subordinated notes and debentures	0	
Bank's liability on acceptances executed and outstanding	44,962	
Other liabilities	972,782	
Total liabilities		35,218,219

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	Thousands of Dollars	
EQUITY CAPITAL		
Perpetual preferred stock and related surplus.....		0
Common stock	29,931	
Surplus	444,620	
Undivided profits and capital reserves/Net unrealized holding gains (losses)		1,763,076
Cumulative foreign currency translation adjustments		(6,137)
Total equity capital		2,231,490

Total liabilities and equity capital		37,449,709
		=====

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I, Rex S. Schuette, Senior Vice President and Comptroller of the above named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Rex S. Schuette

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

David A. Spina
Marshall N. Carter
Truman S. Casner

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