

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 6, 1997
 REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

 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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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 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	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1) (2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.001 par value.....	\$402,500,000	\$121,970

- (1) Includes the aggregate value offered if the Underwriters exercise the options to purchase shares of Common Stock 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.

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.

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SUBJECT TO COMPLETION
OCTOBER 6, 1997

PROSPECTUS

LOGO

SHARES

AMKOR TECHNOLOGY, INC.

COMMON STOCK
(\$.001 PAR VALUE)

Of the shares (the "Shares") of Common Stock, \$.001 par value ("Common Stock") of Amkor Technology, Inc. ("Amkor" or the "Company") offered hereby, Shares are being sold by the Company and Shares are being sold by certain stockholders of the Company (the "Selling Stockholders"). The Company will not receive any proceeds from the sale of the Common Stock by the Selling Stockholders.

Of the Shares offered hereby, Shares are being offered by the U.S. Underwriters (as defined herein) in the United States and Canada (the "U.S. Offering") and Shares are being offered by the International Underwriters (as defined herein) 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 Public and Underwriting Discount per share 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 affiliates will beneficially own % of the Company's outstanding Common Stock. See "Principal and Selling Stockholders."

Prior to the Offerings, there has been no public market for the Common Stock. It is currently estimated that the initial public offering price per share will be between \$ and \$ per share. See "Underwriting" for a discussion of factors to be considered in determining the initial public offering price.

Application has been made to have the Common Stock approved for listing on the Nasdaq National Market under the symbol "AMKR."

SEE "RISK FACTORS" BEGINNING ON PAGE 6 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SHARES.

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.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT	PROCEEDS TO COMPANY (1)	PROCEEDS TO SELLING STOCKHOLDERS
Per Share.....	\$	\$	\$	\$
Total (2).....	\$	\$	\$	\$

(1) Before deducting expenses payable by the Company, estimated at \$.

(2) The Company has granted the U.S. Underwriters and the International Underwriters 30-day options to purchase up to and additional Shares, respectively, solely to cover over-allotments, if any. If the Underwriters exercise these options in full, the total Price to Public, Underwriting Discount and Proceeds to the Company will be \$, \$ and \$, respectively. See "Underwriting."

The Shares 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 will be made at the office of Salomon Brothers Inc, Seven World Trade Center, New York, New York, or through the facilities of The Depository Trust Company, on or about , 1997.

SALOMON BROTHERS INC

BANCAMERICA ROBERTSON STEPHENS

COWEN & COMPANY

The date of this Prospectus is , 1997.

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.

of wafer fabrication, packaging and test operations.]

PowerQuad(R) and SuperBGA(R) are registered trademarks of the Company and ChipArray(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 COMMON STOCK, INCLUDING PURCHASES OF THE COMMON STOCK TO STABILIZE ITS MARKET PRICE, PURCHASES OF THE COMMON STOCK TO COVER SOME OR ALL OF A SHORT POSITION IN THE COMMON STOCK 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 Consolidated 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 provision of wafer fabrication services, the Company's expected capacity utilization rates, the Company's anticipated assumption of marketing rights in Japan and Korea, 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 June 30, 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. This demand is expected to grow faster than that of the semiconductor industry as a whole. According to industry estimates, independent packaging foundry revenues are expected to grow at a compound annual rate of 20.3% over the next five years from an estimated \$5.0 billion in 1996 (32% of the world's IC packaging needs) to \$12.5 billion in 2001 (45% of the world's IC packaging

needs).

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 the six months ended June 30, 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 the six months ended June 30, 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, 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.

In the first half of 1998, the Company is scheduled to begin offering wafer fabrication services through AICL's new deep submicron CMOS foundry. The Company expects that this foundry will be capable of producing up to 25,000 8" wafers per month by the end of 1998. Through a strategic

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relationship with TI, the Company and AICL are currently qualifying .25 micron CMOS process technology, and AICL is negotiating with TI to obtain the technology necessary to migrate to .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 will enable the Company to become one of the first providers of a fully integrated, turnkey semiconductor fabrication, packaging and test service solution.

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 as a holding company for several affiliated entities under common control and 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.

THE OFFERINGS

Common Stock offered by the Company	
U.S. Offering.....	shares
International Offering.....	shares

Total.....	shares
Common Stock offered by Selling Stockholders	
U.S. Offering.....	shares
International Offering.....	shares

Total.....	shares
Common Stock to be outstanding after the	
Offerings(1).....	shares

Use of Proceeds..... For repayment of approximately \$240 million of short-term debt, capital expenditures, and other general corporate purposes. See "Use of Proceeds."

Proposed Nasdaq National Market symbol..... AMKR

- (1) Excludes shares of Common Stock issuable upon exercise of options to be granted prior to the Offerings under the Company's 1997 Stock Plan at a price of \$ per share. Also excludes an aggregate of additional shares reserved for future issuance under the Company's 1997 Stock Plan and 1997 Director Option Plan. See "Management" and "Description of Capital Stock" and Notes 1 and 15 of Notes to Consolidated Financial Statements.

RISK FACTORS

See "Risk Factors" beginning on page 6 for a discussion of certain factors that should be considered by potential investors.

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SUMMARY FINANCIAL DATA (IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996	1996	1997
INCOME STATEMENT DATA:							
Net revenues.....	\$303,654	\$442,101	\$572,918	\$932,382	\$1,171,001	\$542,590	\$663,489
Gross profit.....	29,418	70,778	58,270	149,047	148,923	80,244	76,948
Operating income (loss).....	(14,114)	26,374	13,843	84,855	71,368	45,687	26,168
Net income (loss).....	(16,430)	17,236	11,574	59,124	34,188	29,633	3,878
Pro forma adjustment for income taxes (1).....	800	2,900	200	10,400	2,900	2,500	2,700
Pro forma net income (loss) (1).....	(17,230)	14,336	11,374	48,724	31,288	27,133	1,178
Pro forma net income (loss) per common share.....	(.21)	.17	.14	.59	.38	.33	.01
Shares used in per share calculation.....	82,610	82,610	82,610	82,610	82,610	82,610	82,610

		JUNE 30, 1997		
	DECEMBER 31, 1996	ACTUAL	PRO FORMA (2)	AS ADJUSTED (3)
BALANCE SHEET DATA:				
Cash and cash equivalents.....	\$ 49,644	\$ 60,943	\$ 49,143	\$
Working capital (deficit).....	36,785	(6,461)	(18,261)	
Total assets.....	797,613	933,657	921,857	
Long-term debt and due to affiliate (non-current).....	402,338	436,922	436,922	
Stockholders' equity.....	38,560	45,548	23,748	

- (1) Prior to the reorganization of the Company, Amkor Electronics, Inc. ("AEI"), one of the Company's principal subsidiaries, 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 Consolidated Financial Statements.

- (2) 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 \$10.0 million (ii) a distribution prior to the Offerings of undistributed earnings of AEI through June 30, 1997 of \$11.8 million to shareholders of AEI prior to the Reorganization of the Company (as defined in "Reorganization") and (iii) the reclassification of the remaining retained earnings of AEI of \$11.7 million to additional paid-in capital. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following June 30, 1997 and prior to such Reorganization. See "Reorganization -- Termination of S Corporation status and Distributions" and Notes 1 and 16 of Notes to Consolidated Financial Statements.
- (3) 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 \$ per share. See "Use of Proceeds." Also reflects the elimination of the minority interest liability and recording of goodwill related to the issuance of 2,390,000 shares to AICL in exchange for its 40% interest in Amkor/Anam Pilipinas, Inc. See "Reorganization" and Note 1 of Notes to Consolidated Financial Statements.
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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. Unless otherwise indicated, all information in this Prospectus (i) gives effect to the Reorganization (as defined under "Reorganization"), including the issuance of 85,000,000 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 Consolidated 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. Solely for the convenience of the reader, this Prospectus contains translations of certain won amounts into U.S. dollars. Unless otherwise indicated, all such translations were made at 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"), in effect on June 30, 1997, which was W 888 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. On , 1997, the Market Average Exchange Rate was W to \$1.00. Financial information for AICL contained in this Prospectus has been prepared on an consolidated basis and 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 Consolidated 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 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 provision of wafer fabrication services, the Company's expected capacity utilization rates, the Company's anticipated assumption from AICL of marketing rights in Japan and Korea, 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.

FLUCTUATIONS IN OPERATING RESULTS; DECLINES IN AVERAGE SELLING PRICES

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, the Company's business, financial condition and operating results may be materially and adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company expects that average selling prices for its services may 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 and characterized 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. In 1996 and the first six months of 1997, the Company's operating results were adversely affected by an unexpected 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

At June 30, 1997, the Company had outstanding \$677.8 million in principal amount of indebtedness, including non-current amounts due to AUSA, and the Company intends to incur additional bank debt prior to and following the Offerings. Following the expected application of the net proceeds to the Company of the Offerings, the Company will continue to have at least \$304.7 million in principal amount of indebtedness outstanding. At June 30, 1997, the Company has also guaranteed amounts owed by affiliates of approximately \$46 million. At June 30, 1997, the Company had \$45.5 million of stockholders' equity and a working capital deficit of \$6.5 million (which amounts were \$23.7 million and \$18.3 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 through June 30, 1997). 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 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. Recently, banks in Korea and their overseas branches have been reducing their lending to companies which have significant amounts of debt relative to their equity. Following the Offerings, the Company will continue to have a significant amount of debt relative to its equity, a large portion of which debt the Company plans to renew when it is due. If the Company's banks do not renew these loans when they become due or do not extend additional loans on acceptable terms to fund the Company's working capital or capital expenditure needs, the Company will be forced to find other sources of financing. There can be no assurance that such financing will be available on favorable terms or at all. If the Company is not able to obtain necessary financing, the Company's business and financial condition will be materially and adversely affected. See "Reorganization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 7, 8, 11 and 16 of Notes to Consolidated Financial Statements.

DEPENDENCE ON RELATIONSHIP WITH AICL; POTENTIAL CONFLICTS OF INTEREST

AICL was founded in 1956 by Mr. Hyang-Soo 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 Hyang-Soo Kim, which, together with the Company, collectively owned approximately 21% of the outstanding common stock of AICL as of June 30, 1997. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of Hyang-Soo Kim. Since

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 and a director of AICL. After the Offerings, James Kim and trusts established on behalf of members of his family (the "Kim Family Trusts") will own approximately % of the Company's outstanding Common Stock and James Kim and 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 the six months ended June 30, 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 the six months ended June 30, 1997 were derived from services marketed 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 scheduled assumption from AICL in late 1997 of marketing rights for the Korean and Japanese markets. 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, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other reason, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has recently entered into a new supply agreement with AICL (the "Supply Agreement"). Under the Supply Agreement, AICL has granted to the Company a first right to the packaging and test services of AICL and the wafer output of its new wafer foundry. The Company expects to continue to purchase all of AICL's packaging and test services, and to purchase all of AICL's wafer output, under the Supply Agreement. Under the Supply Agreement, pricing arrangements relating to packaging and test services provided by AICL to the Company will be subject to quarterly review and adjustment, and such arrangements relating to the wafer output provided by AICL to the Company will be 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 Anam U.S.A., Inc. ("AUSA"), a wholly-owned financing subsidiary of AICL. Under the Supply Agreement, 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 Agreement also provides 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 Agreement has a five-year term, and AICL is under no obligation to renew the agreement upon its expiration. There can be no assurance that AICL will renew the Supply Agreement upon its expiration or that if it does renew such agreement, it will be on terms that are favorable to the Company.

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. As of June 30, 1997, on the basis of Korean generally accepted accounting principles, AICL had current liabilities of approximately W749 billion (\$843 million), including approximately W443 billion (\$499 million) of short-term borrowings and approximately W67 billion (\$75 million) of current maturities of long-term debt, and had long-term liabilities of approximately W839 billion (\$945 million), including approximately W640 billion

(\$721 million) of long-term debt. As of such date, the total shareholders' equity of AICL amounted to approximately W288 billion (\$324 million). In addition, during 1996, AICL's cash flow from operations amounted to W191 billion (\$215 million). There can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, particularly in light of recent initiatives by Korean banks to reduce their exposure to highly leveraged companies. In addition, there can be no assurance that AICL will be able to 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 June 30, 1997, AICL was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion (\$1.1 billion). Such guarantees included those in respect of all of AUSA's debt, as well as \$161 million of the Company's debt to banks 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 based on guarantees provided by AICL for the benefit of the Company. 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." 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.

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 Agreement provides 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, 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 Agreement generally provides 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 the Kim Family Trusts, and James 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 Agreement, 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, 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. 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.

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 the six months ended June 30, 1997, 34.1%, 39.2%, and 37.3%, respectively, of the Company's net revenues were derived from sales to the Company's top five customers, with 13.3%, 23.5%, and 21.2% 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. See "-- Risks Associated with New Wafer Fabrication Business." The reduction, delay, or cancellation of orders from Intel or one of the Company's other significant customers could materially and adversely affect the Company's business, financial condition and results of operations. 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."

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 does not typically operate with any material backlog and, as a result, the Company expects that in the future, revenues in any quarter will 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 is continuing 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,

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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 the net proceeds from the sale of the Common Stock in the Offerings, together with existing cash balances, cash flow from operations, available equipment lease financing, bank borrowings and financing provided by AICL through its wholly-owned subsidiary, 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 such additional capital 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. See "-- Risks Associated with Leverage" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

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 the first six months of 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, 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 Note 10 of Notes to Consolidated Financial Statements.

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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.

AICL's operations, which accounted for approximately 72% and 68% of the Company's revenues in 1996 and the first six months of 1997, respectively, are subject to certain specific 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.

Financial difficulties of certain large business groups in Korea, some of which have undergone reorganization, have also raised concerns over Korea's economic stability and have resulted in banks in Korea reducing their lending to companies which have significant amounts of debt relative to their equity. There can be no assurance that such events will not result in a material adverse effect on AICL's and the Company's, business, financial conditions and results of operations. See "-- Dependence on Relationship with AICL; Potential Conflicts of Interest," "Business -- Marketing and Sales" and "--- Facilities and Manufacturing," and Notes 11 and 14 of Notes to Consolidated Financial Statements.

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

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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 is scheduled to begin providing wafer fabrication services with delivery of the first products from AICL's new foundry expected in the first half of 1998. Neither the Company nor AICL has 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 could 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 agreement with TI only covers .25 micron CMOS technology and TI is not under any obligation to transfer additional technology, particularly .18 micron or smaller CMOS 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. The Company's right to the supply of wafers from AICL's foundry is subject to a preexisting agreement between AICL and TI, pursuant to which TI has agreed to purchase at least 40% of the capacity of this foundry and under certain circumstances has the right to purchase up to 70% of this capacity. TI

has agreed to make such purchases through the Company. 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 as a result 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. 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."

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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 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 number of its employees and the scope of its operations. 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 (Malaysia), Hyundai Corporation (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, who 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."

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 or 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.

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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 Agreement between the Company and AICL. Such Supply Agreement also provides 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.

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 and a license were not available on commercially reasonable

terms, the Company's business, financial condition and results of operations could be materially and adversely affected. 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, the agreement between AICL and TI pursuant to which AICL received the technology to produce wafers does not grant any license to AICL, and explicitly provides that TI reserves the right to bring a patent infringement suit against AICL if TI is then generally bringing similar suits against other wafer manufacturers. As a result, the Company could similarly be subject to patent litigation by TI in connection with its 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.

NO PRIOR MARKET; LIQUIDITY; STOCK PRICE VOLATILITY; DILUTION

Prior to the Offerings, there has been no public market for the Company's Common Stock. Consequently, the initial public offering price will be determined by negotiations among the Company and the representatives of the Underwriters. There can be no assurance that an active public market for the Common Stock will develop or be sustained after the Offerings or that the market price of the Common Stock will not decline below the initial public offering price. The trading price of the Company's Common Stock 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 Company's Common Stock. Moreover, investors in the Offerings will incur immediate, substantial book value dilution. See "Dilution" and "Underwriting."

BENEFITS OF THE OFFERINGS TO EXISTING STOCKHOLDERS; CONTINUED CONTROL BY EXISTING STOCKHOLDERS

Immediately after the closing of the Offerings, based upon shares outstanding as of _____, the existing stockholders of the Company will hold _____ shares of Common Stock, or approximately _____ % of the total number of shares of Common Stock then outstanding. The Offerings will create a public market for the resale of shares held by these existing stockholders. In addition, the Company's officers, directors, 5% stockholders, and their affiliates will, in the aggregate, beneficially hold _____ shares of Common Stock, or approximately _____ % of the Company's outstanding shares of Common Stock after the Offerings. As a result, 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."

ANTI-TAKEOVER EFFECTS OF DELAWARE LAW AND CERTAIN CHARTER PROVISIONS

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.

SHARES ELIGIBLE FOR FUTURE SALE

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 _____ shares of Common Stock offered hereby (assuming no exercise of the Underwriters' over-allotment options), as of the date of this Prospectus (the "Effective Date"), there will be approximately _____ 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, approximately _____ 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."

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REORGANIZATION

In March, 1970, 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, founder of AEI, and the Kim Family Trusts 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 (these companies, together with AEI, are referred to as the "Amkor Companies"). Included within the Amkor Companies are C.I.L. Limited, which markets the Company's services to semiconductor companies in Europe and Asia; T.L. Limited ("TLL"), which provides manufacturing through its subsidiaries Amkor/Anam Advanced Packaging, Inc. ("AARP") and Amkor/Anam Pilipinas, Inc. ("AAP") (which is currently owned 60% by TLL and 40% by AICL), and AAP's wholly-owned subsidiary Automated Microelectronics Inc. ("AMI"); and AK Industries, Inc. and its wholly-owned subsidiary, Amkor-Anam, Inc., which provides raw material purchasing and inventory management services. Amkor Technology, Inc. was formed in September 1997 as a holding company for the Amkor Companies. Prior to the consummation of the Reorganization, the Company conducted no business and held no assets or liabilities.

Prior to the Offerings, Mr. James Kim and the Kim Family Trusts will contribute all of their respective interests in the Amkor Companies to the Company in exchange for shares of Common Stock. The foregoing contribution will

be made pursuant to the terms of certain contribution agreements among the Company, Mr. Kim and the Kim Family Trusts. In addition, at approximately the same time AICL will exchange its interest in AAP for shares of the Company's Common Stock. Such transactions are referred to collectively as the "Reorganization." Following consummation of the Reorganization, substantially all of the issued share capital of the Amkor Companies will be owned by the Company. Following the Offerings, Mr. James Kim and the Kim Family Trusts will own _____ shares of Common Stock, representing approximately _____ % of the outstanding shares of Common Stock. See "Certain Transactions" and "Principal and Selling Stockholders."

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. James 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, AEI, Mr. Kim and the Kim Family Trusts will enter into tax indemnification agreements providing that the Company and AEI 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 and AEI will indemnify Mr. Kim and such stockholders 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. 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 \$3.1 million, \$19.9 million, \$13.0 million and \$5.0 million in 1994, 1995, 1996 and the first six months of 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distribution 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 June 30, 1997, the amount of such undistributed net earnings was \$11.8 million. See Notes 1 and 10 of Notes to Consolidated 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 and Japan, although the Company is scheduled to assume marketing rights for such countries in late 1997. In addition, AICL manufactures and sells electric wiring devices and watches. AICL operates four semiconductor packaging and test facilities in Korea, and is undergoing qualification of a new deep submicron CMOS wafer foundry in Korea which it expects will be capable of producing 25,000 8" wafers per month by the end of 1998. As of June 30, 1997, on the basis of Korean generally accepted accounting principles, AICL had non-consolidated total assets of approximately W1,875 billion (\$2.11 billion) and non-consolidated total liabilities of approximately W1,588 billion (\$1.79 billion).

AICL was founded in 1956 by Mr. Hyang-Soo 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 Hyang-Soo Kim, which, together with the Company, collectively owned approximately 21% of the outstanding common stock of AICL as of June 30, 1997. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of Hyang-Soo 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. After the Offerings, James Kim and the Kim Family Trusts will own approximately % of the outstanding Common Stock of the Company and James Kim and members of his family will continue to exercise significant control over the Company. See "Principal and Selling Stockholders" and "Risk Factors -- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders."

The businesses of the Company and AICL have been interdependent for many years. In 1996 and the six months ended June 30, 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 the six months ended June 30, 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 scheduled assumption from AICL in late 1997 of marketing rights for the Korean and Japanese markets. 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. 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, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other reason, 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 Agreement. Under the Supply Agreement, AICL has granted to the Company a first right to the packaging and test services of AICL and the wafer output of its new wafer foundry. The Company expects to continue to purchase all of AICL's packaging and test services, and to purchase all of AICL's wafer output, under the Supply Agreement. Under the Supply Agreement, pricing arrangements relating to packaging and test services provided by AICL to the

Company will be subject to quarterly review and adjustment, and such arrangements relating to the wafer output provided by AICL to the Company will be 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 Agreement, 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 Agreement also provides 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 Agreement has a five-year term, and AICL is under no obligation to renew the agreement upon its expiration. There can be no assurance that AICL will renew the Supply Agreement upon its expiration or that if it does renew such agreement, it will be on terms that are favorable to the Company.

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. As of June 30, 1997, on the basis of Korean generally accepted accounting principles, AICL had current liabilities of approximately W749 billion (\$843 million), including approximately W443 billion (\$499 million) of short-term borrowings and approximately W67 billion (\$75 million) of current maturities of long-term debt, and had long-term liabilities of approximately W839 billion (\$945 million), including approximately W640 billion (\$721 million) of long-term debt. As of such date, the total shareholders' equity of AICL amounted to approximately W288 billion (\$324 million). In addition, during 1996, AICL's cash flow from operations amounted to W191 billion (\$215 million). There can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, particularly in light of recent initiatives by Korean banks to reduce their exposure to highly leveraged companies. See "Risk Factors -- Risks Associated With Leverage" and " -- Dependence On International Operations and Sales; Concentration of Operations in the Philippines and Korea." In addition, there can be no assurance that AICL will be able to 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 June 30, 1997, AICL was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion (\$1.1 billion). Such guarantees included those in respect of all of AUSA's debt, as well as \$161 million of the Company's debt to banks and the Company's obligations under a receivables sale 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources". 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.

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 Agreement generally provides 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, 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 Agreement generally provides 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 the Kim Family Trusts, James 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 Agreement, 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, 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. 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 _____ shares of Common Stock offered by the Company hereby are estimated to be approximately \$ _____ (approximately \$ _____ if the Underwriters' over-allotment options are exercised in full), assuming an initial public offering price of \$ _____ per share and after deducting the estimated underwriting discount 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 \$195 million of the net proceeds to the Company from the Offerings will be used to repay numerous short-term bank loans by one of the Company's Philippine subsidiaries originally incurred to finance capital expenditures for the construction and start-up of P3, the Company's newest factory in the Philippines, and for working capital. All of these loans are due within 12 months of June 30, 1997 and bear interest at rates ranging from 7% to 12%. An additional \$45 million of the net proceeds to the Company from the Offerings will be used to repay loans under a line of credit incurred by the Company's materials procurement subsidiary. These loans currently have an effective interest rate of 8.02%. The balance of the net proceeds will be used to fund the Company's capital expenditures and for general corporate purposes. A portion of the net proceeds may also be used for the acquisition of businesses, products and technologies that are complementary to those of the Company, although the Company has no current plans, agreements or commitments and is not currently engaged in any negotiations with respect to any such transactions. 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

CAPITALIZATION

The following table sets forth as of June 30, 1997 (i) the actual capitalization of the Company derived from the Consolidated Financial Statements, (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 to reflect the sale by the Company of _____ shares of Common Stock pursuant to the Offerings at an assumed initial public offering price of \$ _____ per share and the receipt by the Company of the estimated net proceeds therefrom, after deducting the estimated underwriting discount and estimated offering expenses. The capitalization information set forth in the table below is qualified by the more detailed Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus and should be read in conjunction with such Consolidated Financial Statements and the Notes thereto.

	JUNE 30, 1997		
	ACTUAL	PRO FORMA(1)	PRO FORMA AS ADJUSTED(2)
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Short term borrowings and current portion of long-term debt.....	\$240,829	\$240,829	\$
	=====	=====	=====
Long-term debt.....	\$158,802	\$158,802	\$
Due to affiliate (non-current)(3).....	278,120	278,120	
	-----	-----	-----
Total long-term debt.....	436,922	436,922	
Stockholder's equity:			
Preferred stock, \$.001 par value; 10,000,000 shares authorized, no shares issued and outstanding....	--	--	
Common Stock, \$.001 par value; 500,000,000 shares authorized, 82,610,000 shares issued and outstanding, actual; _____ shares issued and outstanding, as adjusted(4).....	46	46	
Additional paid-in capital.....	22,301	34,001	
Retained earnings (deficit).....	29,615	(3,885)	
Unrealized gains (losses) on investments.....	(4,258)	(4,258)	
Cumulative transaction adjustment.....	(2,156)	(2,156)	
	-----	-----	-----
Total stockholders' equity.....	45,548	23,748	
	-----	-----	-----
Total capitalization.....	\$482,470	\$460,670	\$
	=====	=====	=====

(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 \$10.0 million, (ii) a distribution prior to the Offerings by the Company of undistributed earnings of AEI through June 30, 1997 of \$11.8 million to stockholders of AEI prior to the Reorganization and (iii) the reclassification of the remaining retained earnings of AEI of \$11.7 million to additional paid-in capital. The amount actually distributed by the Company to such stockholders of AEI will reflect any undistributed net income earned by AEI following June 30, 1997 and prior to the Reorganization.

(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 \$ _____ per share. See "Use of Proceeds." Also reflects the issuance of 2,390,000 shares to AICL in exchange for its 40% interest in AAP, resulting in an increase in common stock of \$2,000 and an increase in

additional paid-in capital of \$. See "Reorganization" and Note 1 of Notes to Consolidated Financial Statements.

- (3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."
- (4) Excludes shares of Common Stock issuable upon exercise of options to be granted prior to the Offerings under the Company's 1997 Stock Plan at a price of \$ per share. Also excludes an aggregate of additional shares reserved for future issuance under the Company's 1997 Stock Plan and 1997 Director Option Plan. See "Management" and "Description of Capital Stock" and Notes 1 and 15 of Notes to Consolidated Financial Statements.

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DILUTION

The net tangible book value of the Company as of June 30, 1997 was approximately \$43 million or \$ per share of Common Stock. Net tangible book value per share represents the Company's total tangible assets less total liabilities as reflected in the Consolidated Financial Statements, divided by the number of outstanding shares of the Company's Common Stock (after giving effect to the Reorganization). After giving effect to the sale by the Company of shares of Common Stock offered hereby at an assumed initial public offering price of \$ per share and the receipt by the Company of the estimated net proceeds therefrom, after deducting the estimated underwriting discounts and offering expenses payable by the Company, the Company's net tangible book value at June 30, 1997 would have been \$ or \$ per share of Common Stock. This represents an immediate increase in net tangible book value of \$ per share to existing stockholders and an immediate dilution in net tangible book value of \$ per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share.....	\$
Net tangible book value per share before the Offerings.....	\$
Increase in net tangible book value per share attributable to new investors.....	-----
Net tangible book value per share after the Offerings....	-----
Dilution per share to new public investors.....	=====

The following table summarizes, as of June 30, 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 investors purchasing shares in the Offerings (at an assumed initial public offering price of \$ per share and before deducting underwriting discount and estimated offering expenses payable by the Company).

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders(1).....		%	\$	%	\$
New public investors(1).....					
Total.....		100.0%	\$	100.0%	

(1) Sales by the Selling Stockholders will reduce the number of shares of Common Stock held by existing stockholders to _____ shares or _____ % of the total number of shares of Common Stock outstanding after the Offerings (_____ or _____ % assuming the Underwriters' over-allotment options are exercised in full), and will increase the number of shares of Common Stock held by new investors to _____ shares or _____ % of the total number of shares of Common Stock outstanding after the Offerings (_____ shares or _____ % assuming the Underwriters' over-allotment options are exercised in full). See "Principal and Selling Stockholders."

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SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 1996 and as of and for the six-month periods ended June 30, 1996 and 1997 are derived from the consolidated financial statements of Amkor. The consolidated financial statements as of December 31, 1995 and 1996 and for each of the years in the three-year period ended December 31, 1996, and as of and for the six-month period ended June 30, 1997 have been audited by Arthur Andersen LLP, independent public accountants, and their report thereon, together with such consolidated financial statements, are included elsewhere in this Prospectus. The selected consolidated financial data presented below as of December 31, 1992, 1993 and 1994 and June 30, 1996 and for the years ended December 31, 1992 and 1993 and the six months ended June 30, 1996 are derived from unaudited consolidated financial statements. In the opinion of management, the unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated 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 periods and financial condition at such dates. The results of operations for the six months ended June 30, 1997 are not necessarily indicative of the results to be expected for the full year or future periods. The selected consolidated 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 Consolidated Financial Statements and Notes thereto.

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996	1996	1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
INCOME STATEMENT DATA:							
Net revenues.....	\$303,654	\$442,101	\$572,918	\$932,382	\$1,171,001	\$542,590	\$663,489
Cost of revenues.....	274,236	371,323	514,648	783,335	1,022,078	462,346	586,541
Gross profit.....	29,418	70,778	58,270	149,047	148,923	80,244	76,948
Operating expenses:							
Selling, general and administrative.....	27,465	42,649	41,337	55,459	66,625	29,700	47,265
Research and development.....	836	1,755	3,090	8,733	10,930	4,857	3,515
Loss on shut-down of Scotland operations(1)....	15,231	--	--	--	--	--	--
Total operating expenses.....	43,532	44,404	44,427	64,192	77,555	34,557	50,780
Operating income (loss).....	(14,114)	26,374	13,843	84,855	71,368	45,687	26,168
Other (income) expense:							
Interest expense, net.....	(6,330)	(5,116)	5,752	9,797	22,245	6,509	16,355
Foreign currency translation.....	(3,278)	(2,809)	(4,865)	1,512	2,961	(1,845)	101
Other (income), expense net.....	468	3,501	(2,639)	6,523	3,150	4,705	1,287
Total other (income) expense.....	(9,140)	(4,424)	(1,752)	17,832	28,356	9,369	17,743
Income (loss) before income taxes and minority interest.....	(23,254)	21,950	15,595	67,023	43,012	36,318	8,425
Provision for income taxes.....	(115)	2,445	2,977	6,384	7,876	6,650	2,689
Income (loss) before minority interest.....	(23,139)	19,505	12,618	60,639	35,136	29,668	5,736
Minority interest.....	(6,709)	2,269	1,044	1,515	948	35	1,858
Net income (loss).....	\$ (16,430)	\$ 17,236	\$ 11,574	\$ 59,124	\$ 34,188	\$ 29,633	\$ 3,878
PRO FORMA DATA (UNAUDITED):							
Historical income (loss) before income taxes and							

minority interest.....	\$ (23,254)	\$ 21,950	\$ 15,595	\$ 67,023	\$ 43,012	\$ 36,318	\$ 8,425
Pro forma provision for income taxes(2).....	685	5,345	3,177	16,784	10,776	9,150	5,389
Pro forma income (loss) before minority interest(2)	(23,939)	16,605	12,418	50,239	32,236	27,168	3,036
Historical minority interest.....	(6,709)	2,269	1,044	1,515	948	35	1,858
Pro forma net income (loss) (2)	\$ (17,230)	\$ 14,336	\$ 11,374	\$ 48,724	\$ 31,288	\$ 27,133	\$ 1,178
Pro forma net income (loss) per common share(2).....	\$ (.21)	\$.17	\$.14	\$.59	\$.38	\$.33	\$.01
Shares used in computing pro forma net income per common share.....	82,610	82,610	82,610	82,610	82,610	82,610	82,610

- (1) During 1992, the Company decided to cease operations at Amkor Anam EuroServices Ltd. ("AAEL"). AAEL was an IC packaging and testing facility located in Scotland. In connection with the shut-down of the facility, AAEL accrued for all of the costs associated with the shut-down, including but not limited to reserves to record the property, plant and equipment at net realizable value, severance, and other operating expenses incurred during the shut-down period.
- (2) Prior to the Reorganization, AEI, one of the principal subsidiaries 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 Consolidated Financial Statements.

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	DECEMBER 31,					JUNE 30, 1997		
	1992	1993	1994	1995	1996	ACTUAL	PRO FORMA (1)	AS ADJUSTED (2)
(IN THOUSANDS)								
BALANCE SHEET DATA:								
Cash and cash equivalents....	\$ 5,451	\$ 8,929	\$114,930	\$ 96,151	\$ 49,664	\$ 60,993	\$ 49,143	
Working capital (deficit)....	13,896	(13,256)	134,798	111,192	36,785	(6,461)	(18,261)	
Total assets.....	159,795	191,754	426,522	635,868	797,613	933,657	921,857	
Long-term debt and due to affiliates.....	79,788	48,740	278,908	326,422	402,338	436,922	436,922	
Stockholders' equity (deficit).....	(207)	7,890	7,146	54,778	38,560	45,548	23,748	

- (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 \$10.0 million (ii) a distribution prior to the Offerings by the Company of undistributed earnings of AEI through June 30, 1997 of \$11.8 million to stockholders of AEI prior to the Reorganization and (iii) the reclassification of the remaining retained earnings of AEI of \$11.7 million to additional paid-in capital. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following June 30, 1997 and prior to the Reorganization.
- (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 \$ per share. See "Use of Proceeds." Also reflects the elimination of the minority interest liability and recording of goodwill related to the issuance of 2,390,080 shares to AICL in exchange for its 40% interest in AAP. See "Reorganization" and Note 1 of Notes to Consolidated Financial Statements."

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

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 provision of wafer fabrication services, the Company's expected capacity utilization rates, the Company's anticipated assumption from AICL of marketing rights in Japan and Korea, 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 1994 through 1996 and for the first six months of 1996 and 1997 and its liquidity and capital resources and should be read in conjunction with the Consolidated Financial Statements and Notes thereto and the selected consolidated financial data included elsewhere in this Prospectus. The operating results for interim periods are not necessarily indicative of results for any subsequent period or for the entire fiscal year.

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 provides packaging and test services through its three factories in the Philippines as well as the four factories of AICL in Korea pursuant to the Supply Agreement between the Company and AICL. As of June 30, 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 as a holding company for the Amkor Companies, including one of the Company's principal operating subsidiaries, AEI, which was incorporated in 1970. These companies were under common control and management prior to the Company's formation. As a result of the Reorganization, the financial statements included in this Prospectus are presented on a consolidated basis. See "Reorganization" and "Certain Transactions." 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 Consolidated Financial Statements. The Consolidated 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 and 10 of Notes to Consolidated Financial Statements.

General. From 1994 to 1996, the Company's revenues increased from approximately \$572.9 million to \$1.17 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. 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 expects to significantly increase utilization of P3 by the end of 1997. 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 1994, 1995, 1996 and the first half of 1997, the Company invested \$68.9 million, \$123.6 million, \$185.1 million and \$114.4 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 packaging and test service charges paid to AICL pursuant to the Supply Agreement with AICL, which are subject to quarterly review and adjustment on the basis of factors such as changes in the semiconductor market, forecasted demand, product mix and capacity utilization and fluctuations in exchange rates. 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 1994, 1995, 1996 and the six months ended June 30, 1997, 33.5%, 34.1%, 39.2% and 37.3%, respectively, of the Company's net revenues were derived from sales to the Company's top five customers, with 10.6%, 13.3%, 23.5% and 21.2%, respectively, derived from sales to Intel. See "Risk Factors -- Customer Concentration; Absence of Backlog."

Relationship with AICL. In 1996 and the first six months of 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 the six months ended June 30, 1997 were derived from services sold by the Company. Historically, AICL has directly sold packaging and test services in Japan and Korea. The Company expects to assume marketing rights for services in Japan and Korea in late 1997. Also, in the first half of 1998, the Company is scheduled to begin offering wafer fabrication services through AICL's new deep submicron CMOS foundry. The Company expects that this foundry will be capable of producing up to 25,000 8" wafers per month by the end of 1998. 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 anticipated assumption from AICL of the marketing rights for Korea and Japan. Following the Company's assumption of these marketing rights, the Company will have a first right to the packaging and test services and wafer output of AICL's factories.

The Supply Agreement between the Company and AICL provides, 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 Agreement has a five year term. There can be no assurance that AICL will renew the agreement upon its expiration, or that if it does enter into a new agreement with the Company, any new agreement would be on terms favorable to the Company. 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, 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 the Kim Family Trusts, and James Kim and 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, 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. 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,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	-----	-----	-----	-----	-----
Net revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues.....	89.8	84.0	87.3	85.2	88.4
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Gross profit.....	10.2	16.0	12.7	14.8	11.6
Operating expenses:					
Selling, general and administrative.....	7.2	6.0	5.7	5.5	7.1
Research and development.....	0.6	0.9	0.9	0.9	0.5
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Total operating expenses.....	7.8	6.9	6.6	6.4	7.6
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Operating income.....	2.4	9.1	6.1	8.4	4.0
Other (income) expense:					
Interest expense, net.....	1.0	1.0	1.9	1.2	2.5
Foreign currency translation.....	(0.8)	0.2	0.2	(0.4)	0.0
Other (income) expense, net.....	(0.5)	0.7	0.3	0.9	0.2
	-----	-----	-----	-----	-----
Total other (income) expense.....	(0.3)	1.9	2.4	1.7	2.7
	-----	-----	-----	-----	-----
Income before income taxes and minority interest.....	2.7	7.2	3.7	6.7	1.3
Provision for income taxes.....	0.5	0.7	0.7	1.2	0.4
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Income before minority interest.....	2.2	6.5	3.0	5.5	0.9
Minority interest.....	0.2	0.2	0.1	0.0	0.3
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Net income.....	2.0	6.3	2.9	5.5	0.6
Pro forma provision for income taxes.....	0.0	1.1	0.2	0.5	0.4
	-----	-----	-----	-----	-----
Pro forma net income.....	2.0%	5.2%	2.7%	5.0%	0.2%
	=====	=====	=====	=====	=====

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 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 the first six months of 1997 increased 22.3% to \$663.5 million from \$542.6 million for the first six months of 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 Company's leadframe products. In addition, the openings of K4, AICL's newest factory, and P3 in September 1996 enabled the Company to begin to expand sales of BGA packages in the first six months of 1997.

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Gross Profit. Gross profit decreased 4.1% to \$76.9 million in the first six months of 1997 from \$80.2 million in the first six months of 1996, representing a decrease in gross margin to 11.6% from 14.8% during these periods. 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. The decrease in gross margin was primarily due to \$10.0 million of initial operating losses and start-up costs incurred in connection with P3, an increase in packaging and test service charges paid to AICL, and the erosion in average selling prices for leadframe products.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 59.1% to \$47.3 million, or 7.1% of net revenues, in the first six months of 1997 from \$29.7 million, or 5.5% of net revenues, in the first six months of 1996 primarily due to increases in personnel in marketing and support to sustain the Company's growth. The growth in employees contributed to an overall increase in employee-related expenses and corporate travel expenses. In addition, during the first six months of 1997, the Company recognized \$5.2 million of selling, general and administrative expenses associated with the start-up of P3. The Company has also continued to invest in new information systems in order to enhance operating efficiencies and improve customer service and support.

Research and Development Expenses. Research and development expenses decreased 27.6% to \$3.5 million, or 0.5% of net revenues, in the first six months of 1997, from \$4.9 million, or 0.9% of net revenues, in the first six months of 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 translation expenses and other expense (income), net. Other expense increased 89.4% to \$17.7 million in the first six months of 1997 from \$9.4 million in the first six months of 1996 primarily as a result of increased interest expense. Interest expense for the first six months of 1997 increased to \$19.3 million from \$9.8 million in the first six months of 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 \$3.0 million and \$3.3 million, respectively.

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma adjustment for income taxes) for the first six months of 1997 was 64% as compared to 25% for the first six months of 1996. The increase in the Company's effective tax rate in the first six months of 1997 from its effective tax rate of 25% in 1996 and 1995 was primarily due to a net loss in the first six months of 1997 for the Company's Philippine subsidiary that owns P3. The Company could not use this loss to offset income from the Company's other Philippine subsidiaries and reduce the amount of Philippine income tax payable by the Company because this subsidiary is not consolidated with the Company's other Philippine subsidiaries for tax reporting purposes. The Company's subsidiary that owns P3 operates under a tax holiday from Philippine income

taxes until the end of 2002. The Company expects that if P3 becomes 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%. 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 of these tax returns by tax authorities. 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.

Minority Interest. Minority interest represents AICL's ownership interest in the consolidated net income of two of the Company's Philippine subsidiaries. In connection with the Reorganization, these subsidiaries became wholly-owned by the Company.

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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 Consolidated Financial Statements.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

Net Revenues. Net revenues in 1995 increased 62.7% to \$932.4 million from \$572.9 million in 1994. This increase was primarily due to an increase in units sold as well as an increase in average selling prices which resulted from significantly increased demand for semiconductors in 1995.

Gross Profit. Gross profit in 1995 increased 155.8% to \$149.0 million from \$58.3 million in 1994, representing an increase in gross margin to 16.0% in 1995 from 10.2% in 1994. The increase in gross margin was primarily due to a decrease, as a percentage of sales, in the packaging and test service charges paid to AICL in 1995, together with an increase in the average selling price for many of the Company's products and an increase in the percentage of the Company's revenues from sales of new, higher margin products.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 34.2% to \$55.5 million, or 6.0% of net revenues, in 1995 from \$41.3 million, or 7.2% of net revenues, in 1994 as a result of the addition of personnel and infrastructure to service increases in customer demand. In addition, the Company began making significant investments in new information systems in 1995 in order to enhance operating efficiencies and improve customer service and support.

Research and Development Expenses. Research and development expenses increased 182.6% to \$8.7 million, or 0.9% of net revenues, in 1995 from \$3.1 million, or 0.6% of net revenues, in 1994 as a

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result of increased staffing as well as funding for the Company's efforts to develop laminate substrate manufacturing capabilities.

Other Income (Expense). Other expense increased to \$17.8 million in 1995 from income of \$1.8 million in 1994 primarily as a result of foreign currency translation losses of \$1.5 million in 1995 as compared to foreign currency translation gains of \$4.9 million in 1994 due to a significant depreciation in the Philippine peso relative to the U.S. dollar in 1995 as compared to 1994, as well as increases in interest expense, net to \$9.8 million in 1995 from \$5.8 million in 1994 as a result of increased borrowing to finance capacity expansion.

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma provision for income taxes) increased to 25% in 1995 from 20% in 1994 primarily due to a higher proportion of taxable income generated in countries with relatively higher tax rates.

QUARTERLY RESULTS

The following table sets forth certain unaudited consolidated financial information, including as a percentage of net revenues, for the six fiscal quarters ended June 30, 1997. 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 Consolidated 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					
		SEPT.			
MAR. 31,	JUNE 30,	30,	DEC. 31,	MAR. 31,	JUNE 30,
1996	1996	1996	1996	1997	1997
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(DOLLARS IN THOUSANDS)

Net revenues.....	\$270,327	\$272,262	\$285,784	\$342,628	\$313,019	\$350,471
Cost of revenues.....	230,387	231,959	250,898	308,834	287,449	299,093
Gross profit.....	39,940	40,303	34,886	33,794	25,570	51,378
Operating expenses:						
Selling, general and administrative...	13,752	15,948	16,716	20,209	20,608	26,657
Research and development.....	2,100	2,757	3,071	3,002	1,485	2,030
Total operating expenses.....	15,852	18,705	19,787	23,211	22,093	28,687
Operating income.....	24,088	21,598	15,099	10,583	3,477	22,691
Other expense (income), net.....	3,317	6,052	9,853	9,135	8,165	9,577
Income before income taxes and minority interest.....	20,771	15,546	5,246	1,448	(4,689)	13,114
Provision for income taxes.....	3,803	2,847	961	265	(1,497)	4,186
Income before minority interest.....	16,968	12,699	4,285	1,183	(3,192)	8,928
Minority interest.....	599	(564)	304	609	1,637	221
Net income.....	\$ 16,369	\$ 13,263	\$ 3,981	\$ 574	\$ (4,829)	\$ 8,707
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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
Other expense (income), net.....	1.2	2.2	3.5	2.7	2.6	2.8
Income before income taxes 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 minority interest.....	6.3	4.7	1.5	0.3	(1.0)	2.5
Minority interest.....	0.2	(0.2)	0.1	0.2	0.5	0.0
Net income.....	6.1%	4.9%	1.4%	0.2%	(1.5)%	2.5%
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The Company's revenues 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.

Beginning in the third quarter of 1996, intense competition in the semiconductor industry worldwide led to a decrease in the average selling prices of many of the Company's leadframe packages. This decrease was partially offset by an increase 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 \$3.7 million write-off for custom laminate raw materials which were purchased to meet customer orders which were subsequently cancelled. The Company also increased its staffing at P3 in the two quarters ended June 30, 1997, which resulted in an increase in selling, general and administrative expenses as a percentage of revenues in this period. The combined effect of these factors, however, was to decrease the levels of profitability in the third and fourth quarters of 1996 and the first quarter of 1997.

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

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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."

LIQUIDITY AND CAPITAL RESOURCES

The Company has been investing significant amounts of capital in increasing its packaging and test services capacity, including for 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, scheduled to open in 1998. In 1994, 1995, 1996 and the first half of 1997, the Company made capital expenditures of \$68.9 million, \$123.6 million, \$185.1 million and \$114.4 million, respectively. The Company presently anticipates that its capital expenditures for the second half of 1997 will be approximately \$80 million, and between \$200 million and \$215 million for 1998.

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. Cash used by operating activities in 1994 was \$26.3 million and cash provided by operating activities in 1995, 1996 and the first six months of 1997 was \$47.6 million, \$14.0 million, and \$56.9 million, respectively. Cash provided by financing activities was \$205.9 million, \$71.2 million, \$148.0 million and \$82.1 million for 1994, 1995, 1996 and the six months ended June 30, 1997, respectively.

At June 30, 1997, the Company's debt consisted of \$240.8 million of short-term borrowings, \$158.8 million of long-term debt and \$278.1 million of amounts due to AUSA. Following the expected application of the net proceeds to the Company of the Offerings, the Company will continue to have at least \$304.7 million in principal amount of indebtedness outstanding. In addition, at June 30, 1997 the Company had cash and cash equivalents of \$60.9 million and a working capital deficit of \$6.5 million (\$49.1 and \$18.3 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 June 30, 1997). The Company's working capital deficit results primarily from the significant amount of its short-term debt, primarily in connection with its Philippine subsidiaries. At June 30, 1997, the Company had extended guarantees in respect of bank debt of affiliates in the amount of \$35 million and in respect of vendor obligations of an affiliate in the amount of \$11 million, which amount may vary over time. See Note 11 of Notes to Consolidated Financial Statements.

At June 30, 1997, the Company had \$208 million in borrowing facilities with a number of domestic and foreign banks, of which \$18 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 7.5% to 9.75%. The Company has received commitments from the banks representing \$136 million of the facilities indicating that they intend to renew the facilities when they expire through at least October 1, 1998. Also included in short-term debt are a \$40 million term loan, which was redeemed in August 1997 before maturity at its principal amount, and another \$10 million term loan that was repaid at maturity. In connection with the repayment of these loans, the Company obtained a three-month \$55 million bridge loan from a bank. The Company is currently negotiating with this bank to secure a short-term loan to replace such bridge loan. Also outstanding at June 30, 1997 is \$210 million in long-term debt and capital lease obligations with various expiration dates through April 2004, which accrue interest at rates ranging from 6.6% to 9.1%.

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 June 30, 1987, AUSA had borrowed \$273 million of its \$285 million of credit facilities. These credit facilities are with U.S. branches of a number of banks located in Korea and have interest rates ranging from approximately 7% to prime plus 0.25%. The Company reimburses AUSA for the interest charges incurred by AUSA under these loans. AUSA has received commitments from its banks indicating that they intend to renew the facilities when they expire through at least October 1, 1998. 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 noncurrent liabilities. In July 1997, the Company's indebtedness to AUSA was reduced by approximately \$83 million with funds received from the Company's Receivables Sale (as defined below). In addition, in August 1997, approximately \$50 million of the Company's indebtedness was assumed by AK Investments, Inc. an affiliate of the Company, in connection with the sale to AK investments of its investment in Anam S&T Co., Ltd. and certain investments in and notes receivable from companies unrelated to the semiconductor packaging and test business. See Note 15 of Notes to Consolidated Financial Statements.

At June 30, 1997, all of AUSA's debt, as well as \$161 million of the Company's debt to banks and the Company's obligations under the Receivables Sale (as defined below), was guaranteed by AICL. AICL currently has a significant amount of debt relative to its equity and was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion (\$1.1 billion), including the guarantees of the Company's loans and AUSA'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 addition, 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 are subject to a discount of LIBOR plus 0.375%. The agreement, which has an initial term of one year, can be automatically renewed for two consecutive one year periods. Pursuant to the Receivables Sale, the Company has received proceeds of approximately \$83.4 million which were applied to reduce the Company's indebtedness to AUSA.

The Company intends to use the net proceeds from the Offerings to repay approximately \$250 million of its outstanding short-term debt to banks. Following the Offerings, the Company will continue to have a significant amount of debt, and the Company expects that its average bank borrowings will increase in 1998 to finance additional working capital requirements from growth of the Company's operations as well as planned capital expenditures to support additional revenue growth. The Company believes that the net proceeds from the Offerings, together with existing funds and cash flow from operations, will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least the next 12 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.

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. As a result, AEI did not recognize federal corporate income taxes. Instead, up until the Termination Date, Mr. James 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, AEI, Mr. Kim and the Kim Family Trusts will enter into tax indemnification agreements providing that the Company and AEI 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 and AEI will indemnify Mr. Kim and such stockholders 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. 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 \$3.1 million, \$19.9 million, \$15.1 million and \$5.0 million in 1994, 1995, 1996 and the first six months of 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 June 30, 1997, the amount of such undistributed net earnings was \$11.8 million. See "Reorganization" and Notes 1 and 10 of Notes to Consolidated 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.

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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 provision of wafer fabrication services, 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 "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

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 June 30, 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.

In the first half of 1998 the Company is scheduled to begin offering wafer fabrication services through AICL's new deep submicron CMOS foundry. The Company expects that this foundry will be capable of producing up to 25,000 8" wafers per month by the end of 1998. Through a strategic relationship with TI, the Company and AICL are qualifying .25 micron CMOS process technology, and AICL is negotiating with TI to obtain the technology necessary to migrate to .18 micron during 1998. This foundry will primarily manufacture digital signal processors ("DSPs"), application specific integrated circuits ("ASICs") and other logic devices. The Company expects to sell approximately 50% of AICL's wafer output to TI pursuant to its relationship with TI. By leveraging the Company's leading position in semiconductor packaging and test services, the new wafer fabrication

services will enable 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 the first six months of 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

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in the 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. This demand is expected to grow faster than that of the semiconductor market as a whole. According to industry estimates, independent packaging

revenues are expected to grow at a compound annual rate of 20.3% over the next five years from an estimated \$5.0 billion in 1996 (32% of the world's IC packaging needs) to \$12.5 billion in 2001

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(45% of the world's IC packaging needs). 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.

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 will be able to begin offering 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, SuperBGA, FlexBGA and ChipArray 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. The Company holds numerous

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process technology patents, including joint ownership with AICL of a U.S. patent for the "Gold Gate" molding method, which enables automated mold processing for BGA packages.

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 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 600 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 the first eight months of 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. In the first half of 1998, the Company is scheduled to begin to provide wafer fabrication services through AICL's new deep submicron CMOS foundry. With the addition of wafer fabrication, the Company will be 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	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.

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.

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Although test services accounted for only 3.3% of the Company's total 1996 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 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."

	YEAR ENDED DECEMBER 31,						SIX MONTHS ENDED	
	1994		1995		1996		JUNE 30, 1997	
	REVENUES	%	REVENUES	%	REVENUES	%	REVENUES	%
	(DOLLARS IN MILLIONS)							
Traditional Leadframe.....	\$ 487	85.1%	\$ 699	75.0%	\$ 792	67.6%	\$ 394	59.4%
Advanced Leadframe.....	53	9.2	157	16.8	220	18.8	142	21.4
Laminate.....	3	0.5	15	1.6	90	7.7	81	12.3
Testing and Other	30	5.2	61	6.6	69	5.9	46	6.9
Total.....	\$ 573	100.0%	\$ 932	100.0%	\$ 1,171	100.0%	\$ 663	100.0%

Wafer Fabrication

The Company is scheduled to begin offering wafer fabrication services through AICL's new deep submicron CMOS foundry in the first half of 1998. The Company expects the foundry to produce up to 25,000 8" wafers per month by the end of 1998. Through a strategic relationship with TI, the Company and AICL are currently qualifying .25 micron CMOS process technology, and AICL is negotiating with TI to obtain the technology necessary to migrate to .18 micron CMOS process technology during 1998. The Company's right to the supply of wafers from the foundry is subject to a preexisting agreement between AICL and TI. 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. See "Risk Factors -- Risks Associated with New Wafer Fabrication Business" and " -- Intellectual Property."

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

The Company's five largest customers collectively accounted for approximately 22.5%, 31.0%, and 28.3% of the Company's total revenues in 1995, 1996, and the first six months of 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 (Santa Clara, California; Dallas, Texas; Austin, Texas; Chandler, Arizona; 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 14 of Notes to the Consolidated 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.

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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 under construction at the Company's Chandler, Arizona site with expected start-up in the second half of 1998. In addition, the Company provides packaging and test services through AICL's four factories in Korea, pursuant to the Supply Agreement with AICL. In 1996 and the first six months of 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. In the first half of 1998, the Company is scheduled to begin offering wafer fabrication services through AICL's new state-of-the-art .25 micron wafer foundry in Korea pursuant to the 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	Muntlupa, Philippines	579,000	Packaging and test services; packaging and process development
P2	Muntlupa, 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 (1998)	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

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

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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 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.

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 (Malaysia), Hyundai Corporation (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 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 Microelectronic Corporation, as well as with device manufacturers such as LG Semicon Co., Ltd., Hitachi, Ltd., Toshiba Corp. and Winbond Electronics Corporation, who 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."

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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 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 June 30, 1997, the Company employed approximately 138 persons in research and development activities. In addition, other management and operational personnel are involved in research and development activities. In 1994, 1995 and 1996 and the first six months of 1997, the Company's research and development expenses were approximately \$3.1 million, \$8.7 million, \$10.9 million and \$3.5 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 Agreement between the Company and AICL. Such Supply Agreement also provides 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.

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 and a license were not available on commercially reasonable terms, the Company's business, financial condition and results of operations could be materially and adversely affected. 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

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condition and results of operations. In addition, the agreement between AICL and TI pursuant to which AICL received the technology to produce wafers does not grant any license to AICL, and explicitly provides that TI reserves the right to bring a patent infringement suit against AICL if TI is then generally bringing similar suits against other wafer manufacturers. As a result, the Company could similarly be subject to patent litigation by TI in connection with its 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 Phillippines, 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 June 30, 1997, the Company had approximately 8,180 full-time employees, 5,642 of whom were engaged in manufacturing, 2,043 in manufacturing support, 138 in research and development, 214 in marketing and sales, and 143 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 September 30, 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
Louis J. Siana(1).....	65	Director

(1) Member of Compensation Committee.

The Company is currently identifying additional nonemployee directors and intends to have two additional directors join the Board of Directors prior to the Offerings.

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 and Chief Executive Officer of The Electronics Boutique, Inc., an electronics retail chain, and Forte Systems, Inc., a computer software 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 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.

Louis J. Siana. Louis Siana has served as a director of the Company since September 1997. Mr. Siana is a partner in Siana, Carr & O'Connor, CPA, an accounting firm. Until June, 1997, Siana, Carr & O'Connor served as the accountants to AEI.

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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.

1997 Director Option Plan. The Company's 1997 Director Option Plan (the "Director Plan") was adopted by the Board of Directors in October 1997 and approved by the Company's stockholders in October 1997. A total of _____ 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, and the exercise price of the options is 100% of the fair market value of the Common Stock on the grant date. The Director Plan provides for an initial grant of options to purchase 10,000 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 3,000 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 term of each option is ten years. Each option granted to an Outside Director vests as to 25% of the optioned stock one year after the date of grant, and as to an additional 25% of the optioned stock on each anniversary of the date of grant, so that 100% of the optioned stock shall be exercisable four 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 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 September 2007 unless sooner terminated by the Board of Directors.

BOARD COMMITTEES

The Board of Directors will have a Compensation Committee and an Audit Committee. The Company is currently identifying additional nonemployee directors and intends to have two additional directors join the Board of Directors prior to the Offerings. The Compensation Committee will be composed of at least two nonemployee directors. The functions of the Compensation Committee are to review and approve annual salaries, bonuses, and grants of stock options pursuant to

the Company's 1997 Stock Plan and to review and approve the terms and conditions of all employee benefit plans or changes thereto. The Audit Committee will be composed of at least two nonemployee directors. The functions of the Audit Committee will be 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 nonaudit services of the independent auditors, review compliance with existing 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.

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EXECUTIVE COMPENSATION

Summary Compensation. The following table sets forth compensation earned during the fiscal year ended December 31, 1996, by the Company's Chief Executive Officer and the three 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		ALL OTHER COMPENSATION
	SALARY	BONUS	
James J. Kim, Chief Executive Officer and Chairman(1).....	\$500,000	\$ --	\$101,716
John N. Boruch, President.....	400,000	375,000	--
Frank J. Marcucci, Chief Financial Officer.....	216,731	100,000	--
Michael D. O'Brien, Vice President.....	198,460	100,000	--

(1) All other compensation for Mr. Kim represents compensation to Mr. Kim in the form of interest free loans.

STOCK PLANS

1997 Stock Plan. The Company's 1997 Stock Plan (the "1997 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 1997 Plan was adopted by the Board of Directors in October 1997 and approved by the Company's stockholders in October 1997. Unless terminated sooner, the 1997 Plan will terminate automatically in October 2007. A total of _____ shares of Common Stock have been reserved for issuance under the 1997 Plan. The maximum aggregate number of shares which may be optioned and sold under the 1997 Plan is _____, plus an annual increase to be added on each anniversary date of the adoption of the 1997 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 1997 to _____, or (ii) a lesser amount determined by the board of directors.

The 1997 Plan may be administered by 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 Committee has the power to

determine the terms of options granted, including the exercise price, 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, number of shares subject to the option, and the exercisability thereof, the form of consideration payable upon such exercise. In addition, the board of directors has the authority to amend, suspend or terminate the 1997 Plan, provided that no such action may affect any share of Common Stock previously issued and sold or any option previously granted under the 1997 Plan.

Unless determined otherwise by the administrators, options and stock purchase rights granted under the 1997 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 1997 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

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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 1997 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 1997 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 1997 Plan may not exceed ten years.

The 1997 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.

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 full-time employees who are at least 21 years of age. Pursuant to the 401(k) Plan, employees may elect to reduce their current compensation by up to 13% of 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 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 "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 Plan are AMI, AAAP, 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 Plan are held in trust. The Plan is presently underfunded by \$5,000,000. See Note 9 of Consolidated Financial Statements.

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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 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.

CERTAIN TRANSACTIONS

AICL was founded in 1956 by Mr. Hyang-Soo 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 Hyang-Soo Kim, which, together with the Company, collectively owned approximately 21% of the outstanding common stock of AICL as of June 30, 1997. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of Hyang-Soo 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 and a director of AICL. After the Offerings, James Kim and the Kim Family

Trusts will own approximately % of the Company's outstanding Common Stock and James Kim and 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 the six months ended June 30, 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 the six months ended June 30, 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, 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."

The Company was formed in September 1997 as a holding company for the Amkor Companies. In connection with the Reorganization, Mr. James Kim, Chairman and Chief Executive Officer of the Company, and the Kim Family Trusts will exchange their interests in each of the Amkor Companies in return for shares of the Company's Common Stock. Following the Offerings, Mr. Kim and the Kim Family Trusts are expected to own shares of the Company's Common Stock representing approximately % of the outstanding shares of Common Stock. See "Reorganization."

The Company proposes to enter into an indemnification agreement with each of the directors of the Company pursuant to which the Company will indemnify such directors for all matters arising out of their membership on the Company's Board of Directors to the maximum extent permissible under Delaware law.

In connection with the Reorganization, the Company proposes to enter into a tax indemnification agreement with AEI, Mr. Kim and the Kim Family Trusts pursuant to which the Company and AEI will be

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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 indemnification agreement will also provide that the Company and AEI will indemnify Mr. Kim and such stockholders 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. 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 \$13.0 million and \$5.0 million in 1996 and the first six months of 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which represents AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. This final distribution is intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. See "Reorganization and Notes 1 and 10 of Notes to Consolidated Financial Statements. Through June 30, 1997, the amount of such undistributed net earnings was \$11.8 million.

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 equals approximately \$88.0 million. See Note 11 of Notes to Consolidated Financial Statements.

AEI and Mr. Kim currently are parties to a loan agreement under which Mr. Kim may borrow funds from AEI, subject to AEI's consent. Mr. Kim has recognized compensation in 1996 in the amount of \$101,716 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. Mr. Kim intends

to use the proceeds from the sales of shares by him to repay amounts outstanding under the agreement. See Note 11 of Notes to Consolidated Financial Statements.

In connection with the Reorganization, Mr. Kim sold his interest in Amkor Anam Test Services, Inc. representing half of its outstanding capital stock to AEI for \$910,350. Amkor Anam Test Services, Inc. has been merged into AEI.

AK Investments, Inc. a company owned by Mr. James Kim and the Kim Family Trusts, purchased certain securities held by AEI for \$49.8 million, which consideration was paid by assuming from AEI certain non-current payables from AUSA. See Note 11 of Notes to Consolidated Financial Statements.

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 Consolidated Financial Statements.

Members of the Kim family own all the outstanding shares of Forte Systems, Inc. ("Forte"). AEI and Forte currently are parties to a loan agreement under which Forte may borrow funds at market interest rates from AEI, subject to AEI's consent. Since the beginning of the 1996 fiscal year, the maximum amount outstanding under such agreement has been \$3.7 million. See Note 11 of Notes to Consolidated Financial Statements.

Members of the Kim family own all the outstanding shares of The Electronics Boutique, Inc. (the "Electronics Boutique"). AEI and the Electronics Boutique currently are parties to a loan agreement under which the Electronics Boutique may borrow funds at market rates from AEI, subject to AEI'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 million. In addition, in 1996, the Electronics Boutique borrowed \$50 million from AEI in connection with a

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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, AEI has guaranteed certain vendor obligations and a line of credit of the Electronics Boutique, which total approximately \$11 million and \$15 million, respectively. See Note 11 of Notes to Consolidated Financial Statements.

The Company leases office space located in West Chester, Pennsylvania from the Kim Family Trusts. The monthly rent pursuant to such lease is \$69,000. 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 Consolidated Financial Statements.

Louis J. Siana is a partner in the accounting firm of Siana Carr & O'Connor, LLP which, prior to the appointment of Arthur Andersen LLP, served as the independent auditors for certain of the Company's subsidiaries. These subsidiaries collectively paid Siana Carr & O'Connor, LLP \$225,000 for such service in fiscal 1996 and 1997.

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of September 30, 1997, 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 Company's 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. Kim..... 1345 Enterprise Drive West Chester, PA 19380	29,750,000	35.0%			
David D. Kim Trust of December 31, 1987(2).... 1500 E. Lancaster Avenue Paoli, PA 19301	17,620,000	20.7			
John T. Kim Trust of December 31, 1987(2)..... 1500 E. Lancaster Avenue Paoli, PA 19301	17,620,000	20.7			
Susan Y. Kim Trust of December 31, 1987(2)(3)..... 1500 E. Lancaster Avenue Paoli, PA 19301	17,620,000	20.7			
Louis J. Siana.....	--	--			
John N. Boruch.....	--	--			
Eric R. Larson.....	--	--			
Frank J. Marcucci.....	--	--			
Michael D. O'Brien.....					
All directors and executive officers as a group (6 persons).....	29,750,000	35.0%			

(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 of 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) David D. Kim, John T. Kim and Susan Y. Kim are children of James J. Kim.

(3) Includes 8,330,000 shares held by two trusts established for the benefit of Susan Y. Kim's children.

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 undesignated 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 shares of Common Stock outstanding, shares of Common Stock will be issuable upon exercise of outstanding options and no shares of Preferred Stock will be issued and outstanding.

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 shares of Preferred Stock.

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EFFECT OF DELAWARE ANTITAKEOVER STATUTE

The Company is subject to Section 203 of the Delaware General Corporation Law (the "Antitakeover Law"), which regulates corporate acquisitions. The Antitakeover Law prevents certain Delaware corporations, including those whose securities are listed for trading on the Nasdaq National Market System, 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 Antitakeover 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 ten percent (10%) of the Company's assets. In general, the Antitakeover 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 Antitakeover 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 Antitakeover Law. See "Risk Factors -- Antitakeover Effects of Delaware Law."

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.

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 shares of Common Stock based upon shares outstanding as of , 1997. In addition to the shares of Common Stock offered hereby (if the Underwriters' over-allotment options are exercised in full), as of the effective date of the Registration Statement (the "Effective Date"), there will be shares of Common Stock outstanding (excluding shares issuable upon the exercise of outstanding options), all of which are "restricted" shares (the "Restricted Shares") under the Securities Act of 1933, as amended (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 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 shares of Common Stock that does not exceed the greater of (i) one percent of the then outstanding number of shares of Common Stock (up to shares of Common Stock immediately after the consummation of the Offerings) or (ii) the average weekly trading volume of the shares 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 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 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 for a period of 180 days following the date hereof without the prior written consent of Salomon Brothers 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 Securities Exchange Act of 1934, as amended, (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 without the prior written consent of Salomon Brothers Inc, subject to certain limited exceptions. See "Underwriting."

Beginning one year from the date of the Reorganization, approximately Restricted Shares of Common Stock 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 shares prior to the Offerings. See "Management -- 1997 Stock Plan." The Company intends to file, within days after the date of this Prospectus, a Form S-8 registration statement under the Securities Act to register shares reserved for issuance under this stock option plan and shares 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 lock-up agreements.

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CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS OF COMMON STOCK

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 by a holder who is not a United States person (a "Non-U.S. Holder"), and who acquires and owns such Common Stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). For this purpose, the term "Non-U.S. Holder" is defined as any person other than (i) a citizen or resident (within the meaning of Section 7701(a)(30) 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(b) of the Code. This discussion does not consider specific facts and circumstances that may be relevant to a particular Non-U.S. 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 Non-U.S. Holders in light of their personal circumstances. Further, it does not discuss the rules applicable to Non-U.S. 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. 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 is advised to consult a tax advisor with respect to current and possible future tax consequences of acquiring, holding, and disposing of Common Stock.

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 effectively connected with the conduct of a trade or business of

the Non-U.S. Holder within the United States ("United States trade or business income"). If the dividend is United States 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 United States trade or business income received by a foreign corporation 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. Certain certification and disclosure requirements must be complied with in order to be exempt from withholding under the United States trade or business income exemption discussed above.

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) and, under the current interpretation of United States Treasury regulations, for purposes of determining the applicability of a tax treaty rate, unless an applicable tax treaty requires some other method for determining a stockholder's residence.

Under United States Treasury regulations that are proposed to be effective for distributions after December 31, 1997 (the "Proposed 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 certifying such Non-U.S. Holder's entitlement to benefits under a treaty. The Proposed Regulations would also provide special rules to determine whether, for purposes of determining the applicability of a tax

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treaty, dividends paid to a Non-U.S. Holder that is an entity should be treated as paid to the entity or those holding an interest in that entity. It is not certain whether, or in what form, the Proposed Regulations will be adopted as final regulations.

A Non-U.S. Holder of Common Stock 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 which 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

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

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 paid to such holder and any tax withheld with respect to such dividends. These information reporting requirements apply regardless of whether withholding is required. Copies of the information returns reporting such dividends and withholding may also be made available under the provisions of an applicable treaty or agreement, to the tax authorities in the country in which such holder resides.

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 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 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, or (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. The payment of the proceeds of a sale of shares of Common Stock 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

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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 Proposed Regulations would, if adopted, alter the foregoing rules in certain respects. Among other things, the Proposed Regulations would provide certain presumptions under which a Non-United States Holder would be subject to backup withholding in the absence of the required certification.

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, 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 Salomon Brothers Inc, BancAmerica Robertson Stephens and Cowen & Company are

acting as representatives (the "U.S. Representatives"), 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.

U.S. UNDERWRITERS	NUMBER OF SHARES
-----	-----
Salomon Brothers Inc	
BancAmerica Robertson Stephens.....	
Cowen & Company.....	

Total.....	=====

The U.S. Underwriting Agreement provides that the obligations of the U.S. Underwriters to purchase the Shares listed above are subject to certain conditions set forth therein. The U.S. Underwriters are committed to purchase all of the Shares offered by this Prospectus (other than those covered by the over-allotment options described below), if any 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 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 realow, a discount not in excess of \$ per share on sales to certain other dealers. After the Offerings, the public offering price and such discounts 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 Salomon Brothers International Limited, BancAmerica Robertson Stephens and Cowen & Company are acting as representatives (the "International Representatives" and, together with the U.S. Representatives, the "Representatives"), providing for the concurrent offer and sale of of the Shares outside the U.S. and Canada.

The closing with respect to the sale of the Shares pursuant to the U.S. Underwriting Agreement is a condition to the closing with respect to the sale of the Shares pursuant to the International Underwriting Agreement, and the closing with respect to the sale of Shares pursuant to the International Underwriting Agreement is a condition to the closing with respect to the sale of the Shares pursuant to the U.S. Underwriting Agreement. The initial public offering price and underwriting discounts per share 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 Shares by the U.S. Underwriters, (i) it is not purchasing any Shares 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 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 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 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.

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Each International Underwriter has severally agreed that, as part of the distribution of the Shares by the International Underwriters, (i) it is not purchasing any Shares 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 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 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 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 of Common Stock 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 as may be mutually agreed. The price of any Shares so sold shall be the initial public offering price 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 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 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 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 of 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 International Securities 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 and

Shares, respectively, at the price to public less the 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 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

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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 for a period of 180 days following the date hereof without the prior written consent of Salomon Brothers 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 without the prior written consent of Salomon Brothers Inc, subject to certain limited exceptions. Salomon Brothers 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 the 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.

Salomon Brothers Inc, an affiliate thereof, Mr. James Kim and AICL are among the principal shareholders to 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. 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 for the purpose of stabilizing its market price. The Underwriters also may create a short position for the account of the Underwriters by selling more Common Stock 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 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 shares of Common Stock, 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 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 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.

The Underwriters do not intend to confirm sales 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 Common Stock will be determined by negotiation among the Company, the Selling Stockholders and the Representatives. Among the factors considered in determining the initial

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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 Common Stock 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 of Common Stock offered hereby.

EXPERTS

The consolidated financial statements and schedule of the Company as of December 31, 1995 and 1996 and June 30, 1997, and for each of the years in the three-year period ended December 31, 1996 and for the six month period ended June 30, 1997, included in this Registration Statement (as defined below) have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report dated , 1997 with respect thereto, and are included herein, in reliance upon the authority of said firm as experts in giving said report.

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 and the Common Stock, 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.
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.
Mask.....	A piece of glass on which an IC's circuitry design is laid out. 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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After the Exchange transaction discussed in Note 1 and the issuance of shares of common stock of the Company to Amkor Industrial Co., Ltd. in exchange for its 40% interest in AAPI as discussed in Note 15 to the Amkor Technology, Inc. and subsidiaries' consolidated financial statements is effected, we expect to be in position to render the following audit report.

October 2, 1997

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited the accompanying consolidated balance sheets of Amkor Technology, Inc. and subsidiaries (see Note 1) as of December 31, 1995 and 1996, and June 30, 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996 and the six months ended June 30, 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 consolidated financial position of Amkor Technology, Inc. and subsidiaries as of December 31, 1995 and 1996, and June 30, 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 and the six months ended June 30, 1997, in conformity with generally accepted accounting principles.

Philadelphia, Pa.,
, 1997

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AMKOR TECHNOLOGY, INC.

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

FOR THE YEAR ENDED
DECEMBER 31,

FOR THE SIX MONTHS
ENDED JUNE 30,

	1994	1995	1996	1996	1997
				(UNAUDITED)	
NET REVENUES.....	\$572,918	\$932,382	\$1,171,001	\$ 542,590	\$663,489
COST OF REVENUES.....	514,648	783,335	1,022,078	462,346	586,541
Gross profit.....	58,270	149,047	148,923	80,244	76,948
OPERATING EXPENSES:					
Selling, general and administrative.....	41,337	55,459	66,625	29,700	47,265
Research and development.....	3,090	8,733	10,930	4,857	3,515
Total operating expenses.....	44,427	64,192	77,555	34,557	50,780
OPERATING INCOME.....	13,843	84,855	71,368	45,687	26,168
OTHER (INCOME) EXPENSE:					
Interest expense, net.....	5,752	9,797	22,245	6,509	16,355
Foreign currency translation.....	(4,865)	1,512	2,961	(1,845)	101
Other (income) expense, net.....	(2,639)	6,523	3,150	4,705	1,287
Total other (income) expense....	(1,752)	17,832	28,356	9,369	17,743
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST.....	15,595	67,023	43,012	36,318	8,425
PROVISION FOR INCOME TAXES.....	2,977	6,384	7,876	6,650	2,689
INCOME BEFORE MINORITY INTEREST.....	12,618	60,639	35,136	29,668	5,736
MINORITY INTEREST.....	1,044	1,515	948	35	1,858
NET INCOME.....	\$ 11,574	\$ 59,124	\$ 34,188	\$ 29,633	\$ 3,878
PRO FORMA DATA (UNAUDITED):					
Historical income before income taxes and minority interest.....	\$ 15,595	\$ 67,023	\$ 43,012	\$ 36,318	\$ 8,425
Pro forma provision for income taxes.....	3,177	16,784	10,776	9,150	5,389
Pro forma income before minority interest.....	12,418	50,239	32,236	27,168	3,036
Historical minority interest.....	1,044	1,515	948	35	1,858
Pro forma net income.....	\$ 11,374	\$ 48,724	\$ 31,288	\$ 27,133	\$ 1,178
Pro forma net income per common share.....	\$.14	\$.59	\$.38	\$.33	\$.01
Shares used in computing pro forma net income per common share.....	82,610	82,610	82,610	82,610	82,610

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS

	DECEMBER 31,		JUNE 30, 1997	
	1995	1996	ACTUAL	PRO FORMA
				(UNAUDITED)
CURRENT ASSETS:				
Cash and cash equivalents.....	\$ 91,151	\$ 49,664	\$ 60,943	\$ 49,143
Short-term investments.....	--	881	3,794	3,794
Accounts receivable --				
Trade, net of allowance for doubtful accounts of \$1,043, \$1,179 and				

\$1,979.....	135,174	170,892	190,250	190,250
Due from affiliates.....	13,315	26,886	20,061	20,061
Other.....	5,464	6,426	8,153	8,153
Inventories.....	86,040	101,920	117,096	117,096
Other current assets.....	10,214	8,618	14,018	14,018
Total current assets.....	341,358	365,287	414,315	402,515
PROPERTY, PLANT AND EQUIPMENT, net.....	200,426	324,895	395,793	395,793
INVESTMENTS.....	66,613	61,993	72,903	72,903
LONG-TERM NOTES RECEIVABLE.....	1,626	8,711	12,628	12,628
OTHER ASSETS:				
Due from affiliates.....	10,090	14,638	15,566	15,566
Other.....	15,755	22,089	22,452	22,452
	25,845	36,727	38,018	38,018
Total assets.....	\$635,868	\$797,613	\$933,657	\$ 921,857
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Short-term borrowings and current portion of long-term debt.....	\$ 85,120	\$191,813	\$240,829	\$ 240,829
Trade accounts payable.....	87,113	56,055	116,375	116,375
Due to affiliate.....	18,028	33,379	17,961	17,961
Bank overdraft.....	16,251	14,518	13,965	13,965
Accrued expenses.....	18,250	19,899	18,093	18,093
Accrued income taxes.....	5,404	12,838	13,553	13,553
Total current liabilities.....	230,166	328,502	420,776	420,776
LONG-TERM DEBT.....	107,385	167,444	158,802	158,802
DUE TO AFFILIATE.....	219,037	234,894	278,120	278,120
OTHER NONCURRENT LIABILITIES.....	10,435	9,530	9,911	19,911
COMMITMENTS AND CONTINGENCIES (Notes 1 and 13)				
MINORITY INTEREST.....	14,067	18,683	20,500	20,500
STOCKHOLDERS' EQUITY:				
Common stock.....	46	46	46	46
Additional paid-in capital.....	16,494	16,770	22,301	34,001
Retained earnings (deficit).....	28,338	30,798	29,615	(3,885)
Unrealized gains (losses) on investments.....	9,584	(7,959)	(4,258)	(4,258)
Cumulative translation adjustment.....	316	(1,095)	(2,156)	(2,156)
Total stockholders' equity.....	54,778	38,560	45,548	23,748
Total liabilities and stockholders' equity.....	\$635,868	\$797,613	\$933,657	\$ 921,857
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996 AND THE SIX MONTHS ENDED JUNE 30, 1997 (IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENT	UNREALIZED GAINS (LOSSES) ON INVESTMENTS	TOTAL
BALANCE AT JANUARY 1, 1994.....	\$ 46	\$ 16,494	\$ (7,060)	\$ (1,410)	\$ --	\$ 8,070
Net income.....	--	--	11,574	--	--	11,574
Distributions.....	--	--	(3,120)	--	--	(3,120)
Change in division equity account...	--	--	(7,753)	--	--	(7,753)

Unrealized loss on investments.....	--	--	--	--	(35)	(35)
Currency translation adjustments....	--	--	--	881	--	881
BALANCE AT DECEMBER 31, 1994.....	46	16,494	(6,359)	(529)	(35)	9,617
Net income.....	--	--	59,124	--	--	59,124
Distributions.....	--	--	(19,922)	--	--	(19,922)
Change in division equity account...	--	--	(4,505)	--	--	(4,505)
Unrealized gain on investments.....	--	--	--	--	9,619	9,619
Currency translation adjustments....	--	--	--	845	--	845
BALANCE AT DECEMBER 31, 1995.....	46	16,494	28,338	316	9,584	54,778
Net income.....	--	--	34,188	--	--	34,188
Distributions.....	--	--	(15,123)	--	--	(15,123)
Change in division equity account...	--	--	(16,605)	--	--	(16,605)
Unrealized loss on investments.....	--	--	--	--	(17,543)	(17,543)
Currency translation adjustments....	--	--	--	(1,411)	--	(1,411)
Acquisition of AATS (Note 2).....	--	276	--	--	--	276
BALANCE AT DECEMBER 31, 1996.....	46	16,770	30,798	(1,095)	(7,959)	38,560
Net income.....	--	--	3,878	--	--	3,878
Distributions.....	--	--	(5,061)	--	--	(5,061)
Change in division equity account...	--	5,531	--	--	--	5,531
Unrealized gain on investments.....	--	--	--	--	3,701	3,701
Currency translation adjustments....	--	--	--	(1,061)	--	(1,061)
BALANCE AT JUNE 30, 1997.....	\$ 46	\$ 22,301	\$ 29,615	\$ (2,156)	\$ (4,258)	\$ 45,548

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FOR THE YEAR ENDED DECEMBER 31,			FOR THE SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	-----	-----	-----	-----	-----
	(UNAUDITED)				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income.....	\$ 11,574	\$ 59,124	\$ 34,188	\$ 29,633	\$ 3,878
Adjustments to reconcile net income to net cash provided by (used in) operating activities --					
Depreciation and amortization.....	14,612	26,614	57,825	25,883	42,766
Provision for accounts receivable.....	1,037	444	1,271	340	800
Provision for excess and obsolete inventory.....	500	1,000	500	250	3,700
Deferred income taxes.....	1,517	(1,147)	(324)	(286)	(1,982)
Equity (gain) loss of investee.....	(2,605)	95	(661)	(322)	(1,022)
(Gain) loss on sale of investments.....	(1,700)	126	(139)	--	--
Minority interest.....	1,044	1,515	948	35	1,858
Changes in assets and liabilities excluding effects of acquisitions --					
Accounts receivable.....	(31,565)	(53,264)	(36,695)	(9,342)	(20,158)
Other receivables.....	1,462	(2,565)	(925)	(5,086)	(1,727)
Inventories.....	(18,885)	(32,668)	(16,380)	(11,740)	(18,876)
Due to/from affiliates, net.....	(17,465)	(8,375)	(2,768)	(25,035)	(8,105)
Other current assets.....	(3,377)	(4,764)	1,694	(999)	(3,490)
Other non-current assets.....	(7,426)	(724)	(6,108)	(1,762)	(882)
Accounts payable.....	27,428	45,574	(31,065)	(23,561)	60,319
Accrued expenses.....	(3,143)	7,130	1,555	(3,332)	(1,806)
Accrued taxes.....	1,000	404	7,433	11,226	716
Other long-term liabilities.....	(562)	9,034	(108)	(9,117)	903
Other, net.....	205	--	3,750	3,750	--
Net cash provided by (used in) operating activities.....	(26,349)	47,553	13,991	(19,463)	56,892
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment, including purchase of AATS.....	(68,926)	(123,645)	(185,112)	(65,212)	(114,439)
Sale of property, plant and equipment.....	2,429	110	2,228	--	858
Purchases of investments and issuances of notes receivable.....	(15,298)	(19,351)	(21,068)	(19,141)	(14,092)
Proceeds from sale of investments.....	8,284	351	520	--	--
Net cash used in investing activities.....	(73,511)	(142,535)	(203,432)	(84,353)	(127,673)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net change in bank overdrafts and current debt.....	(19,483)	41,308	104,901	(5,889)	48,463
Proceeds from issuance of affiliate debt.....	820,027	1,059,759	1,205,174	610,119	432,644
Payments of affiliate debt.....	(627,056)	(1,052,415)	(1,189,317)	(598,423)	(390,834)
Proceeds from issuance of long-term debt.....	82,355	50,080	62,144	71,250	10,056
Payments of long-term debt.....	(39,029)	(3,021)	(3,138)	(1,529)	(18,698)
Distributions to stockholders.....	(3,200)	(20,003)	(15,205)	(103)	(5,102)
Change in division equity account.....	(7,753)	(4,505)	(16,605)	(4,136)	5,531
Net cash provided by financing activities.....	205,861	71,203	147,954	71,289	82,060

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	106,001	(23,779)	(41,487)	(32,527)	11,279
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	8,929	114,930	91,151	91,151	49,664
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	<u>\$ 114,930</u>	<u>\$ 91,151</u>	<u>\$ 49,664</u>	<u>\$ 58,624</u>	<u>\$ 60,943</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for --					
Interest.....	\$ 6,641	\$ 12,594	\$ 24,125	\$ 9,033	\$ 28,696
Income taxes.....	364	495	2,256	2,997	329

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT PER SHARE DATA)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of Amkor Technology, Inc. and subsidiaries ("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;
- AK Industries, Inc. (a U.S. Corporation) and its wholly-owned subsidiary, Amkor-Anam, Inc. (a U.S. Corporation);
- T.L. Limited (a British Cayman Island Corporation) and its Philippine subsidiaries, Amkor Anam Advanced Packaging, Inc. ("AAP") and Amkor/Anam Pilipinas, Inc. ("AAPI") (which is currently owned 60% by T.L. Limited and 40% by Anam Industrial Co., Ltd. ("AICL" -- see Notes 11 and 15)) and its wholly-owned subsidiary Automated Microelectronics, Inc. ("AMI");
- C.I.L., Limited (a British Cayman Island Corporation) and its wholly-owned subsidiary Amkor/Anam Euroservices S.A.R.L. (a French Corporation);
- Amkor Anam Test Services, Inc. (a U.S. Corporation) (see Note 2); and
- The semiconductor packaging and test business unit of Chamterry Enterprises, Ltd.

Each of the Amkor Companies is under common control and management. In connection with the Offerings (see Note 15), on September 26, 1997 the Company was formed as a holding company for the Amkor Companies. On , 1997 prior to the effective date of the Offerings, the stockholders of the Amkor Companies contributed all of their interests in the respective Amkor Companies to the Company in exchange for 82,610 shares of common stock of the Company (the "Exchange"). In addition, AICL exchanged its 40% interest in AAPI for 2,390 shares of the Company's common stock.

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 consolidated financial statements using the equity method of accounting.

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 80%, 79%, 72% and 68% of the Company's packaging and test revenues in 1994, 1995, 1996 and the six months ended June 30, 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. This risk is mitigated by sales to well established companies, ongoing credit evaluation and frequent contact with customers.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

At December 31, 1995 and 1996, and June 30, 1997, the Company maintained \$79,354, \$34,330 and \$28,053 respectively in deposits at one U.S. financial institution and \$3,518, \$1,993 and \$15,688 respectively in deposits at one U.S. bank.

Additionally, the Company maintained deposits and certificates of deposits totaling approximately \$8,166, \$14,649 and \$16,113 at foreign owned banks at December 31, 1995 and 1996 and June 30, 1997, respectively.

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 10.6%, 13.3%, 23.5% and 21.2% of net revenues in 1994, 1995 and 1996 and the six months ended June 30, 1997, respectively. The Company's five largest customers collectively accounted for 33.5%, 34.1%, 39.2% and 37.3% of net revenues in 1994, 1995, 1996 and for the six months ended June 30, 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 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

All of the Company's foreign subsidiaries use the U.S. dollar as their functional currency. Accordingly, their monetary assets and liabilities are translated into U.S. dollars at year-end exchange rates and non-monetary items are translated at historical rates. Certain expenses are translated at the average monthly exchange rates during the year, however, revenues, cost of revenues and depreciation are translated at historical rates. Transaction gains and losses for transactions denominated in local currency are included in Other

(income) expense, net. The cumulative translation adjustment reflected in Stockholders' Equity in the consolidated balance sheets relates 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.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

INVENTORIES

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

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 improvements.....	10 to 15 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 \$15,349, \$27,381, \$58,497 and \$42,620 for 1994, 1995 and 1996 and for the six months ended June 30, 1997, respectively.

OTHER NONCURRENT ASSETS

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

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 consolidated 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 and the use of accelerated methods of depreciation for income tax purposes.

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 the Company's taxable income. Accordingly, no provision for U.S. federal income taxes was recorded for AEI. Given the pending Offerings (see Note 15), for informational purposes, the accompanying consolidated 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 16).

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

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 Exchange (see Note 15).

In February 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128, "Earnings Per Share", which will be effective for the Company in 1997. Primary and fully diluted earnings per share will be replaced by basic and diluted earnings per share. Prior period results will be restated. The most significant difference is that the computation of basic earnings per share no longer assumes potentially dilutive securities are outstanding.

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 statement of income.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to expenses as incurred.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles 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 1996, the FASB issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This statement was effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996. SFAS No. 125 provides accounting and reporting standards based on consistent application of a financial-components approach that focuses on control. Under that approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, and derecognizes liabilities when extinguished. The Company entered into a

Receivables Sale Agreement subsequent to June 30, 1997 and accounted for the transaction as a sale under SFAS No. 125 (see Note 15).

INTERIM FINANCIAL STATEMENTS

The financial statements for the six months ended June 30, 1996 are unaudited and, in the opinion of management of the Company, include all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the results for the interim period. The results of operations for the six months ended June 30, 1997 are not necessarily indicative of the results to be expected for the full year.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

2. 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. The acquisition was accounted for using the purchase method of accounting and the results of AATS' operations are included in the Company's consolidated statements of income effective October 1, 1996. Accordingly, the total purchase cost has been allocated to the consolidated 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.

3. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consist of the following:

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
Land.....	\$ --	\$ --	\$ 1,263
Building improvements.....	20,248	81,602	87,208
Machinery and equipment.....	204,750	333,188	403,758
Furniture, fixtures and other equipment.....	23,613	31,330	29,952
Construction in progress.....	20,371	5,240	23,480
	268,982	451,360	545,661
Less -- Accumulated depreciation and amortization.....	68,556	126,465	149,868
	\$200,426	\$324,895	\$395,793

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 Exchange, the Company authorized 500,000 shares of \$.001 par value common stock, of which 82,610 shares will be issued to the stockholders of the Amkor Companies

in exchange for their interest in these Companies.

In addition, the Company authorized 10,000 shares of \$.001 par value preferred stock, none of which are outstanding.

Changes in the division equity account reflected in the consolidated statement of stockholders' equity represent the net cash flow of the semiconductor packaging and test business unit of Chamterry Enterprises, Ltd. (see Note 1).

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(IN THOUSANDS, EXCEPT PER 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		JUNE 30,
	1995	1996	1997
Raw materials.....	\$79,495	\$ 93,112	\$108,367
Work-in-process.....	6,545	8,808	8,729
	\$86,040	\$101,920	\$117,096
	=====	=====	=====

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		JUNE 30,
	1995	1996	1997
Equity Investments (20%-50% owned) --			
Anam Semiconductor & Technology Co., Ltd.....	\$ 8,737	\$10,700	\$11,197
Datacom International, Inc.....	--	1,335	1,887
Sunrise Capital Fund.....	1,500	1,328	3,229
	10,237	13,363	16,313
Available for Sale (cost based investments) --			
Anam Industrial Company, Ltd. (AICL).....	37,127	23,903	30,125
Other.....	19,249	24,727	26,465
	56,376	48,630	56,590
	\$66,613	\$61,993	\$72,903
	=====	=====	=====

The Company had net unamortized investment costs in excess of the proportionate share of the investee companies' net assets of approximately \$347, \$1,284 and \$2,118 at December 31, 1995 and 1996 and the six months ended June 30, 1997, respectively. The Company is amortizing this excess amount over periods between 10 and 40 years.

Subsequent to June 30, 1997, the Company sold its equity investment in Anam Semiconductor & Technology Co., Ltd. and certain investments and notes receivable from companies unrelated to the semiconductor packaging and test business to AK Investments, Inc., an unconsolidated affiliate 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 exceeded the carrying value by approximately \$25,000 at June 30, 1997.

7. SHORT-TERM CREDIT FACILITIES:

At December 31, 1995 and 1996 and June 30, 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 (approximately 8% at June 30, 1997).

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

For the years and six month period ended December 31, 1995 and 1996 and June 30, 1997, the weighted average interest rate on these borrowings was 8.0%, 7.8% and 8.3%, respectively. Included in cash and cash equivalents is \$1,200 of certificates of deposit pledged as collateral for certain of these lines. The unused portion of lines of credit total \$17,764 at June 30, 1997.

8. DEBT:

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

	DECEMBER 31		JUNE 30,
	1995	1996	1997
	-----	-----	-----
Short-term borrowings (see Note 7).....	\$ 84,620	\$150,513	\$189,657
Korean Development Bank (KDB) Loan, interest at LIBOR plus annual spread (6.74% at June 30, 1997), due October, 2000.....	50,000	50,000	50,000
KDB loan, interest at LIBOR plus annual spread (6.9% at June 30, 1997), due in installments beginning March, 1998 through April, 2000.....	--	71,250	71,250
Floating rate notes, interest at LIBOR plus annual spread (7.38% at June 30, 1997), due February, 2000.....	40,000	40,000	40,000
Bank debt, interest at LIBOR plus annual spread (8.54% at June 30, 1997), due December, 2001.....	--	20,000	20,000
Bank debt, interest at LIBOR plus annual spread (8.54% at June 30, 1997), due October, 1997.....	--	5,000	5,000
Bank debt, interest at LIBOR plus annual spread (9.14% at June 30, 1997), due September, 1999.....	--	4,000	3,750
Bank debt, interest at LIBOR plus annual spread (8.69% at June 30, 1997), due in equal installments through January, 2001.....	--	5,926	5,926
Note payable, interest at Prime (8.5% at June 30,			

1997), due April, 2004.....	--	--	3,464
Note payable, interest at LIBOR plus 0.75% (7.31% at June 30, 1997), due January, 1998.....	12,800	11,000	--
Note payable interest at LIBOR (6.56% at June 30, 1997), due July, 1998.....	--	--	4,500
Notes payable, interest at LIBOR (6.56% at June 30, 1997), due December, 1999.....	--	--	5,500
Other, primarily capital lease obligations and other debt.....	\$ 5,085	\$ 1,568	\$ 584
	-----	-----	-----
	192,505	359,257	399,631
Less -- Current maturities and short-term borrowings.....	(85,120)	(191,813)	(240,829)
	-----	-----	-----
	\$107,385	\$167,444	\$158,802
	=====	=====	=====

The KDB 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.

The issued and outstanding Floating Rate Notes (FRNs) were used to repay then existing short-term foreign currency denominated loans and to finance the expansion of the Company's factories in the Philippines. The FRNs, which are due on February 1, 2000, are listed on the Luxembourg Stock Exchange and were issued in denominations of \$500. Interest on the FRNs is payable semi-annually in arrears in February and August of each year at six-months LIBOR plus an annual spread. The loans and notes constitute direct, unconditional and unsecured obligations of the Company which rank pari passu among

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

themselves and will rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for such as may be preferred by mandatory provisions of applicable law. The FRNs are classified as current debt because the holder of the FRNs has announced its intention to redeem, and the Company will repay the FRNs in August, 1997 at their principal amount. In August, 1997 the Company entered into a three month bridge loan with a bank for \$55,000. The bridge loan was used to repay the FRNs as well as other debt that was due. The Company expects to enter into a term loan with this bank prior to the expiration of the bridge loan, which term loan would be used to pay off the bridge loan.

The KDB loans and FRNs are unconditionally and irrevocably guaranteed by AICL.

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

Certain instruments contain, among others, provisions pertaining to the maintenance of specified debt to equity ratios, restrictions with respect to corporate reorganization, acquisition of capital stock and disposition of all or a substantial portion of its assets, except in the ordinary course of business.

Annual principal payments required under long-term debt and short-term borrowings at June 30, 1997 are as follows:

AMOUNT

Current.....	\$240,829
1998.....	16,706
1999.....	37,475
2000.....	87,742
2001.....	13,051
2002.....	49
Thereafter.....	3,779

Total.....	\$399,631
	=====

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

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 \$108, \$483, \$776 and \$455 in 1994, 1995, 1996 and the six months ended June 30, 1997. The pension plan assets are invested primarily in equity and fixed income securities.

PHILIPPINE PENSION PLANS

AAAP, AAPI and AMI sponsor several defined benefit plans that cover substantially all employees who are not covered by statutory plans. For defined benefit plans, charges to expense are based upon costs computed by independent actuaries.

The components of net periodic pension cost for the defined benefit plans follows:

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30, 1997
	1994	1995	1996	
Service cost of current period.....	\$ 948	\$ 974	\$1,542	\$ 967
Interest cost on projected benefit obligation....	623	811	1,228	726
Actual return on plan assets.....	(500)	(609)	(677)	(412)
Net amortization and deferrals.....	97	100	98	61
	-----	-----	-----	-----
Total pension expense.....	\$1,168	\$1,276	\$2,191	\$ 1,342
	=====	=====	=====	=====

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

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

	DECEMBER 31,		JUNE 30, 1997
	1995	1996	

	-----	-----	-----
Actuarial present value of:			
Vested benefit obligation.....	\$ 1,280	\$ 1,696	\$ 2,148
	=====	=====	=====
Accumulated benefit obligation.....	\$ 1,977	\$ 2,848	\$ 3,725
	=====	=====	=====
Actuarial present value of			
Projected benefit obligation.....	\$ 8,542	\$12,699	\$13,721
Plan assets at fair value.....	5,765	6,077	7,832
	-----	-----	-----
Plan assets less than projected benefit			
obligation.....	(2,777)	(6,622)	(5,889)
Prior service cost.....	1,226	1,125	1,072
Unrecognized net loss.....	--	1,800	1,186
	-----	-----	-----
Accrued pension cost.....	\$ (1,551)	\$ (3,697)	\$ (3,631)
	=====	=====	=====

The weighted average interest rate used in determining the projected benefit obligation was 12% as of December 31, 1995 and 1996 and for the six months ended June 30, 1997. The rates of increase in future compensation levels were 11% as of December 31, 1996 and June 30, 1997 and 10% as of December 31, 1995. The expected long-term rate of return on plan assets was 12% as of December 31, 1995 and 1996 and for the six months ended June 30, 1997.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

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,			FOR THE SIX MONTHS ENDED JUNE 30, 1997
	1994	1995	1996	
	-----	-----	-----	-----
Current:				
Federal.....	\$ 1,277	\$ 6,125	\$ 5,880	\$ 1,235
State.....	167	908	60	70
Foreign.....	16	498	2,260	3,366
	-----	-----	-----	-----
	1,460	7,531	8,200	4,671
	-----	-----	-----	-----
Deferred:				
Federal.....	(60)	(173)	(226)	(72)
Foreign.....	1,577	(974)	(98)	(1,910)
	-----	-----	-----	-----
	1,517	(1,147)	(324)	(1,982)
	-----	-----	-----	-----
Total provision.....	\$ 2,977	\$ 6,384	\$ 7,876	\$ 2,689
	=====	=====	=====	=====

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

	FOR THE YEAR ENDED DECEMBER 31,			FOR THE SIX MONTHS ENDED JUNE 30,
	1994	1995	1996	1997
Federal statutory rate.....	\$ 5,458	\$ 23,458	\$15,054	\$ 2,949
State taxes, net of federal benefit....	167	908	60	70
S Corp. status of AEI.....	(200)	(10,400)	(2,900)	(2,700)
Difference in rates on foreign subsidiaries.....	(2,448)	(7,582)	(4,338)	2,370
Total.....	\$ 2,977	\$ 6,384	\$ 7,876	\$ 2,689
	=====	=====	=====	=====

The Company has structured its global operations to take advantage of lower tax rates in certain countries and tax incentives extended to encourage investment. AAPI had a tax holiday in the Philippines which expired in 1995. AAAP has a tax holiday in the Philippines which expires at the end of 2002. 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.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

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

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
Deferred tax assets (liabilities):			
Retirement benefits.....	\$ 206	\$ 888	\$ 1,832
Receivables.....	402	344	721
Inventories.....	890	1,057	1,230
Unrealized foreign exchange losses.....	612	398	2,056
Unrealized foreign exchange gains.....	(454)	(614)	(1,762)
Other.....	321	225	195
Net deferred tax asset.....	\$1,977	\$2,298	\$ 4,272
	=====	=====	=====

Non-U.S. income (loss) before taxes and minority interest of the Company was \$14,390, \$23,800, \$20,420 and \$(2,168) in 1994, 1995, 1996 and the six months ended June 30, 1997, respectively.

The Company's net deferred tax assets include amounts which management believes are realizable through future taxable income.

At June 30, 1997, the financial reporting basis of AEI's net assets exceeded the tax basis of the net assets by approximately \$25,400. 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 June 30, 1997, the Company owned 10.2% of the outstanding stock of AICL (see Note 6), and AICL owned 40% of AAPI. In connection with the Exchange in _____, 1997 (see Note 1), AICL exchanged its ownership of AAPI for 2,390 shares of the Company. In 1996 and the six months ended June 30, 1997, approximately 72% and 68% 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 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 a five year supply agreement with AICL giving the Company the right to market and sell AICL's packaging and test services and 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, labor disruptions, fluctuations in foreign exchange rates, changes in governmental

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

policies, economic or political conditions in Korea or any other reason could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has met a significant portion of its financing needs through financing arrangements provided by Anam USA, Inc. ("Anam USA"), AICL's wholly-owned financing subsidiary. A majority of the amount due to Anam USA represents outstanding amounts under financing obtained by Anam USA for the benefit of the Company with the balance representing payables to Anam USA for packaging and service charges paid to AICL. Based on guarantees provided by AICL, Anam USA 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 Anam USA under this arrangement are significant. Purchases from AICL through Anam USA were \$254,266, \$354,062, \$460,282 and \$251,344 for 1994, 1995, 1996 and the six months ended June 30, 1997. Charges from ANAM USA for interest and bank charges were \$3,181, \$4,484, \$7,074 and \$4,583 for 1994, 1995, 1996 and the six months ended June 30, 1997. Amounts payable to AICL and Anam USA were \$232,608, \$252,221, and \$289,634 at December 31, 1995, 1996 and June 30, 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. As of June 30, 1997, on the basis of Korean generally accepted accounting principles (unaudited) and translated for convenience at the June 30, 1997 exchange rate of Korean Won (W) 888 to 1 U.S. dollar, AICL had current liabilities of approximately W749 billion (\$843 million), including approximately W443 billion (\$499 million) of current maturities of long-term debt, and had long-term liabilities of approximately W839 billion (\$945 million). There can be no assurance that AICL will be able to refinance its existing loans or obtain net loans, particularly in light of recent initiatives by Korean banks to reduce their exposure to highly leveraged companies. In addition, there can be no assurance that AICL will be able to 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 flows 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 June 30, 1997, AICL was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion (\$1.05 billion). Such guarantees included those in respect of all of Anam USA's debt, as well as approximately \$161 million of the Company's debt to banks and the Company's obligations under a receivables sale. The Company has met a significant portion of its financing needs through financing arrangements obtained by Anam USA for the benefit of the Company, based on guarantees provided by AICL. As a result of AICL's debt position, there can be no assurance that Anam USA 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, 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 AAP in the Philippines. Payments to Anam Engineering and Construction were \$6,542, \$22,167 and \$3,130 in 1995, 1996 and the six months ended June 30, 1997, respectively. Anam Precision Equipment and Anam Instruments manufactures certain equipment used by the Philippine operations. Payments to Anam

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

Precision Equipment and Anam Instruments were \$6,652 and \$357 in 1996 and the six months ended June 30, 1997.

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 June 30, 1997 were \$25,079 and \$11,236, 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 \$13,000 term loan note. As of June 30, 1997, there were no amounts outstanding under the line of credit and \$10,500 was

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 June 30, 1997, there was \$4,000 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 \$88,000 at June 30, 1997.

The Company leases office space in West Chester, PA and Chandler, AZ from certain shareholders of Amkor Electronics. These leases expire in 2006 and 2001 respectively. The Company has the option to extend the West Chester lease for an additional 10 years through 2016. Amounts paid in 1996 and for the six months ended June 30, 1997 were \$1,343 and \$823, respectively (see Note 15).

At December 31, 1995 and 1996 and for the six months ended June 30, 1997, the Company has long-term notes receivable from affiliates of \$626, \$6,711 and \$10,128, 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. In September 1997, \$5,710 of these notes were satisfied as a result of the purchase of the Chandler facility (see Note 15).

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

13. COMMITMENTS AND CONTINGENCIES:

The Company is involved in various claims and litigation incidental to the conduct of its business. Based on consultation with legal counsel, management does not believe that any claims or litigation 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 June 30, 1997, are:

1997(6 months).....	\$3,162
1998.....	5,948
1999.....	5,762
2000.....	5,532
2001.....	5,136
2002.....	5,214

Rent expense amounted to \$2,742, \$3,692, \$5,520 and \$3,863 for 1994, 1995, 1996 and the six months ended June 30, 1997, respectively.

The Company has various purchase commitments for materials, supplies and capital equipment incident to the ordinary conduct of business. As of June 30, 1997 the Company had commitments for capital equipment of approximately \$60,000. In the aggregate, such commitments are not at prices in excess of current market.

14. 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	CONSOLIDATED
	-----	-----	-----	-----	-----
Six months ended June 30, 1997:					
Net revenues from unaffiliated customers.....	\$ 577,640	\$ 85,849	\$ --	\$ --	\$ 663,489
Net revenues from affiliates.....	--	--	125,460	(125,460)	--
	-----	-----	-----	-----	-----
Total net revenues.....	577,640	88,968	125,460	(125,460)	663,489
Income before income taxes and minority interest.....	10,593	11,628	(13,796)	--	8,425
Identifiable assets.....	451,858	27,400	509,921	(209,942)	779,237
Corporate assets.....					154,420
Total assets.....					\$ 933,657
					=====
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.....	350,988	19,806	424,653	(183,255)	612,192
Corporate assets.....					185,421
Total assets.....					\$ 797,613
					=====

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

UNITED STATES	EUROPE	PHILIPPINES	ELIMINATIONS	CONSOLIDATED
-----	-----	-----	-----	-----

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.....	323,886	19,014	270,185	(179,166)	433,919
Corporate assets.....					201,949

Total assets.....					\$ 635,868
					=====
Year ended December 31, 1994:					
Net revenues from unaffiliated customers.....	\$ 488,329	\$84,589..	\$ --	\$ --	\$ 572,918
Net revenues from affiliates.....	--	--	76,591	(76,591)	--
	-----	-----	-----	-----	-----
Total net revenues.....	488,329	84,589	76,591	(76,591)	572,918
Income before income taxes and minority interest.....	1,205	9,118	5,272	--	15,595
Identifiable assets.....	267,615	17,436	134,704	(89,081)	330,674
Corporate assets.....					95,848

Total assets.....					\$ 426,522
					=====

Sales between affiliates are priced at customer selling price less material costs provided by the segment, less a sales commission. Net revenues from unaffiliated customers for the United States include \$109,532, \$160,507 and \$101,939 of revenues from unaffiliated foreign customers for the years and six months ended December 31, 1995, 1996 and June 30, 1997, respectively. No other periods presented had sales to unaffiliated foreign customers from the United States of 10% or more of total consolidated net revenues. Identifiable assets are those assets that can be directly associated with a particular geographic area. Corporate assets are those assets which are not directly associated with a particular geographic area and consist primarily of cash and cash equivalents, investments and advances or loans to another geographic segment.

15. SUBSEQUENT EVENTS:

Effective July 7, 1997, the Company entered into a Receivables Sale Agreement (the "Agreement") with a bank (the "Purchaser"), and under the Agreement, the Purchaser has 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.

On September 11, 1997, the office 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.

On October , 1997, the stockholders of each of the Amkor Companies described in Note 1 exchanged all of their shares of these companies for 82,610 newly issued shares of Amkor Technology, Inc. ("ATI") a holding company established for this purpose. ATI filed a registration statement on October , 1997 with the Securities and Exchange Commission as part of a proposed plan to reduce outstanding borrowings and to increase the stockholders' equity. ATI intends to raise approximately \$ (after deducting the underwriting discount and estimated offering expenses) from the sale of

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA)

shares of common stock (the "Offerings"). Approximately \$ of the proceeds will be used to reduce short-term borrowings and long-term debt. In connection with the Offerings, certain existing stockholders intend to sell

approximately of their shares.

The Company plans on establishing stock option plans in October 1997 pursuant to which 2,600,000 shares of common stock will be reserved for future issuance upon the exercise of stock options granted to employees, consultants and directors. The options will be issued at fair value and generally will vest over five years.

Concurrently with the Exchange, the Company intends to issue 2,390 shares of common stock to AICL in exchange for its 40% interest in AAPI. The Company will account for this transaction as a purchase and eliminate the minority interest liability and recognize goodwill of approximately \$.

16. PRO FORMA ADJUSTMENTS:

STATEMENT OF INCOME

Pro forma adjustments are presented to reflect a provision for income taxes as if AEI had not been an S Corporation for all of the periods presented. Pro forma net income per common share is based on the weighted average number of shares outstanding as if the Reorganization had occurred at the beginning of the 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 \$10,000 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 June 30, 1997, AEI would have declared a distribution of \$11,800 of previously taxed income. Any amounts remaining in retained earnings related to AEI will be reclassified to additional paid in capital. The pro forma balance sheet is presented to reflect these changes as if they occurred on June 30, 1997.

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APPENDIX - DESCRIPTION OF GRAPHICS

Inside Front Cover - Photograph of manufacturing facilities; pictures of products; and diagram of wafer fabrication, packaging and test operations.

Page 38 - Diagram showing wafer fabrication process, starting with a raw wafer, packaging and final testing.

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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 , 1997 (25 DAYS AFTER THE COMMENCEMENT OF THE OFFERINGS), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK, 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.

SHARES

AMKOR
TECHNOLOGY, INC.

COMMON STOCK
(\$.001 PAR VALUE)

LOGO

SALOMON BROTHERS INC

BANCAMERICA
ROBERTSON STEPHENS

COWEN & COMPANY
PROSPECTUS

DATED _____, 1997
=====

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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 being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC Registration Fee.....	\$121,970
NASD Filing Fee.....	30,500
Nasdaq National Market System Listing Fee.....	50,000
Printing Fees and Expenses.....	*
Legal Fees and Expenses.....	*
Accounting Fees and Expenses.....	*
Blue Sky Fees and Expenses.....	5,000
Transfer Agent and Registrar Fees.....	*
Miscellaneous.....	*
Total.....	\$ *

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* To be provided by amendment.

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 Registrant's Amended and Restated Certificate of Incorporation provides for the indemnification of directors to the fullest extent permissible under Delaware law.

The Registrant'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 Registrant, and, with respect to any criminal action or proceeding, the indemnified party had no reason to believe his conduct was unlawful.

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

The form of Underwriting Agreement filed as Exhibit 1.1 hereto provides for the indemnification of the Registrant's directors and officers in certain circumstances as provided therein.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

In _____, 1997, _____ shares of the Company's Common Stock were issued to Mr. James Kim and members of his family in exchange for their outstanding interests in AEI and certain other Amkor Companies. In addition, in _____, 1997 _____ shares of Common Stock were issued to AICL in exchange for its 40% interest in Amkor/Anam Pilipinas, Inc. 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

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issued in such transactions. All recipients had adequate access, through their relationships with the Company, to information about the Registrant.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) Exhibits

- 1.1 Form of Underwriting Agreement.*
- 3.1 Certificate of Incorporation.
- 3.2 Bylaws.
- 4.1 Specimen Common Stock Certificate.*
- 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 1997 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 _____, 1997 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 AAPI 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 1997 Director Stock Option Plan and form of agreement thereunder.*
- 10.17 Amkor Electronics, Inc. 401(k) Plan.*
- 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).

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24.1 Power of Attorney (see page II-4).
27.1 Financial Data Schedule.

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* To be filed by amendment.

(b) Financial Statement Schedules

SCHEDULE VIII -- 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.

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 3rd day of October 1997.

AMKOR TECHNOLOGY, INC.

By: /s/ JAMES J. KIM

James J. Kim, Chief Executive
Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints James J. Kim and Frank J. Marcucci and each one of them, acting individually and without the other, as his or her attorney-in-fact, each with full power of substitution, for him and her in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments), and to sign any registration statement for the same Offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

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	October 3, 1997
----- /s/ FRANK J. MARCUCCI ----- Frank J. Marcucci	Chief Financial Officer and Secretary	October 3, 1997
----- /s/ JOHN N. BORUCH ----- John N. Boruch	President and Director	October 3, 1997
----- /s/ LOUIS J. SIANA ----- Louis J. Siana	Director	October 3, 1997

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INDEX TO FINANCIAL STATEMENT SCHEDULES*

SCHEDULE NUMBER	DESCRIPTION OF SCHEDULES	SEQUENTIALLY NUMBERED PAGE
VIII	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 rates.

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After the Exchange transaction discussed in Note 1 and the issuance of shares of common stock of the Company to Anam Industrial Co., Ltd. in exchange for their 40% interest in AAPI as discussed in Note 15 to the Amkor Technology, Inc. and subsidiaries' consolidated financial statements is effected, we expect to be in position to render the following audit report.

October 2, 1997

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Amkor Technology, Inc. and subsidiaries included in this prospectus 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. The schedule listed in the index above is presented for purpose of complying with the Securities and Exchange Commission and is not a 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.

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SCHEDULE VIII

AMKOR TECHNOLOGY, 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, 1994:					
Allowance for doubtful accounts.....	\$ 524	\$ 500	\$ (546)	\$ 9	\$ 487
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
Six months ended June 30, 1997:					
Allowance for doubtful accounts.....	\$ 1,179	\$ 800	\$ --	--	\$ 1,979

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INDEX TO EXHIBITS

EXHIBIT
NUMBER

DESCRIPTION

-
- 1.1 Form of Underwriting Agreement.*
 - 3.1 Certificate of Incorporation.
 - 3.2 Bylaws.
 - 4.1 Specimen Common Stock Certificate.*
 - 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 1997 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 , 1997 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 AAPI 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 1997 Director Stock Option Plan and form of agreement thereunder.*
 - 10.17 Amkor Electronics, Inc. 401(k) Plan.*
 - 21.1 List of Subsidiaries of the Registrant.
 - 23.1 Consent of Independent Auditors.
 - 23.2 Consent of Counsel (included in Exhibit 5.1).
 - 24.1 Power of Attorney (see page II-4).
 - 27.1 Financial Data Schedule.

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* To be filed by amendment.

CERTIFICATE OF INCORPORATION
OF
AMKOR TECHNOLOGY, INC.

- FIRST: The name of the Corporation is Amkor Technology, Inc. (the "Corporation").
- SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the city of Wilmington, County of New Castle zip code 19801. The name of the registered agent at such address is the Corporation Trust Company.
- THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- FOURTH: The Corporation is authorized to issue two classes of stock to be designated respectively Common Stock and Preferred Stock. The total number of shares of all classes of stock which the Corporation has authority to issue is 510,000,000, consisting of 500,000,000 shares of Common Stock, \$.001 par value (the "Common Stock"), and 10,000,000 shares of Preferred Stock, \$.001 par value (the "Preferred Stock").
- The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each such series of Preferred Stock, including without limitation authority to fix by resolution or resolutions, the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.
- The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

FIFTH: The name and mailing address of the incorporator are as follows:

Weston C. Miller
Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94304

SIXTH: The Corporation is to have perpetual existence.

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SEVENTH: The election of directors need not be by written ballot unless a stockholder demands election by written ballot at a meeting of stockholders and before voting begins or unless the Bylaws of the Corporation shall so provide.

EIGHTH: The number of directors which constitute the whole Board of Directors of the Corporation shall be designated in the Bylaws of the Corporation.

NINTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, alter, amend or repeal the Bylaws of the Corporation. The stockholders may adopt, alter, amend or repeal the Bylaws of the Corporation upon an affirmative supermajority (2/3) vote.

TENTH: To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Neither any amendment nor repeal of this Article, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ELEVENTH: At the election of directors of the Corporation, each holder of stock of any class or series shall be entitled to one vote for each share held. No stockholder will be permitted to cumulate votes at any election of directors.

TWELFTH: No action that is required or permitted to be taken by the stockholders of the corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting of stockholders.

THIRTEENTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the laws of the State of Delaware) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

FOURTEENTH: The Corporation reserves the right to amend, alter,

change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights conferred herein are granted subject to this reservation.

The undersigned incorporator hereby acknowledges that the foregoing Certificate of Incorporation is his act and deed and that the facts stated herein are true.

Dated: September 26, 1997

/s/ Weston C. Miller

Weston C. Miller
Incorporator

BYLAWS
OF
AMKOR TECHNOLOGY, INC.

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BYLAWS
OF
AMKOR TECHNOLOGY, INC.

ARTICLE I
STOCKHOLDERS

1.1 ANNUAL MEETINGS

An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the state of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

1.2 SPECIAL MEETINGS

Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, or by a committee of the Board of Directors which has been duly designated by the Board of Directors and whose powers and authority, as expressly provided in a resolution of the Board of Directors, include the power to call such meetings.

1.3 NOTICE OF MEETINGS

Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the certificate of incorporation or these by-laws, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

1.4 ADVANCE NOTICE OF DIRECTOR NOMINEES

To be properly brought before an annual meeting or special meeting, nominations for the election of directors must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors.

1.5 ADJOURNMENTS

Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

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1.6 QUORUM

Except as otherwise provided by law, the certificate of incorporation or these by-laws, at each meeting of stockholders the presence in person or by proxy of the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 1.4 of these by-laws until a quorum shall attend. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

1.7 ORGANIZATION

Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or

in his absence by the President, or in his absence by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

1.8 VOTING; PROXIES

Except as otherwise provided by the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the corporation. Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors of election unless so determined by the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote thereon which are present in person or by proxy at such meeting.

At a stockholders' meeting at which directors are to be elected, a stockholder shall not be entitled to cumulate votes (i.e., cast for any candidate a number of votes greater than the number of votes which such stockholder normally is entitled to cast). The candidates receiving the highest number of affirmative votes, up to the number of directors to be elected, shall be elected; votes against any candidate and votes withheld shall have no legal effect.

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1.9 FIXING DATE FOR DETERMINATION OF STOCKHOLDERS OF RECORD

In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (2) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

1.10 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. Upon the willful neglect or refusal of the directors to produce such a list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

1.11 NO STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

No action which may be taken at any annual or special meeting of stockholders may be taken without a meeting and without prior notice.

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ARTICLE II

BOARD OF DIRECTORS

2.1 NUMBER; QUALIFICATIONS

The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors need not be stockholders.

2.2 ELECTION; RESIGNATION; REMOVAL; VACANCIES

The Board of Directors shall initially consist of the persons named as directors in the certificate of incorporation, and each director so elected shall hold office until the first annual meeting of stockholders or until his successor is elected and qualified. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors each of whom shall hold office for a term of one year or until his successor is elected and qualified. Any director may resign at any time upon written notice to the corporation. Any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced or until his successor is elected and qualified.

2.3 REGULAR MEETINGS

Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

2.4 SPECIAL MEETINGS

Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the President, any Vice President, the Secretary, or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four hours before the special meeting.

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2.5 TELEPHONIC MEETINGS PERMITTED

Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

2.6 QUORUM; VOTE REQUIRED FOR ACTION

At all meetings of the Board of Directors a majority of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the certificate of incorporation or these by-laws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

2.7 ORGANIZATION

Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

2.8 INFORMAL ACTION BY DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or such committee.

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ARTICLE III

COMMITTEES

3.1 COMMITTEES

The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint

another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

3.2 COMMITTEE RULES

Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article III of these by-laws.

ARTICLE IV

OFFICERS

4.1 EXECUTIVE OFFICERS; ELECTION; QUALIFICATIONS; TERM OF OFFICE; RESIGNATION; REMOVAL; VACANCIES

The Board of Directors shall elect a President and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose one or more Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his election, and until his successor is elected and qualified or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

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4.2 POWERS AND DUTIES OF EXECUTIVE OFFICERS

The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his duties.

ARTICLE V

STOCK

5.1 CERTIFICATES

Every holder of stock shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation, certifying the number of shares owned by him in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or

whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

5.2 LOST, STOLEN OR DESTROYED STOCK CERTIFICATES; ISSUANCE OF NEW CERTIFICATES

The corporation may issued a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

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ARTICLE VI

INDEMNIFICATION

6.1 THIRD PARTY ACTIONS

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director or officer of the corporation, or that such director or officer is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture trust or other enterprise (collectively "Agent"), 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 him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit 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 the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

6.2 ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was an Agent (as defined in Section 6.1) against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem

proper.

6.3 SUCCESSFUL DEFENSE

To the extent that an Agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 6.1 and 6.2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

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6.4 DETERMINATION OF CONDUCT

Any indemnification under Sections 6.1 and 6.2 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that the indemnification of the Agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 6.1 and 6.2. Such determination shall be made (1) by the Board of Directors or an executive committee by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) or if such quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

6.5 PAYMENT OF EXPENSES IN ADVANCE

Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article VI.

6.6 INDEMNITY NOT EXCLUSIVE

The indemnification and advancement of expenses provided or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

6.7 INSURANCE INDEMNIFICATION

The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was an Agent of the corporation, or is or was serving at the request of the corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

6.8 THE CORPORATION

For purposes of this Article VI, references to "the corporation" 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 and officers, so that any person who is or was a director 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, shall stand in the same position under and subject to the provisions of this Article VI (including, without limitation the provisions of Section 6.4) with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

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6.9 EMPLOYEE BENEFIT PLANS

For purposes of this Article VI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation 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; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article VI.

6.10 INDEMNITY FUND

Upon resolution passed by the Board, the corporation may establish a trust or other designated account, grant a security interest or use other means (including, without limitation, a letter of credit), to ensure the payment of certain of its obligations arising under this Article VI and/or agreements which may be entered into between the corporation and its officers and directors from time to time.

6.11 INDEMNIFICATION OF OTHER PERSONS

The provisions of this Article VI shall not be deemed to preclude the indemnification of any person who is not an Agent (as defined in Section 6.1), but whom the corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware or otherwise. The corporation may, in its sole discretion, indemnify an employee, trustee or other agent as permitted by the General Corporation Law of the State of Delaware. The corporation shall indemnify an employee, trustee or other agent where required by law.

6.12 SAVINGS CLAUSE

If this Article or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each Agent against expenses (including attorney's fees), judgments, fines and amounts paid in settlement with respect to any action, suit, proceeding or investigation, whether civil, criminal or administrative, and whether internal or external, including a grand jury proceeding and an action or suit brought by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

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6.13 CONTINUATION OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE VII

MISCELLANEOUS

7.1 FISCAL YEAR

The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

7.2 SEAL

The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

7.3 WAIVER OF NOTICE OF MEETINGS OF STOCKHOLDERS, DIRECTORS AND COMMITTEES

Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

7.4 INTERESTED DIRECTORS; QUORUM

No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

7.5 FORM OF RECORDS

Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

7.6 AMENDMENT OF BY-LAWS

These by-laws may be altered or repealed, and new by-laws made, by the Board of Directors, but the stockholders may make additional by-laws and may alter and repeal any by-laws whether adopted by them or otherwise. Any amendment to the by-laws made by the stockholders shall require a supermajority (66.6%) affirmative vote to become effective.

RECEIVABLES PURCHASE AGREEMENT

Dated as of June 20, 1997

Between

AMKOR ELECTRONICS, INC.,
as the Originator

and

AMKOR RECEIVABLES CORP.,
as they BuyerTABLE OF CONTENTS
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RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement dated as of June 20, 1997 is among Amkor Electronics, Inc., a Pennsylvania corporation (the "Originator"), and Amkor Receivables Corp., a Delaware corporation (the "Buyer"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I hereto.

PRELIMINARY STATEMENTS

The Originator now owns, and from time to time hereafter will own, Receivables and the Originator wishes to sell and assign to the Buyer, and the Buyer wishes to purchase from the Originator, all right, title and interest of the Originator in and to the Receivables now and hereafter arising.

The Originator and the Buyer believe that it is in their mutual interest for the Originator to sell the Receivables to the Buyer and for the Buyer to purchase the Receivables.

The Originator and the Buyer intend this transaction to be a true sale of the Receivables from the Originator to the Buyer providing the Buyer with the full benefits of ownership of the Receivables, and the Originator and the Buyer do not intend this transaction to be, or for any purpose to be characterized as, a loan from the Buyer to the Originator.

Upon purchasing the Receivables from the Originator, the Buyer will sell interests in all or a portion of the Receivables pursuant to that certain Investor Agreement (as the same may from time to time hereafter be amended, supplemented, restated or otherwise modified, the "Investor Agreement") dated as of June 20, 1997 among the Buyer, Falcon Asset Securitization Corporation ("Falcon"), the financial institutions parties thereto as "Investors" and The First National Bank of Chicago ("First Chicago"), as Agent (the "Agent") thereunder.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
AMOUNTS AND TERMS OF THE PURCHASES

Section 1.1. Agreement to Purchase. (a) Upon the terms and subject to the conditions hereof, the Buyer hereby buys, and the Originator hereby sells, all of the Originator's right, title and interest in and to all Receivables existing as of the closing date and thereafter created or arising at any time prior to the Termination Date, in each case together with all Related Security relating thereto and all Collections thereof and all Collection Accounts (the "Purchase"). All right, title and interest in and to all Receivables (together with the Related Security with respect thereto and all Collections thereof) arising on each day prior to the Termination Date shall, without further action of any type being required on the part of the Buyer or the Originator, transfer on such day to the Buyer and the Buyer shall thereupon have the obligation to pay the Purchase Price in respect thereof in the manner, at the time and otherwise in accordance with the terms specified in this Agreement. Prior to making any Purchase hereunder, the Buyer may request of the Originator, and the Originator shall deliver, such approvals, opinions, information, reports or documents as the Buyer may reasonably request.

(b) It is the intention of the parties hereto that each Purchase of Receivables made hereunder shall constitute a "sale of accounts", as such term is used in Article 9 of the UCC, which sales are absolute and irrevocable and provide the Buyer with the full benefits of ownership of the Receivables. Except for the Purchase Price Credits owed pursuant to Section 1.3 hereof, each sale of Receivables hereunder is made without recourse to the Originator; provided, however, that (i) the Originator shall be liable to the Buyer for all representations, warranties and covenants made by the Originator pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by the Buyer or any assignee thereof of any obligation of the Originator or any other Person arising in connection with the Receivables, the Related Security, the related Contracts or the Collection Accounts, or any other obligations of the Originator. In view of the intention of the parties hereto that the Purchases of Receivables made hereunder shall constitute sales of such Receivables rather than loans secured by such Receivables, the Originator agrees on or prior to the date hereof to mark (i) its master data processing records relating to the Receivables with the following legend:

ALL A/R OF AMKOR ELECTRONICS INC HAVE BEEN SOLD TO AMKOR
RECEIVABLES CORP & FNBC

and (ii) its other books and records relating to the Receivables with the following legend:

ALL ACCOUNTS RECEIVABLE OF AMKOR ELECTRONICS, INC. HAVE BEEN
SOLD, AND ALL ACCOUNTS RECEIVABLE OF AMKOR ELECTRONICS, INC.
HEREAFTER EXISTING OR ARISING WILL BE SOLD, TO AMKOR
RECEIVABLES CORP. PURSUANT TO THAT CERTAIN RECEIVABLES
PURCHASE AGREEMENT DATED AS OF

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JUNE 20, 1997 BETWEEN AMKOR ELECTRONICS, INC. AND AMKOR
RECEIVABLES CORP. ("ARC"), AND INTERESTS THEREIN HAVE BEEN
SOLD BY ARC TO THE FIRST NATIONAL BANK OF CHICAGO, AS AGENT
FOR CERTAIN PURCHASERS

or in either case such other legend as may be acceptable to the Buyer, evidencing that the Buyer has purchased such Receivables as provided in this Agreement, and to note in its financial statements that its Receivables have been sold to the Buyer. Upon the request of the Buyer, the Originator will

execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate or as the Buyer may reasonably request. In addition, the Originator will, upon request, make available to the Buyer or to the Servicer the original copy of each Contract under which a Receivable has arisen.

Section 1.2. Payment for the Purchases. (a) The Purchase Price for the initial Purchase of Receivables shall be payable in full by the Buyer to the Originator, and shall be paid to the Originator in the following manner on the date of such initial Purchase: (i) by delivery of immediately available funds, to the extent of funds made available to the Buyer in connection with its subsequent sale of an interest in such Receivables to the Purchasers under the Investor Agreement, (ii) by the issuance of equity in the manner contemplated in the Subscription Agreement and having a value of not less than the greater of (A) \$3,000,000 or (B) three percent (3.00%) of the aggregate Capital outstanding at such time under the Investor Agreement, and (iii) the balance, with the proceeds of a Revolving Loan. The Purchase Price for each Purchase after the initial Purchase shall be payable in full by the Buyer to the Originator or its designee on the date of such Purchase, except that the Buyer may, with respect to any such Purchase, offset against such Purchase Price any amounts owed by the Originator to the Buyer hereunder and which have become due but remain unpaid.

(b) With respect to any Purchase hereunder, at the time of settlement of the Purchase Price therefor, the Buyer may elect to pay all or part of, the applicable Purchase Price (to the extent that the obligation to pay such Purchase Price is not satisfied through the application of funds from Collections as described in Section 1.2(d)) by borrowing from the Originator a subordinated revolving loan (each a "Revolving Loan"), and the Originator, subject to the remaining provisions of this paragraph, irrevocably agrees to advance such Revolving Loan in the amount so specified by the Buyer (which amount shall be deemed to be the lesser of (i) the aggregate Purchase Price which remains owing to the Originator in connection with such settlement after giving effect to funds received by the Originator which have been applied thereto and (ii) the maximum Revolving Loan which may be borrowed under the restrictions set forth in this paragraph). Notwithstanding the foregoing, the Originator is not committed to make any Revolving Loan (and the Buyer's right to make the election described hereinabove shall not be effective), if, as a result of making such loan, either (i) the aggregate outstanding amount of the Revolving Loans would exceed an amount equal to the aggregate Outstanding Balance of the

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"Eligible Receivables" under and as defined in the Investor Agreement at such time minus the aggregate Capital outstanding at such time under the Investor Agreement or (ii) the Buyer's net worth would be equal to an amount that is less than the greater of (A) \$3,000,000 or (B) three percent (3.00%) of the aggregate Capital outstanding at such time under the Investor Agreement. or (iii) the amount of the Revolving Loan then being made would exceed an amount equal to the Purchase Price payable in connection with the Purchase being made hereunder on such date minus funds then being made available under the Investor Agreement or otherwise then available to the Buyer. The Revolving Loans shall be evidenced by, and shall be payable in accordance with the terms and provisions of, a promissory note in the form of Exhibit X hereto (the "Revolving Note") and shall be payable solely from funds which the Buyer is not required under the Investor Agreement to set aside for the benefit of, or otherwise pay over to, the Agent and/or the Purchasers.

(c) In the case of any Purchase subsequent to the initial Purchase, if the Buyer has insufficient funds to pay in full the applicable Purchase Price (after taking account of the proceeds received from the sale of the Receivable Interests and the proceeds of Revolving Loans made hereunder), then the Originator shall be deemed to have contributed to the capital of the Buyer

Receivables having a Purchase Price equal to the otherwise unpaid portion of the total Purchase Price owed on such day, provided, however, that no such deemed capital contribution shall be made from and after the date on which the Originator issues its written notice of the designation of the Termination Date.

(d) Unless the Buyer shall otherwise direct the application of Collections for any purpose not prohibited by the Transaction Documents in a written notice to the Originator, on each Business Day during a Monthly Period after the date of the initial Purchase, all Collections available to the Buyer (after setting aside amounts required to be set aside for the benefit of, or otherwise paid over to, the Agent and/or the Purchasers in accordance with the Investor Agreement) shall be remitted directly to the Originator and, subject to receipt by the Originator of the fee payable by the Buyer pursuant to Section 5.6 hereof for the Monthly Period in which such Business Day occurs, shall be applied as payments toward the Purchase Price of Receivables conveyed by the Originator to the Buyer during such Monthly Period; provided, that to the extent such Collections exceed such Purchase Price, the excess shall be paid directly to the Buyer. Although amounts shall be paid directly to the Originator on a daily basis in accordance with the first sentence of this sub-section, settlement of the Purchase Price between the Buyer and the Originator shall be effected on a monthly basis with respect to all Purchases within the same Monthly Period on the Settlement Date occurring in the succeeding calendar month and based on the information contained in the Receivables Activity Report in respect of such Monthly Period. Although settlement shall be effected on a Settlement Date, increases or decreases in the amount owing under the Revolving Note made pursuant to subsection (b) above and any contribution of capital by the Originator to the Buyer made pursuant to subsection (c) above shall be deemed to have occurred and shall be effective as of the last Business Day of the Monthly Period to which such settlement relates.

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Section 1.3. Purchase Price Credit Adjustments. (a) If on any day the Outstanding Balance of a Receivable purportedly conveyed hereunder is either (x) reduced as a result of any defective or rejected goods or services, any cash discount or any adjustment by the Originator (whether individually or in its performance of duties as Sub-Servicer), or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction and whether such claim relates to the Originator or any Affiliate thereof) or (z) is otherwise reduced as a result of any of the factors set forth in the definition of Dilutions, then, in such event, the Buyer shall be entitled to a credit (a "Purchase Price Credit") against the Purchase Price otherwise payable hereunder equal to the full amount of such reduction or cancellation. If such Purchase Price Credit exceeds the Purchase Price of the Receivables to be sold hereunder on any date, then the Originator shall pay the remaining amount of such Purchase Price Credit in cash on the next succeeding Business Day; provided that, if the Termination Date has not occurred, the Originator shall be allowed to deduct the remaining amount of such Purchase Price Credit from any indebtedness owed to it under the Revolving Note.

(b) If on any day any of the representations or warranties contained in Article II with respect to any Receivables are not true when made, or deemed made, the Originator shall be deemed to have received on such day a Collection of such Receivables in full. If the Originator is deemed to have received Collections pursuant to this Section 1.3(b), the Originator shall immediately pay such Collections to the Sub-Servicer for application in accordance with the terms hereof and, at all times prior to such remittance, such Collections shall be held in trust by the Originator for the exclusive benefit of the Buyer.

Section 1.4. Payments and Computations, Etc. All amounts to be paid or deposited by the Buyer hereunder shall be paid or deposited in accordance with the terms hereof on the day when due in immediately available funds to the

account of the Originator designated from time to time by the Originator or as otherwise directed by the Originator. In the event that any payment owed by any Person hereunder becomes due on a day which is not a Business Day, then such payment shall be made on the next succeeding Business Day. Any amount due hereunder which is not paid when due hereunder shall bear interest at the Base Rate as in effect from time to time until paid in full; provided, however, that such interest rate shall not at any time exceed the maximum rate permitted by applicable law. All computations of interest payable hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

Section 1.5. Transfer of Records. (a) In connection with the Purchases of Receivables hereunder, the Originator hereby sells, transfers, assigns and otherwise conveys to the Buyer all of the Originator's right and title to and interest in the Records relating to all Receivables sold hereunder, without the need for any further documentation in connection with any Purchase. In connection with such transfer, the Originator hereby grants to each of the Buyer and the Servicer an irrevocable, non-exclusive license to use, without royalty or payment of any kind, all software used by the Originator to account for the Receivables, to the extent necessary to administer the

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Receivables. whether such software is owned by the Originator or is owned by others and used by the Originator under license agreements with respect thereto. As of the date hereof, no consent by any licensor of the Originator to such grant is required. If after the date hereof the consent by any licensor of the Originator to such grant shall be required, the Originator represents that such consent shall promptly be obtained. The license granted hereby shall be irrevocable, and shall terminate on the date this Agreement shall terminate in accordance with its terms.

(b) The Originator (i) shall take such action requested by the Buyer and/or the Agent, from time to time hereafter, that may be necessary or appropriate to ensure that the Buyer and its assigns under the Investor Agreement have an enforceable ownership interest in the Records relating to the Receivables purchased from the Originator hereunder and (ii) shall use its reasonable efforts to ensure that the Buyer and the Servicer each has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for the Receivables and/or to recreate such Records.

Section 1.6. Characterization. If, notwithstanding the intention of the parties expressed in Section 1.1(b), the conveyance by the Originator to the Buyer of Receivables hereunder shall be characterized as a secured loan and not a sale, this Agreement shall constitute a security agreement under applicable law. For this purpose, the Originator hereby grants to the Buyer a duly perfected security interest in all of the Originator's right, title and interest in, to and under the Receivables, the Collections, each Collection Account, all Related Security, all payments on or with respect to such Receivables, all other rights relating to and payments made in respect of the Receivables, and all proceeds of any thereof prior to all other liens on and security interests therein. After an Event of Default, the Buyer shall have, in addition to the rights and remedies which it may have under this Agreement, all other rights and remedies provided to a secured creditor after default under the UCC and other applicable law, which rights and remedies shall be cumulative. In that regard, the Buyer is hereby granted a license or other right to use, without charge, the Originator's copyrights, rights of use of any name, trade names, trademarks, service marks and advertising matter, or any property of a similar nature, as it may pertain to Related Security comprising repossessed or returned inventory the sale or lease of which shall have given rise to a Receivable and in order to facilitate the disposition by the Buyer of such inventory.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. Originator Representations and Warranties. The Originator hereby represents and warrants, individually and in its capacity as Sub-Servicer, to the Buyer that:

(a) Corporate Existence and Power. The Originator is a corporation duly organized validly existing and in good standing under the laws of its state of incorporation, and has all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted.

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(b) No Conflict. The execution, delivery and performance by the Originator of this Agreement and each other Transaction Document to which the Originator is a party, and the Originator's use of the proceeds of Purchases made hereunder, are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgement, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of the Originator or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law. This Agreement and each other Transaction Document to which the Originator is a party has been duly authorized, executed and delivered by the Originator.

(c) Governmental Authorization. Other than the filling of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Originator of the Transaction Documents to which the Originator is a party.

(d) Binding Effect. The Transaction Documents to which the Originator is a party constitute the legal, valid and binding obligations of the Originator enforceable against the Originator in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally.

(e) Accuracy of Information. All information heretofore furnished by the Originator or any of its Affiliates to the Buyer, the Agent or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by the Originator or any of its Affiliates to the Buyer, the Agent or the Purchasers will be, true and accurate in every material respect, on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(f) Use of Proceeds. No proceeds of any Purchase hereunder will be used (i) for a purpose which violates, or would be inconsistent with, Regulation G, T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934, as amended.

(g) Good Title; Perfection. Immediately prior to each Purchase hereunder, the Originator shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any

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Documents. This Agreement is effective to, and shall, upon each Purchase hereunder, irrevocably transfer to the Buyer legal and equitable title to, with the legal right to sell and encumber, such Receivable and the Related Security, free and clear of any Adverse Claim except as otherwise created by the Buyer under the Transaction Documents. Without limiting the foregoing, there has been duly filed all financing statements or other similar instruments or documents necessary under the UCC of all appropriate jurisdictions (or any comparable law) to perfect the Buyer's ownership interest in such Receivable.

(h) Places of Business. The principal places of business and chief executive office of the Originator and the offices where the Originator keeps all its Records are located at the address(es) listed on Exhibit II or such other locations notified to the Buyer in accordance with Section 4.2(a) in jurisdictions where all action required by Section 4.2(a) has been taken and completed. The Originator's Federal Employer Identification Number is correctly set forth on Exhibit II.

(i) Collection Banks; etc. Except as otherwise notified to the Buyer in accordance with Section 4.2(b), (i) the Originator has instructed all Obligor to pay all Collections directly to a LockBox, (ii) all proceeds from such Lock-Boxes are deposited directly by a Collection Bank into a Collection Account listed on Exhibit III, (iii) the names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of the Originator at each Collection Bank, are listed on Exhibit III, and (iv) each Collection Account to which Collections are remitted is subject to a Collection Account Agreement that is in full force and effect. This Agreement, together with the Collection Account Agreements, is effective to, and does, transfer to the Buyer all right, title and interest of the Originator in and to each Lock-Box and Collection Account. The Originator has not granted any Person, other than the Buyer as contemplated by this Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any Collection Account at a future time or upon the occurrence of a future event and each Lock-Box and Collection Account is otherwise free and clear of any Adverse Claim.

(j) Financial Statements; Material Adverse Effect. The financial statements of the Originator dated December 31, 1996 furnished by the Originator to the Buyer are materially complete and correct, and such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition and results of operations of the Originator as of such date and for the period ended on such date. Since December 31, 1996 no event has occurred which would have a Material Adverse Effect.

(k) Names. In the past five years, the Originator has not used any corporate names, trade names or assumed names other than those listed on Exhibit II.

(l) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of the Originator's knowledge, threatened, against or affecting the Originator, or any of the properties of the Originator, in or before any court, arbitrator or other body, which are reasonably

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likely to have a Material Adverse Effect. The Originator is not in default with

respect to any order of any court, arbitrator or governmental body.

(m) Credit and Collection Policies. With respect to each Receivable, the Originator, individually and in its capacity as Sub-Servicer, has complied in all material respects with the Credit and Collection Policy.

(n) Payments to Originator. With respect to each Receivable transferred to the Buyer under this Agreement, the Buyer has given reasonably equivalent value to the Originator in consideration for such transfer of such Receivable and the Related Security with respect thereto under this Agreement and such transfer was not made for or on account of an antecedent debt. No transfer by the Originator to the Buyer of any Receivable is or may be voidable under any Section of the Bankruptcy Code.

(o) Ownership of the Buyer. The Originator owns one hundred percent (100%) of the issued and outstanding capital stock of the Buyer. Such capital stock is validly issued, fully paid and nonassessable and there are no options, warrants or other rights to acquire securities of the Buyer.

(p) Not an Investment Company. The Originator is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended from time to time, or any successor statute.

(q) Eligibility of Receivables. Each Receivable, at the time conveyed hereunder, is an Eligible Receivable unless prior to or at such time the Originator shall have advised the Buyer in writing as to the ineligibility thereof.

(r) Purpose. The Originator has determined that, from a business viewpoint, (i) the organization of the Buyer, (ii) the Buyer's limited purposes and (iii) the sale of the Receivables to the Buyer contemplated hereby are in the best interests of the Originator.

(s) ERISA. No fact or circumstance, including but not limited to any Reportable Event, exists in connection with any Plan which would constitute grounds for the termination of any Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer any such Plan and which would result in the termination of a Plan and the incurrence of material liability by the Originator or any ERISA Affiliate to the Plan, the PBGC, participants, beneficiaries or a trustee. No Plan has an accumulated funding deficiency as defined in Section 412(a) of the Code or Section 302(a) of ERISA, and no lien exists with respect to any Plan for failure to make required contributions as described under 412(n) of the Code or Section 302(f) of ERISA. For the purposes of this representation and warranty, the Originator shall be deemed to have knowledge of all facts attributable to the Plan administrator designated pursuant to ERISA.

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(t) Support Agreement. The Support Agreement remains in full force and effect and no default has occurred thereunder and is then continuing.

ARTICLE III CONDITIONS OF PURCHASES

Section 3.1. Conditions Precedent to Initial Purchase. The initial Purchase under this Agreement is subject to the conditions precedent that (i) the Buyer shall have received on or before the date of such Purchase those documents listed on Schedule A hereto and (ii) all conditions precedent to the initial purchase under the Investor Agreement shall have been satisfied and/or waived.

Section 3.2. Conditions Precedent to All Purchases. Each Purchase

shall be subject to the further conditions precedent that (a) in the case of each such Purchase, the Sub-Servicer shall have delivered to the Buyer on or prior to the date of such Purchase, in form and substance satisfactory to the Buyer, all Receivables Activity Reports as and when due under Section 5.5; (b) on the date of each such Purchase, the following statements shall be true both before and after giving effect to such Purchase and the application of the proceeds therefrom (and acceptance of the proceeds of such Purchase shall be deemed a representation and warranty by the Originator that such statements are then true):

(i) the representations and warranties set forth in Article II are correct on and as of the date of such Purchase as though made on and as of such date;

(ii) no event has occurred, or would result from such Purchase, that will constitute an Event of Default, and no event has occurred and is continuing, or would result from such Purchase, that would constitute a Potential Event of Default; and

(iii) the Termination Date shall not have occurred; and
(c) the Buyer shall have received such other approvals, opinions or documents as it may reasonably request.

Notwithstanding any failure or inability of the Originator to satisfy any of the foregoing conditions precedent on any date in respect of any Purchase, title to the Receivables and related assets included in such Purchase shall vest in the Buyer without any action required on the part of the Buyer (but without impairment of its obligation to pay the Purchase Price in respect thereof in accordance with the terms of this Agreement), and the Buyer (as owner of such Receivables) shall have a claim against the Originator arising in respect of the representations and warranties made by the Originator in connection with such Purchase.

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ARTICLE IV COVENANTS

Section 4.1. Affirmative Covenants of Originator. At all times prior to the Collection Date, the Originator hereby covenants, individually and in its capacity as Sub-Servicer, that:

(a) Financial Reporting. The Originator will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Buyer:

(i) Annual Reporting. Within 120 days after the close of each of its fiscal years, financial statements for such fiscal year certified in a manner acceptable to the Buyer by independent public accountants acceptable to the Buyer.

(ii) Quarterly Reporting. Within 45 days after the close of the first three quarterly periods of each of its fiscal years, balance sheets as at the close of each such period and statements of income and retained earnings and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its Executive Vice President or Vice President-Controller.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit IV signed by the Originator's

Executive Vice President or Vice President-Controller and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of the Originator, copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Originator or any of its Subsidiaries files with the Securities and Exchange Commission.

(vi) Change in Credit and Collection Policy. At least 30 days prior to the effectiveness of any material change in or amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice indicating such change or amendment.

(vii) Other Information. Such other information (including non-financial information) as the Buyer, the Agent or any Purchaser may from time to time reasonably request.

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(b) Notices. The Originator will notify the Buyer in writing of any of the following immediately upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Events of Default or Potential Events of Default. The occurrence of each Event of Default or each Potential Event of Default, by a statement of the corporate comptroller or senior financial officer of the Originator.

(ii) Judgment. The entry of any judgment or decree against the Originator or any of its Subsidiaries.

(iii) ERISA. The occurrence of any Reportable Event under Section 4043(c) (5), (6) or (9) of ERISA with respect to any Plan, any decision to terminate or withdraw from a Plan, any finding made with respect to a Plan under Section 4041(c) or (e) of ERISA, the commencement of any proceeding with respect to a Plan under Section 4042 of ERISA, the failure to make any required installment or other required payment under Section 412 of the Code or Section 302 of ERISA on or before the date for such installment or payment, or any material increase in the actuarial present value of unfunded vested benefits under all Plans over the preceding year

(c) Compliance with Laws. The Originator will comply in all respects with all applicable laws, rules, regulations, orders writs, judgments, injunctions, decrees or awards to which it may be subject.

(d) Audits. The Originator will furnish to the Buyer from time to time such information with respect to it and the Receivables as the Buyer may reasonably request. The Originator shall, from time to time during regular business hours as requested by Buyer upon reasonable notice, permit the Buyer, or its agents or representatives. (i) to examine and make copies of and abstracts from all Records in the possession or under the control of the Originator relating to Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of the Originator for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to the Originator's financial condition or the Receivables and the Related Security or the Originator's

performance hereunder or the Originator's performance under the Contracts with any of the officers or employees of the Originator having knowledge of such matters.

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(e) Keeping and Marking of Records and Books.

(i) The Originator will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Originator will give the Buyer notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) The Originator will (a) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Receivables with a legend, acceptable to the Buyer, describing the ownership interests of the Buyer therein and further describing the Receivable Interests sold by the Buyer to the Purchasers under the Investor Agreement and (b) upon the request of the Buyer (x) mark each Contract with a legend describing Buyer's ownership interest therein and further describing the Receivable Interests sold by the Buyer to the Purchasers under the Investor Agreement and (y) deliver to the Buyer, the Agent or their designees all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables.

(iii) The Originator shall at all times keep and maintain separate books, records, general ledgers, aged trial balances and other receivables reporting, invoicing systems, data processing records and other information relating to the credit and collection in respect of (a) the Chandler Accounts and (b) the Receivables. In the event any customer of the Originator shall be an obligor in respect of any Chandler Account and an Obligor in respect of any Receivable, the Originator shall cause separate invoices to be issued, with instructions to such customer to remit payment on such Chandler Account to a location other than a Lock-Box or a Collection Account and to remit payment on such Receivable to a Lock-Box or a Collection Account. In the event a customer shall at any time submit a single payment item in respect of both a Chandler Account and a Receivable, unless such customer shall have otherwise directed the application thereof, such payment item shall be applied first to the Receivable and then, after payment in full of such Receivable, to the Chandler Account. At no time shall any books or records relating to the Receivables be maintained at the Originator's facility in Chandler, Arizona.

(f) Compliance with Contracts and Credit and Collection Policy. The Originator will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all material respects with the Credit and Collection Policy in regard to each Receivable and the related Contract. The Originator will pay when due any taxes payable in connection with the Receivables, excluding taxes on or measured by the income or gross receipts of the Agent or any Purchaser.

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(g) Ownership Interest. The Originator shall take all necessary action to establish and maintain a valid and perfected first priority ownership interest in the Receivables and the Related Security and Collections with respect thereto, to the full extent contemplated herein, in favor of the Buyer, including, without limitation, taking such action to perfect, protect or more fully evidence the interest of the Buyer hereunder as the Buyer may reasonably request.

(h) Purchasers' Reliance. The Originator acknowledges that the Purchasers are entering into the transactions contemplated by the Investor Agreement in reliance upon the Buyer's identity as a separate legal entity from the Originator. Therefore, from and after the date of execution and delivery of this Agreement, the Originator shall take all reasonable steps including, without limitation, all steps that any Purchaser may from time to time reasonably request, to maintain the Buyer's identity as a separate legal entity and to make it manifest to third parties that the Buyer is an entity with assets and liabilities distinct from those of the Originator and any Affiliates thereof and not just a division of the Originator. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Originator (i) shall not hold itself out to third parties as liable for the debts of the Buyer nor purport to own the Receivables or any of the other assets acquired by the Buyer hereunder, (ii) shall take all other actions necessary on its part to ensure that the Buyer is at all times in compliance with the covenants set forth in Section 5.1 (k) of the Investor Agreement and (iii) shall cause all tax liabilities arising in connection with the transactions contemplated herein or otherwise to be allocated between the Originator and the Buyer on an arm's-length basis.

(i) Collections. The Originator shall instruct all Obligor to pay all Collections directly to a Lock-Box. Pursuant to Section 5.3 hereof and the Collection Account Agreements, the Originator has transferred and assigned to the Buyer all of its right, title and interest in and to, and exclusive ownership, dominion and control (subject to the terms of this Agreement) to each such Lock-Box and Collection Account. In the case of any Collections received by the Originator, the Originator shall remit such Collections to a Collection Account not later than the Business Day immediately following the date of receipt of such Collections, and, at all times prior to such remittance, the Originator shall itself hold such Collections in trust, for the exclusive benefit of the Buyer. The Originator shall direct each Person that is not an Obligor on a Receivable to cease remitting any payments to any Lock-Box or to any other account in which the Originator has transferred its right, title and interest to the Buyer, and the Originator shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such Lock-Boxes and accounts any cash or payment item other than Collections or other proceeds of Receivables and Related Security transferred to the Buyer hereunder.

(j) ERISA. The Originator shall make all required installments or other required payments under Section 412 of the Code or Section 302 of ERISA on or before the due date for such installment or other payment.

(k) Financial Statements. The Originator will report on its financial records the transfer of the Receivables hereunder as a sale under generally accepted accounting principles. To the

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extent the Originator prepares financial statements on a consolidated basis that includes the Buyer, such financial statements shall be footnoted or shall otherwise disclose that the Receivables have been sold to the Buyer and that

interests in such Receivables have been sold to the Agent on behalf of the Purchasers.

Section 4.2. Negative Covenants of Originator. At all times prior to the Collection Date, the Originator hereby covenants, individually and in its capacity as Sub-Servicer, that:

(a) Name Change, Offices, Records and Books of Accounts. The Originator will not change its name, identity or corporate structure (within the meaning of Section 9-402(7) of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it shall have: (i) given the Buyer at least 45 days prior notice thereof and (ii) delivered to the Buyer all financing statements, instruments and other documents requested by the Buyer in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. The Originator will not add or terminate any bank as a Collection Bank from those listed in Exhibit III, or make any change in its instructions to Obligors regarding payments to be made to the Originator or payments to be made to any LockBox, Collection Account or Collection Bank, unless the Buyer shall have received, at least 10 days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Account or Collection Bank, an executed account agreement and an executed Collection Account Agreement from such Collection Bank relating thereto; provided, however, that the Originator may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account that is subject to a Collection Account Agreement then in effect.

(c) Modifications to Contracts and Credit and Collection Policy. The Originator will not make any change to the Credit and Collection Policy which would be reasonably likely to adversely affect the collectibility of any material portion of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 5.2(c), the Originator, acting as Sub-Servicer or otherwise, will not extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens, Etc., The Originator shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable or Related Security or Collections in respect thereof, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account or assign any right to receive income in respect thereof (other than, in each case, the creation of the interests therein in favor of the Buyer provided for herein and the Agent and the Purchasers provided for in the Investor Agreement), and the Originator shall defend the right, title

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and interest of the Buyer in, to and under any of the foregoing property, against all claims of third parties claiming through or under the Originator.

(e) Accounting for Purchases. The Originator shall not, and shall not permit any Affiliate to, account for or treat (whether in financial statements or otherwise) the transactions contemplated hereby in any manner other than as the sale of the Receivables and Related Security by the Originator to the Buyer.

Section 5.1. Designation of Sub-Servicer. (a) The servicing, administration and collection of the Receivables shall be conducted by the Servicer so designated from time to time in accordance with Section 6.1 of the Investor Agreement. The Originator is hereby designated as, and hereby agrees to act as sub-servicer (the "Sub-Servicer") for the Buyer in the Buyer's capacity as Servicer pursuant to the terms of the Investor Agreement and the Originator agrees in such capacity as Sub-Servicer to perform all of the duties and obligations of the Servicer set forth herein and in the Investor Agreement with respect to the Receivables, Related Security related thereto and Collections thereof. The Buyer may, at any time in its sole discretion, remove the Originator (or any successor thereto) as Sub-Servicer and appoint a successor Sub-Servicer.

(b) In its capacity as Sub-Servicer, the Originator agrees that it shall be directly liable to the Agent and the Purchasers for the full and prompt performance of all such duties and responsibilities of the Servicer. Without the prior written consent of the Buyer, the Originator shall not be permitted to delegate any of its duties or responsibilities as Sub-Servicer to any Person. If at any time the Agent shall designate as Servicer any Person other than the Buyer, all duties and responsibilities theretofore delegated by the Buyer to the Originator may, at the discretion of the Agent, be terminated forthwith on notice given by the Buyer to the Originator.

Section 5.2. Duties of Sub-Servicer. (a) The Sub-Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) The Sub-Servicer shall forthwith following its receipt of any Collections remit all such Collections to the Buyer, or to such Persons or locations as the Buyer may from time to time direct (less any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables), and, at all times prior to remittance, the Sub-Servicer shall hold such Collections in trust, for the exclusive benefit of the Buyer and its assignees and shall not commingle the Collections with any funds or monies of the Sub-Servicer, the Originator or any other Person. The Sub-Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit, to any Lock-Box or Collection Account any cash or

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payment item other than Collections or other proceeds of Receivables and Related Security transferred to the Buyer hereunder.

(c) The Sub-Servicer, may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Sub-Servicer may determine to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable or Defaulted Receivable or limit the rights of the Agent or the Purchasers under the Investor Agreement. Notwithstanding anything to the contrary contained herein, the Buyer shall have the absolute and unlimited right to direct the Sub-Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security.

(d) The Sub-Servicer shall hold in trust for the Buyer all Records that evidence or relate to the Receivables, the related Contracts and Related Security or that are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of the Buyer, deliver or make available to the Buyer all such Records, at a place selected by the Buyer.

(e) Any payment by an Obligor in respect of any indebtedness owed by it to the Originator shall, except as otherwise specified by such Obligor or

otherwise required by contract or law and unless otherwise instructed by the Buyer, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 5.3. Collection Account Agreements. The Originator hereby transfers to the Buyer, effective concurrently with the initial Purchase hereunder, the exclusive ownership and control of the Lock-Boxes and the Collection Accounts, as evidenced by the Collection Account Agreements, and the Originator (other than in its capacity as Sub-Servicer) shall claim no further right, title and/or interest in and to any such Collection Accounts nor any rights to withdraw funds therefrom. The Originator hereby authorizes the Buyer, and agrees that the Buyer shall be entitled to (i) endorse the Originator's name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Buyer and its designees rather than the Originator.

Section 5.4. Responsibilities of the Originator. Anything herein to the contrary notwithstanding, the exercise by the Buyer or any of its assignees of its rights hereunder shall not release the Sub-Servicer or the Originator from any of their duties or obligations with respect to any Receivables or under the related Contracts. Neither the Buyer nor any of its assignees (including any Servicer) shall have any obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of the Originator.

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Section 5.5. Reports. On the Reporting Date of each month (or, if such date is not a Business Day, the next following Business Day). and at such times as the Buyer shall request, the Sub-Servicer shall prepare and forward to the Buyer a Receivables Activity Report. In addition to such other information as may be included therein, each Receivables Activity Report shall set forth the following with respect to the related Monthly Period: (i) the aggregate Outstanding Balance of Receivables created and conveyed as Purchases during such Monthly Period, (ii) the aggregate Purchase Price payable to the Originator in respect of such Purchases, specifying the Discount Factor in effect for such Monthly Period and the aggregate Purchase Price Credits deducted in calculating such aggregate Purchase Price, (iii) the aggregate amount of funds received by the Originator during such Monthly Period which are to be applied toward the aggregate Purchase Price owing for such Monthly Period pursuant to the first sentence of Section 1.2(d), (iv) the increase or decrease in the amount outstanding under the Revolving Note as of the end of such Monthly Period after giving effect to the application of funds toward the aggregate Purchase Price, and (v) the amount of any capital contribution made by the Originator to the Buyer as of the end of such Monthly Period. Promptly following any request therefor by the Buyer, the Originator shall prepare and provide to the Buyer a listing by Obligor of all Receivables together with an aging of such Receivables.

Section 5.6. Sub-Servicer Fee. In consideration of the Sub-Servicer's agreement to perform the duties and obligations of the Servicer under the Investor Agreement, the Buyer hereby agrees that, so long as the Originator shall continue to perform as Sub-Servicer hereunder, the Buyer shall pay over to the Originator a monthly fee in an amount equal to (i) a per annum rate agreed to by the Buyer and the Originator from time to time, multiplied by (ii) the average Outstanding Balance of the Receivables sold under this Agreement during the preceding calendar month, such fee to be calculated to provide the Servicer and the Sub-Servicer reasonable compensation for their respective servicing activities and reimbursement for all out-of-pocket costs and expenses of the Sub-Servicer incurred in connection with such activities;

provided that such fee shall not be in excess of the Servicer Fee paid to the Buyer by the Purchasers for such period. Such fee shall be payable on the first Business Day of each calendar month.

ARTICLE VI EVENTS OF DEFAULT

Section 6.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default:

(a) Sub-Servicer or the Originator shall fail (i) to make any payment or deposit required hereunder when due, (ii) to comply with the requirements set forth in Section 4.1(e)(iii) or 4.1(i) at any time, or (iii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) or (ii) of this paragraph (a)) and such failure shall remain unremedied for three Business Days.

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(b) Any representation, warranty, certification or statement made by the Originator or the Sub-Servicer in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto shall prove to have been incorrect when made or deemed made.

(c) Failure of the Originator or any of its Subsidiaries to pay any Indebtedness when due, which Indebtedness is outstanding under one or more instruments or agreements in an aggregate principal amount in excess of \$250,000; or the default by the Originator or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Originator or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) The Originator or any of its Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Originator or any of its Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property or (ii) the Originator or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth in clause (i) above in this subsection (d).

(e) One or more final judgments shall be entered against the Originator or any of its Subsidiaries for the payment of money in the aggregate amount of \$100,000, or the equivalent thereof in another currency, or more on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgement shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

(f) Any "Servicer Default" shall occur under the Investor Agreement and be declared by the Agent thereunder.

Section 6.2. Remedies. Upon the occurrence and during the continuation of an Event of Default, the Buyer may (i) declare the Termination Date to have occurred, whereupon the Termination Date shall forthwith occur,

without demand, protest or further notice of any kind, all of which are hereby expressly waived by the Originator; provided, however, that upon the occurrence of an Event of Default described in subsection 6.1(d) above or of an actual or deemed entry of an order for relief with respect to the Originator under the Bankruptcy Code, the Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by the Originator. Upon the occurrence of the Termination Date for any reason whatsoever, the Buyer shall have, in addition to all other rights

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and remedies under this Agreement or otherwise, all other rights and remedies provided under the UCC, which rights shall be cumulative.

ARTICLE VII INDEMNIFICATION

Section 7.1. Indemnities by the Originator. Without limiting any other rights which the Buyer may have hereunder or under applicable law, the Originator hereby agrees to indemnify the Buyer and any of its assignees (including the Agent and each Purchaser) and their respective officers, directors, agents and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Buyer, the Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, of any interest in the Receivables, excluding, however:

(i) Indemnified Amounts to the extent final judgment of a court of competent jurisdiction holds such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(ii) Indemnified Amounts to the extent the same includes losses in respect of Receivables which are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor (unless the asserted claim arises under Section 2.1(q)); or

(iii) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with (a) the characterization of the Purchases as true sales and (b) the characterization of the transactions under the Investor Agreement as creating Indebtedness of the Buyer for purposes of taxation;

provided, however, that nothing contained in this sentence shall limit the liability of the Originator or the Sub-Servicer for amounts otherwise specifically provided to be paid by the Originator or the Sub-Servicer under the terms of this Agreement or any other Transaction Document. Without limiting the generality of the foregoing indemnification, the Originator shall indemnify the Indemnified Parties for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to the Originator or the Sub-Servicer) to the extent the same relate to or result from:

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(i) any representation or warranty made by the Originator or the Sub-Servicer (or any officers of the Originator or the Sub-Servicer) under or in connection with this Agreement, any other Transaction Document, any Receivables Activity Report or any other information or report delivered by the Originator or the Sub-Servicer pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by the Originator or the Sub-Servicer to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation;

(iii) any failure of the Originator or the Sub-Servicer to perform its duties or obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability or similar claim arising out of or in connection with merchandise, insurance or services which are the subject of any Contract;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby or thereby, the use of the proceeds of a Purchase, the ownership of the Receivables or any other investigation, litigation or proceeding relating to the Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby or thereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Event of Default described in Section 6.1(d);

(x) the failure to vest and maintain vested in the Buyer, or to transfer to the Buyer, legal and equitable title to, and ownership of, a first priority perfected ownership

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interest in the Receivables, the Related Security and the Collections, free and clear of any Adverse Claim (other than as created by the Buyer under the Transaction Documents);

(xi) the Originator's use of the proceeds; or

(xii) any attempt by any Person to void any transfer purported to have been made hereunder under any statutory provision or

common-law or equitable action, including, without limitation, any provision of the Bankruptcy Code.

Section 7.2. Other Costs and Expenses. The Originator shall pay to the Buyer on demand all costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the costs payable by the Buyer to the Agent and the Purchasers under Sections 8.2 and 8.3 of the Investor Agreement. The Originator shall pay to the Buyer on demand any and all costs and expenses of the Buyer, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Event of Default.

ARTICLE VIII MISCELLANEOUS

Section 8.1. Waivers, Amendments and Consents. (a) No failure or delay on the part of the Buyer or any of its assignees in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement or the Revolving Note may be amended, supplemented, modified or waived except in writing by the Originator and the Buyer and, to the extent required under the Investor Agreement, the Agent, the Investors and/or the Required Investors.

(c) It is expressly understood and acknowledged that during the period the Investor Agreement shall be in effect, the prior consent of the Agent, the Purchasers and/or other interested Persons thereunder or in connection therewith shall be required in accordance with the terms thereof in order for the Buyer to grant a consent, authorization or approval requested of the Buyer hereunder, or for the Buyer to agree to any amendment, waiver or other modification to the terms or conditions of this Agreement.

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Section 8.2. Notices. (a) Except as provided below, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other party (and its designees) hereto at its (or their) respective address or telecopy number set forth on the signature pages hereof. All such communications and notices shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when received through the mails, transmitted by telecopy, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively.

Section 8.3. Protection of Buyer's Interests. (a) The Originator agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Buyer may request, to perfect, protect or more fully evidence the Buyer's ownership of the Receivables, or to enable the Buyer to exercise and enforce its rights and remedies hereunder. The Buyer may, or the Buyer may direct the Originator to, notify the Obligors of Receivables, at any time following the replacement of the Originator as Sub-Servicer and at the Originator's expense, of the Buyer's ownership of the Receivables and may

also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Buyer or its designee.

(b) If the Originator or the Sub-Servicer fails to perform any of its obligations hereunder, the Buyer or any of its assignees may (but shall not be required to) perform, or cause performance of, such obligation; and the Buyer's or any of its assignee's costs and expenses incurred in connection therewith shall be payable by the Originator on demand. The Originator and the Sub-Servicer each irrevocably authorizes the Buyer at any time and from time to time in the sole discretion of the Buyer, and appoints the Buyer as its attorney-in-fact, to act on behalf of the Originator and the Sub-Servicer (i) to execute on behalf of the Originator as seller/debtor and to file financing statements necessary or desirable in the Buyer's sole discretion to perfect and to maintain the perfection and priority of the Buyer's ownership interest in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as the Buyer in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Buyer's ownership interest in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 8.4. Confidentiality. (a) The Originator shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the Investor Agreement and the other confidential proprietary information with respect to the Agent and Falcon and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein and therein, except that the Originator and its officers and employees may disclose such information to the Originator's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

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(b) Anything herein to the contrary notwithstanding, the Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Buyer, the Agent, the Investors or Falcon by each other, (ii) by the Buyer, the Agent or the Purchasers to any prospective or actual assignee or participant of any of them or (iii) by the Agent to any rating agency, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Falcon or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which First Chicago acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Buyer, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 8.5. Bankruptcy Petition. (a) The Originator hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of all outstanding senior Indebtedness of Falcon, it will not institute against, or join any other Person in instituting against, Falcon any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

(b) The Originator hereby covenants and agrees that, prior to date following the Termination Date which is one year and one day after the date on which (i) the Outstanding Balance of all Receivables sold hereunder has been reduced to zero or written off in accordance with the Credit and Collection Policy and (ii) the Originator has paid to the Buyer all indemnities, adjustments and other amounts which may be owed hereunder in connection with the

Purchases, it will not institute against, or join any other Person in instituting against, the Buyer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 8.6. Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of Falcon, the Agent or any Investor, no claim may be made by the Originator, the Sub-Servicer or any other Person against Falcon, the Agent or any Investor or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or the Investor Agreement, or any act, omission or event occurring in connection therewith; and the Originator hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

SECTION 8.7. CHOICE OF LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

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SECTION 8.8. CONSENT TO JURISDICTION. THE ORIGINATOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY THE ORIGINATOR PURSUANT TO THIS AGREEMENT AND THE ORIGINATOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE BUYER (OR THE RIGHTS OF THE AGENT OR ANY PURCHASER AS THE BUYER'S ASSIGNEES) TO BRING PROCEEDINGS AGAINST THE ORIGINATOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE ORIGINATOR AGAINST THE BUYER, THE AGENT OR ANY PURCHASER, ANY AFFILIATE OF THE AGENT OR A PURCHASER, OR ANY OTHER OF THE BUYER'S ASSIGNEES, INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY THE ORIGINATOR PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

SECTION 8.9. WAIVER OF JURY TRIAL. EACH OF THE ORIGINATOR AND THE BUYER HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY THE ORIGINATOR PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 8.10. Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Originator, the Buyer and their respective successors and permitted assigns (including any trustee in bankruptcy). The Originator may not assign any of its rights or delegate any of its obligations hereunder or transfer any interest herein without the prior written consent of the Buyer. The Buyer may assign at any time any or all of its rights and obligations hereunder and interests herein to any other person without the consent of the Originator. Without limiting the foregoing, the Originator acknowledges that the Buyer, pursuant to the Investor Agreement, shall assign to the Agent, for the benefit of the Purchasers, all of its rights, remedies, powers and privileges hereunder and that the Agent may further assign such rights, remedies, powers and privileges to the extent permitted in the Investor Agreement. The Originator agrees that the Agent, as the assignee of the Buyer, shall, subject to the terms of the Investor Agreement, have the right to enforce this Agreement and to exercise directly all of the Buyer's rights and

remedies under this Agreement (including, without limitation, the right to give or withhold any

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consents or approvals of the Buyer to be given or withheld hereunder) and the Originator and Sub-Servicer agree to cooperate fully with the Agent and the Servicer in the exercise of such rights and remedies. The Originator further agrees to give to the Agent copies of all notices it is required to give to the Buyer hereunder and to permit the Agent and the Purchasers (and their assignees) the rights of inspection and audit granted to the Buyer hereunder. The Originator further agrees that to the extent the Buyer is herein permitted to take any action (whether as Originator or Sub-Servicer) or to provide any information or report, the Agent and the Purchasers (and their assignees) may similarly so direct and require (with or without the concurrence of the Buyer) the Originator to take such action or to provide such information or report. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Collection Date; provided, however, that the rights and remedies with respect to any breach of any representation and warranty made by the Originator pursuant to Article II and the indemnification and payment provisions of Article VII and Section 8.5 shall be continuing and shall survive any termination of this Agreement.

Section 8.11. Subordination. The Originator agrees that any indebtedness, obligation or claim, it may from time to time hold or otherwise have (including, without limitation any obligation or claim arising in connection with the Revolving Loans) against the Buyer or any assets or properties of the Buyer, whether arising hereunder or otherwise existing, shall be subordinate in right of payment to the prior payment in full of any indebtedness or obligation of the Buyer owing to the Agent or any Purchaser under the Investor Agreement. The subordination provision contained herein is for the direct benefit of, and may be enforced by, the Agent and the Purchasers and/or any of their assignees under the Investor Agreement.

Section 8.12. Integration; Survival of Terms. This Agreement, the Revolving Note, the Subscription Agreement, and the Collection Account Agreements contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

Section 8.13. Counterparts; Severability. This Agreement may be executed in any number of counterparts and by each party hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.14. Characterization. It is the intention of the parties hereto that each Purchase hereunder shall constitute an absolute and irrevocable sale, which purchase shall provide the Buyer with the full benefits of ownership of the applicable Receivables. Except as specifically provided in this Agreement, each sale of a Receivable hereunder is made without recourse to the Originator;

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provided however, that (i) the Originator shall be liable to the Buyer for all representations, warranties and covenants made by the Originator pursuant to the terms of this Agreement. and (ii) such sale does not constitute and is not intended to result in an assumption by the Buyer or any assignee thereof of any obligation of the Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of the Originator.

(Remainder of this page intentionally left blank.)

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

AMKOR ELECTRONICS, INC.

By: /s/ Frank J. Marcucci

Name: Frank J. Marcucci

Title: Executive Vice President

Goshen Corporate Park
1345 Enterprise, Drive
West Chester, Pennsylvania 19380
Phone: (610) 431-9600
Fax: (610) 431-3023

AMKOR RECEIVABLES CORP.

By: /s/ Frank J. Marcucci

Name: Frank J. Marcucci

Title: Vice President

Address for Purpose of Notice:

Goshen Corporate Park
1345 Enterprise Drive
West Chester, Pennsylvania 19380
Phone: (610) 431-9600
FAX: (610) 431-3023

With a copy to the Agent at the following address at anytime the Investor Agreement shall be in effect:

The First National Bank Of Chicago
Suite 0596, 21st Floor
One First National Plaza

Chicago, Illinois 60670
Attn: Asset-Backed Finance
Fax: (312) 732-4487

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EXHIBITS AND SCHEDULES

EXHIBIT I	DEFINITIONS
EXHIBIT II	PRINCIPAL PLACE OF BUSINESS OF THE ORIGINATOR: LOCATION(S) OF RECORDS; FEDERAL EMPLOYER IDENTIFICATION NUMBERS
EXHIBIT III	LOCK-BOXES, CONCENTRATION ACCOUNTS, DEPOSITARY ACCOUNTS
EXHIBIT IV	FORM OF COMPLIANCE CERTIFICATE
EXHIBIT V	FORM OF COLLECTION ACCOUNT AGREEMENT
EXHIBIT VI	CREDIT AND COLLECTION POLICY
EXHIBIT VI	FORM OF CONTRACT(S)
EXHIBIT VIII	FORM OF RECEIVABLES ACTIVITY REPORT
EXHIBIT IX	FORM OF SUBSCRIPTION AGREEMENT
EXHIBIT X	FORM OF REVOLVING NOTE
SCHEDULE A	LIST OF DOCUMENTS TO BE DELIVERED TO THE AGENT PRIOR TO THE INITIAL PURCHASE

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EXHIBIT I

DEFINITIONS

As used in this Agreement, the following term shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adverse Claim" means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person's assets or properties in favor of any other Person.

"Affiliate" means any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, another Person or any Subsidiary of such other Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" means First Chicago in its capacity as "Agent" under the Investor Agreement, and any successor Agent appointed pursuant to Article IX of the Investor Agreement.

"Agreement" means this Receivables Purchase Agreement, as it may be amended or modified and in effect from time to time.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended.

"Base Rate" means, (i) prior to the occurrence of an Event of Default, a rate per annum, equal to the corporate base rate, prime rate or base rate of interest, as applicable, announced by First Chicago (or such other bank as the Agent may designate as the "Reference Bank" under the Investor Agreement) from time to time, changing when and as such rate changes, and (ii) at all times after the occurrence of a Event of Default, such rate plus 2% per annum.

"Business Day" means any day on which banks are not authorized or required to close in Chicago, Illinois.

"Capital" shall have the meaning set forth in the Investor Agreement.

"Chandler Account" means any indebtedness or obligation owed to the Originator, whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods or the provision of services at or from the Originator's manufacturing facility located in Chandler, Arizona.

"Charged-Off Receivable" means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 6.1(d) (as if references to the Originator therein refer to such Obligor); (ii) as to which the Obligor thereof,

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if a natural person, is deceased, (iii) which, consistent with the Credit and Collection Policy, would be written off the Originator's books as uncollectible, or (iv) which has been identified by the Originator as uncollectible.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collection Account" means each concentration account, depository account, lock-box account or similar account in which any Collections are collected or deposited.

"Collection Account Agreement" means, in the case of any actual or proposed Collection Account, an agreement in substantially the form of Exhibit V hereto.

"Collection Bank" means, at any time, any of the banks or other financial institutions holding one or more Collection Accounts.

"Collection Date" means the date that is the latest to occur of (i) the Termination Date, (ii) the date as of which all Receivables purchased hereunder shall have been collected in full or written off in accordance with the Credit and Collection Policy and (iii) the date all indemnities, adjustments and other amounts due hereunder by the Originator to the Buyer shall have been paid in full.

"Collection Notice" means a notice, in substantially the form of the Collection Notice contained in Annex A to Exhibit V hereto, from the Agent to a Collection Bank.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all cash proceeds of Related Security with respect to such Receivable.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently

agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Contract" means, with respect to any Receivable, any and all instruments, agreements, leases, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable.

"Credit and Collection Policy" means the Originator's credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized in Exhibit VI hereto, as modified from time to time in accordance with this Agreement.

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"Defaulted Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for 116 days or more from the original invoice date for such payment or is identified as being disputed on the Originator's books and records.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for more than 85 days from the original invoice date or is identified as being disputed on the Originator's books and records.

"Designated Obligor" means an Obligor indicated to be such by the Buyer or the Agent to the Originator in writing.

"Dilutions" means, at any time, the aggregate amount of reductions in the Outstanding Balances of the Receivables as a result of any setoff, discount, adjustment or otherwise, other than (i) cash Collections on account of the Receivables and (ii) charge-offs.

"Discount Factor" means a percentage calculated to provide the Buyer with a reasonable return on its investment in the Receivables after taking account of (i) the time value of money based upon the anticipated dates of collection of such Receivables and the cost to the Buyer of financing its investment in such Receivables during such period, (ii) the risk of nonpayment by the Obligors, and (iii) the costs of sub-servicing performed by the Originator. The Originator and the Buyer may agree from time to time to change the Discount Factor based on changes in one or more of the items affecting the calculation thereof, provided that any change to the Discount Factor shall take effect as of the commencement of a Monthly Period, shall apply only prospectively and shall not affect the Purchase Price payment in respect of Purchases which occurred during any Monthly Period ending prior to the Monthly Period during which the Originator and the Buyer agree to make such change.

"Eligible Receivable" means, at any time, a Receivable:

(i) the Obligor of which (a) if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States; provided that a Receivable on which the Obligor is a corporation or other business organization organized under the laws of Canada or any political subdivision thereof may, notwithstanding this clause (a), constitute an "Eligible Receivable" hereunder if (x) it otherwise satisfies the requirements of this definition and (y) the Outstanding Balance thereof, together with the Outstanding Balance of all other Receivables that constitute Eligible Receivables by reason of this provision does not at any time exceed an aggregate amount equal to \$1,000,000; (b) is not an Affiliate of any of the parties

hereto; (c) is not a Designated Obligor; and (d) is not a government or a governmental subdivision or agency,

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(ii) the Obligor of which is not both (a) an Obligor, together with its Affiliates, on Receivables having an aggregate Outstanding Balance of \$1,000,000 or more and (b) an Obligor in respect of which 25% or more of the aggregate Outstanding Balance of its Receivables remain unpaid for 116 days or more after the original invoice date or are identified as being disputed on the Originator's books and records,

(iii) which is not a Defaulted Receivable, a Charged-Off Receivable or a Delinquent Receivable,

(iv) which by its terms is due and payable within 30 days of the original billing date therefor and has not had its payment terms extended,

(v) which is an account receivable representing all or part of the sales price of merchandise, insurance and services within the meaning of Section 3(c)(5) of the Investment Company Act of 1940, as amended,

(vi) a purchase of which with the proceeds of notes would constitute a "current transaction" within the meaning of Section 3(a)(3) of the Securities Act of 1933, as amended,

(vii) which is an "account" within the meaning of Section 9-106 of the UCC of all applicable jurisdictions,

(viii) which is denominated and payable only in United States dollars in the United States,

(ix) which arises under a Contract in substantially the form of one of the form contracts set forth on Exhibit VII hereto or otherwise approved by the Buyer in writing, which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms subject to no offset, counterclaim or other defense,

(x) which arises under a Contract which (a) does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights and duties of the Originator or any of its assignees under such Contract and (b) does not contain a confidentiality provision that purports to restrict the ability of the Buyer to exercise its rights under this Agreement or the ability of the Agent or any Purchaser to exercise their rights under the Investor Agreement, including, without limitation, the Buyer's, the Agent's or any Purchaser's right to review the Contract,

(xi) which arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the Originator,

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(xii) which is not subject to any right of rescission, set-off counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor or any other Adverse Claim, and the Obligor thereon holds no right as against the Originator to cause the Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable.

(xiii) as to which the Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor,

(xiv) all right, title and interest to and in which has been, or will be, validly transferred by the Originator directly to the Buyer under and in accordance with this Agreement, and upon the Purchase thereof hereunder the Buyer will have good and marketable title thereto free and clear of any Adverse Claim,

(xv) which, together with the Contract related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation,

(xvi) which satisfies all applicable requirements of the Credit and Collection Policy,

(xvii) which was generated in the ordinary course of the Originator's business,

(xviii) which arises solely from the sale of goods or the provision of services to the related Obligor by the Originator, and not by any other Person (in whole or in part); except that some or all of the sale of goods or the provision of services may have been performed by Anam Industrial Co., Ltd. under subcontracting arrangements with the Originator, provided that no Person other than the Originator shall have any interest in the claim for payment against the applicable Obligor arising from such sale of goods or provision of services,

(xix) as to which neither the Buyer nor the Agent has notified the Originator that such Receivable or class of Receivables is not acceptable as an Eligible Receivable, including, without limitation, because such Receivable arises under a Contract that is not acceptable to the Buyer or the Agent, and

(xx) that portion of the Outstanding Balance of which reconciles to the Originator's general ledger.

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"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer with the Originator under Section 414 of the Code.

"Event of Default" has the meaning assigned to that term in Section 6. 1.

"Falcon" has the meaning set forth in the Preliminary Statement of this Agreement.

"Finance Charges" means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

"First Chicago" means The First National Bank of Chicago in its individual capacity and its successors.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate, swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Investor Agreement" has the meaning set forth in the Preliminary Statement of this Agreement.

"Investors" has the meaning set forth in the Preliminary Statement of this Agreement.

"Lock-Box" means one of the lock-boxes listed on Exhibit III, or such other lock-box as shall have been established by the Buyer and in respect of which a Collection Account Agreement shall then be in effect.

"Material Adverse Effect" means a material adverse effect on (i) the financial condition, business or operations of the Originator and its Subsidiaries, (ii) the ability of the Originator to perform its obligations under any Transaction Document, (iii) the legality, validity or enforceability of this Agreement, any Transaction Document or any Collection Account Agreement or Collection Notice relating to a Collection Account, (iv) the Originator's, the Buyer's or any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

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"Monthly Period" means each calendar month or a portion thereof that elapses during the term of this Agreement. The first Monthly Period shall commence on the date of the initial Purchase and the final Monthly Period shall terminate on the Termination Date.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Original Balance" means, with respect to any Receivable, the Outstanding Balance of such Receivable on the date it was purchased by the Buyer.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"PBGC" means the Pension Benefit Guaranty Corporation created under Section 4002(a) of ERISA or any successor thereto.

"Performance Undertaking" means that certain Performance Undertaking of even date herewith made by Anam Industrial Co., Ltd., in favor of the Buyer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means any defined benefit plan maintained or contributed to by the Originator or any Subsidiary of the Originator or by any trade or business (whether or not incorporated) under common control with the Originator or any Subsidiary of the Originator as defined in Section 4001(b) of ERISA and insured by the PBGC under Title IV of ERISA.

"Potential Event of Default" means an event which, with the passage of time or the giving of notice, or both, would constitute a Event of Default.

"Purchase" means (i) with respect to all Receivables, Related Security, Collections and Collection Accounts generally, as defined in Section 1.1, and (ii) in the case of any Receivable and the Related Security and Collections with respect thereto, the attachment of the Buyer's interest therein by upon the creation of such Receivable.

"Purchase Price" means, with respect to any Purchase on any date, the aggregate price to be paid to the Originator for such Purchase on the date thereof for the Receivables and Related Security being sold to the Buyer on such date, which price shall equal (i) the product of (x) the Original Balance of such Receivables, multiplied by (y) one minus the Discount Factor then in effect minus (ii) any Purchase Price Credits to be credited against the purchase price otherwise payable in accordance with Section 1.3 hereof.

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"Purchase Price Credit" has the meaning set forth in Section 1.3.

"Purchaser" has the meaning set forth in the Investor Agreement.

"Receivable" means the indebtedness and other obligations owed to the Originator (without giving effect to any transfer or conveyance hereunder) whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods or the rendering of services by the Originator, and includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction. The term "Receivable" shall not include (i) the Revolving Note or (ii) any Chandler Account.

"Receivable Interest" has the meaning set forth in the Investor Agreement.

"Receivables Activity Report" means a report, in substantially the form of Exhibit VIII hereto (appropriately completed), furnished by the Sub-Servicer to the Buyer pursuant to Section 5.5.

"Records" means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Related Security" means, with respect to any Receivable:

(i) all of the Originator's interest in the inventory and goods (including returned or repossessed inventory or goods), if any, the financing of which by the Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

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(iv) all service contracts and other contracts and agreements associated with such Receivables,

(v) all Records related to such Receivables, and

(vi) all proceeds of any of the foregoing.

"Reportable Event" has the meaning set forth in Section 4043 of ERISA.

"Reporting Date" means the 18th calendar day of each month or, if such day is not a Business Day, the next following calendar day that is a Business Day.

"Required Investors" has the meaning set forth in the Investor Agreement.

"Revolving Loan" has the meaning set forth in Section 1.2(b).

"Revolving Note" means a promissory note in substantially the form of Exhibit X hereto as more fully described in Section 1.2, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Servicer" means at any time the Person then authorized pursuant to Article VI of the Investor Agreement to service, administer and collect Receivables.

"Servicer Default" has the meaning set forth in the Investor Agreement.

"Servicer Fee" has the meaning set forth in the Investor Agreement.

"Settlement Date" means (i) the second Business Day following the Reporting Date in each calendar month and (ii) any additional day designated by the Buyer.

"Subscription Agreement" means the Stockholder and Subscription Agreement in substantially the form of Exhibit IX hereto, as the same may be amended, restated, supplemented or otherwise modified from time to time:

"Sub-Servicer" means the Originator in its capacity as sub-servicer for the Servicer as described in Section 5.1 hereof

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or

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more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Originator.

"Support Agreement" means that certain Contract, No. ACSC-9609, dated as of September 2, 1996 between Anam Industrial Co., Ltd. and the Originator.

"Termination Date" means, the earlier of (i) the date of the declaration or automatic occurrence of the Termination Date pursuant to Section 6.2 and (ii) the date designated by either the Originator or the Buyer as the Termination Date in a written notice delivered to the other party (and if to the Buyer, then to the Agent as well) not less than (A) thirty days prior to such designated date, if the Investor Agreement shall then be in effect, or (B) ten days prior to such designated date, if the Investor Agreement shall not then be in effect.

"Transaction Documents" means, collectively, this Agreement, the Revolving Note, the Subscription Agreement, the Performance Undertaking, each Collection Account Agreement and all other instruments, documents and agreements executed and delivered by the Originator in connection herewith.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles. All terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9.

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EXHIBIT II

PLACES OF BUSINESS, LOCATION OF RECORDS, FEDERAL EMPLOYER IDENTIFICATION NUMBER OF ORIGINATOR

1. Principal Place of Business and Chief Executive Office: 1345 Enterprise Drive, West Chester, Pennsylvania 19380
2. Location of Records: 1345 Enterprise Drive, West Chester, Pennsylvania 19380

3. Federal Employer Identification Number of Originator: 23-1722724
4. Trade Names: None
5. Corporate Name: Amkor Electronics, Inc.

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EXHIBIT III

COLLECTION ACCOUNTS:
CONCENTRATION ACCOUNTS; AND DEPOSITARY ACCOUNTS

None, except:

Citibank, N.A.
460 W. 33rd Street
New York, NY 10043
Type: Lock-Box Account
Account # 40568602
ABA # 021-000-089

Post Office Box Addresses:

- (a) P.O. Box 7247-8748
Philadelphia, PA 19170-8748
- (b) Dept. 4015
Los Angeles, CA 90096-4015

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EXHIBIT IV

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished pursuant to that certain Receivables Purchase Agreement dated as of June 20, 1997, between Amkor Electronics, Inc. (the "Originator"), and Amkor Receivables Corp. (the "Agreement").

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of the Originator;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Originator and its Subsidiaries during the accounting period covered by the attached financial statements; and
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Potential Event of Default, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Originator has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, 19____.

[Name]

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SCHEDULE I TO COMPLIANCE REPORT

A. Schedule of Compliance as of _____, 19__ with Sections ____ of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the month ended: _____

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EXHIBIT V

FORM OF COLLECTION ACCOUNT AGREEMENT

[On letterhead of Buyer]

_____, 19__

[Lock-Box Bank/Concentration Bank/Depository Bank]

Re: Amkor Receivables Corp.
Amkor Electronics, Inc.

Ladies and Gentlemen:

You have exclusive control of P.O. Box #_____ in [city, state, zip code] (the "Lock-Box") for the purpose of receiving mail and processing payments therefrom pursuant to that certain [name of lock-box agreement] between you and Amkor Electronics, Inc. dated _____ (the "Agreement"). You hereby confirm your agreement to perform the services described therein. Among the services you have agreed to perform therein, is to endorse all checks and other evidences of payment, and credit such payments to our checking account no. _____ maintained with you in the name of Amkor Electronics, Inc. (the "Lock-Box Account").

Amkor Electronics, Inc. hereby transfers and assigns all of its right, title and interest in and to, and exclusive ownership and control over, the Lock-Box and the Lock-Box Account to Amkor Receivables Corp. (the "Seller"). We hereby request that the name of the Lock-Box Account be changed to the Amkor Receivables Corp., as "Collection Agent" for the benefit of The First National Bank of Chicago ("FNBC"), as agent under that certain Investor Agreement (the "Investor Agreement") dated as of June 20, 1997 among the Seller, Falcon Asset Securitization Corporation, certain financial institutions parties thereto and FNBC.

The Seller hereby irrevocably instructs you, and you hereby agree, that upon receiving notice from FNBC in the form attached hereto as Annex A: (i) the name of the Lock-Box Account will be changed to FNBC for itself and as agent (or any designee of FNBC) and FNBC will have exclusive ownership of and access to such Lock-Box Account, and neither the Seller nor any of our affiliates will have any control of such Lock-Box Account or any access thereto, (ii) you will

either continue to send the funds from the Lock-Box to the Lock-Box,Account, or will redirect the funds as FNBC may otherwise request, (iii) you will transfer monies on deposit in the Lock-Box Account, at any time, as directed by FNBC, (iv) all services to be performed by you under the Agreement will be performed on behalf of FNBC, and (v) all correspondence or other mail which you have agreed to send us will be sent to FNBC at the following address:

The First National Bank of Chicago
Suite 0596, 21st Floor

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One First National Plaza
Chicago, Illinois 60670
Attention: Credit Manager, Asset Backed
Securities Division

Moreover, upon such notice, FNBC for itself and as agent will have all rights and remedies given to us under the Agreement. We agree, however, to continue to pay all fees and other assessments due thereunder at any time.

You hereby acknowledge that monies deposited in the Lock-Box Account or any other account established with you by FNBC for the purpose of receiving funds from the Lock-Box are subject to the liens of FNBC for itself and as agent under the Investor Agreement, and will not be subject to deduction, set-off, banker's lien or any other right you or any other party may have against us.

This letter agreement and the rights and obligations of the parties hereunder will be governed by and construed and interpreted in accordance with the laws of the State of Illinois. This letter agreement may be executed in any number of counterparts and all of such counterparts taken together will be deemed to constitute one and the same instrument. All references herein to "we" or "us" refer to Amkor Electronics, Inc. and Amkor Receivables Corp.

This letter agreement contains the entire agreement between the parties, and may not be altered, modified, terminated or amended in any respect, nor may any right, power or privilege of any party hereunder be waived or released or discharged, except upon execution by all parties hereto of a written instrument so providing. In the event that any provision in this letter agreement is in conflict with, or inconsistent with, any provision of the Agreement, this letter agreement will exclusively govern and control. Each party agrees to take all actions reasonably requested by any other party to carry out the purposes of this letter agreement or to preserve and protect the rights of each party hereunder.

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Please indicate your agreement to the terms of this letter agreement by signing in the space provided below. This letter agreement will become effective immediately upon execution of a counterpart of this letter agreement by all parties hereto.

Very truly yours,

AMKOR ELECTRONICS, INC.

By: _____
Name: _____
Title: _____

AMKOR RECEIVABLES CORP.

By: _____
Name: _____
Title: _____

Acknowledged and agreed to
this _____ day of June, 1997

[COLLECTION BANK]

By: _____
Name: _____
Title: _____

Acknowledged and agreed to
this _____ day of June, 1997

THE FIRST NATIONAL BANK OF
CHICAGO (for itself and as Agent)

By: _____
Name: _____
Title: _____

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ANNEX A
FORM OF COLLECTION NOTICE

[On letterhead of FNBC]

_____, 19__

[Collection Bank/Depository Bank/Concentration Bank]

Re: [Amkor Receivables Corp.]

Ladies and Gentlemen:

We hereby notify you that we are exercising our rights pursuant to that certain letter agreement among Amkor Electronics, Inc., [Amkor Receivables Corp.], you and us, to have the name of, and to have exclusive ownership and control of, account number _____ (the "Lock-Box Account") maintained with you, transferred to us. [Lock-Box Account will henceforth be a zero-balance account, and funds deposited in the Lock-Box Account should be sent at the end of each day to _____.] You have further agreed to perform all other services you are performing under that certain agreement dated _____ between you and [Amkor Receivables Corp.] on our behalf.

We appreciate your cooperation in this matter.

Very truly yours,

THE FIRST NATIONAL BANK OF CHICAGO
(for itself and as agent)

By: _____
Name: _____
Title: _____

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EXHIBIT VI
CREDIT AND COLLECTION POLICY

Attached.

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EXHIBIT VII
FORM OF CONTRACT(S)

Attached.

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DATE:

TO:

ATTN:

QUOTE#:

REV#:

CUSTOMER#:

EFFECTIVE DATE:

REVISIONS

SECTION:

ITEM:

DESC:

Amkor is pleased to offer (customer) the following quotation for Assembly and Test of its IC packages.

INDEX

- -----

1.0	ASSEMBLY PRICING (USD AND EX-WORKS FACTORY INCOTERMS 1990)
2.0	FINAL TEST AND/OR OTHER PROCESS PRICING
3.0	CUSTOMER REQUESTED PROCESS OPTIONS - ADDERS
4.0	CUSTOMER REQUESTED MATERIAL OPTIONS - ADDERS
5.0	PACKAGE MATERIALS PRICING
6.0	AAWW PROCESS SPECIFICATIONS
7.0	MATERIAL
8.0	PRECIOUS METAL ADDERS
9.0	FAST TRACK
10.0	LOT SPECIFIC ADDERS
11.0	TERMS AND CONDITIONS OF SALE

1.0 ASSEMBLY PRICING - USD AND EX-WORKS FACTORY (INCOTERMS 1990)

1.1 Package: Application: (Commercial/Military)
 Factory: (AAP/AICL)

Lead Count	Dimension	Unit Price(S)	Unit Price(E)	ADDERS Unit Price(C)	Au	Ag
-----	-----	-----	-----	-----	--	--
		\$	\$	\$	\$	\$

1.2 Package: Application: (Commercial/Military)
 Factory: (AAP/AICL)

Lead Count	Dimension	Unit Price(S)	Unit Price(E)	Unit Price(C)	ADDERS Au	Ag
-----	-----	-----	-----	-----	--	--
		\$	\$	\$	\$	\$

1.3 Package: Application: (Commercial/Military)
 Factory: (AAP/AICL)

Lead Count	Dimension	Cumulative Quantity	Unit Price	ADDERS Au	Ag
-----	-----	-----	-----	--	--
			\$	\$	\$

1.4 Dummy Units will be supplied at 75% of selling price. Daisy Chain units will be supplied at 100% of selling price.

1.5 Die Inspect Prices (Plated Die) Application: (Commercial/Military)
 Factory: (AAP)

Die Size (Total Area)	Unit Price
-----	-----
	\$

Note: Above pricing does not include waffle packs.

2.0 FINAL TEST AND/OR OTHER PROCESS PRICING:

2.1 Test pricing

Package:
Factory: (AAP/AICL)

Lead Count	Dimension	Device	Test Code	Unit Price	Comments (Amkor/Consigned-Tester
-----	-----	-----	----	-----	-----
			TA	\$	
			TB		

2.3 Burn-In Pricing

Description	Burn-In Code	Unit Price
-----	-----	-----
	T1	\$
	T2	\$
	T3	\$

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2.4 Tape & Reel Pricing

Description	Tape & Reel Code	Unit Price
-----	-----	-----
	TR	\$

2.5 Test Reject

Description	Test Reject Code	Unit Price
-----	-----	-----
	RA	
	R1	

2.6 Backgrinding Pricing

Package: Application: (Commercial/Military)
Factory: (AAP/AICL)

Wafer Diameter	Final Thickness	Price per-Wafer
-----	-----	-----
		\$
		\$

3.0 CUSTOMER REQUESTED PROCESS OPTIONS - ADDERS:

Option Code	Process Description	Unit Price Adder	Applicable Packages
-----	-----	-----	-----
		\$	

4.0 CUSTOMER REQUESTED MATERIAL OPTIONS - ADDERS:

4.1

Option Code	Material Description/Size	Unit Price
-----	-----	-----
DC	Die Coat	
JC	Jumper Chip	\$

4.2

Option Code	Material Description	Size	Unit Price	Gold Adder
-----	-----	----	-----	-----
PF	Perform		\$	\$
			\$	\$

4.3

Option Code	Material Description	Die Size Total Area	Unit Price	Gold Adder
-----	-----	-----	-----	-----
EP	Silver Glass		\$	\$
			\$	\$

5.0 PACKAGE MATERIALS PRICING:

5.1

Description	Unit Price
-----	-----
	\$

6.0 AAWW PROCESS SPECIFICATIONS:

Package Type	Spec #
-----	-----

- | | |
|-----|---------------------|
| 6.1 | QFP/TQFP/GQFP |
| 6.2 | PDIP |
| 6.3 | SOIC/TSOP/TSSOP |
| 6.4 | PLCC |
| 6.5 | POWER PACKAGES |
| 6.6 | CERDIP/CERQUAD |
| 6.7 | LCC SIDEBRAZE, CPGA |
| 6.8 | CERPACK |

7.0 MATERIAL:

7.1 Customer shall supply die in inked wafer form for all Plastic or Hermetic products. Customer shall also supply piece parts where applicable.

7.2 Factory shall supply the following for _____:

Leadframe:
Mold Compound:
Epoxy:
Wire:

7.3 Factory shall supply the following for _____:

Leadframe:
Mold Compound:
Epoxy:
Wire:

8.0 PRECIOUS METAL ADDERS:

Prices are quoted at the base price of \$300 per Troy ounce for gold and \$5 per Troy ounce for silver. Prices are based on the Engelhard fabricated product price on the day of shipment from the factory. Adders are calculated per 1,000 units by multiplying the quoted adder by the dollar increase above the base price. The calculated price adder per unit is shown as a separate item on the invoice.

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9.0 FAST TRACK:

A Fast Track lot is one that will be assembled in one of our factories and shipped within a specified guaranteed cycle time. The standard Fast Track airport to airport cycle time is 7 working days although other expedited times may be available. The cost to process a standard Fast Track lot is the total of the lot charge plus the premium as shown below. Two and three day Fast Track requests require special handling and therefore cost more to process.

A special 9 day Fast Track service is offered for new devices in previously qualified packages. This is a 7 day Fast Track with 2 days added for the initial document processing for new devices. Contact your Account Manager or Customer Service Representative for more details.

FAST TRACK PROGRAM

A to A Cycle Time -----	Fast Track Premium -----	Billing Code ----	Lot Charge -----
*2 Day	500%	F2	\$1,000
3 Day	300%	F3	\$ 500
4 Day	200%	F4	\$ 200
5 Day	150%	F5	\$ 200
6 Day	125%	F6	\$ 200
7 Day	100%	F7	\$ 200
9 Day	100%	F9	\$ 200

- All Fast Track requests are to be booked through Amkor sales office.
- Available capacity is subject to change based on factory conditions.
- All cycle times will be measured airport in, to airport out (Sundays and holidays excluded). Exception to this is material in die bank.
- Two day must be hand carried to and from Factories.

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10.0 LOT SPECIFIC ADDERS:

		Charge/Lot -----
10.1.1	Qual Lot charges	\$500 / Unit Price
10.1.2	Engineering Lot charges	\$200 / Unit Price
10.1.3	Minimum Lot charge	\$1,000 For All BGA Products \$500 For All Other Products
10.1.4	I.Q.A. - (Customer Supplied Material	
	- Visual & Mechanical	\$50/lot
	- Functional	\$50/lot
	- Administration Charges	\$150/lot
	- 100% Screening Charge	\$10/Inspector Hour
10.2	Custom Brokers charge	\$65 Per Shipment
	This applies to either AICL and AAP incoming shipments. This charge covers the following fees:	
	- Customs Stamps	
	- Brokerage Fees	
	- Documentation Preparation	
	- Airport Storage Charges	

11.0 TERMS AND CONDITIONS OF SALE:

PRICE: Pricing is established in this Amkor Electronics, Inc. ("AMKOR") quotation. Prices do not include freight forwarding fees or import duties.

PAYMENT AND COLLECTION: All payments are due within 25 days from the invoice date. Payments shall be in U.S. dollars. Buyer shall advise the

Amkor Billing Department immediately of any discrepancies in regard to any invoice. Buyer agrees that all line items not in question or dispute shall be paid within the prescribed payment term. Amkor reserves the right to assess appropriate finance charges for delinquent payments.

ACCEPTANCE/REJECTION: Claims for defects must be made in writing, within thirty (30) days of the receipt of the goods by Buyer. AMKOR authorization is required prior to Buyer return of goods to AMKOR for rework or credit.

DELIVERY: AMKOR delivery of goods to carrier will constitute delivery of goods to the customer.

RISK OF LOSS/INSURANCE. Buyer shall bear all risk of loss relating to all piece parts and other material provided to AMKOR by Buyer. Buyer shall provide insurance coverage door-to-door on all materials and equipment provided to AMKOR.

ETCHED TO STAMPED LEADFRAME CONVERSIONS: AMKOR may elect to convert a lead frame from etched to stamped based on combined die support from many customers. In this case the tooling will be built by AMKOR and available to all customers. The cost of this tooling will often be offset by AMKOR charging a price for the stamped frames that includes an amortization cost for the tooling. When AMKOR elects to invest in an open stamped tool, the stamped pricing will become effective after all etched inventory is depleted and after the tooling cost has been amortized.

DELAYS/FORCE MAJEURE: AMKOR shall not be liable for delays in delivery of goods caused by inability to obtain transportation, equipment, or material. insurrection, fires, floods, storms, embargoes, action of any military or civil authorities, strikes, labor difficulties, lockouts, acts of God, or other similar or different circumstances beyond the control of AMKOR.

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DISCLAIMER OF WARRANTIES: AMKOR's warranties as included in this quote, are in lieu of all other warranties of any kind.

REMEDIES: AMKOR's sole obligation for damages for any cause whatsoever, shall be limited to the total price paid AMKOR ("Value Added") for the services and/or goods which are the subject of the dispute.

DAMAGES: AMKOR shall not be liable or responsible for damages arising directly or indirectly from the sale, use or failure of any semiconductor devices assembled or tested by AMKOR under this quote.

FREIGHT; EXPORT/IMPORT: Buyer shall be responsible for all costs incurred (including freight, duty and brokers' out-of-pocket and service charges) to transport buyer's die and/or material to factory and for assembled devices from factory to designated "ship-to" locations. Buyer will be "Importer of Record" for goods returned U.S. Customs. A 15% handling charge applies to all freight collect charges for shipments received from the customer or on the customer's behalf.

PATENTS: AMKOR assumes no obligation or liability of any kind with respect to claims of infringement of United States or foreign patents, copyrights, trademarks or other proprietary rights arising out of or relating to the Buyer's purchase, importation, use, possession, sale, or delivery of any product or services sold to Buyer by AMKOR, and the Buyer shall indemnify, defend and hold AMKOR harmless from any and all such claims and liabilities, damages and expenses.

TERMINATION: In the event of termination, Buyer shall purchase all finished goods and work-in-progress at the established quoted prices, and shall further purchase at Contractor's cost plus 5% any raw materials in stock, in transit and/or on order which were purchased or ordered by Contractor to fill Buyer's forecasted requirements.

ENTIRE TERMS AND CONDITIONS: The terms and conditions of this quote supersede any and all other terms and conditions unless agreed to in writing by AMKOR.

This quotation is offered for your immediate acceptance and shall remain valid for 60 days. Upon acceptance of this quotation, customer shall supply Amkor with an assembly forecast.

Should you require any further information or have any questions relating to this quotation, please do not hesitate to contact us.

Best Regards,

AMKOR ELECTRONICS, INC.

(Name)
(Title)

(admin)

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ASSEMBLY AND TEST SERVICES AGREEMENT

This Agreement is made and entered into this _____ day of _____, 19____ ("Effective Date"), by and between Amkor Electronics, Inc., a Pennsylvania corporation, with offices at 1345 Enterprise Drive, West Chester, Pennsylvania, 19380, USA ("Contractor"), and _____, a _____ corporation, with offices at _____ ("Buyer"). Buyer and Contractor are collectively referred to at times herein as the "Parties."

WHEREAS, Contractor is in the business of marketing and subcontracting various assembly, testing, and/or other services to companies engaged in the manufacture of semiconductors; and,

WHEREAS, Buyer desires Contractor to perform such services from time to time pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein, the Parties agree as follows:

1. PURPOSE OF AGREEMENT.

The purpose of this Agreement is to define the term and conditions under which Buyer will purchase and Contractor will perform or have performed the services contracted for herein.

2. SCOPE OF WORK.

Contractor shall arrange for the assembly/test of Buyer's Products listed in Appendix 1, attached hereto, in accordance with Contractor's Quotation, Buyer's Product requirements, assembly specifications mutually agreed to by the Parties, and the terms and conditions contained herein.

3. TERM OF AGREEMENT.

This Agreement shall be for a period of _____ years beginning on the Effective Date. The Agreement may be extended at any time in a writing executed by both Parties. Either party may request such an extension upon at least ninety (90) written notice to the other party.

4. PRICING

- 4.1 Initial Product pricing will be mutually agreed to between the Parties prior to the Effective Date of this Agreement. In the event of any contract extensions, pricing will be reviewed and mutually determined on an annual basis or as otherwise agreed to by the Parties. Prices are included as part of Appendix 1 hereto which

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Appendix may be modified in writing by the Parties from time to time to reflect new products and prices.

5. DELIVERY, FREIGHT, EXPORT AND IMPORT

- 5.1 Delivery of products shall be in accordance with the cycle times mutually agreed to by the Parties.
- 5.2 Responsibility for all freight, transportation and duties to and from the place of assembly/test shall be that of the Buyer.
- 5.3 Buyer will export all die and any other of its materials on its own export license to the assembly facility (designated in Appendix 1) and will be the importer of record upon the return shipment of Products through applicable ports of entry. Contractor shall provide all reasonable assistance to clear Products through export Customs.

6. PAYMENT TERMS.

All payments are due in full in US dollars within twenty five (25) days from the invoice date.

7. BUYER'S REQUIREMENTS

- 7.1 Buyer hereby agrees to provide Contractor with a _____ month rolling forecast of all Products to be assembled and/or tested by Contractor under this Agreement. This forecast will adhere to the format specified by Contractor and will be provided monthly beginning _____. Forecasts for the first through _____ week shall be Contractor's authorization to purchase non-standard materials necessary to satisfy Buyer's requirements.
- 7.2 Buyer shall provide firm orders for Products in the form of a Purchase Order ("Order") which will contain, unless otherwise agreed, the Product part number, quantities ordered, requested delivery dates, and price. Any other terms or conditions of the Order which conflict with or are a material addition to this Agreement shall not be applicable to the Parties' transactions hereunder.
- 7.3 Buyer shall consign to Contractor on a no-charge basis, in time sufficient to satisfy Contractor's assembly schedule and Buyer's finished goods requirements, all die and such other material (as may be agreed to by the parties) in good and merchantable quality and suitable for Contractor to use for the purpose of performing the services contemplated under this Agreement. Title and risk of loss for such materials shall remain with the Buyer at all times.

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8. ACCEPTANCE; REJECTION.

Within fifteen (15) days of receipt of Product, Buyer must specify in writing to Contractor any claims for defects or nonconformities. After this time, Product will be deemed accepted by Buyer. In the event of rejected Product, Buyer shall follow Contractor's instructions for disposition of

such Product. Based on the nature of the Product defect, it shall be mutually determined whether to rework the Product, issue credit to Buyer or select another appropriate remedy. In no event shall Contractor be responsible for defects caused by materials provided by Buyer or for any liability in excess of the value of the assembly services related to rejected Product.

9. WARRANTY

- 9.1 Contractor warrants for a period of ninety (90) days following acceptance of Product by Buyer that all Products shall be in conformance with Buyer specifications and will be free from material defects in workmanship and materials.
- 9.2 Buyer's exclusive remedy for breach of this warranty by mutual agreement shall be either rework of any nonconforming Product or issuance of credit at the option of the Contractor. In no event shall Buyer return any Product without the express written authorization of the Contractor. Contractor's entire liability hereunder, whether in contract or in tort, shall be limited to an amount not to exceed the price paid by Buyer to Contractor (value added) for the Products which are the subject of the dispute.
- 9.3 Notwithstanding the above, the Parties recognize that certain components will be supplied by Buyer for use in the assembly process. Contractor makes no warranty to Buyer with respect to these components.
- 9.4 THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTIES AS TO CONDITIONS, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, OR ANY OTHER MATTER.

10. INSPECTION AND AUDIT.

Upon prior mutual agreement between the Parties, Buyer shall have the right, during normal business hours, to inspect the assembly facility, equipment, and materials used in the processing of Buyer's Products and to inspect any of Buyer's consigned materials.

11. CONFIDENTIALITY.

During the term of this Agreement, each Party may disclose certain information to the other Party which it considers confidential or proprietary in nature which may include, but

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is not limited to, designs, drawings, components, techniques, processes, test data, reports, plans, forecasts, and other similar documents or records. With respect to such information, the Parties agree as follows:

- a. Confidential Information may be furnished either verbally or in tangible form. Any Confidential Information disclosed in tangible form shall be conspicuously marked as such, and any Confidential Information disclosed verbally will be confirmed in writing by the disclosing party within thirty (30) days of disclosure with a copy of such writing furnished to the Party receiving such information.
- b. The Parties shall not disclose or divulge to any person, or to anyone except those of its employees who have a need to know, any Confidential Information which is disclosed.
- c. The receiving Party shall advise the disclosing Party in writing in

the event the receiving party becomes aware of any misappropriation or misuse of Confidential Information by any person and provide assistance to disclosing Party in any proceeding or lawsuits related thereto.

d. Neither Party shall be obligated with respect to any information which:

- (1) is already known to the receiving Party;
- (2) is or becomes publicly known through no wrongful act of the receiving Party;
- (3) is rightfully received from a third Party without similar restriction;
- (4) is independently developed by receiving Party;
- (5) is approved for release by written authorization of the disclosing Party; or,
- (6) is disclosed more than five (5) years after the date of disclosure.

e. The Parties hereby acknowledge that any violation or threatened violation of this Provision by one Party shall constitute an irreparable injury to the other Party for which monetary damages provide an inadequate remedy and agree that, in addition to all other rights provided by law to which a party shall be entitled, a Party shall have the right to seek injunctive and other appropriate equitable relief. The prevailing party in any such proceeding shall be entitled to reimbursement of costs of suit including reasonable attorneys' fees.

f. Upon termination of the Agreement, each Party shall per written request of the other Party promptly return to the disclosing Party all Confidential Information received under this Agreement and shall not retain any copies of such Information except as otherwise expressly permitted by the disclosing Party.

12. INTELLECTUAL PROPERTY.

The Parties assume no obligation or liability with respect to claims of infringement of United States or foreign patents, copyrights, trademarks, or other proprietary rights arising out of or related to products assembled hereunder pursuant to standard processing or Buyer provided specifications and the Parties further release one another from any such obligation or liability.

13. FORCE MAJEURE.

Neither 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 Party 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.

14. TERMINATION.

Either Party may at its option terminate this Agreement upon the occurrence of one of the following:

- a. In the event the other Party is in default of its obligations under the Agreement and, after notice of said default is given, fails to cure same within a period of sixty (60) days, the nondefaulting Party may terminate this Agreement at the end of said period upon written notice to the other Party.
- b. In the event either Party becomes or is adjudicated insolvent or bankrupt, or if a receiver or a trustee is appointed for a Party or its property, or if a Party petitions for reorganization or arrangement under any bankruptcy or insolvency law, or if any assignment is made for the benefit of any Party's creditors then, in addition to such other remedies as may be available at law or in equity, the other Party hereto shall have the right to terminate this Agreement on five (5) days prior written notice.
- c. Upon either termination of this Agreement or cancellation of any Order or other Product requirement hereunder, Buyer shall purchase at the established contract prices all finished Products in inventory, and shall also purchase at Contractor's cost plus 5% handling and storage fee all Work-in-Progress and any raw materials in stock and on order which were purchased specifically to fill Buyer's forecast requirements.
- d. The termination or expiration of this Agreement shall not affect or impair the rights and obligations of either Party or Orders in existence prior to such termination or

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expiration, nor relieve either party of any obligation or liability accrued hereunder prior to such termination or expiration. Contractor shall retain a security interest in Buyer's products until payment in full has been made.

15. CONTROLLING LAW: DISPUTE RESOLUTION.

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 Commonwealth of Pennsylvania. The Parties agree that, in the event of any claim or controversy arising out of this Agreement, they shall first attempt in good faith to settle any such dispute through consultation and negotiation. If after good faith consultation and negotiation, the Parties are unable to achieve a resolution, then the dispute shall be submitted to a mutually acceptable advisor for fact finding and mediation, the cost of which shall be divided equally between the parties.

(EITHER ONE OF THE FOLLOWING OPTIONS WILL BE INSERTED AT THIS POINT DEPENDING ON WHETHER IT IS A DOMESTIC OR FOREIGN ACCOUNT.)

- a. DOMESTIC ALTERNATIVE: IN THE EVENT THE DISPUTE CANNOT BE RESOLVED THROUGH MEDIATION, THE DISPUTE SHALL THEN BE SUBMITTED TO ARBITRATION UNDER THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION AND HELD IN PHILADELPHIA, PA. THE PARTIES SHALL DESIGNATE ONE OR MORE ARBITRATORS PURSUANT TO SAID RULES WHOSE DECISION SHALL BE FINAL AND BINDING ON THEM AND WHICH SHALL BE ENFORCEABLE IN ANY COURT HAVING JURISDICTION.
- b. INTERNATIONAL ALTERNATIVE: IN THE EVENT THE DISPUTE CANNOT BE RESOLVED THROUGH MEDIATION, THE DISPUTE SHALL THEN BE SUBMITTED TO

16. MISCELLANEOUS PROVISIONS

16.2 Limitation of Liability.

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If to Contractor: Name _____
 Address _____

If to Buyer:

Name _____

Address _____

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16.7 Severability.

If any Provision or Provisions of the Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining Provisions shall in no way be affected or impaired thereby.

16.8 Headings.

The headings of the several Provisions herein are inserted for convenience of reference only and are not intended to be a part of or affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed and accepted by their duly authorized representatives as of the day and year first above written.

BUYER

Amkor Electronics, Inc.

By: _____

Name: _____

Title: _____

Title: _____

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EXHIBIT VIII

FORM OF RECEIVABLES ACTIVITY REPORT

Attached

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AMKOR ELECTRONICS, INC.

RECEIVABLES ACTIVITY REPORT FROM SUB-SERVICER TO ARC

MONTH ENDED [DATE]

PURSUANT TO SECTION 5.5 OF THE RECEIVABLES PURCHASE AGREEMENT

(i)	Outstanding Balance of Receivables Sold (Sales)	-
(ii)	Purchase Price	
	Discount Factor	0.00%
	Purchase Price Credits	-
	Purchase Price	-

(iii)	Cash Collections to apply to Purchase Price	-
(iv)	Increase/decrease to Revolving Note	-
(v)	Amount of additional capital contribution	0

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EXHIBIT IX

FORM OF STOCKHOLDER AND SUBSCRIPTION AGREEMENT

THIS STOCKHOLDER AND SUBSCRIPTION AGREEMENT (this "Agreement") dated as of June 20, 1997 is entered into by and between AMKOR RECEIVABLES CORP., a Delaware corporation ("ARC"), and AMKOR ELECTRONICS, INC., a Pennsylvania corporation ("Amkor"). Except as otherwise specifically provided herein, capitalized terms used in this Agreement have the meanings ascribed thereto in the Receivables Purchase Agreement dated as of even date herewith between ARC and Amkor (as the same may from time to time hereafter be amended, restated, supplemented or otherwise modified, the "Purchase Agreement").

RECITALS

A. ARC has been organized under the laws of the State of Delaware for the purpose of, among other things, purchasing, receiving and transferring accounts receivable and related assets originated by Amkor.

B. Contemporaneously with the execution and delivery of this Agreement, (i) Amkor and ARC have entered into the Purchase Agreement pursuant to which Amkor has agreed, from and after the initial purchase date thereunder, to sell all of its Receivables and Related Security to ARC and (ii) ARC, Falcon Asset Securitization Corporation ("Falcon"), certain financial institutions party thereto ("Investors") (Falcon and Investors referred to, collectively, as the "Purchasers"), and The First National Bank of Chicago, as agent (the "Agent") for the Purchasers, have entered into an Investor Agreement (as the same may from time to time hereafter be amended, restated, supplemented or otherwise modified, the "Investor Agreement") pursuant to which ARC will sell "Receivable Interests" to the Purchasers.

C. ARC desires to sell shares of its capital stock to Amkor, and Amkor desires to purchase such shares, on the terms set forth in this Agreement.

NOW, THEREFORE, ARC and Amkor agree as follows:

1. Purchase and Sale of Capital Stock.

Amkor hereby purchases from ARC, and ARC hereby sells to Amkor, 1,000 shares of common stock, par value \$1.00 per share, of ARC (the "Common Stock") for the purchase price set forth in Section 2.1. The shares of Common Stock being purchased under this Agreement are referred to herein as the "Shares".

Within three (3) Business Days from the date hereof, ARC shall deliver to Amkor a certificate registered in Amkor's name representing the Shares.

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2. Consideration for Shares and Capital Contributions

2.1 Consideration for Shares.

To induce ARC to enter into the Purchase Agreement and to enable ARC to fund its obligations thereunder by consummating the transactions contemplated by the Investor Agreement, and in reliance upon the representations and

warranties set forth herein, Amkor hereby pays to ARC on the date hereof \$3,000,000 (the "Stock Purchase Price") in consideration of the purchase of the Shares. The Stock Purchase Price shall take the form of a transfer of cash, except that ARC shall, in lieu of cash payment of the Stock Purchase Price, deduct the amount of the Stock Purchase Price from the Purchase Price otherwise payable by ARC to Amkor on the initial purchase date pursuant to the Purchase Agreement.

2.2 Contributions After Initial Closing Date.

From time to time Amkor may make additional capital contributions to ARC. All such contributions shall take the form of a cash transfer, except that ARC agrees to, in lieu of cash payment thereof, deduct the amount of such contributions from the Purchase Price for Receivables otherwise payable by ARC to Amkor on the date of such capital contributions. All of the Receivables so paid for through such deductions shall constitute purchased Receivables within the meaning of the Purchase Agreement and shall be subject to all of the representations, warranties and indemnities otherwise made hereunder. It is expressly understood and agreed that Amkor has no obligations under this Agreement to make any capital contributions from and after payment of the Stock Purchase Price.

3. Representations and Warranties of ARC.

ARC represents and warrants to Amkor as follows:

(a) ARC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to carry on its business as proposed to be conducted on the date hereof.

(b) ARC has all requisite legal and corporate power to enter into this Agreement, to issue the Shares and to perform its other obligations under this Agreement.

(c) Upon receipt by ARC of the Stock Purchase Price and the issuance of the Shares to Amkor, the Shares will be duly authorized, validly issued, fully paid and nonassessable.

(d) ARC has taken all corporate action necessary for its authorization, execution and delivery of, and, its performance under, this Agreement.

(e) This Agreement constitutes a valid and binding obligation of ARC, enforceable against ARC in accordance with its terms, except that enforceability may be

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limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) ARC has filed the Certificate of Incorporation in the form attached hereto as Exhibit A with the Secretary of State of Delaware and (ii) adopted the By-laws in the form attached hereto as Exhibit B.

(g) The issuance of the Shares by ARC hereunder is legally permitted by all laws and regulations to which ARC is subject.

4. Representations and Warranties of Amkor.

Amkor represents and warrants to ARC as follows:

(a) Amkor is a corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and has all requisite corporate power and authority to carry on its business as conducted on the date hereof.

(b) Amkor has all requisite legal and corporate power to enter into this Agreement, to purchase the Shares and to perform its other obligations under this Agreement.

(c) Amkor has taken all corporate action necessary for its authorization, execution and delivery of, and its performance under, this Agreement.

(d) This Agreement constitutes a valid and binding obligation of Amkor, enforceable against Amkor in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) Amkor is purchasing the Shares for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and Amkor has no current intention of selling, granting a participation in, or otherwise distributing, the same.

(f) Amkor understands that the Shares have not been registered under the Securities Act of 1933, as amended, or under any other federal or state law, and that ARC does not contemplate such a registration.

(g) Amkor has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of the transactions contemplated by this Agreement, and has made such investigations in connection herewith as have been deemed necessary or desirable to make such evaluation.

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(h) The purchase of the Shares by Amkor is legally permitted by all laws and regulations to which Amkor is subject.

5. Restrictions on Transfer Imposed by the Act: Legend

5.1 Legend. Each certificate representing any Shares shall be endorsed with the following legend:

NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS, OR (B) WHERE AMKOR RECEIVABLES CORP. HAS BEEN FURNISHED WITH AN OPINION OF COUNSEL FOR THE HOLDER, WHICH OPINION (IN FORM AND SUBSTANCE), AND WHICH COUNSEL, SHALL BE REASONABLY SATISFACTORY TO AMKOR RECEIVABLES CORP. TO THE EFFECT THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF THE ACT AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF THE STOCKHOLDER AND SUBSCRIPTION AGREEMENT DATED AS OF JUNE __, 1997, AS THE SAME MAY BE

AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE AT THE OFFICE OF AMKOR RECEIVABLES CORP.

5.2 Registration of Transfers. ARC need not register a transfer of any Shares unless the conditions specified in the legend set forth in Section 5.1 hereof are satisfied. ARC may also instruct its transfer agent not to register the transfer of any Shares unless the conditions specified in the legend set forth in Section 5.1 hereof are satisfied.

6. Agreement to Vote

(a) Amkor hereby agrees and covenants to vote all of the shares of Common Stock now or hereafter owned by it, whether beneficially or otherwise, as is necessary at a meeting of stockholders of ARC, or by written consent in lieu of any such meeting, to cause to be elected to, and maintained on, ARC's board of directors at least one person (the "Independent Director") meeting the qualifications and selected in accordance with the provisions of the Certificate of Incorporation and By-laws of ARC.

(b) The obligations provided for in this Section 6 shall terminate on the Collection Date.

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7. Successors and Assigns.

Each party agrees that it will not assign, sell, transfer, delegate, or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any right or obligation under this Agreement except in connection with a transfer of Shares in compliance with the terms and conditions hereof or otherwise in accordance with the terms hereof. Any purported assignment, transfer or delegation in violation of this Section 7 shall be null and void ab initio. Subject to the foregoing limits on assignment and delegation and except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legatees, executors, administrators, assignees and legal successors.

8. Amendments and Waivers.

Any term hereof may be amended and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of ARC and Amkor. Any amendment or waiver so effected shall be binding upon ARC and Amkor.

9. Further Acts.

Each party agrees to perform any further acts and execute and deliver any document which may be reasonably necessary to carry out the provisions of this Agreement.

10. Counterparts.

This Agreement may be executed in any number of counterparts, and all of such counterparts together will be deemed one instrument.

11. Notices.

Any and all notices, acceptances, statements and other communications to Amkor in connection herewith shall be in writing, delivered personally, by facsimile or certified mail, return receipt requested, and shall be addressed to the address of Amkor indicated on the stock transfer register of ARC or, if no address is so indicated, to the address provided to ARC pursuant to the Purchase Agreement unless changed by written notice to ARC or its

successor.

12. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE.

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13. Entire Agreement.

This Agreement, together with the Purchase Agreement and the other documents expressly to be delivered in connection therewith, constitute the full and entire understanding and agreement between the parties hereto with regard to the subject matter hereof and thereof.

14. Severability of this Agreement.

In case any provision of this Agreement 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.

IN WITNESS WHEREOF, the parties hereto have caused their respective officers thereunto duly authorized to execute this Agreement as of the date first written above.

AMKOR RECEIVABLES CORP.

By: _____
Name: _____
Title: _____

AMKOR ELECTRONICS, INC.

By: _____
Name: _____
Title: _____

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EXHIBIT A

TO

STOCKHOLDER AND SUBSCRIPTION AGREEMENT

Form of Certificate of Incorporation

(Attached)

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EXHIBIT B
TO
STOCKHOLDER AND SUBSCRIPTION AGREEMENT

Form of By-laws

(Attached)

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EXHIBIT X
FORM OF REVOLVING NOTE

June 20, 1997

1. Note. FOR VALUE RECEIVED, the undersigned, AMKOR RECEIVABLES CORP., a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of Amkor Electronics, Inc., a Pennsylvania corporation (the "Lender"), in lawful money of the United States of America and in immediately available funds, on the "Collection Date" (as defined in the "Purchase Agreement" referred to below) the aggregate unpaid principal sum outstanding of all "Revolving Loans" made from time to time by the Lender to the Borrower pursuant to and in accordance with the terms of that certain Receivables Purchase Agreement dated as of June 20, 1997 between the Lender and the Borrower (as amended, restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"). Reference to Section 1.2 of the Purchase Agreement is hereby made for a statement of the terms and conditions under which the loans evidenced hereby have been and will be made. All terms which are capitalized and used herein and which are not otherwise specifically defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

2. Interest. The Borrower further promises to pay interest on the outstanding unpaid principal amount of any Revolving Loans from the date hereof until payment in full hereof at a rate equal to prime plus 0.25% (as reported in The Wall Street Journal) (the "Interest Rate"); provided, however, that if the Borrower shall default in the payment of any principal hereof, the Borrower promises to, on demand, pay interest at the rate of the Interest Rate plus 1.0% on any such unpaid amounts, from the date such payment is due to the date of actual payment. Interest shall be payable on the 25th calendar day of each month (or, if such day is not a Business Day, the next following Business Day) in arrears; provided, however, that the Borrower may elect, on the date any interest payment is due hereunder, to defer such payment and upon such election the amount of interest due but unpaid on such date shall constitute principal under this Subordinated Revolving Note. The outstanding principal of any loan made under this Subordinated Revolving Note shall be due and payable on the Collection Date and may be repaid or prepaid at any time without premium or penalty.

3. Principal Payments. The Lender is authorized and directed by the Borrower to enter on the grid attached hereto, or, at its option, in its books and records, the date and amount of each loan made by it which is evidenced by this Subordinated Revolving Note and the amount of each payment of principal made by the Borrower, and absent manifest error, such entries shall constitute prima facie evidence of the accuracy of the information so entered; provided that neither the failure of the Lender to make any such entry or any error therein shall expand, limit or affect the obligations of the Borrower hereunder.

4. Subordination. The indebtedness evidenced by this Subordinated Revolving Note is subordinated to the prior payment in full of all of the

Borrower's recourse obligations under that certain Investor Agreement dated as of June 20, 1997 by and among the Borrower, Falcon Asset Securitization Corporation ("Falcon"), certain financial institutions party thereto ("Investors") (Falcon and Investors referred to, collectively, as the "Purchasers"), and The First National Bank of Chicago,

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as agent (the "Agent") for the Purchasers (as amended, restated, supplemented or otherwise modified from time to time, the "Investor Agreement"). The subordination provisions contained herein are for the direct benefit of, and may be enforced by, the Agent and the Purchasers and/or any of their assignees (collectively, the "Senior Claimants") under the Investor Agreement. Until the date (the "Expiry Date") on which the Investor Agreement has been terminated in accordance with its terms and all "Aggregate Unpaid" outstanding under the Investor Agreement have been repaid in full and all other obligations of the Borrower and/or the Servicer thereunder (all such obligations, collectively, the "Senior Claim") have been indefeasibly satisfied in full, the Lender shall not demand, accelerate, sue for, take, receive or accept from the Borrower, directly or indirectly, in cash or other property or by set-off or any other manner (including, without limitation, from or by way of collateral) any payment or security of all or any of the indebtedness under this Subordinated Revolving Note or exercise any remedies or take any action or proceeding to enforce the same; provided, however, that (i) the Lender hereby agrees that it will not institute against the Borrower any proceeding of the type described in Section 6.1(d)(i) of the Purchase Agreement unless and until the date that is one year and one day after the Expiry Date has occurred and (ii) nothing in this paragraph shall restrict the Borrower from paying, or the Lender from requesting, any payments under this Subordinated Revolving Note so long as (x) the Borrower is not required under the Investor Agreement to set aside the funds proposed to be used for such payments for the benefit of, or otherwise pay over such funds to, any of the Senior Claimants, (y) no Event of Default or Potential Event of Default shall have occurred and then be continuing under the Purchase Agreement and no "Servicer Default" or "Potential Servicer Default" shall have occurred and then be continuing under the Investor Agreement and (z) the making of such payment would not otherwise violate the terms and provisions of either the Purchase Agreement or the Investor Agreement. Should any payment, distribution or security or proceeds thereof be received by the Lender in violation of the immediately preceding sentence, the Lender agrees that such payment shall be segregated, received and held in trust for the benefit of, and deemed to be the property of, and shall be immediately paid over and delivered to the Agent for the benefit of the Senior Claimants.

5. Bankruptcy; Insolvency. Upon the occurrence of any Servicer Default described in Section 7.1(d)(i) of the Investor Agreement involving the Borrower as debtor, then and in any such event the Senior Claimants shall receive payment in full of all amounts due or to become due on or in respect of the Senior Claim (including "Discount" accruing under the Investor Agreement after the commencement of any such proceeding, whether or not any or all of such Discount is an allowable claim in any such proceeding) before the Lender shall be entitled to receive any payment on account of this Subordinated Revolving Note, and to that end, any payment or distribution of assets of the Borrower of any kind or character, whether in cash: securities or other property, in any applicable insolvency proceeding, which would otherwise be payable to or deliverable upon or with respect to any or all indebtedness under this Subordinated Revolving Note, is hereby assigned to and shall be paid or delivered by the Person making such payment or delivery (whether a trustee in bankruptcy, a receiver, custodian or liquidating trustee or otherwise) directly to the Agent for application to, or as collateral for the payment of, the Senior Claim until such Senior Claim shall have been paid in full and satisfied.

6. Amendments. This Subordinated Revolving Note shall not be amended, modified or terminated except in accordance with Section 8.1 of the Purchase Agreement.

7. Governing Law. This Subordinated Revolving Note has been delivered at and shall be deemed to have been made at Chicago, Illinois and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws and decisions of the State of Illinois. Wherever possible each provision of this Subordinated Revolving Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Subordinated Revolving Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Subordinated Revolving Note.

8. Waivers. All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor. The Lender additionally expressly waives all notice of the acceptance by any Senior Claimant of the subordination and other provisions of this Subordinated Revolving Note and expressly waives reliance by any Senior Claimant upon the subordination and other provisions herein provided.

9. Assignment. This Subordinated Revolving Note may not be assigned, pledged or otherwise transferred to any party other than the Lender without the prior written consent of the Agent, and any such attempted transfer shall be void.

AMKOR RECEIVABLES CORP.

By: _____
Name: _____
Title: _____

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SCHEDULE TO
SUBORDINATED REVOLVING NOTE

REVOLVING LOANS AND PAYMENTS OF PRINCIPAL

[illegible]

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July 1997

AMKOR/ANAM PILIPINAS, INC.
as Borrower

and

ANAM INDUSTRIAL CO. LTD.
as Guarantor

and

THE KOREA DEVELOPMENT BANK
as Lender

US\$55,000,000 BRIDGE LOAN
AGREEMENT

FRESHFIELDS
12th Floor
Two Exchange Square
Hong Kong

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THIS BRIDGE LOAN AGREEMENT is made as of __ July, 1997.

BETWEEN

AMKOR/ANAM PILIPINAS, INC. of KM 22 East Service Road, South Superhighway, Muntinlupa, Metro Manila, Republic of the Philippines (the BORROWER);

ANAM INDUSTRIAL CO., LTD of 280-8, 2-ka Sungsu-dong, Sungdong-ku, Seoul, Republic of Korea (the GUARANTOR); and

THE KOREA DEVELOPMENT BANK, of 10-2, Kwanchol-dong, Chongno-ku (C.P.O. Box 28), Seoul, Republic of Korea (together with its permitted successors and assigns, the LENDER).

WHEREAS the Borrower desires to borrow funds in an amount not exceeding US\$55,000,000 as a short-term bridge facility to refinance certain of its existing short and medium-term loans, and the Lender agrees to lend such amount, all upon and subject to the terms and conditions hereinafter set forth.

Accordingly, the Borrower, Guarantor and the Lender agree as follows:

INTERPRETATION

1.1 DEFINITIONS: In this Agreement, except to the extent that the context otherwise requires:

ADVANCES means the advances of an amount in the aggregate not exceeding US\$55,000,000 made or to be made by the Lender under this Agreement or, as the case may be, the outstanding principal amount of such advances from time to time and ADVANCE means any of such Advances;

AFFILIATE means, with respect to any person, any other person that directly or indirectly controls, is under common control with or is controlled by, such person and, for purposes hereof, CONTROL means possession, direct or indirect, of the power to direct or cause the direction of management or policies through any legal, contractual or other modus provided that, in any event, any person that owns directly or indirectly securities having 5% or more of the voting power for the election of directors or other governing body of a corporation or 5% or more of the partnership or other ownership interests of any other person (other than as a limited partner of such other person) will be deemed to control such corporation or other person;

APPLICABLE RATE means, in respect of any Interest Period in respect of any Advance, LIBOR plus the Margin;

BUSINESS DAY means a day (other than a Saturday, Sunday or public holiday) on which (1) deposits in Dollars may be offered in the London inter-bank market

and (2) commercial banks are open in (a) Seoul, (b) Makati, Manila and (c) New York City;

COMMITMENT TERMINATION DATE means the date falling one month after the date of this Agreement;

DOLLAR(S), US\$ AND \$ mean the lawful currency of the United States of America;

EVENT OF DEFAULT means any of the events mentioned in Clause 15. 1 or any event or circumstance which, with the giving of any notice and/or the lapse of any period of time and/or the fulfilment of any other requirement, would become one

of the events mentioned in that Clause;

FACILITY means an amount not exceeding US\$55,000,000;

FINAL REPAYMENT DATE means, subject to Clause 15.2(b), the date falling 3 months after the date hereof;

INTEREST PAYMENT DATE means the last day of each Interest Period;

INTEREST PERIOD means a period by reference to which interest is calculated and payable on each Advance pursuant to Clause 7.1 or any overdue sum pursuant to Clause 15.3;

KOREA means the Republic of Korea;

LIBOR means, in respect of any Interest Period in respect of each Advance or any overdue sum hereunder, the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent) of the offered quotations in effect at or about 11:00 a.m. (local time in London) on the second Business Day before the first day of each Interest Period for Dollar deposits for such Interest Period as displayed on the "LIBO" page of the Reuters Monitor Money Rate Service (hereafter the REUTERS SCREEN) (or any such successor page as determined by the Lender if the Reuters Screen is unavailable) for delivery on the first day of such Interest Period and, if no such successor page is available, the rate (rounded up, if necessary, to the next 1/16 per cent) at which the London office of Bank of America National Trust and Savings Association is offering Dollar deposits for that Interest Period is an amount comparable to such Advance or overdue sum, as the case may be, to prime banks in the London inter-bank market at or about 11:00 a.m. (local time in London) on the second Business Day before the first day of that Interest Period for delivery on the first day of such Interest Period;

MARGIN means 1.35 per cent, per annum;

NOTICE OF DRAWDOWN means a notice substantially in the form of Schedule 1;

OBLIGORS means each of the Borrowers and the Guarantor;

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PAYMENT ACCOUNT means account number 544-7-71671 (CHIPSUID 069628) maintained by the Lender with head office of Chemical Bank, New York, New York and;

PHILIPPINES means the Republic of Philippines.

1.2 CONSTRUCTION OF CERTAIN REFERENCES: Except to the extent that the context requires otherwise, any reference in this Agreement to:

an AGENCY of a state includes at any particular time, any agency, authority, central bank, department, government, legislature, minister, ministry, official, or public or statutory person (whether autonomous or not) of, or of the government of, that state or any political sub-division in or of that state;

this AGREEMENT includes this Agreement as from time to time amended, supplemented or novated, and any document which amends, supplements or novates this Agreement;

the ASSETS of a person shall be construed as a reference to the whole or any part of its business, undertaking, property, assets and revenues (including any right to receive revenues);

BORROWED MONEY includes any indebtedness for or in respect of money borrowed or raised (whether or not for a cash consideration), by whatever means, or for the deferred purchase price of assets or services;

a CONSENT includes an approval, authorization, exemption, filing, license, order, permission, recording or registration (and references to obtaining consents shall be construed accordingly);

a DIRECTIVE includes any present or future directive, regulation, requirement or credit restraint programme to be acted upon under direction from an agency of a state (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is customary);

DISPOSAL includes any sale, assignment, exchange, transfer, concession, lease, surrender of lease, license, reservation, waiver, compromise, release, creation of security, dealing with or the granting of any option or right or interest whatsoever or any agreement for any of the same and dispose shall be construed accordingly;

an ENCUMBRANCE shall be construed as a reference to a mortgage, charge, pledge, lien, hypothecation, security interest, encumbrance or other security arrangement or interest or third party rights of any kind;

a GUARANTEE also includes any obligations (whatever called) of any person to pay, purchase, provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or

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otherwise) for the payment of, indemnity against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person;

a HOLDING COMPANY of a person means, at any particular time, any person of which the first-mentioned person is a subsidiary;

any INDEBTEDNESS includes any obligation (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money;

a LAW includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, directive, regulation, statute, treaty or other legislative measure, in each case of any jurisdiction whatever (and LAWFUL and UNLAWFUL shall be construed accordingly);

something having a MATERIAL ADVERSE EFFECT on a person is a reference to it having a material adverse effect (1) on the person's financial condition, business or operations or (2) on the ability of the person to perform and comply with its material obligations under any material agreements to which it is a party;

any OBLIGATION of any party under this Agreement or any other agreement shall be construed as a reference to an obligation expressed to be assumed by or imposed on it under this Agreement or that agreement, as the case may be (and due, owing, payable and receivable shall be similarly construed);

a PERSON includes any individual, company, corporation, firm, partnership, joint venture, association, organization, trust, state or agency of a state (in each case, whether or not having separate legal personality);

SECURITY means any mortgage, pledge, lien, hypothecation, security charge (whether fixed or floating, legal or equitable) or encumbrance other than those arising by operation of law;

SOURCE OF FUNDS means any bank, financial institution, market, participant or other person providing funds to the Lender for purposes of allowing the Lender

to make the Advances available hereunder;

SUBSIDIARY in relation to any company means any other company or other entity directly or indirectly controlled by the first-mentioned company; for this purpose CONTROL means direct or indirect ownership of more than fifty percent (50%) of the voting share capital or equivalent right of ownership of such company or entity, or power to direct its policies and management whether by contract or otherwise;

TAX(ES) includes any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, by any

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governmental or other fiscal authority, on whomsoever and wherever imposed, levied, collected, withheld or assessed;

TAX ON OVERALL NET INCOME of a party to this Agreement shall be construed as a reference to tax imposed by the jurisdiction in which its principal office is located on all or part of the net income, profits or gains before taxes of that party (whether worldwide, or only insofar as such income, profits or gains are considered to arise in or to relate to a particular jurisdiction);

the WINDING-UP of a person also includes the dissolution and liquidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets; and

a DAY, MONTH OR YEAR shall be construed by reference to the Gregorian calendar.

1.3 PRINCIPLES OF CONSTRUCTION. The headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. References to Clauses or Schedules shall, unless the contrary is indicated, be deemed to be references to Clauses in or Schedules to this Agreement. Any reference to a sub-clause or a paragraph is to a sub-clause or paragraph of the Clause or, as the case may be, sub-clause in which such reference appears. Save where the context otherwise requires, words importing the singular number include the plural and vice versa.

THE FACILITY

2.1 LENDER TO MAKE ADVANCES: The Lender agrees to make Advances from time to time to the Borrower upon the terms and conditions of this Agreement.

2.2 BORROWER TO BORROW ADVANCES: The Borrower agrees to borrow up to the full amount of the Facility upon the terms and conditions of this Agreement. Accordingly the Borrower will cause the conditions referred to in Clause 3 to be satisfied and deliver to the Lender a notice requesting each Advance in the form required by Clause 4 on a date not later than the fifth Business Day before the Commitment Termination Date.

2.3 CANCELLATION: The Borrower may not cancel all or any part of the Facility. Any undrawn portion of the Facility shall be automatically canceled after the Commitment Termination Date.

2.4 PURPOSE: The Borrower will apply the proceeds of the Advances to refinance certain of its existing short and medium-term loans, but the Lender shall not be responsible for checking or confirming that the Borrower has done so.

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CONDITIONS PRECEDENT

3.1 ADVANCES: The Lender shall not be obligated to make any Advance until the Lender has received each of the items listed in Schedule 2 and has found each of them satisfactory in form and substance.

3.2 NOTIFICATION: The Lender shall notify the Borrower after it has received all such items required under Clause 3.1.

DRAWDOWN

4. Each Advance shall be drawdown by the Borrower in a minimum amount of US\$5,000,000 and thereabove in increments of US\$5,000,000. Each Advance will be made by the Lender to the Borrower at its request if the following additional conditions are fulfilled:-

- (a) DRAWDOWN REQUEST: not later than 11:00 a.m. (Seoul time) on the fifth Business Day before the proposed date of the Advance, the Lender has received from the Borrower a Notice of Drawdown signed by the Borrower specifying (i) the proposed date (which must be a Business Day on or before the Commitment Termination Date) of the Advance and (ii) details of the bank(s) and the account(s) (which must be in New York City) to which the Borrower wishes the proceeds of the Advance to be made available by the Lender;
- (b) REPRESENTATIONS ETC. CORRECT: all the representations and warranties in Clause 12.1 have been complied with and would be correct in all respects if repeated on the proposed date of the Advance by reference to the circumstances then existing;
- (c) NO EVENT OF DEFAULT ETC.: no Event of Default has occurred on or before the proposed date of the Advance or will occur as a result of making the Advance; and
- (d) ADDITIONAL REQUIREMENTS: not later than 11:00 a.m. (Seoul time) on the third Business Day before the proposed date of the Advance, the Lender has received and found satisfactory such additional information, legal opinions and/or other documents as it or counsel to the Lender may reasonably request as a result of circumstances that have arisen since the signing of this Agreement.

REPAYMENT ON MATURITY OR DEMAND

5. Each Advance shall be repaid by the Borrower in one lump sum on the Final Repayment Date or on such earlier date as the Lender may demand upon seven days written notice to the Borrower. Any repayment by the Borrower made upon demand of the Lender shall be accompanied by all interest accrued

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thereon to the date of repayment and all other amounts payable by the Borrower to the Lender hereunder.

PREPAYMENT

6.1 OF LENDER: The Borrower may prepay the Advance in whole or in part on any Interest Payment Date in minimum amounts of US\$5,000,000 and thereabove in integral multiples of US\$5,000,000 upon one month's prior written notice to the Lender without premium or penalty.

6.2 MISCELLANEOUS. Any notice of prepayment given by the Borrower under this Agreement shall be irrevocable and shall oblige the Borrower to prepay in accordance with that notice. The Borrower may not prepay all or any part of the

Advance except as expressly provided in this Agreement and may not reborrow any amount repaid or prepaid.

INTEREST

7.1 INTEREST PERIODS: Interest shall be calculated and payable on each Advance by reference to successive Interest Periods. If the Borrower avails itself of the Facility by way of a single lump-sum Advance on the date of this Agreement there shall be a single Interest Period commencing on the date of this Agreement and ending on the Final Repayment Date; otherwise, the first Interest Period relating to each Advance shall begin on the date of such Advance and end on the Commitment Termination Date and each subsequent Interest Period shall begin on the last day of the preceding Interest Period and shall be of one month's duration, provided that the final Interest Period shall end on the Final Repayment Date.

7.2 NORMAL INTEREST RATE: Subject to Clause 10, the rate of interest applicable to each Advance for a particular Interest Period shall be the Applicable Rate.

7.3 PAYMENT OF INTEREST: On the last day of each Interest Period, the Borrower shall pay to the Lender the interest accrued during that Interest Period on each Advance, calculated in accordance with Clause 18.1.

FEEES

8.1 COMMITMENT FEE: The Borrower shall pay on the Commitment Termination Date a commitment fee of 0.375% per annum upon the daily undrawn portion of the Facility calculated on the basis of actual days elapsed from the date of this Agreement and a 360 day year.

8.2 OTHER FEES: The Borrower shall pay to the Lender such other fees as may be agreed between the Borrower and the Lender.

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8.3 VAT/SALE GOODS AND SERVICES TAX: Any referred to in this Clause 8 is exclusive of any value added tax, sale of goods and services tax or any other tax which might be chargeable in connection with that fee. If any value added tax, sale of goods and services tax or other tax is so chargeable it shall be paid by the Borrower at the same time as it pays the relevant fee.

TAXES

9.1 PAYMENTS TO BE FREE AND CLEAR

- (a) GROSS-UP: All payments to be made by the Obligors under this Agreement shall be made free and clear of and without deduction for or on account of tax unless such Obligor is required to make such a payment subject to the deduction or withholding of tax, in which case the sum payable by such Obligor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person entitled to payment receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.
- (b) FURTHER GROSS-UP: Without prejudice to the provisions of Sub-clause 9.1(a), if the Lender or any Affiliate of the Lender is required to make any payment on account of tax with respect to any amount payable under this Agreement (not being a tax imposed on the net income of such person by the jurisdiction in which it is incorporated, unless and except to the extent that such tax is imposed on an amount deemed to be, but not actually, received by such person (including without limitation, any sum received or

receivable under this Clause 9)) or any liability in respect of any such payment is asserted, imposed, levied or assessed against such person, the Borrower shall, upon demand of the Lender, promptly indemnify such person against such payment or liability, together with any taxes, interest, penalties and expense payable or incurred in connection therewith.

- (c) CLAIMS: If the Lender intends to make a claim pursuant to Sub-Clause 9.1(b) it shall notify the relevant Obligor of the event by reason of which it is entitled to do so, provided that nothing herein shall require the Lender or any Affiliate of the Lender to disclose any confidential information relating to the organization of its tax affairs.

9.2 TAX RECEIPTS:

- (a) NOTIFICATIONS: If at any time, the Borrower is required by law to make any deduction or withholding from any sum payable by it under this Agreement (or if thereafter there is any change in the rates at which or

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the manner in which such deductions or withholdings are calculated), the Borrower shall promptly notify the Lender;

- (b) RECEIPT: If the Borrower makes any payment under this Agreement in respect of which it is required to make any deduction or withholding, it shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lender, within thirty days after receipt thereof from the applicable authority, an original receipt (or a certified copy thereof) issued by such authority evidencing the payment to such authority of all amounts so required to be deducted or withheld.

9.3 CONTINUING OBLIGATIONS: The obligations of the Borrower in Clause 9 shall survive the payments in full of the Advances.

CHANGE IN CIRCUMSTANCES

10.1 INCREASED COSTS: If, by reason of (i) any change in law or in its interpretation or administration and/or (ii) compliance with any request from or requirement of any central bank or other fiscal, monetary or other authority (including, without limitation, a request or requirement which affects the manner in which the Lender, any Affiliate of the Lender or its source of funds allocates capital resources to or for the Lender's obligations hereunder):

- (a) the Lender or any Affiliate of the Lender incurs a cost as a result of the Lender having entered into and/or performing its obligations under this Agreement and/or assuming or maintaining the Advances under this Agreement;
- (b) the Lender, any Affiliate of the Lender and/or its source of funds is unable to obtain the rate of return on its overall capital which it would have been able to obtain but for the Lender having entered into this Agreement and/or performing its obligations hereunder and/or assuming or maintaining the Advances;
- (c) there is any increase in the cost to the Lender, any Affiliate of the Lender and/or its source of funds of funding or maintaining any Advance hereunder; or
- (d) the Lender, any Affiliate of the Lender and/or its source of funds becomes liable to make any payment on account of tax (not being a tax imposed on the net income of such person by the jurisdiction in which it is incorporated or in which its lending office is located for purposes of this Agreement)

then the Borrower shall, from time to time on demand by the Lender, promptly pay to the Lender amounts sufficient to indemnify the Lender, any Affiliate of

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the Lender or its source of funds, as the case may be, for, such cost, foregone return or tax.

10.2 MARKET DISRUPTION:

- (a) If the Lender (individually or after having received notice to such effect from its source of funds) determines that adequate and fair means do not exist for ascertaining LIBOR, it shall promptly notify the Borrower of the fact and that this Sub-Clause 10.2 is in operation.
- (b) If a notification under this Sub-Clause applies to an Advance which has not been made, that Advance shall not be made. However, within 5 Business Days of receipt of the notification, the Borrower and the Lender shall enter into negotiations for a period of not more than 30 days with a view to agreeing an alternative basis for the borrowing of any future Advance.
- (c) If a notification under this Sub-Clause applies to an Advance which is outstanding then, notwithstanding any other provision of this Agreement:-
 - (i) within 5 Business Days of receipt of the notification, the Borrower and the Lender shall enter into negotiations for a period of not more than 30 days with a view to agreeing an alternative basis for determining the rate of interest and/or funding applicable to that Advance;
 - (ii) if no alternative basis is agreed, the Lender shall certify on or before the last day of the Interest Period to which the notification relates an alternative basis for maintaining that Advance, which shall be binding on the Borrower; and
 - (iii) any such alternative basis may include an alternative method of fixing the interest rate, alternative Interest Periods or alternative currencies but it must reflect the cost to the Lender (directly or indirectly through its source of funds) of funding that Advance from whatever sources it may select plus the applicable Margin.

10.3 ILLEGALITY: If it is or becomes unlawful in any jurisdiction for the Lender to give effect to any of its obligations as contemplated by this Agreement or for the Lender or its source of funds to fund or maintain any Advance, then:

- (a) the Lender may notify the Borrower accordingly; and
- (b)
 - (i) the Bank shall not be obliged to make any further Advances;
 - (ii) the Borrower shall forthwith prepay all the Advances; and

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- (iii) the undrawn portion of the Facility shall forthwith be canceled.

Any such prepayment must be accompanied by accrued interest at the Applicable Rate on the amount prepaid calculated up to the date of prepayment and any other sum then due to the Lender under this Agreement, including any amount due pursuant to Clause 15.4(c).

PAYMENTS

11.1 BY THE LENDER: The Lender shall, subject to the terms and conditions of this Agreement, make such amount of the Facility available to the Borrower as the Borrower shall have specified in any Notice of Drawdown.

11.2 BY OBLIGORS:

- (a) On each date on which any sum is due from either Obligor hereunder, it shall make that sum available to the Payment Account in immediately available funds before 10:00 a.m. (New York City time). Any payments by either Obligor to the Lender shall be made in Dollars (which shall be of the essence).
- (b) If the amount received by the Lender from either Obligor on any date is less than the total sum remaining or becoming due under this Agreement on that date, then the Lender shall apply that amount as the Lender deems fit.

11.3 NON-BUSINESS DAYS:

- (a) If any Interest Payment Date would otherwise fall on a non-Business Day, it shall instead fall on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not). If the Final Repayment Date would otherwise fall on a non-Business Day, it shall instead fall on the preceding Business Day.
- (b) Any payment to be made by an Obligor on a day which is not an Interest Payment Date or the Final Repayment Date and which would otherwise be due on a non-Business Day shall instead be due on the next Business Day.

REPRESENTATIONS AND WARRANTIES

12.1 BY THE OBLIGORS: The Obligors represent and warrant jointly and severally to and for the benefit of the Lender by reference to facts and circumstances as at the date of this Agreement that: -

- (a) STATUS: the Borrower is a company duly organized and validly existing under the laws of the Philippines, the Guarantor is a company duly organized and validly existing under the laws of Korea, and each of the

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Borrower and the Guarantor is a separate legal entity capable of suing and being sued and has the power and authority to own its assets and to conduct the operations which it conducts;

- (b) POWERS: it has the power to enter into, exercise its rights and perform and comply with its obligations under this Agreement;
- (c) AUTHORIZATION AND CONSENTS: all action, conditions and things required by the laws of the Philippines and Korea to be taken, fulfilled and done (including the obtaining of any necessary consents) in order (i) to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under this Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make this Agreement admissible in evidence in the courts of England have been taken, fulfilled and done;
- (d) NON-VIOLATION OF LAWS ETC: its entry into, exercise of its rights and/or performance of or compliance with its obligations under this Agreement do not and will not violate (i) any law to which it is subject or (ii) any of the documents constituting it or (iii) any agreement which is binding on it or its assets, and do not and will not result in the existence of, or oblige it to create, any security over those assets;

- (e) REGISTRATION AND FILINGS: subject to those matters described in the legal opinions of Philippine, Korean and English counsel referred to in Paragraph 7 of Schedule 2, it is not necessary in order to ensure the legality, validity, enforceability and admissibility in evidence in proceedings in the Philippines, Korea or England of this Agreement that it or any other document be filed or registered with any court or authority in the Philippines, Korea or England;
- (f) OBLIGATIONS BINDING: its obligations under this Agreement are legal, valid, binding and enforceable in accordance with their terms;
- (g) EXISTING SECURITY: as at the date of this Agreement, no security exists on or over its assets except as permitted by Clause 13.2;
- (h) ACCOUNTS: its most recent audited financial statements for the time being (including the audited profit and loss account and balance sheet) were prepared in accordance with applicable laws and regulations, in the case of the Borrower, of the Philippines and, in the case of the Guarantor, of Korea and generally accepted accounting principles and policies consistently applied applicable to the relevant company and show a true and fair view of its financial position as at the end of, and the results of its operations for, the financial period to which it relates, and there has been no material adverse change in its business or financial condition of since the date of such financial statements;

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- (i) LITIGATION: no litigation, arbitration or administrative proceeding is current or pending or, so far as it is aware, threatened (i) to restrain the entry into, exercise of its rights under and/or performance or enforcement of or compliance with its obligations under this Agreement or (ii) which has or would have a material adverse effect on it;
- (j) WINDING-UP: no meeting has been convened for its winding-up, no such step is intended by it and, so far as it is aware, no petition, application or the like is outstanding for its winding up;
- (k) NO DEFAULT: no Event of Default has occurred or will occur as a result of making an Advance; neither it nor any of its subsidiaries is in breach of or default under any agreement to an extent or in a manner which has or could have a material adverse effect on it;
- (l) NO IMMUNITY: neither it nor any of its assets is entitled to immunity from suit, execution, attachment, set-off or other legal process; its entry into this Agreement constitutes, and the exercise of its rights and performance of and compliance with its obligations under this Agreement will constitute, private and commercial acts done and performed for private and commercial purposes;
- (m) APPROVALS: subject to those matters described in the legal opinions of Philippine, Korean and English counsel referred to in Paragraph 7 of Schedule 2, no approval, consent registration or recordation is required, either before or after execution of this Agreement, from or with any governmental entity of the Philippines, Korea and England in respect of its entry into, performance and enforcement of this Agreement; and
- (n) WITHHOLDING TAX: so long as the Lender is a financing institution owned and established by Korea, neither the Lender nor the Borrower shall be obliged to pay any withholding tax in respect of any payment payable or receivable under this Agreement.

12.2 REPETITION: each of the above representations and warranties in Clause 12.1 shall be deemed repeated on the drawdown date of each Advance and on each

Interest Payment Date, by reference to the then existing circumstances.

12.3 SURVIVAL: The representations and warranties made in this Clause shall survive the execution of this Agreement and the making of any Advance.

UNDERTAKINGS

13. Each Obligor undertakes that, so long as any sum remains payable under this Agreement:

13.1 RANKING OF OBLIGATIONS: its obligations under this Agreement rank and will at all times rank at least equally and rateably in all respects with all its

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other unsecured indebtedness except for such indebtedness as would, by virtue only of the law in force in the Philippines (in the case of the Borrower) or Korea (in the case of the Guarantor) from time to time, be preferred in the event of its winding up.

13.2 NEGATIVE PLEDGE: neither it nor any of its Affiliates will create or have outstanding any security on or over any of its assets as security for or in respect of any indebtedness of it except for:-

- (a) encumbrances existing as of the date, which are, in the case of the Borrower and its Affiliates, listed in Schedule 6;
- (b) encumbrances arising solely by operation of law and in the ordinary course of their respective operations;
- (c) any security existing on or over the assets of any company which becomes an Affiliate after the date of this Agreement and not created in contemplation of or in connection with such company becoming an Affiliate, to secure obligations of that subsidiary existing at the date on which it becomes a subsidiary (but not any increase in principal, capital or nominal amount or extension of maturity or renewal of such obligations); and
- (d) any security created or outstanding with the prior written consent of the Lender.

13.3 DISPOSALS; CHANGE OF OWNERSHIP: it will not (a) merge or consolidate with any other entity or take any step with a view to dissolution, liquidation or winding-up; (b) purchase or redeem any of its issued common shares or reduce its common share capital or make a distribution of assets or other capital distribution to its shareholders otherwise than with the Lender's prior written consent; (c) declare or pay any dividend or make any other income distribution to its shareholders if an Event of Default has occurred and has not been remedied to the satisfaction of the Lender; (d) sell, transfer or otherwise assign, deal with or dispose of all or any part of its business or (except for good consideration in the ordinary course of its business and on an arm's length basis) its assets or revenues which might materially and adversely affect its business or financial condition, whether by a single transaction or by a number of transactions whether related or not; (e) make or grant any loan or advance or guarantee or in any other manner be or become directly or indirectly or contingently liable for any indebtedness or other obligation of any other person, except (i) as may be necessary in the ordinary course of its business, (ii) in the case of the Guarantor, the guarantee provided by it in Clause 14 of this Agreement, (iii) the indebtedness listed in Schedule 7 or (iv) indebtedness entered into with the Lender's consent; (f) enter into any agreement, obligation which might materially and adversely affect its financial condition; (g) change or permit a change in its principal business activities or current business lines; or (h)

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acquire any business or assets from, or capital stock of, or be a party to any acquisition of, any person except for purchases of inventory and other assets to be sold or used in the ordinary course of business or for any acquisition made or entered into with the Lender's consent;

13.4 EVENTS OF DEFAULT: it will notify the Lender of the occurrence of any Event of Default immediately upon becoming aware of it;;

13.5 PREPARATION OF ACCOUNTS: it will keep its books of account in order to ensure that all accounts of each company to be delivered by it under this Agreement will be prepared in accordance with the applicable laws and regulations and generally accepted accounting principles and policies consistently applied applicable to the relevant company and show a true and fair view of such company's financial position as at the end of, and the results of its operations for, the financial period to which it relates;

13.6 ACCOUNTS: it shall deliver to the Lender:

- (a) as soon as possible but in any event within 180 days of the end of each relevant fiscal period, its annual audited consolidated financial statements and those of all of their respective guaranteed subsidiaries and Affiliates (including, but not limited to, Amkor Electronics, Amkor/Anam USA, TL Limited, Amkor/Anam Advanced Packaging Inc. and Automated Microelectronics Inc.); and
- (b) as soon as possible but in any event within 60 days of the end of each relevant fiscal period, its semi-annual unaudited financial statements and those of all of their respective guaranteed subsidiaries and Affiliates (including, but not limited to, Amkor Electronics, Amkor/Anam USA, TL Limited, Amkor/Anam Advanced Packaging Inc. and Automated Microelectronics Inc.);

13.7 OTHER INFORMATION: it will promptly deliver to the Lender:

- (a) details of any litigation, arbitration or administrative proceeding during the effectiveness of this Agreement which, if it had been current or pending or, to its knowledge, threatened at the date of this Agreement, would have rendered the warranty in Clause 12.1(i) incorrect; and
- (b) such other information relating to the financial condition or operations of it or any of its Affiliates, as the Lender may from time to time reasonably request;

13.8 CONTROL: in the case of the Guarantor only, the Guarantor shall maintain management control over, and own collectively, beneficially and of record, at least 40% of the subscribed and issued common shares of, the Borrower;

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13.9 NO AMENDMENT: it shall procure that no amendment or supplement is made to its articles of association or other constitutive documents which (in the opinion of the Lender) might materially and adversely affect such Obligor's ability to perform its obligations under this Agreement;

13.10 INFORMATION TO BE TRUE: it shall ensure that all factual information supplied hereafter by it hereunder to the Lender for any purpose of or connected with this Agreement will at the time of supply be true, complete and accurate in all material respects and that all projections and forecasts made by it and supplied as aforesaid will be made with all due care after diligent

consideration;

13.1 COMPLIANCE: it shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorizations, approvals, licences and consents required in or by the laws and regulations of the Philippines and Korea to enable it lawfully to enter into and perform its obligations under this Agreement or to ensure the legality, validity, enforceability or admissibility in evidence in the Philippines, Korea and England of this Agreement;

13.12 INSURANCE: it shall maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against such risks and to such extent as is usual for companies carrying on a business such as that carried on by it whose practice is not to self insure; and

13.13 TRANSACTIONS WITH AFFILIATES: except as expressly permitted by this Agreement, it will not directly or indirectly: (a) transfer, sell, lease, assign or otherwise dispose of any assets to one of its Affiliates; (b) merge into or consolidate with or purchase or acquire assets from one of its Affiliates; or (c) enter into any other transaction directly or indirectly with or for the benefit of one of its Affiliates (including guarantees and assumptions of obligations of an Affiliate); provided that (x) any such Affiliate who is an individual may serve as a director, officer or employee of an Obligor and receive reasonable compensation for his or her services in such capacity and (y) an Obligor may enter into transactions (other than extensions of credit by such Obligor to one of its Affiliates) providing for the leasing of assets, the rendering or receipt of services or the purchase or sale of inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to such Obligor as the monetary or business consideration which would apply in a comparable transaction with a person who is not an Affiliate of such Obligor.

GUARANTEE

14.1 GUARANTEE: The Guarantor as principal debtor and not merely as surety unconditionally and irrevocably guarantees to the Lender punctual payment by the Borrower of the Guaranteed Amounts in accordance with this Agreement

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and unconditionally and irrevocably undertakes to the Lender that if and each time the Borrower does not make payment of any of the Guaranteed Amounts in accordance with this Agreement, the Guarantor shall pay the amounts not so paid upon first written demand by the Lender.

In this clause GUARANTEED AMOUNTS means any and all amounts whatsoever which this Agreement provides are to be paid by the Borrower under this Agreement and references to the Guaranteed Amounts include references to any part of them.

14.2 INDEMNITY: As a separate, additional, continuing and primary obligation, the Guarantor unconditionally and irrevocably undertakes with the Lender that, should the Guaranteed Amounts not be recoverable from the Guarantor under clause 14.1 for any reason whatsoever (including, but without prejudice to the generality of the foregoing, by reason of any other provision of this Agreement being or becoming void, unenforceable or otherwise invalid under any applicable law) then, notwithstanding that it may have been known to the Lender, the Guarantor shall upon first written demand by the Lender under clause 14.1, make payment of the Guaranteed Amounts by way of a full indemnity in such manner as is provided for in this Agreement and shall indemnify the Lender against all losses, claims, costs, charges and expenses to which it may be subject or which it may incur under or in connection with this Agreement.

14.3 CONTINUING GUARANTEE: The above guarantee shall be continuing and shall extend to the ultimate balance of the Guaranteed Amounts, regardless of any

intermediate payment or discharge in whole or in part. If the guarantee ceases to continue in force, the Lender may open a new account with or continue any existing account with the Borrower and the liability of the Guarantor in respect of the Guaranteed Amounts at the date of the cessation shall remain regardless of any payments in or out of any such account.

14.4 DISCHARGE AND RELEASE: The Guarantor may not terminate its guarantee by notice to the Lender or otherwise. Subject to clause 14.5, and provided the Guaranteed Amounts have been paid in full, the Lender may discharge or release the Guarantor by written instrument signed by the Lender.

14.5 CLAWBACK: Any discharge or release referred to in clause 14.4, and any composition or arrangement which the Guarantor may effect with the Lender, shall be deemed to be made subject to the condition that it will be void, if any payment or security which the Lender may previously have received or may thereafter receive from any person in respect of the Guaranteed Amounts, is set aside, refunded or reduced, in whole or in part under any applicable law or proves to have been for any reason invalid. If such condition is satisfied, the Lender shall be entitled to recover from the Guarantor on demand the value of such security or the amount of any such payment as if such discharge, release, compromise or arrangement had not occurred.

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14.6 WAIVER OF FENCES: The liabilities and obligations of the Guarantor under this Agreement shall remain in force notwithstanding any act, omission, neglect, event or matter whatsoever, except the proper and valid payment of all the Guaranteed Amounts and without prejudice to its generality, the foregoing shall apply in relation to anything which would have discharged the Guarantor (wholly or in part) or which would have afforded the Guarantor any legal or equitable defense, and in relation to any winding up, reconstruction, reorganization or dissolution of, or any change in constitution or corporate identity or loss of corporate identity by, the Borrower or any other person and any incapacity or lack of corporate power or authority of any person. Without prejudice to the generality of the foregoing none of the liabilities or obligations of the Guarantor under this Agreement shall be impaired by the Lender:

- (a) releasing or granting any time or any indulgence whatsoever to the Borrower and, in particular, waiving any of the pre-conditions for Advances under this Agreement or any contravention by the Borrower of this Agreement or entering into any transaction or arrangements whatsoever with or in relation to the Borrower and/or any third party;
- (b) taking, accepting, varying, dealing with, enforcing, abstaining from enforcing, surrendering or releasing any security for the Guaranteed Amounts in such manner as it or they think fit; or
- (c) claiming, proving for, accepting or transferring any payment in respect of the Guaranteed Amounts in any composition by, or winding up of, the Borrower and/or any third party or abstaining from so claiming, proving, accepting or transferring.

14.7 DEMANDS: Demands under this clause may be made from time to time, and the liabilities and obligations of the Guarantor under this Agreement may be enforced, irrespective of:

- (a) whether any demands , steps or proceedings are being or have been made or taken against the Borrower and/or any third party; or
- (b) whether or in what order any security to which the Lender may be entitled in respect of the Guaranteed Amounts is enforced.

The Guarantor waives diligence, presentment, protest, demand for repayment and notice of default to or upon the Borrower.

14.8 SUSPENSE ACCOUNT: Until all amounts which may be or become payable by the Borrower hereunder or in connection herewith have been irrevocably paid and discharged in full, the Lender may:

- (a) refrain from applying or enforcing any other security, moneys or rights held or received by the Lender in respect of such amounts or apply and enforce the same in such manner and order as the Lender sees fit

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(whether against such amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and

- (b) hold in suspense account (subject to the accrual of interest thereon at market rates for the account of the Guarantor) any moneys received from the Guarantor or on account of the Guarantor's liability hereunder.

14.9 SUBORDINATION: So long as the Guarantor has any liability under this Agreement:

- (a) the Guarantor shall not take or accept any encumbrance from the Borrower or, in relation to the Guaranteed Amounts, from any third party, without first obtaining the Lender's written consent;
- (b) after the occurrence of an Event of Default, the Guarantor shall not, without first obtaining the Lender's written consent, seek to recover, whether directly or by set-off, lien, counterclaim or otherwise, nor accept any moneys or other property, nor exercise any rights, in respect of any sum which may be or become due to the Guarantor on any account by the Borrower or, in relation to the Guaranteed Amounts, from any third party, nor claim, prove for or accept any payment in any composition by, or any winding up of, the Borrower or, in relation to the Guaranteed Amounts, any third party; and
- (c) if, notwithstanding the foregoing, the Guarantor holds or receives any such security, moneys or property, it shall forthwith pay or transfer the same to the Lender.

DEFAULT

15.1 EVENTS OF DEFAULT: Each of the following events shall constitute Events of Default:

- (a) NON-PAYMENT: either Obligor does not pay in the manner provided in this Agreement any sum payable under it when due; or
- (b) BREACH OF WARRANTY: any representation, warranty or statement made by either Obligor in this Agreement or in any document delivered under this Agreement is not complied with or is or proves to have been incorrect in any material respect when made or deemed to be made and such non-compliance, or incorrect statement, if capable of remedy, is not remedied or rectified within 30 days; or
- (c) BREACH OF OTHER OBLIGATION: either Obligor does not perform or comply with any one or more of its obligations under this Agreement, as the case may be, and, if that default is capable of remedy, it is not in the reasonable opinion of the Lender remedied within 30 days after notice of that default has been given to it by the Lender; or

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- (d) **CROSS DEFAULT:** Any other indebtedness in respect of borrowed money of the Borrower in the aggregate equal to or exceeding US\$200,000 or of the Guarantor in the aggregate equal exceeding US\$1,000,000 (i) is not paid when due or within any applicable grace period in any agreement relating to the indebtedness or (ii) becomes due and payable, or capable of being declared due and payable before its normal maturity by reason of a default or event of default or event which could constitute an event of default upon any declaration or expiry of any grace period, however described, save in any such case where such Obligor is contesting in good faith by the expeditious institution of formal legal proceedings the entitlement to such early repayment; or
- (e) **LITIGATION:** any litigation, arbitration or administrative proceeding becomes current, pending or threatened against either Obligor or any of their Affiliates which, in the reasonable opinion of the Lender, (i) restrains its entry into, exercise of its rights under and/or performance or enforcement of or compliance with either Obligor's obligations under this Agreement or (ii) has or would have a material adverse effect on such Obligor; or
- (f) **INSOLVENCY:** either Obligor or any of their Affiliates becomes insolvent, is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its indebtedness (or of any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of such Obligor or any of their respective Affiliates; or
- (g) **ENFORCEMENT PROCEEDINGS:** a distress, attachment, execution or other legal process is levied, enforced, or sued out on or against the assets of either the Obligor or any of their respective Affiliates and is not discharged or stayed within 30 days; or
- (h) **SECURITY ENFORCEABLE:** any present or future security on or over the assets of either Obligor or any of their respective Affiliates becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that security; or
- (i) **WINDING-UP:** any step is taken by any person for the winding-up of either Obligor or any of their respective Affiliates (except a voluntary winding up or otherwise for the purpose of and followed by a reconstruction, amalgamation or reorganization on terms approved by the Lender before that step is taken); or

- (j) **AUTHORIZATION AND CONSENTS:** any material action, condition or thing (including the obtaining of any necessary consent or approval) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 12.1(c), (e) or (m) of this Agreement is not taken, fulfilled or done or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with; or
- (k) **ILLEGALITY:** it is or becomes unlawful for either Obligor to perform or comply with any one or more of its material obligations under this Agreement; or
- (l) **ANALOGOUS EVENTS:** any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events

mentioned in the immediately preceding sub-clauses (f), (g) or (i); or

- (m) MATERIAL ADVERSE CHANGE: any event occurs or circumstances arise which the Lender reasonably determines to give grounds for believing that either Obligor will or may not (or will or may be unable to) perform or comply with any one or more of its obligations under this Agreement; or
- (n) SUBSIDIARY: the Borrower ceases to be managed by the Guarantor or the Guarantor shall cease to own collectively, beneficially and of record at least 40% of the subscribed and issued common shares of the Borrower.

15.2 CANCELLATION/ACCELERATION: At any time after the occurrence of an Event of Default and for so long as it is continuing the Lender may, by notice to the Borrower, declare:

- (a) the Facility (to the extent it is not yet advanced) to be cancelled, whereupon it shall be cancelled; and/or
- (b) each Advance, accrued interest thereon and any other sum then payable under this Agreement to be immediately due and payable, whereupon they shall become so due and payable.

15.3 DEFAULT INTEREST: If the Borrower does not pay any sum payable under this Agreement when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum for the period beginning on its due date and ending on the date of its receipt by the Lender (both before and after judgment) in accordance with this sub-clause. Such interest shall be calculated and payable by reference to successive Interest Periods, each of which (other than the first, which shall begin on the due date) shall begin on the last day of the previous one. Each such Interest Period shall be of one month or such shorter period as the Lender may in its sole discretion from time to time select

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and the rate of interest applicable for a particular Interest Period shall be the rate per annum equal to the sum of LIBOR plus the Margin plus 2 percent. Any interest payable under this sub-clause which is not paid when due in accordance with Clause 7.3 shall be added to the overdue sum and itself bear interest accordingly.

15.4 MISCELLANEOUS INDEMNITIES: The Borrower shall on demand indemnify the Lender against any reasonable cost, or expense sustained or incurred by the Lender (including the liquidating or unwinding of any deposits or funding or financing arrangement with any of the Lender's source of funds) as a result of:

- (a) the acceleration of repayment of any Advance under Clause 15.2;
- (b) the receipt or recovery by the Lender of any part of any Advance or an overdue sum otherwise than on the last day of an Interest Period relating to that part of the Advance or that overdue sum for whatever reason;
- (c) the prepayment of any part of Advance pursuant to Clause 6.1 or 10.3;
- (d) the repayment of any part of any Advance prior to the Final Repayment Date except in accordance with the terms of this Agreement;
- (e) the Lender's source of funds being affected by any of the circumstances described in Clauses 10.1, 10.2 or 10.3; or
- (f) the occurrence or continuance of any Event of Default.

15.5 CURRENCY INDEMNITY:

- (a) The Dollar is the sole currency of account and payment for each sum payable

by either Obligor under or in connection with this Agreement, including damages and any other amounts relating thereto.

- (b) Any amount received or recovered in a currency other than Dollars in accordance with the immediately preceding Clause 15.5(a) (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up of such Obligor, or otherwise) by the Lender in respect of any sum expressed to be due to it from such Obligor under this Agreement shall only constitute a discharge to such Obligor to the extent of the amount which the Lender is able, in accordance with its usual practice, to purchase in a recognised foreign exchange market with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so) equals the amount in Dollars to be recovered or received by the Lender under such circumstances.

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- (c) If that amount in dollars is less than the amount expressed to be due to the Lender under this Agreement, the relevant Obligor shall indemnify the Lender in Dollars against any loss sustained by it as a result. If that amount in Dollars is greater than the amount expressed to be due to the Lender under this Agreement, the Lender shall promptly pay such surplus to relevant Obligor. In any event, the relevant Obligor shall indemnify the Lender against the cost of making any such purchase. For the purpose of this Clause, it will be sufficient for the Lender to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.
- (d) These indemnities constitute a separate and independent obligation from the other obligations in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender, shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Agreement or any judgment and shall survive the termination of this Agreement.

15.6 GENERAL INDEMNIFICATION: The Borrower and the Guarantor jointly and severally agree to pay and indemnify the Lender, the Lender's Affiliates and the Lender's sources of funds, and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each an INDEMNIFIED PERSON) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses, or disbursements (including attorneys' fees and disbursements and the allocated costs of internal counsel) of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance, and administration of this Agreement, or the transactions contemplated hereby, and with respect to any investigation, litigation, or proceeding related to this Agreement, any violation of any environmental law by the Borrower or the Guarantor or any of their respective subsidiaries, or the Advances and other extensions of credit hereunder or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the INDEMNIFIED LIABILITIES); provided that neither Borrower nor the Guarantor shall have any obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this subclause shall survive payment of all other obligations of the Borrower and the Guarantor hereunder.

SET-OFF

16. Each Obligor authorizes the Lender to apply after the occurrence of any Event of Default any credit balance to which it is at any time beneficially entitled on any account at any office of the Lender in or towards satisfaction of any sum then due from it to the Lender under this Agreement and unpaid. For

that purpose, the Lender is authorized to use all or any part of any such credit

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balance to buy such other currencies as may be necessary to effect such application. The Lender shall as soon as practicable after the exercise of its rights under this clause notify the relevant Obligor. The Lender shall not be obliged to exercise any of its rights under this clause, which shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which it is at any time otherwise entitled (whether by operation of law, contract or otherwise).

EXPENSES AND STAMP DUTY

17. Whether or not any Advance is made under this Agreement, the Borrower shall pay:

- (a) INITIAL EXPENSES: on demand, all reasonable costs and expenses incurred by the Lender in connection with the preparation, negotiation and execution of this Agreement;
- (b) ENFORCEMENT EXPENSES: on demand, all costs and expenses (including legal fees of internal and external counsel of the Lender or any other person pursuing a claim on the Lender's behalf) incurred by any person in protecting or enforcing the Lender's rights under this Agreement or any amendment of or waiver in respect thereof; and
- (c) STAMP DUTY: promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment or waiver, and shall indemnify the Lender against any liability with respect to or resulting from any delay in paying or omission to pay any such tax.

CALCULATIONS AND EVIDENCE

18.1 BASIS OF CALCULATION: All interest shall accrue from day to day and shall be calculated on the basis of a year of 360 days and the actual number of days elapsed.

18.2 LOAN ACCOUNTS: The entries made in the accounts maintained by the Lender in accordance with its usual practice shall be, save for manifest error, prima facie evidence of the existence and amounts of the obligations of the Borrower recorded in them.

18.3 CERTIFICATES CONCLUSIVE: A certificate by the Lender as to any sum payable to it under this Agreement and any other certificate, determination, notification or opinion of the Lender provided for in this Agreement, shall be conclusive save for manifest error.

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ASSIGNMENT

19.1 BENEFIT AND BURDEN OF THIS AGREEMENT: This Agreement shall benefit and be binding on the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights or obligations under this Agreement. Any reference in this Agreement to any party shall be construed accordingly.

19.2 OBLIGORS: Neither Obligor may assign or transfer all or any part of its rights or obligations under this Agreement.

19.3 LENDER:

- (a) The Lender may transfer or sell a participation in all or part of its rights and obligations under this Agreement (a) to any holding company or subsidiary of the Lender or any other subsidiary of any such holding company or (b) to any other bank or financial institution (with the consent of the Borrower and the Guarantor in the case of a transfer but not a participation, which consent shall not be unreasonably withheld) (a TRANSFEREE). If either the Borrower or the Guarantor does not notify the Lender of its decision within 30 days of receiving a request for a consent to transfer, such consent will be deemed to have been granted.
- (b) Any permitted transferee hereunder shall be treated as the Lender for all purposes of this Agreement and shall be entitled to the full benefit of this Agreement to the same extent as if it were an original party in respect of the rights or obligations transferred to it. Any other Transferee hereunder shall be entitled to the benefits of Clauses 9, 10, 15.4, 15.5, 15.6, 16 and 17(b) hereof.

19.4 DISCLOSURE OF INFORMATION: The Lender may, subject to the prior consent of the Borrower and the Guarantor, such consent not to be unreasonably withheld, disclose to a potential assignee or participant or any other person proposing to enter into contractual arrangements with it in relation to this Agreement such confidential information about the Borrower and the Guarantor and their respective subsidiaries as it may think fit. Further, the Lender can disclose any confidential information about the Guarantor and the Borrower which the Lender is required or requested to disclose by any applicable law or at the direction of any agency of state or regulatory body having the power to oversee any aspect of the business of the Lender or its source of funds.

REMEDIES, WAIVERS, AMENDMENTS AND CONSENTS

20.1 NO IMPLIED WAIVERS, REMEDIES CUMULATIVE: No failure on the part of the Lender to exercise, and no delay on its part in exercising, any right or remedy under this Agreement will operate as a waiver thereof, nor will any

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single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

20.2 AMENDMENTS, WAIVERS AND CONSENTS: Any provision of this Agreement may be amended only if the Borrower, the Guarantor and the lender so agree in writing and any Event of Default, provision or breach of any provision of this Agreement may be waived before or after it occurs only if the Lender so agrees in writing.

COMMUNICATIONS

21.1 ADDRESSES: Each communication under or for the purpose of this Agreement shall be made by fax, by registered mail or by hand delivery in writing. Each communication or document to be delivered to the Borrower, the Guarantor or the Lender under or for the purpose of this Agreement shall be sent to that party at the fax number or address, and marked for the attention of the person (if any) designated by that party on the signature page of this Agreement or otherwise from time to time notified by such party to the other parties hereto.

21.2 DEEMED DELIVERY: Any communication to any person under this Agreement shall be deemed to be received by that person (if sent by fax) when despatched with confirmed answer back or (in any other case) when left at the address required

by Clause 21.1 or 7 days after being put in the post (by registered mail if to another country) postage prepaid and addressed to it at that address.

21.3 LANGUAGE: All communications and documents shall either be in English or accompanied by a translation into English. If there is a conflict, the English translation shall prevail over the original language version.

PARTIAL INVALIDITY

22. The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

COUNTERPARTS

23. This Agreement may be signed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

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GOVERNING LAW AND JURISDICTION

24.1 GOVERNING LAW: This Agreement shall be governed by and construed with the laws of England, without prejudice to any other rights or remedies available to the Lender under the laws of any jurisdiction where either Obligor or their respective assets may be found.

24.2 JURISDICTION: Each of the parties agrees that the courts of England shall have non-exclusive jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement (Proceedings) and for such purposes and for the benefit of the other parties submits to the Jurisdiction of such courts. Each of the Obligors irrevocably waives any objection which it might have now or hereafter to such courts being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.

24.3 SUBMISSIONS NOT TO AFFECT: The submissions in this Clause shall not affect the right of the Lender to take Proceedings in any other competent jurisdiction nor shall the taking of Proceedings in any jurisdiction preclude the Lender from taking Proceedings in any other competent jurisdiction.

24.4 CONSENT TO ENFORCEMENT: Each Obligor irrevocably and generally consents in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings, and agree that any final order or judgment shall be conclusive.

24.5 SERVICE OF PROCESS AND PROCESS AGENT: Each Obligor irrevocably consents to service of process or any other documents in connection with Proceedings in any court by facsimile transmission, personal service, delivery at any address specified in this Agreement or any other usual address, mail or in any other manner permitted by English law, the law of the place of service or the law of the jurisdiction where proceedings are instituted. Each Obligor shall at all times maintain an agent for service of process and any other documents in Proceedings in England or any other Proceedings in connection with this Agreement. If, following such a request, an Obligor fails to appoint such all agent, the Lender shall be entitled to appoint one on behalf of such Obligor. Any writ, judgment or other notice of legal process shall be sufficiently served on such Obligor if delivered to such agent at its address for the time being. Each Obligor irrevocably undertakes not to revoke the authority of such agent

and if, for any reason, the Lender requests an Obligor to do so he shall promptly appoint another such agent with all address in England and advise the Lender.

24.6 WAIVER OF IMMUNITY: Each Obligor irrevocably agrees that, should any party take any Proceedings anywhere (whether for all injunction, specific

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performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. Each Obligor irrevocably agrees that it and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first written above.

BORROWER:

AMKOR/ANAM PILIPINAS, INC.

By /s/ Unreadable

Title:

Name:

Address: KM 22 East Service Road
South Superhighway
Muntinlupa, Metro Manila
Philippines

Telephone No.: (63-2) 845 7215
Fax No.: (63-2) 845-7275
Attention: Mr. Danny D. Franklin

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GUARANTOR:

ANAM INDUSTRIAL CO., LTD.

By /s/ ILLEGIBLE

Title:

Name:

Address: 280-8,2-ka
Sungsu-dong
Sungdong-ku
Seoul

Korea

Telephone No.: (822) 460-5179
Fax No.: (822) 460-5127
Attention: Mr. K. H. KIM

LENDER:

THE KOREA DEVELOPMENT BANK

By /s/ ILLEGIBLE

Title:

Name:

Address: 10-2, Kwanchol-dong
Chongno-ku
(C.P.O. Box 28)
Seoul, Korea

Telephone No.: (822) 398-6312
Fax No.: (822) 723-0386
Attention: Mgr. Int'l Loan Dept.

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SCHEDULE 1

NOTICE OF DRAWDOWN

To: The Korea Development Bank
10-2, Kwanchol-dong
Chongno-ku
(C.P.O. Box 28)
Seoul, Korea

Attention: Mgr. Int'l Loan Dept.

VIA FAX: (822) 723-0386

Re: US\$55,000,000 Bridge Loan Agreement dated as of [] July 1997

We refer to the above agreement (the "Agreement") between ourselves as Borrower, Anam Industrial Co., Ltd as Guarantor and yourselves as Lender. Terms defined in the Agreement shall have the same meanings when used in this notice.

We hereby give you our irrevocable notice that we wish to drawdown an Advance under the Agreement on _____ 1997 (or, if that is not a Business Day, on the next Business Day).

The proceeds of the Advance are to be made available by credit to account number [] in favor of [] at [].

We confirm that no Event of Default has occurred or will occur as a result of making the Advance **[, other than any waived in accordance with Clause 20.2 of the Agreement,] and that all the representations and warranties in Clause 12.1 **[, except to any extent waived in accordance with Clause 20.2,] are true and accurate on the date of this Notice as if made with reference to

the facts and circumstances now prevailing.

Dated [] 1997

AMKOR/ANAM PILIPINAS, INC.

By: _____
Name:
Title:

** Those words in square brackets should be included in the notice only where applicable.

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SCHEDULE 2

CONDITIONS PRECEDENTS

1. a duly executed copy of the Borrower's certificate, substantially in the form of Schedule 3 hereto (together with all attachments thereto);
2. a duly executed copy of the Guarantor's certificate, substantially in the form of Schedule 4 hereto (together with all attachments thereto);
3. certified copies of all applications, approvals, registrations and consents (including, without limitation, all foreign exchange approvals, approval of the Central Bank of the Philippines (Central Bank) authorizing the execution, delivery and performance by the Borrower of this Agreement, the approval of the Central Bank approving the terms and conditions (including the Final Repayment Date) of an executed copy of this Agreement, and the municipal permits and licences from the Municipality of Muntinlupa, Metro Manila) as are required by the Borrower in order to enter into and perform this Agreement;
4. certified copies of all applications, approvals, registrations and consents (if any) as required by the Guarantor in order to enter into and perform this Agreement;
5. an acceptance letter addressed to the Lender from the process agent appointed by the Borrower and the Guarantor pursuant to Clause 24.5 of this Agreement;
6. a list of the current directors and/or managers of the Borrower;
7. legal opinions of Messrs. SyCip Salazar in respect of Philippine law, Messrs. Kim & Chang in respect of Korean law, each in form and substance satisfactory to the Lender and an English legal opinion from Freshfields substantially in the form set out in Schedule 5; and
8. such other documents as may be reasonably requested by the Lender.

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SCHEDULE 3

FORM OF CERTIFICATE OF BORROWER

To: The Korea Development Bank

We, _____ and _____, Directors of Amkor/Anam Pilipinas, Inc.
(the Company)

HEREBY CERTIFY that:

- (a) attached hereto marked "A" are true and correct copies of all documents which contain or establish or relate to the constitution of the Company;
- (b) attached hereto marked "B" is a true and correct copy of resolutions duly passed at meetings of the Board of Directors of the Company duly convened and held on [] 1997 at which a duly qualified quorum of the Directors was present for the purposes of approving and authorizing the signature, delivery and performance of the US\$55,000,000 bridge loan agreement (the Loan Agreement) between the Company, Anam Industrial Co., Ltd and The Korea Development Bank and any fee letter pursuant to Clause 8.2 of the Loan Agreement and appointing the authorized officers whose specimen signatures are set out in this certificate; and such resolutions have not been amended, modified or revoked and are in full force and effect;
- (c) neither the members nor the Directors of the Company have taken any action for the winding up of the Company and we have received no notice of any proceedings being instituted for the winding up, liquidation or appointment of a receiver in respect of all or any of the assets of the Company.

The following signatures are the true signatures of the persons who have been authorized to sign the Loan Agreement, any fee letter and to give notices and communications including each Notice of Drawdown pursuant to Clause 4 under or in connection with the Loan Agreement.

NAME ----	POSITION -----	SIGNATURE -----
- -----	-----	-----
- -----	-----	-----
- -----	-----	-----

Signed: _____
Director Director

Date: _____, 1997

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SCHEDULE 4

FORM OF CERTIFICATE OF THE GUARANTOR

TO: The Korea Development Bank

We, _____ and _____, Directors of Anam Industrial Co., Ltd
(the Guarantor)

HEREBY CERTIFY that:

- (a) attached hereto marked "A" are true and correct copies of all documents which contain or establish or relate to the constitution of the Guarantor;
- (b) attached hereto marked "B" is a true and correct copy of resolutions duly

passed at meetings of the Board of Directors of the Guarantor duly convened and held on [] 1997 at which a duly qualified quorum of the Directors was present for the purposes of approving and authorising the signature, delivery and performance of US\$55,000,000 bridge loan agreement (the Loan Agreement) between Amkor/Anam Pilipinas, Inc. as Borrower, the Guarantor and The Korea Development Bank as Lender and appointing the authorised officers whose specimen signatures are set out in this certificate; and such resolutions have not been amended, modified or revoked and are in full force and effect;

- (c) attached hereto marked "C" is a certified copy of the Company Registry extracts concerning the Guarantor;
- (d) neither the members nor the Directors of the Guarantor have taken any action for the winding up of the Guarantor and we have received no notice of any proceedings being instituted for the winding up, liquidation or appointment of a receiver in respect of all or any of the assets of the Guarantor.

The following signatures are the true signatures of the persons who have been authorised to sign the Loan Agreement and to give notices and communications, under or in connection therewith.

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NAME	POSITION	SIGNATURE
----	-----	-----
- -----	-----	-----
- -----	-----	-----
- -----	-----	-----

Signed: _____
Director Director

Date: _____, 1997

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SCHEDULE 5
FRESHFIELDS' LEGAL OPINION

To: The Korea Development Bank

Dated __ July 1997
Our Ref. RM/CJW/ECRH

Dear Sirs,

We refer to the Bridge Loan Agreement (the Loan Agreement) dated as of July 1997, made between (1) Amkor/Anam Pilipinas, Inc. (the Borrower), (2) Anam Industrial Co., Ltd. (the Guarantor), and (3) yourselves as Lender. We have been asked to give this opinion to you.

We have examined an executed copy of the Loan Agreement and relied upon the statements as to factual matters contained in or made pursuant to the Loan Agreement.

This opinion is confined to matters of English law. Accordingly, we express no opinion herein with regard to any system of law other than the laws of England as currently applied by the English courts. This opinion is to be governed by and construed in accordance with English law as at the date of this opinion.

In considering the Loan Agreement and in rendering this opinion we have with your consent and without any further enquiry assumed:

- (a) the due incorporation and capacity of each of the Borrower and Guarantor under the laws of the Republic of the Philippines and the Republic of Korea, respectively,
- (b) the genuineness of all signatures on, and the authenticity and completeness of, the Loan Agreement;
- (c) that the Loan Agreement has been duly authorised, executed and delivered by each of the parties thereto in accordance with all applicable laws (other than, in the case of the Borrower and the Guarantor, the laws of England); and
- (d) that the Loan Agreement constitutes legal, valid and binding obligations of each of the parties thereto enforceable under all applicable laws (other than, in the case of the Borrower and the Guarantor, the laws of England).

To the extent that the laws of the Republic of Philippines or the laws of the Republic of Korea may be relevant to our opinion we have assumed the correctness of the opinions of Messrs. SyCip Salazar and Messrs. Kim & Chang,

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respectively and _____ exclusively thereon. We express _____ views on the validity of the matters set out in such opinion.

On the basis of and subject to, the foregoing and the qualifications and observations set out below and any matters not disclosed to us, and having regard to such considerations of English law in force as at the date of this letter as we consider relevant, we are of the opinion that:

- (a) the obligations of the Borrower and the Guarantor under the Loan Agreement constitute legal, valid and binding obligations of the Borrower and the Guarantor, respectively enforceable by the Lender;
- (b) no consents, licenses, approvals or authorisations of any governmental or other authority or agency in the United Kingdom are required by law in connection with the execution, delivery and performance of the Loan Agreement by the Borrower or the Guarantor;
- (c) no filing or registration of the Loan Agreement is necessary under English law; and
- (d) the choice of English law to govern the Loan Agreement will be recognised and upheld by the English courts.

This opinion is subject to the following qualifications:

1. Clause 15.3 of the Loan Agreement would be unenforceable if it were held to constitute a penalty and not a genuine and reasonable pre-estimate of the damage likely to be suffered as a result of the default in payment of the amount in question. We express no opinion on whether such provision does constitute such a genuine and reasonable pre-estimate.

2. In some circumstances the court would not give effect to clause 22 of the Loan Agreement, in particular if to do so would not accord with public policy or would involve the court in making a new contract for the parties.

3. A determination, calculation or certificate by you as to any matter provided for in the Loan Agreement might in certain circumstances be held by the court not to be final, conclusive and binding (for example, if it could be shown to have any unreasonable or arbitrary basis) notwithstanding that the Loan Agreement provides that it is to be so.

4. English courts can give judgments in a currency other than sterling if, subject to the terms of the contract, it is the currency which most truly expresses the plaintiff's loss, but such judgments may be required to be converted into sterling for enforcement purposes.

5. This opinion is not to be taken to imply that an English court will necessarily grant any remedy, the availability of which is subject to equitable

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considerations of which is otherwise in the discretion of the court. In particular orders for specific performance and injunctions are, in general, discretionary remedies under English law and specific performance is not available where damages are considered by the court to be an adequate alternative remedy.

6. An English court might not enforce a provision of the Loan Agreement which is or becomes illegal by the law of a foreign jurisdiction in which it is to be performed or contrary to exchange control regulations of a foreign jurisdiction.

7. Claims under the Loan Agreement may become barred under the Limitation Act 1980 or the Foreign Limitation Periods Act 1984 or may be or become subject to the defense of set-off or to counterclaim.

8. The enforcement of obligations under the Loan Agreement may be limited by the provisions of English law applicable to agreements held to have been frustrated by events happening after their execution.

9. The choice of English law to govern the Loan Agreement would not be recognised or upheld if there were reasons for avoiding the choice of law on the grounds that its application would be manifestly incompatible with public policy. The choice of English law would not be upheld, for example, if it was made with the intention of evading the law of the jurisdiction with which the contract had its most substantial connection and which, in the absence of English law, would have invalidated the contract or been inconsistent therewith.

10. An English court has power to stay all action where it is shown that there is some other forum, having competent jurisdiction, which is more appropriate for the trial of the action and in which the case can be tried more suitably for the interests of all the parties and the ends of justice.

11. An English court may refuse to give effect to any provision of the Loan Agreement (i) for the payment of expenses in respect of the costs of enforcement (actual or contemplated) or of unsuccessful litigation brought before an English court or where the court has itself made an order for costs or (ii) which would involve the enforcement of foreign revenue or penal laws.

12. Under the rules of procedure applicable, an English court may, at its discretion, order a plaintiff in an action, being a party who is not ordinarily resident in some part of the United Kingdom, to provide security for costs.

13. A participant in the Loan Agreement will not be able to enforce any of its rights under the Loan Agreement, including, without limitation, clause 19.3(b) of the Loan Agreement directly against the Borrower.

14. The above opinion is subject to all applicable laws affecting creditors' rights generally in the event of the insolvency, bankruptcy, reorganisation or liquidation of any party to the transaction.

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We should also like to make the following observations in relation to the opinion expressed above.

- (a) An English Court is likely to construe very restrictively the provisions of clause 14.6 of the Loan Agreement.
- (b) If, notwithstanding the provisions of the Loan Agreement, the Borrower or the Guarantor failed to maintain an agent for service of process in England, it would be necessary to initiate any legal proceedings in England by serving a writ outside the jurisdiction and, for this purpose, the leave of the court (as to which the court has a discretion) would have to be obtained;
- (c) We express no view on any provision requiring written amendments or waivers in so far as such provision suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon or granted by or between the parties or implied by the course of conduct of the parties; and
- (d) It should be understood that we have not been responsible for investigating or verifying the accuracy of the facts including statements of foreign law contained in or relevant to the Loan Agreement.

This opinion is given for your benefit only in relation to the Loan Agreement and may not be disclosed to or relied upon by anyone else or by you for any other purpose.

Yours faithfully,

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SCHEDULE 6

LIST OF ENCUMBRANCES/SECURITY INTERESTS OUTSTANDING OF BORROWER AND THE BORROWER'S AFFILIATES

1. Mortgage Trust Indenture between Amkor/Anam Pilipinas, Inc. (AAPI) and Philippine Commercial International Bank - Trust Services (PCIB) as Trustee dated 29 July 1992 for a P315,000,000 loan (increased or decreased from time to time depending on availments with participating banks) secured by fixed assets of API

2. Mortgage Trust Indenture between Amkor/Anam Advanced Packaging, Inc. and AAPI Realty Corporation and PCIB as Trustee on loans obtained by AAPI in the amount

of P281,500,000 (increased or decreased from time to time depending on availments with participating banks) secured by fixed assets of Amkor/Anam Advanced Packaging, Inc. and real estate mortgages in favor of PCIB on properties owned by AAPI Realty Corporation at Binan, Laguna.

3. US\$20,000,000 loan between AAPI and Philippine National Bank secured by various machineries and equipment owned by Automated MicroElectronics, Inc.

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SCHEDULE 7

LIST OF INDEBTEDNESS OF THE BORROWER, THE GUARANTOR AND THE BORROWER'S AFFILIATES

A. BORROWER

NAME OF BANK -----	AMOUNT -----
SHORT TERM LOANS	
ABN-AMRO	5,000,000.00
ALLIED BANK	9,900,000.00
ARAB BANK	10,000,000.00
ASIAN BANK	12,000,000.00
ASIATRUST	750,000.00
BANCO DE ORO	500,000.00
BANGKOK BANK	1,000,000.00
BANQUE NATIONALE DE PARIS	4,000,000.00
BANK OF THE PHILIPPINE ISLANDS	16,600,000.00
CITIBANK	5,000,000.00
COCOBANK	1,800,000.00
CREDIT LYONNAIS	3,000,000.00
EAST-WEST BANK	4,000,000.00
EXPORT BANK	6,000,000.00
FAREAST BANK	4,975,000.00
HONGKONG BANK	1,000,000.00
KREDIET BANK	3,000,000.00
LAND BANK	9,800,000.00
METROBANK	23,300,000.00
MULTINATIONAL INVESTMENT BANK CORP	2,000,000.00
PBCOM	2,000,000.00
PCIB	25,750,000.00
PNB	5,000,000.00
SOLID BANK	3,000,000.00
STANDARD CHARTERED BANK	950,000.00
UNION BANK	4,400,000.00
WESTMONT BANK	2,400,000.00
PENTA CAPITAL	380,228.14
SUB-TOTAL	167,505,228.14
	=====

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LONG TERM LOANS

BPI	3,625,000.00
PCIB	5,925,542.53
CHO HUNG, FINANCE LTD.	40,000,000.00
KDB ASIA LIMITED	121,250,000.00
PNB	20,000,000.00

	190,800,542.53

B. BORROWER'S AFFILIATES:

1. AUTOMATED MICROELECTRONICS, INC.

EXPORT BANK	750,000.00

2. AMKOR/ANAM ADVANCED PACKAGING, INC.

EXPORT BANK	750,000.00

GRAND TOTAL	359,805,770.87
	=====

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C. GUARANTOR

*1 USD = 888,10 Korean Won

NAME OF BANK -----	AMOUNT (WON) -----	AMOUNT (USD) -----
SHORT TERM LOANS (KW);		
SEOUL BANK	5,000,000,000	5,629,996.62
SHINHAN BANK	10,000,000,000	11,259,993.24
ROYAL BANK OF CANADA	2,000,000,000	2,251,998.65
CITIBANK	400,000,000	450,399.73
SHINHAN MERCHANT BANK	20,000,000,000	22,519,986.49
FIRST NAT'L BANK OF CHICAGO	2,000,000,000	2,251,998.65
SUB TOTAL	39,400,000,000	44,364,373.38
LONG TERM LOANS (KW);		
KOREA DEVELOPMENT BANK	114,449,870,000	128,870,476.30
CHOHUNG BANK	161,931,400,000	182,334,647.00
COMMERCIAL BANK OF KOREA	2,340,980,000	2,635,941.90
HOUSING BANK OF KOREA	1,498,000,000	1,686,746.99
SHINHAN BANK	66,658,000,000	75,056,862.97
KOREA TECHNOLOGY BANK	1,072,000,000	1,207,071.28
SUB TOTAL	347,950,250,000	391,791,746.42
SHORT TERM LOANS (US\$);		

KOREA DEVELOPMENT BANK	12,639,100.00
KOREA EXCHANGE BANK	87,359,550.00
CHOHUNG BANK	107,928,700.00
COMMERCIAL BANK OF KOREA	16,178,199.00
HANIL BANK	14,418,000.00
SEOUL BANK	17,355,000.00
ARAB BANK	8,398,950.00
KWANGJU BANK	1,639,674.00
SHINHAN BANK	54,363,150.00
ROYAL BANK OF CANADA	9,034,450.00
BANK OF AMERICA	20,997,400.00
BANQUE OF NATIONALE DE PARIS	16,671,100.00
FIRST NAT'L BANK OF CHICAGO	27,703,950.00
CREDIT LYONNAIS BANK	25,938,150.00
CHASE MANHATTAN BANK	33,755,900.00
SUB TOTAL	454,381,273.00

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LONG TERM LOANS (US\$);

SEOUL BANK	699,000.00
KOREA EXCHANGE BANK	16,139,400.00
CHOHUNG BANK	2,410,000.00
SHINHAN BANK	11,320,000.00
KOREA DEVELOPMENT BANK	57,005,698.61
KOREA MERCHANT BANK	12,860,046.45
CREDIT LYONNAIS BANK	7,798,566.15
SUB TOTAL	108,232,711.21

LONG TERM LOANS (LEASE);

HYUNDAI INT'L MERCHANT BANK	41,057,370.75
KOREA DEVELOPMENT LEASING BANK	10,127,524.32
KOREA MERCHANT BANK	10,609,400.99
KYUNGSOO MERCHANT BANK	18,985,109.18
KUMHO MERCHANT BANK	30,562,128.32
KOREA INDUSTRIAL LEASING CO., LTD	9,908,391.49
ASEA MERCHANT BANK	29,284,181.42
SHINHAN MERCHANT BANK	6,736,460.33
KOREA EXCHANGE LEASING CO., LTD.	18,245,447.00
SUB TOTAL	175,516,013.80

GRAND TOTALS	\$1,174,286,117.82
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LOAN AGREEMENT

dated as of March 28, 1996

AMKOR/ANAM PILIPINAS, INC.
AS BORROWER

AND

THE KOREA DEVELOPMENT BANK
AS BANKU.S.\$71,250,000 LOAN
GUARANTEED BY
ANAM INDUSTRIAL CO., LTD.MILBANK, TWEED, HADLEY & MCCLOY
HONG KONGTABLE OF CONTENTS
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BANK

EXHIBIT E - FORM OF OPINION OF SPECIAL NEW YORK COUNSEL TO
THE BANK

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LOAN AGREEMENT dated as of March 28, 1996, between: AMKOR/ANAM
PILIPINAS, INC., a corporation duly organized and validly existing under the
laws of the Republic of Philippines (the "Borrower"), and THE KOREA DEVELOPMENT
BANK (the "Bank").

The Borrower has requested that the Bank make loans to it in an
aggregate principal amount not exceeding U.S.\$71,250,000 to finance the
expansion of the Borrower's semiconductor assembly plant in the Philippines and
the Bank is prepared to make such loans upon the terms and conditions hereof.
Accordingly, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND ACCOUNTING MATTERS

1.01 Certain Defined Terms. As used herein, the following terms shall
have the following meanings (all terms defined in this Section 1.01 or in other
provisions of this Agreement in the singular to have the same meanings when used
in the plural and vice versa.

"Affiliate" shall mean, with respect to any Person, any other Person
that directly or indirectly controls, or is under common control with, or is
controlled by, such Person. As used in this definition, "control" (including,
with its correlative meanings, "controlled by" and "under common control with")
shall mean possession, directly or indirectly, of power to direct or cause the
direction of management or policies (whether through ownership of securities or
partnership or other ownership interests, by contract or otherwise), provided,
that, in any event, any Person that owns directly or indirectly securities
having 5% or more of the voting power for the election of directors or other
governing body of a corporation or 5% or more of the partnership or other
ownership interests of any other Person (other than as a limited partner of such
other Person will be deemed to control such corporation or other Person.

"Applicable Margin" shall mean 0.80% per annum.

"Applicable Lending Office" shall mean, the Bank, the "Lending Office"
or "Lending Offices" of the Bank (or of an affiliate of the Bank) designated for
the relevant Tranche of Loan on the signature pages hereof or such other office
or offices of the Bank (or of an affiliate of the Bank) as the Bank may, subject
to Section 10.06 hereof, from time to time specify to the Borrower as the
office(s) by which the Loans (or portions thereof) of such Tranche are to be
made and maintained.

"Basic Documents" shall mean, collectively, this Agreement and the
Guarantee.

"Business Day" shall mean any day (a) on which commercial banks are not
authorized or required to close in Manila, Hong Kong, Seoul, or New York City
and (b) if such day relates to a borrowing of, a payment or prepayment of
principal of or interest on, or an

Interest Period for, a Loan or a notice by the Borrower with respect to any such borrowing, payment, prepayment or Interest Period, that is also a London Business Day.

"Central Bank" shall mean the Bangko Sentral ng Pilipinas.

"Closing Date" shall mean the date upon which the initial Loan hereunder is made.

"Commitment" shall mean, collectively, the Tranche A Commitment and the Tranche B Commitment.

"Commitment Termination Date" shall mean September 28, 1996; provided, that if such day is not a Business Day, then the Commitment Termination Date shall be the next preceding Business Day.

"Debit-Equity Ratio" shall mean, at any time, the ratio of total liabilities to total equity of the Borrower; and as used in this definition, "total liabilities" and "total equity" shall have the respective meanings assigned to them under GAAP and applied on a basis consistent with those used in the preparation of the financial statements referred to, in Section 8.01, provided that "total liabilities" shall include any and all debts of the Borrower regardless of the nature or maturity thereof (including without limitation all amounts from time to time outstanding hereunder) and, provided, further, that "total equity" shall exclude appraisal surplus, if any, of the Properties or assets of the Borrower.

"Default" shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

"Dollars" and "U.S.\$" shall mean lawful money of the United States of America.

"Event of Default" shall have the meaning assigned to such term in Section 9 hereof.

"Fee Letter" shall mean the arrangement fee letter agreement referred to in Section 2.04(b) hereof.

"Final Maturity Date" shall mean March 28, 2001; provided that if the Final Maturity Date would otherwise be a day that is not a Business Day, then the Final Maturity Date shall be the next preceding Business Day.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the Philippines.

"Guarantee" shall mean a Guarantee Agreement substantially in the form of Exhibit B hereto between the Guarantor and the Bank, as the same shall be modified and supplemented and in effect from time to time.

"Guarantor" shall mean Anam Industrial Co., Ltd., a corporation organized under the laws of Korea.

"Indebtedness" shall mean, for any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses

incurred, in the ordinary course of business so long as such trade accounts payable are payable within 90 days of the date the respective goods are delivered or the respective services are rendered; (c) indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective indebtedness so secured has been assumed by such Person; (d) obligations of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person; (e) capitalized lease obligations of such Person; (f) obligations of such Person under interest rate protection agreements; and (g) Indebtedness of others guaranteed by such Person.

"Interest Period" shall mean, with respect to any Loan, (i) initially, each period commencing on the date such Loan is made and ending on the Commitment Termination Date, and (ii) thereafter, each successive six-month period commencing on the last day of the next preceding Interest Period for such Loan and ending on the numerically corresponding day in the sixth calendar month thereafter, except that each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of such sixth subsequent calendar month. Notwithstanding the foregoing: (i) any Interest Period that commences before, and would otherwise end after, a Principal Payment Date shall end on such Principal Payment Date; (ii) the first Interest Period for any Loan made subsequent to the initial Loan shall end on the last day of the Interest Period for the initial Loan in effect on the date of such subsequent Loan; (iii) each Interest Period that would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day); and (iv) anything in this Agreement to the contrary notwithstanding, the final Interest Period for each Loan shall end on the Final Maturity Date.

"Korea" shall mean the Republic of Korea.

"Lien" shall mean, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes of this Agreement and the Guarantee, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"Loans" shall mean, collectively, the Tranche A Loans and the Tranche B Loans, and "Loan" shall mean any thereof.

"London Business Day" shall mean any day on which dealings in Dollar deposits are carried out in the London interbank market.

"London Interbank Rate" shall mean, with respect to any Interest Period for any Loan therefor, the rate per annum determined by the Bank in its sole discretion to be the arithmetic mean (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the respective rates per annum quoted on the "LIBO" page of the Reuters screen (or such other page as may replace such "LIBO" page on such screen for the purpose of displaying London interbank offered rates of major banks for Dollar deposits) at approximately 11:00 a.m. London time (or as soon thereafter as practicable) on the date two London Business Days prior to the first, day of such Interest Period for a period equal or approximately equal to such Interest Period in respect of an amount comparable to the principal amount of such Loan scheduled to be outstanding for such Interest Period; provided that if for any Interest Period for any Loan, no such rate appears on the Reuters screen (or if the basis for determining the rate so appearing is changed in a manner which the Bank determines is unacceptable), the London Interbank Rate in respect of such Interest Period shall be the arithmetic mean,

as determined by the Bank, of the rates per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) quoted by reference banks in London selected by the Bank in its sole discretion at approximately 11:00 a.m. London time (or as soon thereafter as practicable) on the date two London Business Days prior to the first day of such Interest Period for the offering by such reference bank to leading banks in the London interbank market of Dollar deposits having a term comparable to such Interest Period and in an amount comparable to the principal amount of such Loan scheduled to be outstanding for such Interest Period.

"Material Adverse Effect" shall mean a material adverse effect on (a) the Property, business, operations, financial condition, prospects, liabilities or capitalization of the Borrower taken as a whole, (b) the ability of the Borrower to perform its obligations hereunder, (c) the validity or enforceability of any of the Basic Documents, (d) the rights and remedies of the Bank under any of the Basic Documents or (e) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith.

"Person" shall mean any individual, corporation, company, voluntary association, partnership, joint venture, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"Philippines" shall mean the Republic of Philippines.

"Post-Default Rate" shall mean, in respect of any principal of any Loan or any other amount payable by the Borrower under this Agreement or the Fee Letter that is not paid when due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise), a rate per annum during the period from and including the due date to but excluding

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the date on which such amount is paid in full equal to the sum of 1% per annum plus the Applicable Margin plus the London Interbank Rate for the overdue amount for such period as the Bank shall elect in its sole discretion (provided that no such period shall exceed 6 months).

"Principal Payment Date" shall mean each of (i) the six (6) semi-annual dates occurring 24, 30, 36, 42, 48 and 54 months after the date hereof and (ii) the Final Maturity Date; provided that if any such day is not a Business Day, then the relevant Principal Payment Date (other than in the case of the Final Maturity Date) shall be the next succeeding Business Day (unless such Business Day falls in a subsequent calendar month, in which event the relevant Principal Payment Date shall be the next preceding Business Day).

"Property" shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Quarterly Dates" shall mean the date three months after the date hereof and each successive date occurring three months thereafter (or if there is no such date in the appropriate month, the last day of such month provided that if any such date is not a Business Day, the relevant Quarterly Date shall be the next succeeding Business Day (unless such succeeding Business Day falls in another calendar month, in which event the relevant Quarterly Date shall be the next preceding Business Day) and that if, in any such successive third calendar month after the date hereof, there is no date numerically corresponding to the date hereof, the relevant Quarterly Date shall be the last Business Day of such third calendar month.

"Regulatory Change" shall mean, with respect to the Bank, any change after the date of this Agreement in applicable law, regulations or treaty or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including the Bank of or under any applicable law, regulations or treaty (whether or not having the force of law and whether or not

failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Tranche" of a Loan or a Commitment, as the case may be, shall refer, respectively, to whether a Loan is a Tranche A Loan or a Tranche B Loan or whether a Commitment is a Tranche A Commitment or a Tranche B Commitment, each of which shall constitute a Tranche.

"Tranche A Commitment" shall mean the obligation of the Bank to make Tranche A Loans in an aggregate amount up to but not exceeding the amount set opposite the Bank's name on the signature pages hereof under the caption "Tranche A Commitment" or, as the context may require, such amount.

"Tranche A Loans" shall have the meaning attributed thereto in Section 2.01(a) hereof.

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"Tranche B Commitment" shall mean the obligation of the Bank to make Tranche B Loans in an aggregate amount up to but not exceeding the amount set opposite the Bank's name on the signature pages hereof under the caption "Tranche B Commitment" or, as the context may require, such amount.

"Tranche B Loans" shall have the meaning attributed thereto in Section 2.01(b) hereof.

1.02 Accounting Terms and Determination. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and certificates and reports as to financial matters required to be furnished to the Bank hereunder shall be prepared, in accordance with GAAP, applied on a basis consistent with that used in the audited financial statements of the Borrower referred to in Section 7.02 hereof. To enable the ready and consistent determination of compliance with the covenants set forth in Section 8 hereof, the Borrower will not change the last day of its fiscal year from December 31 of each year, or the last day of the first fiscal semi-annual period in each of its fiscal years from June 30 of each year.

SECTION 2. COMMITMENT AND LOANS

2.01 Loans.

(a) The Bank agrees, on the terms and conditions of this Agreement, to make one or more term loans ("Tranche A Loans") to the Borrower in Dollars on any Business Day occurring on or before the Commitment Termination Date in an aggregate principal amount up to but not exceeding the amount of the Tranche A Commitment of the Bank.

(b) The Bank agrees, on the terms and conditions of this Agreement, to make one or more term loans ("Tranche B Loans") to the Borrower in Dollars on any Business Day occurring on or before the Commitment Termination Date in an aggregate principal amount up to but not exceeding the amount of the Tranche B Commitment of the Bank.

2.02 Borrowings. The Borrower shall give the Bank notice of each borrowing hereunder as provided in Section 4.05 hereof in substantially the form of Exhibit A hereto. The amount of the Loans to be made by the Bank on the date of such borrowing shall, subject to the terms and conditions of this Agreement, be made available to the Borrower by depositing the same, in immediately available funds, to such account, for account of the Borrower, as shall be designated by the Borrower in the relevant notice of borrowing.

2.03 Changes of Commitment.

(a) The Borrower shall have the right at any time to terminate, in whole or in part, the aggregate unused amount of the Commitment; provided that the Borrower shall give the Bank notice of each such termination as provided in Section 4.04 hereof.

(b) The aggregate amount of the Commitment shall be automatically reduced to zero on the Commitment Termination Date.

(c) Commitment once terminated may not be reinstated.

2.04 Fees.

(a) The Borrower shall pay to the Bank a commitment fee at a rate per annum equal to 0.25% on the daily average unused and available amount of the Commitment, for the period from and including the date thirty (30) days after the date of this Agreement to but not including the earliest of (i) the date the entire Commitment is terminated pursuant to Section 2.03 hereof, (ii) the date on which the full amount of the Commitment is drawn down hereunder or (iii) the Commitment Termination Date. Accrued commitment fee shall be payable on each Quarterly Date, on the date of each partial termination of the Commitment pursuant to Section 2.03(a) hereof, and on the earliest of (i) the date the entire undrawn Commitment is terminated pursuant to Section 2.03(a) hereof, (ii) the date on which the full amount of the Commitment is drawn down hereunder or (iii) the Commitment Termination Date.

(b) Whether or not any Loan is made hereunder, the Borrower shall pay to the Bank a non-refundable arrangement fee in the amount and at the time set forth in, and otherwise in accordance with the terms of, the arrangement fee letter agreement dated even date herewith between the Borrower and the Bank.

2.05 Lending Offices. The Loans of each Tranche made by the Bank shall be made and maintained at the Bank's Applicable Lending Office for Loans of such Tranche.

SECTION 3. PAYMENTS OF PRINCIPAL AND INTEREST; OPTIONAL PREPAY MENTS.

3.01 Repayment of Loans. The Borrower hereby promises to pay to the Bank the principal of the Loans in seven substantially equal installments, each (as nearly as possible) equal to an amount that is one-seventh of the amount outstanding thereof on the initial Principal Payment Date, commencing on the initial Principal Payment Date and thereafter on each subsequent Principal, Payment Date. Anything in this Agreement to the contrary notwithstanding, the principal repayment installment payable on the Final Maturity Date shall in all cases be in an amount equal to the entire principal amount of the Loans outstanding on such date.

3.02 Interest. The Borrower hereby promises to pay to the Bank interest on the unpaid principal amount of each Loan for the period from and including the date of such Loan to but excluding the date such Loan shall be paid in full, for each Interest Period relating thereto, at the London Interbank Rate for such Loan for such Interest Period plus the Applicable Margin. Notwithstanding the foregoing, the Borrower hereby promises to pay to the Bank interest at the applicable Post-Default Rate on any principal of any Loan and on any other amount payable by the Borrower hereunder to or for account of the Bank, which shall not be paid in full when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full. Accrued interest on each Loan shall be payable on the last day of each Interest Period

therefor and upon the payment or prepayment thereof (but only on the principal amount so paid or prepaid), except that interest payable at the Post-Default Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Bank shall give notice thereof to the Borrower.

3.03 Optional Prepayments. The Loans may be prepaid in part or in full on the last day of any Interest Period therefor, provided that (i) the Borrower shall give the Bank notice of each such prepayment as provided in Section 4.04 hereof, (ii) upon any such prepayment the Borrower shall pay interest accrued on the amount so prepaid up to, but not including, the date of such prepayment (to the extent not already paid) together with any amount payable in respect of such prepayment under Section 5.04 hereof and all other amounts then due and payable hereunder, and (iii) any such partial prepayment shall be applied to the repayment installments of the Loans in the inverse order of maturity. Any amount prepaid may not be reborrowed.

SECTION 4. PAYMENTS; COMPUTATIONS; ETC.

4.01 Payment.

(a) Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by this Borrower under this Agreement and the Fee Letter, shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Bank at account number-544-7-71671 (CHIPS UID 069628) maintained by the Bank with Chemical Bank New York, New York, or any other account specified by the Bank, not later than 10:00 a.m. New York time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

(b) The Bank may (but shall not be obligated to) debit the amount of any such payment that is not made by such time to any ordinary deposit account of the Borrower with the Bank (with notice to, the Borrower).

(c) The Borrower shall, at the time of making each payment under this Agreement, specify to the Bank the Loans or other amounts payable by the Borrower hereunder

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to which such payment is to be applied (and in the event that the Borrower fails to so specify, or if an Event of Default has occurred and is continuing, the Bank may apply such payment in such manner as it may determine to be appropriate).

(d) Except as otherwise provided herein, if the due date of any payment under this Agreement would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and interest shall be payable for any principal so extended for the period of such extension.

(e) Except to the extent otherwise provided herein: (a) each payment of commitment fee shall be applied pro rata according to the amount of the respective Tranche A Commitment and Tranche B Commitment; (b) each drawdown of Loans shall be made pro rata according to the amount of the respective Tranche A Commitment and Tranche B Commitment; (c) each repayment or prepayment of Loans by the Borrower shall be made pro rata in accordance with the respective aggregate outstanding amount of the Tranche A Loans and Tranche B Loans; and (d) each payment of interest on Loans by the Borrower shall be made (subject to any deduction or withholding, and without limiting any obligation of the Borrower to pay any additional amount, in each case contemplated by Section 5.05 hereof) pro rata in accordance with the amounts of interest on such Loans then due and payable in respect of each Tranche.

4.02 Computations. Each of (a) interest on Loans, (b) the commitment fee payable under Section 2.04(a) hereof and (c) any interest to be calculated at the relevant Post Default Rate on Loans or on any of the fees payable under Section 2.04 hereof, shall be computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) occurring in the period for which such amount is payable.

4.03 Minimum Amounts. Except for any prepayments made pursuant to Section 5 hereof, each borrowing of principal of Loans (if less than the full amount of the available Commitment) shall be in an aggregate amount at least equal to U.S.\$5,000,000 and in an integral multiple of U.S.\$1,000,000, each partial prepayment of principal of Loans shall be in an aggregate amount at least equal to U.S.\$5,000,000 and in an integral multiple of U.S.\$1,000,000 and each partial cancellation of Commitment shall be in an aggregate amount at least equal to U.S.\$5,000,000 and in an integral multiple of U.S.\$1,000,000.

4.04 Certain Notices. Notices by the Borrower to the Bank of termination of -the Commitment and of borrowings and optional prepayments of Loans shall be irrevocable and shall be effective only if received by the Bank not later than 10:00 a.m. Seoul time on the number of days or Business Days prior to the date of the relevant termination, borrowing or prepayment or the first day of such Interest Period specified below:

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Notice -----	Number of Days or Business Days Prior -----
Termination of Commitment	30 days
Borrowing of Loans	5 Business Days
Prepayment of Loans	30 Days

Each such notice of termination shall specify the amount of the Commitment to be terminated. Each such notice of borrowing or optional prepayment shall specify the Loans to be borrowed or prepaid. and the amount (subject to Section 4.03 hereof) of each Loan to be borrowed or prepaid and the date of borrowing or optional prepayment (which shall be a Business Day).

4.05 Set-off, Etc.

(a) The Borrower agrees that, in addition to (and without limitation of) any right of set-off, banker's lien or counterclaim the Bank may otherwise have, the Bank shall be entitled, at its option, to offset balances held by it for account of the Borrower at any of its offices, in Dollars or in any other currency, against any principal of or interest oh any of the Loans or any other amount payable to the Bank hereunder, that is not paid when due (regardless of whether such balances are then due to the Borrower), in which case it shall promptly notify the Borrower thereof, provided that the Bank's failure to give such notice shall not affect the validity thereof.

(b) Nothing contained herein shall require the Bank to exercise any such right or shall affect the right of the Bank to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of the Borrower.

SECTION 5. YIELD PROTECTION, TAX, ETC.

5.01 Additional Costs.

(a) The Borrower shall pay directly to the Bank from time to time such amounts as the Bank may determine to be necessary to compensate the Bank for any costs that it determines are attributable to its making or maintaining of any Loans or its obligation to make any Loans hereunder, or any reduction in any amount receivable by the Bank hereunder in respect of any of such Loans or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting in whole or in part from any Regulatory Change that:

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(i) changes the basis of taxation of any amounts payable to the Bank under this Agreement in respect of any of such Loans (other than taxes imposed on or measured by the overall net income of the Bank or of its Applicable Lending office for any of such Loans by the jurisdiction in which the Bank has its principal office or such Applicable Lending Office); or

(ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, the Bank (including any of such Loans or any deposits referred to in the definition of "London Interbank Rate" in Section 1.01 hereof), or any commitment of the Bank (including the Commitment hereunder); or

(iii) imposes any other condition affecting this Agreement (or any of such extensions of credit or liabilities) or the Commitment.

(b) Without limiting the effect of the foregoing provisions of this Section 5.01 (but without duplication), the Borrower shall pay directly to the Bank from time to time on request such amounts as the Bank may determine to be necessary to compensate the Bank for any costs that it determines are attributable to the maintenance by the Bank (or any Applicable Lending Office), pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) of any court or governmental or monetary authority (i) following any Regulatory Change or (ii) implementing any risk-based capital guideline or other requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) heretofore or hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord, of capital in respect of the Commitment or Loans (such compensation to include an amount equal to any reduction of the rate of return on assets or equity of the Bank (or any Applicable Lending Office) to a level below that which the Bank (or any Applicable Lending Office) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Section 5.01(b), "Basle Accord" shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

(c) The Bank shall notify the Borrower of any event occurring after the date of this Agreement entitling the Bank to compensation under paragraph (a) or (b) of this Section 5.01 as promptly as practicable after the Bank obtains actual knowledge thereof. The Bank will furnish to the Borrower a certificate setting forth the basis and amount of each request by the Bank for compensation under paragraph (a) or (b) of this Section 5.01. Determinations and allocations by the Bank for purposes of this Section 5.01 of the effect of any Regulatory Change pursuant to paragraph (a) or (b) of this Section 5.01, or of the effect of capital maintained Pursuant to paragraph (b) of this Section 5.01, on its costs or rate of return of maintaining Loans or its obligation to make Loans, or

on amounts receivable by it in respect of Loans, and of the

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amounts required to compensate the Bank under this Section 5.01, shall be conclusive, provided that such determinations and allocations are made on a reasonable basis.

(d) The Borrower shall be required to make any payment under this Section 5.01, the Borrower may, not later than 30 days after receipt of notice that such payment is required, upon giving not less than 15 days' prior notice to the Bank claiming Additional Costs, prepay in full (but not in part) the Loans, together with accrued interest thereon and all other amounts payable to the Bank hereunder without prepayment penalty.

5.02 Alternative Interest Rate. Anything herein to the contrary notwithstanding, if, on or prior to the determination of any London Interbank Rate for any Interest Period:

(a) the Bank determines, which determination shall be conclusive, that the Reuters screen is not publishing a rate or rates from which the London Interbank Rate can be determined and that quotations of interest rates for the relevant deposits referred to in the definition of "London Interbank Rate" in Section 1.01 hereof are not being provided by any reference bank in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for Loans as provided herein; or

(b) the Bank determines, which determination shall be conclusive, that the relevant rates of interest referred to in the definition of "London Interbank Rate" in Section 1.01 hereof upon the basis of which the rate of interest for Loans for such Interest Period is to be determined are not likely adequately to cover the cost to the Bank of making or maintaining Loans for such Interest Period;

then the Bank shall give the Borrower prompt notice thereof whereupon, during the period of 30 days next succeeding the date of any such notice, the Bank and the Borrower will negotiate in good faith for the purpose of agreeing upon an alternative, mutually acceptable basis for determining the interest rate to be applicable to the Loans for such Interest Period (hereinafter called the "Substitute Basis"). If at the expiry of said thirty-day period the Bank and the Borrower have agreed upon a Substitute Basis, the Substitute Basis shall be retroactive to and take effect from the beginning of such, Interest Period (but shall not affect the rate of interest for any prior Interest Period). If at the expiry of said thirty-day period a Substitute Basis shall not have been agreed upon as aforesaid, the Commitment shall automatically be cancelled and the Borrower shall, on the fifth Business Day next succeeding the expiry of said thirty-day period, prepay in full (but not in part) the Loans together with (a) accrued interest thereon at a rate equal to the cost (expressed as a rate per annum) to the Bank (as reasonably determined by the Bank) of funding the Loans for the period from the last day of the immediately preceding Interest Period to the date of prepayment plus the Applicable Margin and (b) all other amounts payable to the Bank hereunder.

5.03 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for the Bank or its Applicable Lending Office to honor its obligation to make or maintain Loans hereunder, then the Bank shall promptly notify the

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Borrower thereof, whereupon the aggregate principal amount of the Loans then outstanding shall forthwith be repaid by the Borrower together with interest

accrued thereon and any other amounts payable to the Bank under this Agreement. Upon the occurrence of any such change making it unlawful for the Bank to give effect to its obligations to make or maintain its Loans as aforesaid, the Bank shall promptly notify the Borrower thereof, and promptly provide the Borrower with evidence certified by the Bank as to such change.

5.04 Compensation. The Borrower shall pay to the Bank, upon the request of the Bank, such amount or amounts as shall be sufficient (in the reasonable opinion of the Bank) to compensate it for any loss, cost or expense that the Bank determines is attributable to:

(a) any payment, mandatory or optional prepayment of a Loan for any reason (including the acceleration of the Loans pursuant to Section 9 hereof) on a date other than the last day of an Interest Period for such Loan (without prejudice, however, to the provisions in Section 3.03 hereof); or

(b) any failure by the Borrower for any reason (including the failure of any of the conditions precedent specified in Section 6 hereof to be satisfied) to borrow a Loan from the Bank on the date for such borrowing specified in the relevant notice of borrowing given pursuant to Section 2.02 hereof, or

(c) any failure by the Borrower to make a prepayment of any Loan on a date notified to the Bank as the date for such prepayment pursuant to Section 4.04 hereof.

Without limiting the effect of the preceding sentence, such compensation shall include an amount equal to the excess, if any, of (i) the amount of interest that otherwise would have accrued on the principal amount so paid or prepaid or not borrowed or prepaid for the period from the date of such payment, prepayment or failure to borrow or prepay to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow or prepay, the Interest Period for such Loan that would have commenced on the date specified for such borrowing or prepayment) at the applicable rate of interest for such Loan provided for herein over (ii) the amount of interest that otherwise would have accrued on such principal amount at a rate per annum equal to the amount the Bank would have bid in the London interbank market for Dollar deposits of leading banks in amounts comparable to such principal amount and with maturities comparable to such period (as reasonably determined by the Bank).

5.05 Taxes. The Borrower covenants and agrees that, whether or not any Loan is made hereunder: (a) all payments by the Borrower under or in respect of this Agreement and the Fee Letter, including amounts payable under clause (b) of this Section 5.05, shall be made free and clear of and without reduction by reason of any present or future income, stamp and other taxes, levies, deductions, charges or withholdings whatsoever imposed, withheld, levied or collected by the Philippines or any political subdivision or taxing authority thereof or therein, and interest thereon and penalties with respect thereto, if any, on or in respect of this Agreement, the Fee Letter or the Loans, or the registration, notarization or other formalization thereof or any

payments in respect thereof (collectively, "Taxes"), all of which will be paid by the Borrower for its own account, prior to the date on which penalties attach thereto; (b) the Borrower will indemnify the Bank against, and reimburse the Bank on demand for, any Taxes and any loss, liability, claim or expense, including interest, penalties and legal fees, that the Bank incurs at any time by reason of any failure of the Borrower to make any payment of Taxes when due or by reason of any change described in Section 5.03 hereof, (c) without limiting the provisions of Section 5.01(a) (but without duplication), in the event that the Borrower is required, by any Regulatory Change, to deduct or withhold any Taxes from any amounts payable on, under or in respect of this Agreement or the Loans, the Borrower shall immediately pay such additional

amount or amounts as may be required, after such deduction or withholding, to enable the Bank to receive from the Borrower an amount equal to the full amount stated to be payable under this Agreement; (d) if at any time the Borrower is required to make any deduction or withholding from any sum payable by it hereunder (or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated), the Borrower shall promptly notify the Bank, and shall promptly (and in any event within 30 days) after it has made any payment from which it is required to make any deduction or withholding deliver to the Bank a certified copy of any receipt issued by the applicable taxation or other authority evidencing the deduction or withholding of all amounts required to be deducted or withheld from such payment and the Borrower shall indemnify the Bank against any loss the Bank may suffer as a result of the Borrower's failing to provide any certified copies of tax receipts or otherwise failing to comply with the administrative procedures required in order to enable the Bank to claim any credit or offset available to it in computing its overall net income; (e) the Borrower shall furnish to the Bank certified copies of tax receipts in respect of any payment of Taxes as contemplated by this Section 5.05 within 30 days after the respective due dates therefor, and the Borrower shall promptly furnish to the Bank any other information, documents and receipts that the Bank may require, in its sole discretion and from time to time, to establish to its satisfaction that full and timely payment has been made of all Taxes required to be paid hereunder, and (f) the covenants and agreements of the Borrower under this Section 5.05 shall survive the expiration of the Commitment and repayment of the Loans.

SECTION 6. CONDITIONS PRECEDENT

6.01 Initial Loan. The obligation of the Bank to make the initial Loan hereunder is subject to the condition precedent that the Bank shall have received the following documents, each of which shall be in form and substance satisfactory to the Bank:

(a) Borrower Corporate Documents. The following documents, each certified as indicated below:

(i) a certificate of a director of the Borrower, dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the articles of incorporation and bylaws of the Borrower as amended and in effect at all times from the date on which the resolutions referred to in clause (B) were adopted to and including the

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date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors of the Borrower authorizing the execution, delivery and performance of this Agreement and borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the incumbency and specimen signature of each officer of the Borrower executing this Agreement and each other document to be delivered by the Borrower from time to time in connection herewith (and the Bank may conclusively rely on such certificate until it receives notice in writing from the Borrower);

(ii) a certificate of another officer of the Borrower as to the incumbent and specimen signature of such director of the Borrower;

(iii) a certificate of good standing issued by the Securities and Exchange Commission of the Philippines;

(iv) the certificate of registration of the Borrower's Articles of Incorporation issued by the Securities and Exchange Commission of the Philippines.

(b) Guarantor Corporate Documents. The following documents, each certified as indicated below:

a certificate of the Representative Director or any other duly authorized officer of the Guarantor, dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the articles of incorporation and the corporate registry extracts of the Guarantor as appended and in effect at all times from the date on which the resolutions referred to in clause (B) were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors of the Guarantor authorizing the execution, delivery and performance of the Guarantee, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the incumbency and specimen signature of each officer of the Guarantor executing the Guarantee and each other document to be delivered by the Guarantor from time to time in connection therewith (and the Bank may conclusively rely on such certificate until it receives notice in writing from the Guarantor).

(c) Officer's Certificate. A certificate of a duly authorized officer of the Borrower, dated the Closing Date, to the effect set forth in the first sentence of Section 6.02 hereof.

(d) Opinion of Special Philippine Counsel to the Bank. An opinion, dated the Closing Date, of Puno & Puno, Philippine counsel to the Bank, substantially in the form of Exhibit C hereto.

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(e) Opinion of Special Korean Counsel to the Bank. An opinion, dated the Closing Date, of Kim & Chang, special Korean counsel to the Bank, substantially in the form of Exhibit D hereto.

(f) Opinion of Special New York Counsel to the Bank. An opinion, dated the Closing Date, of Milbank, Tweed, Hadley & McCloy, special New York counsel to the Bank, substantially in the form of Exhibit E hereto.

(g) Guarantee. The Guarantee, duly executed and delivered by the Guarantor and the Bank.

(h) Governmental Approvals. Certified copies of all governmental licenses, approvals, filings and registrations (including all foreign exchange approvals, approval of the Central Bank authorizing the execution, delivery and performance by the Borrower of the Loan Agreement, the approval of the Central Bank approving the terms and conditions (including the Final Maturity Date) of an executed copy of this Agreement, and the municipal permits and licenses from the Municipality of Muntinlupa, Metro Manila) that in the opinion of the Bank or its counsel are required under applicable law for the Borrower to make and perform this Agreement and to borrow hereunder, for the Guarantor to make and perform the Guarantee, and for this Agreement and the Guarantee to be admissible in evidence in the United States of America, the State of New York, the Philippines or Korea, as the case may be.

(i) Process Agent Acceptance Letter. An acceptance letter or letters from the process agent referred to in Section 10.12 hereof and in Section 5.09 of the Guarantee accepting its respective appointments set forth herein and therein.

(j) Fees. The fees referred to in Section 2.04 hereof, to the extent then due and payable, have been paid (or the Bank shall have received evidence satisfactory to it that irrevocable instructions have been issued for such payment on the relevant due date or dates).

(k) Other Documents. Such other documents as the Bank or special New York counsel to the Bank may reasonably request.

6.02 Initial and Subsequent Loans. The obligation of the Bank to make any Loan to the Borrower upon the occasion of each borrowing hereunder (including the initial borrowing) is subject to the further conditions precedent that, both immediately prior to the making of such Loan and also after giving effect thereto and to the intended use thereof: (a) no Default shall have occurred and be continuing; and (b) the representations and warranties made by the Borrower in Section 7, hereof shall be true and complete on and as of the date of the making of such Loan with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date). Each notice of borrowing by the Borrower hereunder shall constitute a certification by the Borrower to the effect set forth in the preceding sentence (both as of the date

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of such notice and, unless the Borrower otherwise notifies the Bank Prior to the date of such borrowing, as of the date of such borrowing).

6.03 Conditions for Benefit of Bank. The conditions set for in this Section 6 are for the exclusive benefit of the Bank and may be waived only by the Bank.

SECTION 7. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to the Bank that:

7.01 Corporate Existence. The Borrower: (a) is a corporation duly organized, validly existing and in good standing under the laws of the Philippines; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could have a Material Adverse Effect.

7.02 Financial Condition. The Borrower has heretofore furnished to the Bank the balance sheet of the Borrower as at December 31, 1995 and the related statements of incorporate, retained earnings and cash flow of the Borrower for the fiscal year ended on said date, with the opinion thereon of Sycip, Gorres, Velayo & Co., certified public accountants. All such financial statements are complete and correct and fairly present the financial condition of the Borrower, as at said date and the results of its operations for the fiscal year ended on said date (subject to normal year-end audit adjustments), all in accordance with GAAP applied on a consistent basis. The Borrower has on the date hereof no material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in said balance sheet as at said date. Since December 31, 1995, there has been no material adverse change in the financial condition, operations, business or prospects taken as a whole of the Borrower from that set forth in said financial statements as at said date.

7.03 Litigation. There are no legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, now pending or (to the knowledge of the Borrower) threatened against the Borrower which, if adversely determined, could have a Material Adverse Effect.

7.04 No Breach. None of the execution and delivery of this Agreement, the consummation of the, transactions herein contemplated or compliance with the terms and Provisions hereof will conflict with or result in a breach of, or require any consent under, the articles of incorporation and bylaws of the

Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which the Borrower is a party or by which it or any of its Property is bound or to which any of them is subject, or constitute a default under any such agreement or

instrument, or result in the creation or imposition of any Lien upon any Property of the Borrower pursuant to the terms of any such agreement or instrument.

7.05 Corporate Action. The Borrower has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance by the Borrower of this Agreement have been duly authorized by all necessary corporate action on its part (including any required shareholder approvals); and this Agreement has been duly and validly executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable against the Borrower in accordance with its terms.

7.06 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency, or any securities exchange, are necessary for the execution, delivery or performance by the Borrower of this Agreement or for the legality, validity or enforceability hereof, except that the amount of each borrowing hereunder shall be reported to, and registered with, the Central Bank.

7.07 Taxes. The Borrower has filed all income tax returns and all other material tax returns that are required to be filed by it and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower. The charges, accruals and reserves on the books of the Borrower in respect of taxes and other governmental charges are, in the opinion of the Borrower, adequate. The Borrower has not given or been requested to give a waiver of the statute of limitations relating to the payment of any taxes or other impositions.

7.08 Capitalization. The authorized capital stock of the Borrower consists, on the date hereof, of an aggregate of 81,279,809 shares consisting of 77,833,333 shares of common stock, par value P1.00 per share, each of which shares is fully paid, subscribed and nonassessable. As of the date hereof at least 40% of such shares of common stock are owned beneficially and of record by the Guarantor.

7.09 Subsidiaries. The Borrower does not have, on the date hereof, any subsidiaries other than Automated Microelectronics, Inc.

7.10 True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Borrower to the Bank in connection with the negotiation, preparation or delivery of this Agreement and the Guarantee or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by the Borrower to the Bank in connection with this Agreement and the Guarantee and the transactions contemplated hereby and thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to the Borrower that could have a

Material Adverse Effect that has not been disclosed herein, in the Guarantee or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Bank for use in connection with the transactions contemplated hereby or thereby.

7.11 Ranking. The obligations of the Borrower under this Agreement rank at least with all other unsecured and unsubordinated Indebtedness of the Borrower except for such Indebtedness as is entitled to priority by operation of law.

7.12 Lien. No Lien exists over all or any of the Borrower's Property other than as disclosed in the financial statements referred to in Section 7.02.

The representations herein shall be deemed automatically to be renewed and restated on the last day of each Interest Period for any Loan.

SECTION 8. COVENANTS OF THE BORROWER. The Borrower covenants and agrees with the Bank that, so long as any Commitment or Loan is outstanding and until payment in full of all amounts payable by the Borrower hereunder:

8.01 Financial Statements Etc. The Borrower shall deliver to the Bank:

(a) as soon as available and in any event within 60 days after the end of each semi-annual fiscal period of each fiscal year of the Borrower, statements of income, retained earnings and cash flow of the Borrower for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related balance sheet of the Borrower as at the end of such period, setting forth in each case in comparative form the corresponding figures for the corresponding period in the preceding fiscal year, accompanied by a certificate of a senior financial officer of the Borrower, which certificate shall state that said financial statements fairly present the financial condition and results of operations of the Borrower, in each case in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, statements of income, retained earnings and cash flow of the Borrower for such fiscal year and the related balance sheet of the Borrower as at the end of such fiscal year, setting forth in each case in comparative form the corresponding figures for the Preceding fiscal year, and accompanied (i) in the case of said statements and balance sheet of the Borrower, by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said financial statements fairly present the financial condition and results of operations of the Borrower as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles, and a certificate of such accountants stating that, in making the examination necessary for their opinion, they obtained no knowledge, except as specifically stated, of any Default, and (ii) in the case of said statements and balance sheet, by a certificate of a senior financial officer of the Borrower, which certificate

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shall state that said financial statements fairly present the financial condition and results of operations of the Borrower, in each case in accordance with GAAP, consistently applied, as at the end of, and for, such fiscal year;

(c) promptly upon their becoming available, copies of all registration statements and regular periodic reports, if any, which the Borrower shall have filed with any governmental agency in connection with this Agreement or: as shall now or hereafter be necessary under applicable laws and regulations for the Borrower to make and perform this Agreement and to borrow hereunder;

(d) promptly after the Borrower knows or has reason to believe that any Default has occurred, a notice of such Default describing the same in reasonable

detail and, together with such notice or as soon thereafter as possible, a description of the action that the Borrower has taken or proposes to take with respect thereto; and

(e) from time to time such other information regarding the financial condition, operations, business or prospects of the Borrower as the Bank may reasonably request. The Borrower will furnish to the Bank, at the time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of a senior financial officer of the Borrower to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Borrower has taken or proposes to take with respect thereto).

8.02 Litigation. The Borrower will promptly give to the Bank notice of all legal or arbitral proceedings, and of all proceedings by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, affecting the Borrower or any of its Property, except proceedings which, if adversely determined, would not have a Material Adverse Effect.

8.03 Corporate Existence, Etc. The Borrower will:

(a) preserve and maintain its legal existence and all of its material rights, privileges, licenses and franchises;

(b) comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities if failure to comply with such requirements could have a Material Adverse Effect;

(c) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its Property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;

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(d) promptly obtain all foreign exchange control authorizations and all such other governmental approvals and filings as shall now or hereafter be necessary under applicable laws and regulations for the Borrower to make and perform this Agreement and to borrow hereunder (including any filing with the Central Bank with respect to each borrowing hereunder) and promptly furnish copies thereof to the Bank, and promptly execute, acknowledge, deliver, file, notarize and register at its own expense all such additional agreements, instruments and documents, and perform such other acts, as the Bank or its counsel may deem desirable to effectuate the purposes of this Agreement. Without limiting the generality of the foregoing, the Borrower shall promptly deliver to the Bank evidence in form and substance satisfactory to it that the Borrower has filed a report with the Central Bank setting forth the amount of each borrowing hereunder following the date thereof;

(e) maintain all of its Properties used or useful in its business in good working order and condition, ordinary wear and tear excepted;

(f) keep adequate records and books of account, in which complete entries will be made in accordance with GAAP and consistently applied; and

(g) permit representatives of the Bank, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its Properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by the Bank.

8.04 Insurance. The Borrower will keep insured by financially sound and reputable insurers all Property of a character usually insured by corporations

engaged in the same or similar business similarly situated in the Philippines against loss or damage of the kinds and in the amounts customarily insured against by such corporations and carry such other insurance as is usually carried by such corporations.

8.05 Prohibition of Fundamental Changes. The Borrower will not enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution). The Borrower will not acquire any business or Property from, or capital stock of, or be a party to any acquisition of, any Person except for purchases of inventory and other Property to be sold or used in the ordinary course of business. The Borrower will not convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or a substantial part of its business or Property, whether now owned Or hereafter acquired including receivables and leasehold interests, but excluding (a) any inventory or other Property sold or disposed of in the ordinary course of business and on ordinary business terms and (b) the five lease agreements, each between Corinthian Commercial Corporation and the Borrower, and dated, respectively, December 14, 1984 (as amended on April 28, 1992), October 1, 1990, March 12, 1992, February 28, 1995 and October 17, 1995, all relating to the use of the Borrower's plant facility, consisting of 82,286.67 square meters, located at Sucat, Muntinlupa City, the Philippines.

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8.06 Transactions with Affiliates. Except as expressly permitted by this Agreement, the Borrower will not directly or indirectly: (a) transfer, sell, lease, assign or otherwise dispose of any Property to an Affiliate; (b) merge into or consolidate with or purchase or acquire Property from an Affiliate; or (c) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate (including guarantees and assumptions of obligations of an Affiliate); provided that (x) any Affiliate who is an individual may serve as a director, officer employee of the Borrower and receive reasonable compensation for his or her services in such capacity and (y) the Borrower may enter into transactions (other than extensions of credit by the Borrower to an Affiliate) providing for the leasing of Property, the rendering or receipt of services or the purchase or sale of inventory and other Property in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to the Borrower as the monetary or business consideration which would obtain in a comparable transaction with a Person not an Affiliate.

8.07 Use of Proceeds. The Borrower will use the proceeds of the Loans hereunder solely to finance the expansion of the Borrower's semiconductor assembly plant in the Philippines (in compliance with all applicable legal and regulatory requirements); provided that the Bank shall not have any responsibility as to the use of any of such proceeds.

8.08 Ranking. The Borrower will cause its obligations under this Agreement to rank at all times in right of payment at least pari passu with all its other unsecured and unsubordinated Indebtedness, whether now or hereafter outstanding (except for such Indebtedness as is entitled to priority by operation of law) and not create, incur, assume or suffer to exist any Lien whatsoever on any of its Property, whether now owned or hereafter acquired, except as otherwise agreed by the Bank; provided, however, that the Borrower shall be permitted to assume, suffer to exist, or create Liens: (a) for taxes, assessments or governmental charges on properties or assets of the Borrower if the same shall not at the time be delinquent or thereafter can be paid without penalty; (b) imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business in transactions not involving borrowed money or the advance of credit if the Borrower shall take all reasonable steps to discharge such Lien as soon as reasonably practical; (c) arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old-age pensions, or other social security or retirement benefits or similar legislation; (d) on Property acquired

after the date hereof, which Liens are limited to the particular properties or assets being acquired and were in existence prior to such acquisition or which are created at the time of purchase solely to secure the purchase price of such properties or assets; (e) existing on the date hereof and heretofore disclosed in writing to the Bank, provided that there shall be no renewals of such Liens or extensions of such Liens to Property other than Property now subject to such Liens or to secure amounts of Indebtedness greater than such amounts as exist on the date hereof, or (f) in favor of the Bank.

8.09 No Dividends. If any Default shall occur and be continuing, the Borrower shall not, without the consent of the Bank, declare or pay dividends or make any distributions to its shareholders.

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8.10 Debt-Equity Ratio. The Borrower shall not permit (i) the Debt-Equity Ratio at any time to exceed 4:1 or (ii) its debt-equity ratio calculated in accordance with and pursuant to the rules and regulations of the Central Bank to exceed the ratio from time to time required to be maintained by the Borrower thereunder.

SECTION 9. EVENTS OF DEFAULT. If one or more of the following events (herein called "Events of Default") shall occur and be continuing:

(a) The Borrower shall: (i) default in the payment of any principal of any Loan when due (whether at stated maturity or at mandatory prepayment or otherwise); or (ii) default in the payment of any interest on any Loan, any fee or any other amount payable by it hereunder or under the Guarantee when due and such default shall have continued unremedied for 2 Business Days; or

(b) The Borrower or the Guarantor shall default in the payment when due of any principal of or interest on any of its other Indebtedness aggregating (i) in the case of the Borrower, U.S.\$200,000 or more, and (ii) in the case of the Guarantor, U.S.\$1,000,000 or more; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity; or

(c) Any representation, warranty or certification made or deemed made herein or in the Guarantee (or in any modification or supplement hereto or thereto) by the Borrower or the Guarantor, or any certificate furnished to the Bank pursuant to the provisions hereof or thereof, shall prove to have been false or misleading as of the time made or furnished in any material respect; or

(d) The Borrower shall default in the performance of any of its obligations under Section 8.01(d) or 8.05; the Guarantor shall default in the performance of any of its payment obligations under the Guarantee; or the Borrower or the Guarantor shall default in the of any of its other obligations (other than those referred to elsewhere in this Section 9) in this Agreement or the Guarantee, as the case may be, and such default shall continue for a period of 30 days after notice thereof to the Borrower or the Guarantor, as the case may be, by the Bank; or

(e) The Borrower or the Guarantor shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(f) The Borrower or the Guarantor shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or

liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary, case under the relevant bankruptcy law of any jurisdiction, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the relevant bankruptcy law of any jurisdiction or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) A proceeding or case shall be commenced, without the application or consent of the Borrower or the Guarantor, in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of the Borrower or the Guarantor, as the case may be, or any substantial part of its Property, or (iii) similar relief in respect of the Borrower or the Guarantor, as the case may be, under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 30 or more days; or an order for relief against the Borrower or the Guarantor, as the case may be, shall be entered in an involuntary case under the relevant bankruptcy law; or

(h) Any governmental authority shall take any action to condemn, seize or appropriate any material portion of the Borrower's or the Guarantor's assets (whether with or without payment of compensation) or to declare a moratorium on the payment of any class of obligations including the obligations owed to the Bank hereunder, or shall have taken any other action that, in the opinion of the Bank, materially adversely affects the Borrower's or the Guarantor's ability to perform its respective obligations hereunder or under the Guarantee, as the case may be; or

(i) A final judgment or judgments for payment of money in excess of U.S.\$500,000 in aggregate shall be rendered by a court or courts against the Borrower and/or the Guarantor and the same shall not be disclosed (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 30 days after the date of entry thereof, and the Borrower or the Guarantor, as the case may be, shall not within said period of 30 days, or such longer period during which the execution thereof shall have been stayed, appeal time from and cause the execution thereof to be stayed during such appeal; or

(j) There shall occur a disturbance in the financial markets or any other adverse change of circumstances of any kind (including a material adverse change in the operations, business, assets, structure, control or financial condition of the Borrower or the Guarantor) that shall, in the opinion of the Bank imperil or preclude the fulfillment of the obligations of the Borrower hereunder or of the Guarantor under the Guarantee; or

(k) The Guarantor shall cease to own collectively, beneficially and of record, at least 40% of the subscribed and issued common shares of, or shall cease to control the management of, the Borrower; or

(l) Except for expiration in accordance with its terms, the Guarantee shall be terminated or shall cease to be in full force and effect, for whatever reason or the Guarantor shall purport to repudiate the Guarantee;

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (f), (g) or (h) of this Section 9 with respect to the Borrower or the Guarantor, the Bank may, by notice to the Borrower, terminate the Commitment and/or declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrower hereunder (including any amounts payable under Section 5.04 hereof) to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower; and (2) in the case of the occurrence of an Event of Default referred to in clause (f), (g) or (h) of this Section 9 with respect to the Borrower, the Commitment shall automatically be terminated and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrower hereunder (including any amounts payable under Section 5.04 hereof) shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 10. MISCELLANEOUS

10.01 Waiver. No failure on the part of the Bank to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10.02 Language; Notices. All notices, communications, instruments, evidences, reports, opinions and other documents given hereunder (including any modifications of, or waivers or consents under, this Agreement), unless submitted in the English language, shall be accompanied by an English translation for each copy of the foregoing so given. All notices, requests and other communications provided for herein (including any modifications of, or waivers or consents under, this Agreement) shall be given or made in writing (including by telex or telecopy) delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof); or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement all such communications shall be deemed to have been duly given when transmitted by telex or telecopier (provided such transmission by telecopy is accompanied by or generates

a simultaneous confirmation of transmission) or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

10.03 Expenses, Etc. The Borrower agrees to pay or reimburse the Bank for paying: (a) all reasonable out-of-pocket costs and expenses of the Bank (including the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy, special New York counsel to the Bank, of Kim & Chang, special Korean counsel to the Bank, and of Puno & Puno, special Philippine counsel to the Bank), in connection with (i) the negotiation, preparation, execution and delivery of this Agreement and the Guarantee and the making of the Loans hereunder and (ii) any modification, supplement or waiver of any of the terms of this Agreement or the Guarantee; (b) all reasonable costs and expenses of the Bank (including reasonable counsels' fees) in connection with (i) any Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring (whether or not consummated) of the obligations of the Borrower hereunder and (ii) the enforcement of this Section 10.03; and (c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or the Guarantee or any other document referred to

herein or therein. The Borrower agrees to pay, or reimburse each Participant (as defined in Section 10.06(c) hereof) that shall have become a Participant on or prior to the Closing Date for paying, all reasonable out-of-pocket costs and expenses of such Participant (including all reasonable fees and expenses of legal counsel, if any) in connection with the negotiation, preparation, execution and delivery of the participation agreement relating hereto to which such Participant is party.

The Borrower hereby agrees (i) to indemnify the Bank and its respective directors, officers employees, attorneys and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them (whether or not the Bank is a party thereto) arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to the extensions of credit hereunder or any actual or proposed use by the Borrower of the proceeds of any of the extensions of credit hereunder, including, the reasonable fees and disbursements, of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified) and (ii) not to assert any claim against the Bank, any of its affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to any of the transactions contemplated herein or in the Guarantee.

10.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be modified or supplemented only by an instrument in writing signed by the Borrower and the Bank.

10.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

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10.06 Assignments and Participations.

(a) The Borrower may not assign any of its rights or obligations hereunder without the prior consent of the Bank.

(b) The Bank may assign any, of the Loans and the Commitment with a prior written notice to the Borrower (and, in the case of the outstanding Commitment with the consent of the Borrower). Upon execution and delivery by the assignee to the Borrower and the Bank of an instrument in writing pursuant to which such assignee agrees to become a "Bank" hereunder having the Commitment and Loans specified in such instrument, and upon consent thereto by the Borrower and the Bank, to the extent required above, the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Borrower), the obligations, rights and benefits of the Bank hereunder holding the Commitment and Loans (or portions thereof) assigned to it and the Bank shall, to the extent of such assignment, be released from the Commitment (or portion thereof) so assigned.

(c) The Bank may sell or agree to sell to one or more other Persons a participation in all or any part of the Loans held by it, or of the Commitment, in which event each purchaser of a participation (a "Participant") shall be entitled to the rights and benefits of the provision of (x) Sections 8.01(e) hereof, (y) in the case only of any Participant that shall have become a Participant on or prior to the Closing Date, Sections 5 and 10.03 hereof to the fullest extent thereof and (z) in the case of each other Participant, Section 5 hereof, but only to the extent of said rights and benefits that could have been claimed by the Bank granting the relevant participation to such Participant in the absence of such participation, with respect to its participation in such Loans and Commitment as if (and the Borrower shall be directly obligated to such

Participant under such provisions as if) such Participant were a "Bank" for purposes of said Sections, but shall not have any other rights or benefits under this Agreement of the Guarantee (the Participant's rights against the Bank with respect of such participation to be those set forth in the agreements executed by the Bank with the Participant or Participants).

(d) The Bank may furnish any information concerning the Guarantor in the possession of the Bank from time to time to assignees and Participants (including prospective assignees and Participants).

10.07 Survival. The obligations of the Borrower under Sections 5.01 and 10.03 hereof shall survive the repayment of the Loans and the termination of the Commitment. In addition, each representation and warranty made, or deemed, to be made by a notice of any Loan, herein or pursuant hereto shall survive the making of such representation and warranty, and the Bank shall not be deemed to have waived, by reason of making any Loan, any Default may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that the Bank may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such Loan was made.

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10.08 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

10.09 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

10.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York, United States of America.

10.11 Immunity. To the extent that the Borrower may be or hereafter become entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement, to claim for itself or its property, assets or revenues immunity (whether by reason of sovereignty or otherwise) from suit, jurisdiction of any court (including any court of the United States of America, the State of New York, the Philippines or Korea), attachment (before or after judgment), set-off, execution of a judgment or other legal process, and to the extent that in any such jurisdiction there may be attributed such an immunity (whether or not claimed), the Borrower hereby irrevocably waives such immunity.

10.12 Jurisdiction, Service of Process. Any action or proceeding against the Borrower with respect to this Agreement or any judgment entered by a court in respect thereof may be brought in the Supreme Court of the State of New York, County of New York or in the United States District Court for the Southern District of New York, or in the courts of the Republic of Indonesia or Korea as the Bank may elect, and the Borrower submits to the nonexclusive jurisdiction of each such court for the purpose of any such action. The Borrower hereby irrevocably designates, appoints and empowers Anam USA, Inc., located at Goshen Corporate Park 1345, Enterprise Drive, West Chester, PA 19380, U.S.A., to be its authorized agent to receive for and on its behalf and on behalf of its properties and assets service of process in the State of New York for a period from the date not less than 3 days prior to the Closing Date to the date 6 months after the Final Maturity Date. Such service shall be deemed completed upon delivery thereof to the relevant process agent whether or not said agent transmits the same to the Borrower and the Borrower agrees that the failure of the Borrower to receive a copy of any process shall not affect in any way the validity of such service or of any judgment based thereon. The Borrower agrees that it will at all times maintain in New York, New York or in such other state of the United States as the Bank shall agree an agent for service of process in

connection with any such action against the Borrower, which agent shall be reasonably acceptable to the Bank. The Borrower irrevocably consents to the service of process in any action in said courts by the mailing thereof by the Bank by registered or certified mail, postage-prepaid, to the Borrower at its address specified herein, or in any other manner permitted by law. Without limiting the foregoing, the Borrower agrees that the Bank may at its option submit any dispute in connection with this Agreement to any other court having jurisdiction over the Borrower or its Property. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such action or

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proceeding brought in such a court and any claim that any such action or proceeding brought in such a court has been brought in an inconvenient forum.

10.13 Judgment Currency. This is an international loan transaction in which the specification of Dollars and payment in New York, New York is of the essence, and Dollars shall be the currency of account in all events. In the event that any payment is received by the Bank, whether pursuant to a judgment or otherwise, in a currency other than Dollars, the Borrower hereby agrees to indemnify the Bank against any resulting shortfall (and the Bank shall have a separate cause of action therefor).

10.14 Waiver of Jury Trial. EACH OF THE BORROWER AND THE BANK HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.15 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions and without affecting the validity or enforceability of such provisions in any other jurisdiction.

10.16 Treatment of Certain Information. The Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or the Guarantor (in connection with this Agreement or otherwise) by the Bank or by one or more subsidiaries or affiliates of the Bank, and the Borrower hereby authorizes the Bank to share any information delivered to it by the Borrower or the Guarantor pursuant to this Agreement, or in connection with the decision of the Bank to enter into this Agreement, to any such subsidiary or affiliate.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

BORROWER

AMKOR/ANAM PILIPINAS, INC.

By: /s/ (ILLEGIBLE)

Name:

Title:

Address for Notices:

KM 22 East Service Road

South Superhighway
Muntinlupa, Metro Manila
Philippines

Attention: Mr. Danny D. Franklin

Telex: 26506 AMKPH
Telecopier: (63-2) 845-7275
Telephone: (63-2) 845-7215

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BANK

Commitment

Tranche A

Tranche B

U.S.\$20,610,000

U.S.\$50,640,000

THE KOREA DEVELOPMENT BANK

By: /s/ (ILLEGIBLE)

Name:
Title:

Address for Notices
and
Initial Lending Office
for Tranche A and Tranche B Loans:

Head Office
10-2, Kwanchol-dong
Chongno-Ku
(C.P.O. Box 28)
Seoul, Korea

Attention: Manager, International Loan Dept.

Telex: K26544/K27463 KODBANK
Telecopier: (822) 723-0386, 733-2971
Telephone: (822) 398-6312

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Exhibit A

[FORM OF NOTICE OF BORROWING]

NOTICE OF BORROWING

To: The Korea Development Bank,
as Bank
party to the Loan Agreement
referred to below

Date: [_____]

Ladies and Gentlemen:

Pursuant to the Loan Agreement dated as of March 28, 1996 ("Loan Agreement") and made between ourselves as Borrower and yourselves as the Bank, we hereby:

- (1) Give you notice that we wish to borrow Loans (the "Loans") in the aggregate principal amount of U.S.\$_____ on _____, 199_. Such sum is to be available to us by remitting to our account number _____ with _____ for our account.
- (2) Confirm and certify that (i) no Default has occurred and is continuing, and (ii) the representations and warranties made in Section 7 of the Loan Agreement are true and complete on and as of the date hereof, and will be true and complete on and as of the date of the Loans, as if made on and as of such date.
- (3) Confirm that the Loans are "Loans" under the Loan Agreement and that the Guarantor has been notified of our intent to borrow the amount set forth herein.

Terms defined in the Loan Agreement, unless otherwise defined herein, shall have the same meanings in this Notice.

For and on behalf of

AMKOR/ANAM PILIPINAS, INC.

By _____

Name:

Title:

EXHIBIT B

[FORM OF GUARANTEE]

GUARANTEE AGREEMENT

GUARANTEE AGREEMENT dated as of March 28, 1996: between ANAM INDUSTRIAL CO., LTD., a corporation, duly organized and validly existing under the laws of Korea (the "Guarantor"); and THE KOREA DEVELOPMENT BANK, as the Bank party to the Loan Agreement referred to below (in such capacity, together with its successors, the "Bank").

Amkor/Anam Pilipinas, Inc., a Philippine corporation (the "Borrower") and the Bank are parties to a Loan Agreement dated as of March 28, 1996 (as modified and supplemented and in effect from time to time, the "Loan Agreement"), providing, subject to the terms and conditions thereof, for the making of loans by the Bank to the Borrower in an aggregate principal amount not exceeding U.S.\$71,250,000.

To induce the Bank to enter into the Loan Agreement and the Bank to make loans thereunder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor has agreed to guarantee the Guaranteed Obligations (as hereinafter defined). Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as defined therein.

Section 2. The Guarantee.

2.01 The Guarantee. The Guarantor hereby guarantees to the Bank and its successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Loans made by the Bank to the Borrower and all other amounts from time to time owing to the Bank by the Borrower under the Loan Agreement and interest thereon,

in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Guarantor hereby further agrees that if the Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantor will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal. This Guarantee Agreement is a guarantee of payment and not merely of collection.

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2.02 Obligations Unconditional. The obligations of the Guarantor under Section 2.01 hereof are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Loan Agreement or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 2.02 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantor hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts (including with respect to enforcement of the Guaranteed Obligations) mentioned in any of the provisions of the Loan Agreement or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under the Loan Agreement or any other agreement or instrument referred to herein or therein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien granted to, or in favor of, the Bank as security for any of the Guaranteed Obligations shall fail to be perfected; or

(v) any regulatory change or other governmental action (whether adverse or not.

No change in the name, objects, capital stock, status or constitution of the Borrower or any merger, consolidation or corporate reorganization of the Borrower shall in any way affect the liability of the Guarantor under this Guarantee Agreement, and the Guaranteed Obligations shall be guaranteed by this Guarantee Agreement notwithstanding that the obtaining of the Loans or the incurring of any other obligations under the Loan Agreement by the Borrower shall be in excess of the powers of the Borrower or of its officers, directors or other agents, acting or purporting to act on its behalf, or be in any way irregular or defective.

The Guarantor hereby expressly waives diligence, presentment, demand of payment protest and all notices whatsoever, and any requirement that the Bank exhaust any right,

power or remedy or proceed against the Borrower under the Loan Agreement or any other agreement or instrument referred to herein or therein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

2.03 Reinstatement. The obligations of the Guarantor under this Section 2 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantor agrees that it will indemnify the Bank on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Bank in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.04 Subrogation. (a) The Guarantor hereby agrees that until the payment and satisfaction in full of all Guaranteed Obligations and the expiration or termination of the Commitment of the Bank under the Loan Agreement it shall not exercise any right or remedy arising by reason of any performance by it of its guarantee in Section 2.01 hereof, whether by subrogation or otherwise, against the Borrower or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations. In the event, that the Guarantor shall receive any payment on account of such rights of subrogation while any portion of the Guaranteed Obligations remains outstanding, the Guarantor agrees to pay all such amounts so received (but not in excess of the Guaranteed Obligations then outstanding) to the Bank to be applied to the payment of the Guaranteed Obligations and other amounts payable under the Loan Agreement in accordance with the terms thereof.

2.05 Remedies. The Guarantor agrees that, as between the Guarantor and the Bank, the obligations of the Borrower under the Loan Agreement may be declared to be forthwith due and payable as provided in Section 9 of the Loan Agreement (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9) for purposes of Section 2.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligation from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantor for purposes of said Section 2.01.

2.06 Continuing Guarantee. The guarantee in this Section 2 is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

2.07 Taxes. The Guarantor covenants and agrees that, whether or not any Loan is made under the Loan Agreement: (a) all payments by the Guarantor under or in respect of this Guarantee Agreement, including amounts payable under paragraph (b) of this Section 2.07, shall

be made free and clear and without reduction by reason of any present or future income, stamp and other taxes or charges whatsoever imposed, withheld, levied or collected by Korea or the Philippines or any political subdivision or taxing authority thereof on or in respect of this Guarantee Agreement or the Loans or the registration, notarization or other formalization thereof or any payments in

respect thereof other than taxes imposed upon the respective overall net income of the Bank by its jurisdiction of organization (each, a "Tax", and collectively, "Taxes"), all of which will be paid by the Guarantor for its own account, prior to the date on which penalties attach thereto; (b) the Guarantor will indemnify the Bank against, and reimburse the Bank on demand for, any Taxes and any interest or penalties thereon; (c) in the event that the Guarantor is required by applicable law, decree or regulation to deduct or withhold any Taxes from any amounts payable on, under or in respect of this Guarantee Agreement, the Guarantor shall pay, on demand of the Bank, such additional amount or amounts as may be required, after such deduction or withholding, to enable the Bank to receive from the Guarantor an amount equal to the full amount payable under this Guarantee Agreement; (d) the Guarantor shall furnish to the Bank certified copies of satisfactory tax receipts in respect of any payment of Taxes within 30 days after the respective due dates therefor; and (e) the covenants and agreements of the Guarantor under this Section 2.07 shall survive the repayment of the Loans.

2.08 Enforcement. The Guarantor agrees to pay on demand all expenses incurred by the Bank in connection with the enforcement of this Guarantee Agreement, including legal fees and expenses and other costs of collection.

Section 3. Representations and Warranties. The Guarantor represents and warrants to the Bank that:

3.01 Corporate Existence. The guarantor: (a) is a corporation duly organized and validly existing under the laws of Korea; (b) has all requisite corporate power, and has all material governmental licenses, authorizations, conscripts, and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a material adverse effect on the consolidated financial condition, operations, business or prospects taken as a whole of the Guarantor.

3.02 Financial Condition. The Guarantor has heretofore furnished to the Bank the balance sheet of the Guarantor as at December 31, 1995 and the related statements of income, retained earnings and cash flow of the Guarantor for the fiscal year ended on said date, with the opinion thereon of Shinhan Accounting Corporation, certified public accountants. All such financial statements are complete and correct and fairly present the financial condition of the Guarantor as at said date and the results of their operations for the fiscal year ended on said date, all in accordance with generally accepted accounting principles and practices in Korea applied on a consistent basis. The Guarantor has on the date hereof no material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses

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from any unfavorable commitments, except as referred to or reflected or provided for in said balance sheet as at said date. Since December 31, 1995, there has been no material adverse change in the financial condition, operations, business or prospects taken as a whole of the Guarantor from that set forth in said financial statements as at said date.

3.03 Litigation. Except as disclosed to the Bank in writing prior to the date of this Guarantee Agreement, there are no legal or arbitral proceedings or any proceedings by or before any governmental or regulatory authority or agency, now pending or (to the knowledge of the Guarantor) threatened against the Guarantor which, if adversely determined, could have a material adverse effect on the financial condition, operations, business or prospects taken as a whole of the Guarantor.

3.04 No Breach. None of the execution and delivery of this Guarantee Agreement, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in

a breach of, or require any consent under, the articles of incorporation of the Guarantor, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which the Guarantor is a party or by which it is bound or to which it is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of the Guarantor pursuant to the terms of any such agreement or instrument.

3.05 Corporate Action. The Guarantor has all necessary corporate power and authority to execute, deliver and perform its obligations under this Guarantee Agreement; the execution, delivery and performance by the Guarantor of this Guarantee Agreement have been duly authorized by all necessary corporate action on its part; and this Guarantee Agreement has been duly and validly executed and delivered by the Guarantor and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

3.06 Approvals. All authorizations, approvals or consents of, and filings and registrations with, any governmental or regulatory authority or agency (including all foreign exchange approvals) that are necessary for the execution, delivery or performance by the Guarantor of this Guarantee Agreement or for the validity or enforceability hereof have been obtained or made and are in full force and effect, except that a separate foreign exchange validation of the Guarantor's Class A foreign exchange trading bank will be required at the time of each payment in respect of this Guarantee Agreement.

3.07 Taxes. The Guarantor has filed all income tax returns and all other material tax returns which are required to be filed by the Guarantor and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Guarantor. The charges, accruals and reserves on the books of the Guarantor in respect of taxes and other governmental charges are, in the opinion of the Guarantor, adequate.

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3.08 Ranking. The obligations of the Guarantor under this Guarantee Agreement rank at least pari passu with all other unsecured Indebtedness of the Guarantor.

3.09 Sovereign Immunity. The execution, delivery and performance of this Guarantee Agreement by the Guarantor constitute private and commercial acts rather than governmental or public acts; and the Guarantor is not entitled to claim immunity from legal proceedings with respect to itself or any of its properties or assets on the grounds of sovereignty or otherwise under any law or in any jurisdiction where an action may be brought for the enforcement of its obligations hereunder or the attachment of property or the execution of any judgment with respect thereto; and to the extent that the Guarantor or any of its properties or assets may hereafter acquire such right of immunity the same is hereby irrevocably waived by the Guarantor.

3.10 Ownership of Borrower. The Guarantor owns at least 40% of the subscribed and issued common shares of, and controls the management of, the Borrower.

Section 4. Covenants. The Guarantor agrees that, until the payment and satisfaction in full of the Guaranteed Obligations and the expiration or termination of the Commitment of the Bank under the Loan Agreement:

4.01 Financial Statements The Guarantor shall deliver to the Bank:

(a) as soon as available and in any event within 60 days after the end of each semi-annual fiscal period of each fiscal year of the Guarantor, statements of income of the Guarantor for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related balance sheet of the Guarantor as

at the end of such period, setting forth in each case in comparative form the corresponding figures for the corresponding period in the preceding fiscal year, accompanied by a certificate of a senior financial officer of the Guarantor, which certificate shall state that said financial statements fairly present the financial condition and results of operations of the Guarantor, in accordance with generally accepted accounting principles in Korea, consistently applied, as at the end of, and for such period (subject to normal year-end audit adjustments);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Guarantor, statement of income, retained earnings and cash flow of the Guarantor for such fiscal year and the related balance sheet of the Guarantor as at the end of such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said financial statements fairly present the financial condition and results of operations of the Guarantor as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles in Korea, and a certificate of such

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accountants stating that, in making the examination necessary for their opinion, they obtained no knowledge, except as specifically stated, of any Default;

(c) promptly upon their becoming available, copies of all registration statements and regular periodic reports, if any, which the Guarantor shall have filed with any governmental agency or any national securities exchange;

(d) promptly after the Guarantor knows or has reason to believe that any Default has occurred, a notice of such Default describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that the Guarantor has taken or proposes to take with respect thereto; and

(e) from time to time such other information regarding the financial condition, operations, business or prospects of the Guarantor as the Bank may reasonably request.

The Guarantor will furnish to each Bank, at the time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of a senior financial officer of the Guarantor to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor has taken or proposes to take with respect thereto).

4.02 Litigation. The Guarantor will promptly give to the Bank notice of all legal or arbitral proceedings, and of all proceedings by or before any governmental or regulatory authority or agency, affecting the Guarantor, except proceedings which, if adversely determined, would not have a material adverse effect on the financial condition, operations, business or prospects taken as a whole of the Guarantor or its ability to perform its obligations hereunder.

4.03 Corporate Existence, Etc. The Guarantor will: preserve and maintain its corporate existence and all of its material rights, privileges and franchises; comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities if failure to comply with such requirements would materially and adversely affect the financial condition, operations, business or prospects taken as a whole of the Guarantor; pay and discharge all taxes, assessments and governmental charges or

levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained; maintain all of its properties used or useful in its business in good working order and condition, ordinary wear and tear excepted; permit representatives of the Bank, during normal business hours, to examine, copy and make extracts from its books and records, to inspect its properties, and to discuss its business and, affairs with its officers, all to the extent reasonably requested by the Bank; and keep insured by financially sound and reputable insurers all property of a character usually insured by corporations, engaged in the same or similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured against by such corporations and carry such other insurance as is usually carried by such corporations.

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4.04 Authorizations. The Guarantor will promptly obtain all exchange control authorizations and all such other governmental approvals, filings and reports (including any filings or periodic reports required under the Foreign Exchange Management Act of Korea and regulations promulgated thereunder or pursuant thereto) as shall now or hereafter be necessary under applicable laws and regulations for the Guarantor to make and perform this Guarantee Agreement and will promptly furnish copies thereof to the Bank.

4.05 Merger; Disposition of Assets. The Guarantor shall not consolidate with or merge into any other corporation or entity, nor shall dispose of (whether in one transaction or in a series of transactions) all or any substantial part of its property, whether now owned or hereafter acquired (excluding any inventory or other assets sold or disposed of in the ordinary course of business), provided that the Guarantor may merge or consolidate with any other Person if the Guarantor is the surviving or succeeding entity, and such merger or consolidation will not have a materially adverse effect (in the reasonable opinion of the Bank) on the Guarantor's ability to perform its obligations hereunder.

4.06 Ranking. The Guarantor will cause its obligations under this Guarantee Agreement to rank at all times in right of payment at least pari passu with all other unsecured and unsubordinated Indebtedness of the Guarantor, whether now or hereafter outstanding (except for Liens created by operation of law), and will not create, incur, assume or suffer to exist any Lien whatsoever on any of its Property, whether now owned or hereafter acquired, except Liens to secure any credit facility in existence on the date of the Loan Agreement which by the terms of such credit facility requires the creation of such Lien as a condition to the advance of credit and except as otherwise agreed by the Bank; provided, however, that the Guarantor shall be permitted to assume or create Liens: (i) for taxes, assessments or governmental charges on properties or assets of the Guarantor if the same shall not at the time be delinquent or thereafter can be paid without penalty; (ii) imposed by law, such as carriers', warehousemen's and mechanics' liens, Liens arising from employees' claims for wages and severance payments and other similar Liens arising in the ordinary course of business in a transaction not involving borrowed money or the advance of credit if the Guarantor shall take all reasonable steps to discharge such Lien as soon as reasonably practical; (iii) arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old-age pensions, or other social security or retirement benefits or similar legislation; (iv) on Properties or assets acquired after the date hereof, which Liens are limited to the particular Properties or assets, being acquired and were in existence prior to such acquisition or which are created at the time of purchase solely to secure the purchase price of such Properties or assets; (v) existing on the date hereof and disclosed in the financial statements referred to in Section 3.02 hereof or otherwise heretofore disclosed in writing to the Bank, provided that there shall be no renewals of such Liens or extensions of such Liens to Property other, than Property now subject to such Liens or to secure amounts of

Indebtedness greater than such amounts as exist on the date hereof; (vi) over any assets in Korea in favor of a bank or other financial institution securing any credit facility granted to the Guarantor or any of its subsidiaries or affiliates, by such bank or other financial institution through a lending office in Korea, (vii) arising in the ordinary course of business with respect to the Guarantor's obligations under, or in connection with, any accounts receivable or inventory

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financing and securing Indebtedness not exceeding U.S.\$20,000,000 at any one time; and (viii) in favor of the Bank.

4.07 Ownership of Borrower and Dividends. The Guarantor shall ensure that it own and maintain at least 40% of the subscribed and issued common shares of, and control the management of, the Borrower, and that, if any Default shall occur and be continuing, the Borrower shall not declare or pay dividends or make any distributions to its shareholders.

4.08 Debt-Equity Ratio. The Guarantor shall not permit the Debt-Equity Ratio (as defined in the following sentence) to exceed 6:1 at any time. "Debt-Equity Ratio" shall mean, at any time, the ratio of total liabilities to total equity of the Guarantor and "total liabilities" and "total equity", as used herein, shall have the respective meanings assigned to such term under generally accepted accounting principles in Korea applied on a basis consistent with those used in the preparation of the financial statements referred to in Section 4.01.

Section 5. Miscellaneous.

5.01 No Waiver. No failure on the Part of the Bank or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Bank or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

5.02 Governing Law. This Guarantee Agreement shall be governed by, and construed in accordance with, the law of the State of New York, United States of America.

5.03 Notice. All notice requests, consents and demands hereunder shall be in writing and telexed, telecopied or delivered to the intended recipient at the "Address for Notices" specified beneath its name on the signature pages hereof or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Guarantee Agreement, all such communications shall be deemed to have been duly given when transmitted by telex or telecopier (provided such transmission by telecopy is accompanied by or generates a simultaneous confirmation of transmission) or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

5.04 Amendments, Waivers, Etc. The terms of this Guarantee Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Guarantor and the Bank. Any such amendment or waiver shall be binding upon the Bank, each holder of any of the Guaranteed Obligations and the Guarantor.

5.05 Successors and Assigns. This Guarantee Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Guarantor, the Bank and

each holder of any of the Guaranteed Obligations (provided, however, that the Guarantor shall not assign or transfer its rights or obligations hereunder without the prior written consent of the Bank).

5.06 Counterparts. This Guarantee Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Guarantee Agreement by signing any such counterpart.

5.07 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Bank in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

5.08 Stamp Tax, Etc. The Guarantor agrees to pay all stamp and other duties and taxes imposed by any taxing authority on this Guarantee Agreement and shall indemnify the Bank against all liabilities, costs, claims and expenses resulting from any omission to pay or delay in paying any such duty or tax.

5.09 Jurisdiction; Service of Process. Any action or proceeding against the Guarantor with respect to this Guarantee Agreement or any judgment entered by a court in respect thereof may be brought in any court of or in the State of New York, Singapore or Korea as the Bank in its sole discretion may elect, and the Guarantor submits to the non-exclusive jurisdiction of each such court for the purpose of any such action. The Guarantor hereby irrevocably designates, appoints and empowers Anam USA, Inc., located at Goshen Corporate Park 1345, Enterprise Drive, West Chester, PA 19380, U.S.A., as its authorized agent to receive for and on its behalf and on behalf of its properties and assets service of process in the State of New York. Such service shall be deemed completed upon delivery thereof to the relevant process agent whether or not said agent transmits the same to the Guarantor and the Guarantor agrees that the failure of the Guarantor to receive a copy of any process shall not affect in any way the validity of such service or of any judgment based thereon. The Guarantor agrees that it will at all times maintain in New York, New York or in such other state of the United States as the Bank shall agree an agent for service of process in connection with any such action against the Guarantor, which agent shall be reasonably acceptable to the Bank. The Guarantor irrevocably consents to the service of process in any action in said courts by the mailing thereof by the Bank by registered or certified mail, postage prepaid, to the Guarantor at its address specified herein, or in any other manner permitted by law. Without limiting the foregoing, the Guarantor agrees that the Bank may at its option submit any dispute in connection with this Guarantee Agreement to any other court having jurisdiction over the Guarantor or the Guarantor's property. The Guarantor irrevocably waives any objection which it may now or hereafter have to any such action relating to this Guarantee Agreement on the ground of improper venue or inconvenient forum.

5.10 Judgment Currency. This is a guaranty of an international loan transaction in which the specification of Dollars and payment in New York, New York are of the essence, and Dollars shall be the currency of account in all events. In the event that any payment is received by the Bank hereunder, whether pursuant to a judgment or otherwise, in a currency other than Dollars, the Guarantor hereby agrees to indemnify the Bank, against any resulting shortfall (and the Bank shall have a separate cause of action therefor).

5.11 Set-Off. The Guarantor expressly agrees that the Bank may at any

time set off or apply any and all deposits by the Guarantor with such Person or any of its branches or affiliates (whether general or special, time or demand, matured or unmatured, in whatever currency) against any amount or amounts due and unpaid by the Guarantor under this Guarantee Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

ANAM INDUSTRIAL CO., LTD.

By:

Name:
Title:

Address for Notices:

280-8, 2-ka
Sungsu-dong
Sungdong-ku
Seoul
Korea

Attention: Mr. K.H. Kim
Telex: K27381, K26540
Telecopier: (822) 460-5127
Telephone: (822) 460-5179

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THE KOREA DEVELOPMENT BANK
as Bank

By:

Name:
Title:

Head Office
10-2, Kwanchol-dong
Chongno-ku
(C.P.O. Box 29)
Seoul, Korea

Attention: Manager, International Loan Dept.

Telex: K26544/K27463 KODBANK
Telecopier: (822) 723-0386, 733-2971
Telephone: (822) 398-6312

[FORM OF OPINION OF PHILIPPINE COUNSEL THE BANK]

_____, 1996

To: The Korea Development Bank
as Bank
party to the Loan Agreement
referred to below

Ladies and Gentlemen:

We have been requested to issue to you this opinion as your special Philippine counsel in connection with the Loan Agreement dated as of March 28, 1996 (the "Loan Agreement") between Amkor/Anam Pilipinas, Inc. (the "Borrower") and The Korea Development Bank as Bank, providing for the making of loans by the Bank to the Borrower in an aggregate principal amount not exceeding U.S.\$71,250,000.00. This opinion is delivered to you pursuant to Section 6.01(d) of the Loan Agreement. Terms defined in the Loan Agreement have their respective defined meanings when used herein.

In connection therewith, we have examined the Constitution, laws and regulations of the Republic of the Philippines and the following documents:

- (a) a copy of the executed Loan Agreement;
- (b) a copy of the executed Guarantee;
- (c) Certified True Copies of the Articles of Incorporation and By-Laws of the Borrower;
- (d) an original of the Secretary's Certificate dated 15 March 1996 containing the Board Resolutions adopted during, the meeting of the Board of Directors of the Borrower authorizing the execution, delivery with, performance of the Loan Agreement;
- (e) Certified True Copies of various General Information Sheets filed with the Securities and Exchange Commission (SEC) for the Fiscal Years Ending July 2, 1995, December 24, 1994, December 26, 1993, December 27, 1992, December 29, 1991 and December 30, 1990;

- (f) Environmental Compliance Certificate issued by the Department of Environmental and Natural Resources (DENR);
- (g) Certified True Copy of the Certificate of Registration No. EP 94-061 issued by the Board of Investments on 23 March 1994, certifying that the Board has duly registered Amkor/Anam Pilipinas, Inc. in accordance with the provisions of the Omnibus Investments Code of 1987, together with the General Terms and Conditions for registration and the Annual/Semestral Report On Actual Operations for the year starting January 1, 1995 to December 31, 1995;
- (h) Certified True Copy of the Mayor's Permit & Business License issued by the City of Muntinlupa, effective up to December 31, 1996;

- (i) Certified True Copy of the Certificate of Registration of Business Name issued by the Department of Trade and Industry, effective up to June 25, 1999;
- (j) Certified True Copy of the Certificate of Accreditation issued by the Bureau of Export Trade Promotion with Accreditation No. BOI-95-0104, certifying that the corporation is an eligible exporter satisfying the requirements of Republic Act No. 7844, otherwise known as the Export Development Act, and its implementing rules and regulations, which Certificate is valid until 18 August, 1996;
- (k) a copy of an executed U.S.\$50,000,000.00 Loan Agreement dated as of September 7, 1995 between Amkor/Anam Pilipinas, Inc., as Borrower, The Korea Development Bank, as Lender and KDB Asia Limited, as Agent;
- (l) a copy of an executed U.S.\$40,000,000.00 Guaranteed Floating Rate Notes due February 2000 of Amkor/Anam Pilipinas, Inc. guaranteed by Anam Industrial Co., Ltd.;
- (m) a copy of an executed Mortgage Trust Indenture dated July 29, 1992 between Amkor/Anam Pilipinas, Inc. and PCIBank - Trust Services, as Trustee;
- (n) a copy of a Real Estate Mortgage executed by IMI Realty, Inc. to secure a U.S.\$5,000,000.00 loan granted by Bank of the Philippine Islands in favor of Amkor/Anam Pilipinas, Inc.;
- (o) Certified True Copies of pleadings, judgments and/or decisions or documents relative to any cases filed or threatened in any court, tribunal or arbitral body or quasi-judicial body in the Philippines;
- (p) Certified True Copy of a letter from the Central Bank of the Philippines approving the loan and containing the various conditions for such approval.

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In the examination of the documents made available to us, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, and the accurate conformity with the originals of all documents submitted to us as copies or and we have found nothing to indicate that such assumptions are not fully justified. As to any other matters of fact material to the opinions expressed herein, we have relied upon certificates or statements of officers and other representatives of the Borrower.

Based upon the foregoing, and subject to the qualifications set forth below, and having due regard to such legal considerations as we deem relevant, we are of the opinion that:

1. The Borrower is a corporation duly organized and validly existing under the laws of the Philippines and has full power and authority to own property and assets, to carry on business as now being conducted, and to enter into and perform the Loan Agreement.

In this connection, we have examined the following documents furnished to us by Amkor/Anam Pilipinas, Inc., to wit:

- a. Certified true copy of a Certification dated 28 February 1996 issued by the Director of the Administrative and Finance Department of the Securities and Exchange Commission (SEC), certifying that the Borrower has not been dissolved by action of its stockholders and that the SEC has not received any

information derogatory to the good standing of the Borrower in the Philippines which would prevent it from conducting its normal corporate franchise;

- b. Certified true copy of the Articles of Incorporation of Advanced Micro Devices (Philippines) Inc. dated 16 August 1976 which was subsequently amended to change the name of the Borrower to Amkor/Anam Pilipinas, Inc.;
- c. Certified true copies of two (2) separate Certificates issued by the SEC of the Filing of Amended Articles of Incorporation and the Filing of By-Laws of Amkor/Anam Philipinas, Inc. (formerly: Advanced Micro Devices (Philippines, Inc.) both dated 31 May 1989 whereby Article 1 of the Articles of Incorporation (Name of the Corporation) was amended, and photocopies of the Amended Articles of Incorporation and By-Laws attached to the said Certificates;
- d. Certified true copy of the Certificate of Filing of Certificate of Increase of Capital Stock dated 22 March 1991 issued by the SEC;
- e. Certified, true copy of the Certificate of Filing of Amended Articles of incorporation dated 30 September 1993 whereby Article VII of the Articles of Incorporation was amended to increase the authorized capital stock of the Borrower to P93,500,000.00, and photocopies of the Amended Articles of incorporation and By-Laws;

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- f. Certified true copy of the Certificate of Amendment of Articles of Incorporation and By-Laws dated 25 August 1995, certifying, among others, that the authorized capital stock of the Borrower was increased to P153,500,000.00, and photocopies of the Amended Articles and By-Laws;
- g. Certified true copies of various General Information Sheets filed with the SEC for the Fiscal Years Ending July 2, 1995, December 24, 1994, December 26, 1993, December 27, 1992, December 29, 1991 and December 30, 1990;
- h. Certified true copy of the Certificate of Registration No. EP 94-061 issued by the Board of Investments on 23 March 1994, certifying that the Board has duly registered Amkor/Anam Pilipinas, Inc. in accordance with the provisions of the Omnibus Investments Code of 1987, together with the General Terms and Conditions for registration and the Annual/Semestral Report On Actual Operations for the year starting January 1, 1995 to December 31, 1995;
- i. Certified true copy of the Mayor's Permit & Business License issued by the City of Muntinlupa, effective up to December 31, 1996;
- j. Certified true copy of the Certificate of Registration of Business Name issued by the Department of Trade and Industry, effective up to June 25, 1909; and
- k. Certified true copy of Certificate of Accreditation issued by the Bureau of Export Trade Promotion with Accreditation No. BOI-95-0104, certifying that the Borrower is an eligible exporter satisfying the requirements of Republic Act No. 844, otherwise known as the Export Development Act, and its implementing rules and regulations, which Certificate is valid

until 18 August, 1996.

2. The making and performance by the Borrower of the Loan Agreement:
 - (i) have been duly authorized by all necessary corporate and other action of the Borrower pursuant to the Secretary's Certificate dated 15 March, 1996 containing the Board Resolutions adopted during the meeting of the Board of Directors of the Borrower authorizing the execution, delivery and performance of the Loan Agreement.
 - (ii) do not and will not violate any provision of the Articles of Incorporation, ByLaws, or other equivalent documents, of the Borrower, or of applicable laws or regulations of the Philippines, or of any judgment, decree, order or award of any court, regulatory body or arbitral tribunal known to us, and
 - (iii) do not and will not result in the breach of, or constitute a default under or require any waiver or consent under, any loan agreement, indenture or

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other agreement, instrument or document whatsoever known to us to which the Borrower is a party or by which it or any of its property, assets or revenues may be bound or affected.

In regard to paragraph 2(iii) above, we have examined the following documents furnished to us by Amkor/Anam Pilipinas, Inc., to wit:

- a. U.S.\$50,000,000.00 Loan Agreement dated as of September 7, 1995 between Amkor/Anam, Pilipinas, Inc., as Borrower, The Korea Development Bank, as Lender and KDB Asia Limited, as Agent;
- b. U.S.\$40,000,000.00 Guaranteed Floating Rate Notes due February 2000 of Amkor/Anam Pilipinas, Inc. guaranteed by Anam Industrial Co., Ltd.;
- c. Mortgage Trust Indenture dated July 29, 1992 between Amkor/Anam Pilipinas, Inc. and PCIBank - Trust Services, as Trustee; and
- d. Real Estate Mortgage executed by IMI Realty, Inc. to secure a U.S.\$5,000,000.00 loan granted by Bank of the Philippine Islands in favor of Amkor/Anam Pilipinas, Inc.

3. Assuming that the Loan Agreement is legal, valid and enforceable (subject to customary qualifications) under the laws of the State of New York by which it is expressed to be governed, the Loan Agreement constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

4. All consents, approvals, licenses and authorizations (including any applicable foreign exchange approvals) of, any submissions to and registrations with, any governmental authority required under applicable laws and regulations of the Philippines for the making and performance by the Borrower of the Loan Agreement have been obtained or made and are in full force and effect, (except that the Borrower is required to file a report with Bangko Sentral ng Pilipinas setting forth the amount of each borrowing under the Loan Agreement).

5. The Loan Agreement is the direct and unconditional general obligation of the Borrower, ranking in right of payment and collateral security at least pari passu with all other unsecured Indebtedness of the Borrower, except as regards statutory preferences which are applicable generally to corporations established under Philippine law.

The Loan Agreement, being an unsecured indebtedness of the Borrower, enjoys no preference with respect to any specific movable or immovable property of the Borrower. However, the credit under the Loan Agreement, if appearing in a public instrument, may fall within the purview of Article 2244 of the New Civil Code of the Philippines, the pertinent portion of which reads:

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"Act. 2244. With reference to other property, real and personal, of the debtor, the following claims or credits shall be preferred in the order named:

(14) Credits which, without special privilege, appear (a) in a public instrument; or (b) in the final judgment, if they have been the subject of litigation. These credits shall have preference among themselves in the order of priority of the dates of the instruments and of the judgments, respectively."

If the indebtedness is not made to appear in a public instrument, then it shall fall under the pertinent provision of Article 2245 of the New Civil Code of the Philippines, to wit:

"Art. 2245. Credits of any other kind or class or by any other right or title not comprised in the four preceding articles, shall enjoy no preference."

In the order of preference of credits, an unsecured indebtedness which appears in a public instrument enjoys preference over an unsecured indebtedness which does not appear in a public instrument pursuant to Article 2251 of the New Civil Code of the Philippines, which reads:

"Art. 2251. Those credits which do not enjoy any preference with respect to specific property, and those which enjoy preference, as to the amount not paid, shall be satisfied according to the following rules:

(1) In the order established in article 2244;

(2) Common credits referred to in article 2245 shall be paid pro rata regardless of dates."

6. To the best of our knowledge, information and belief, there is no suit, action, tax claim or proceeding at law or in equity, now pending before any court, governmental agency or authority or arbitral tribunal or threatened against, or affecting the Borrower or any of its property, assets or revenues which, if adversely determined, would materially and adversely affect the financial condition of the Borrower or the ability of the Borrower to perform or observe its obligations under the Loan Agreement.

7. The Borrower is subject to civil and commercial laws of the Philippines with respect to its obligations under the Loan Agreement, and the making and performance by the Borrower of the Loan Agreement constitute private and commercial acts rather than governmental or public acts; and neither the Borrower nor any of its property, assets or revenues enjoys any right of immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution, set-off, enforcement and execution of judgments or orders, or from any other legal process with respect to its obligations under the Loan Agreement. The Borrower's agreement in the Loan Agreement to waive and not to claim any immunity, to which it or any of its property, assets or revenues may

be or become entitled, is legal, valid and binding under the laws of the Philippines.

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8. There is no withholding or other tax or charge applicable to any payment to made by the Borrower pursuant to the terms of the Loan Agreement or imposed on the Bank by virtue of the execution and delivery of the Loan Agreement. Based on Article 11 of the "Convention Between The Republic of Korea And The Republic of The Philippines For The Avoidance of Double Taxation And The Prevention of Fiscal Evasion With Respect To Taxes On Income", interest payments received by the Bank under the Loan Agreement will be exempt from Philippine withholding tax. The Borrower's obligation under the Loan Agreement to make payments thereunder free and clear of and without reduction by reason of Taxes, in the event that the Philippines or any governmental sub-division thereof should in the future impose (or, as the case may be, increase) any such tax, withholding or charge, whether by change in law, regulation or the interpretation thereof so that the Bank shall receive the amount due as if no such tax, withholding or charge, whether by change in law, regulation or the interpretation thereof so that the Bank shall receive the amount due as if no such tax, withholding or charge had been imposed, is valid and binding on the Borrower.

9. The Loan Agreement is subject to documentary stamp tax pursuant to Section 173 of Republic Act No. 7660, as amended, in the amount provided in Section 6 of Revenue Regulations No. 9-94 which is "thirty centavos (P0.30) on each two hundred pesos, or fractional part thereof, of the face value" of the Loan Agreement.

Other than the documentary stamp tax, no other tax is payable in respect of the execution and delivery of the Loan Agreement.

10. Under the laws of the Philippines, the choice of New York law to govern the validity, construction and performance of the Loan Agreement is a valid choice.

11. The submission of the Borrower in the Loan Agreement to the jurisdiction of the courts in the State of New York and Korea referred to therein constitutes the legal and valid undertaking of the Borrower and does not contravene any provision of the laws of the Philippines.

12. It is not necessary or advisable under; the laws of the Philippines, in order to assure the validity, effectiveness and enforceability of the Loan Agreement or any part thereof, that the Loan Agreement be registered or recorded in any public office or agency, or that any other instrument-relating thereto be executed, delivered, registered or recorded in the Philippines.

13. It is not necessary under the laws of the Philippines, in order to enable the Bank or any of its successors or assigns to enforce its rights under the Loan Agreement, that any such Person should be licensed, qualified or otherwise entitled to carry on business in the Philippines.

14. Neither the Bank nor any of its successors or assigns are or will be deemed to be resident, domiciled or carrying on business in the Philippines by reason of the execution, delivery, performance and/or enforcement of the Loan Agreement.

Our opinions expressed herein are subject to the following reservations and qualifications:

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- A. The binding effect and/or enforceability of the obligations of the Loan Agreement may be limited or affected by the bankruptcy, insolvency, liquidation, reorganization or reconstruction of the Borrower pursuant to the current laws and regulations of the Philippines which affect the validity and enforcement of creditors' rights generally; and
- B. Nothing in this letter/opinion should be taken as indicating that the remedies of specific performance or injunction (being in some instances discretionary remedies of the court) would necessarily or readily be available with respect to any particular provision of the Loan Agreement in any particular instance.

We express no opinion as to any law other than the laws of the Philippines as in effect on the date hereof. This opinion is directly addressed to you and may be relied upon and availed of only by you and your counsel.

Very truly yours,

PUNO AND PUNO

By:
REGIS V. PUNO

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EXHIBIT D

[FORM OF OPINION OF SPECIAL KOREAN COUNSEL TO THE BANK]

_____, 1996

To: The Korea Development Bank,
as Bank
party to the Loan Agreement
referred to below

Ladies and Gentlemen:

We have acted as your special Korean counsel in connection with the Guarantee Agreement dated as of March 28, 1996 (the "Guarantee") between Anam Industrial Co., Ltd. (the "Guarantor") and the Bank (as defined below) relating to the Loan Agreement dated as of March 28, 1996 (the "Loan Agreement") between Amkor/Anam Pilipinas, Inc. (the "Borrower") and The Korea Development Bank, as Bank (the "Bank"), providing for the making of loans by the Bank to the Borrower in an aggregate principal amount not exceeding U.S.\$71,250,000. Terms defined in the Loan Agreement have their respective defined meanings when used herein.

In rendering the opinions expressed below, we have examined the following documents:

- (a) an executed copy of the Loan Agreement;
- (b) an executed copy of the Guarantee;
- (c) certified copies of the articles of incorporation and corporate registry extracts of the Guarantor; and
- (d) a certified copy of the minutes of a meeting of the Board of

Directors of the Guarantor authorizing the execution, delivery and performance of the Guarantee.

In addition, we have examined such other documents and records and such matters of law as we have deemed appropriate as a basis for the opinions hereinafter expressed.

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In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, and the conformity with the originals of all documents submitted to us as copies thereof, and we have found nothing to indicate that such assumptions are not fully justified. As to any other matters fact material to the opinions expressed herein, we have relied upon certain certificates or statements of officers and other representatives of the Guarantor.

Based upon the foregoing, and subject to the qualifications set forth below, and having regard to such legal considerations as we deem relevant, we are of the opinion that:

1. The Guarantor is a corporation duly organized and validly existing under the laws of Korea and has full power and authority (corporate and otherwise) to own Property and assets, to carry on business as now being conducted and to make and perform the Guarantee.

2. The making and performance by the Guarantor of the Guarantee (i) have been duly authorized by all necessary corporate and other action of the Guarantor, (ii) do not and will not violate any provision of the articles of incorporation, or equivalent documents, of the Guarantor or of applicable laws or regulations of Korea or, of any judgment, decree, order or award of any court, regulatory body or arbitral tribunal known to us, and (iii) do not and will not result in the breach of, or constitute a default under or require any waiver or consent under, any loan agreement, indenture or other agreement, instrument or document whatsoever known to us to which the Guarantor is a party or by which, it or any of its property, assets or revenues may be bound or affected. Mr. _____ of Anam Industrial Co., Ltd. has been duly authorized to execute and deliver the Guarantee and all other documents, certificates, notices and other instruments on behalf of the Guarantor required by the terms of the Loan Agreement or the Guarantee and such person's signature thereon legally binds the Guarantor.

3. Assuming that the Guarantee is legal, valid and enforceable under the law of the State of New York by which it is expressed to be governed, the Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

4. All consents, approvals, licenses and authorizations (including, without limitation, all foreign exchange approvals) of, and filings and registrations with, any governmental authority required under applicable laws and regulations of Korea for (i) the making and performance by the Guarantor of the Guarantee, and (ii) the Guarantee to be admissible in evidence in Korea have been obtained or made and are in full force and effect; provided, however, that each actual payment by the Guarantor under the Guarantee will require a separate payment authorization of the Guarantor's designated foreign exchange bank (the "Designated Bank"). The granting of any such authorization is largely an administrative act in nature designed in order for the Designated Bank to verify that the amount being remitted conforms to the amount required to be remitted under the Guarantee as initially approved by the Designated Bank and, accordingly, such authorization should be readily granted for all payments by the Guarantor under the Guarantee that do so conform. We note that any amendment to the Guarantee or any

assignment thereof resulting in a conflict with the initial approval of the Designated Bank would require a separate approval of the relevant authority at the time of such amendment or assignment. We also note that in order to be admitted in evidence by a court in Korea, documents submitted to the court must be in the Korean language or accompanied by a Korean language translation.

5. The Guarantee is the direct and unconditional general obligation of the Guarantor, ranking in right of payment and collateral security at least *pari passu* with all other unsecured Indebtedness of the Guarantor except for statutory preferences which are applicable generally to corporations established under Korean law.

6. The Guarantor is subject to civil and commercial law of Korea with respect to its obligations under the Guarantee, and the making and performance by the Guarantor of the Guarantee constitute private and commercial acts rather than governmental or public acts; and neither the Guarantor nor any of its property, assets or revenues enjoys any right of immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution, setoff, execution or from any other legal process with respect to its obligations under the Guarantee.

7. There is no tax of any kind due in connection with the execution and delivery of the Guarantee, and there is no withholding or other tax or charge applicable to any payment to be made by the Guarantor pursuant to the terms of the Guarantee or imposed on the Bank (other than the tax to be imposed on the overall net income of the Bank) by virtue of the execution and delivery of the Guarantee, except that the stamp tax in the amount of W350,000 would be payable on the execution of the Loan Agreement to the extent executed in Korea. The Guarantor's obligation under the Guarantee to make payments thereunder free and clear of and without reduction by reason of Taxes (including any such Tax set forth in the preceding sentence) and including in the event that Korea or any governmental subdivision thereof should in the future impose (or, as the case may be, increase) any such tax, withholding or charge, whether by change in law, regulation or the interpretation thereof so that each Bank shall receive the amount due as if no such tax, withholding or charge had been imposed, is valid and binding on the Guarantor.

8. Under the laws of Korea, the choice of New York law to govern the validity, construction and performance of the Guarantee is a valid choice of law. We note, however, that in the event of an action, proceeding or litigation in a Korean court, (a) Korean law bearing upon the capacity of the Guarantor to enter into contracts and (b) Korean laws, decrees and administrative regulations requiring governmental approvals, authorizations and consents for actions or contracts executed by the Guarantor, will be applied by the Korean court.

9. The submission of the Guarantor in the Guarantee to the jurisdiction of New York and United States courts referred to therein constitutes the legal and valid undertaking of the Guarantor and does not contravene any provision of the laws of Korea.

10. It is not necessary or advisable under the laws of Korea, in order to assure the validity, effectiveness and enforceability of the Guarantee or any part thereof, that the Guarantee be filed, registered or recorded in any public office or elsewhere, or that any other instrument relating thereto be executed, delivered, filed, registered or recorded in Korea.

Our opinions expressed above are subject to the following reservation qualifications:

- (A) The binding effect of the obligations of the Guarantor under

the Guarantee may be limited or affected by the bankruptcy, insolvency, liquidation, reorganization or reconstruction of the Guarantor Pursuant to the bankruptcy laws or other similar laws of Korea which affect the enforcement of creditors' rights generally; and

- (B) Nothing in this letter should be taken as indicating that the remedies of specific performance or injunction (being in some instances discretionary remedies of the court) would necessarily be available with respect to any particular provision of the Guarantee in any particular instance.

As we are duly licensed attorneys of Korea and do not represent ourselves to be familiar with the laws of the United States of America or any state thereof, or the laws of any jurisdiction other than Korea, we express no opinion in respect of any of such laws other than the laws of Korea as in effect on the date hereof. We have assumed that there is nothing in the law of any jurisdiction other than Korea that affects this opinion.

This opinion is limited to the matters addressed herein and is not to be read as an opinion with respect to any other matter.

This opinion is addressed to you and may be relied upon only by you and your counsel.

Very truly yours,

Kim & Chang

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EXHIBIT E

[FORM OF SPECIAL NEW YORK COUNSEL TO THE BANK]

_____, 1996

Re: Loan Agreement dated as of March 28, 1996
between Amkor/Anam, Pilipinas, Inc., as
Borrower, and The Korea Development Bank, as
Bank

The Korea Development Bank,
as Bank
party to the Loan Agreement
referred to below

Ladies and Gentlemen:

We have acted as your special New York counsel in connection with the Loan Agreement dated as of March 28, 1996 (the "Loan Agreement") between Amkor/Anam Pilipinas Inc., as Borrower and The Korea Development Bank, as Bank. Terms defined in the Loan Agreement are used herein with the same meanings. In this connection, we have examined an executed copy of each of the Loan Agreement and the Guarantee (collectively, the "Documents").

We have also reviewed such other documents and such matters of law as we have considered relevant hereto (and in such examination and review we have assumed the genuineness of all signatures, the authenticity of documents submitted to us as originals and the conformity, with the original documents of all documents submitted to us as copies). With your permission and without independent investigation, we have assumed for purposes of our opinion set forth below that with respect to each party to any of the Documents, (i) such party is duly organized and validly existing in the jurisdiction of its organization, (ii) such party has full power, authority, and legal right to make and perform

the Documents to which it is a party, (iii) each of the Documents to which it is a party has been duly authorized, executed and delivered by it, (iv) all consents, approvals, licenses. and authorizations of, or filings and registrations with, any governmental authority required under any law or any of such party's corporate or other organizational documents or any agreement or instrument to which it is a party or that binds or affects it or any of its property, for the making and performance by such party of any of the Documents to which it is a party and the consummation of the transactions contemplated by such Documents have been obtained or made and are valid and sufficient for their intended purposes and in full force and effect, and (v) except with respect to the Borrower in respect of the Loan Agreement and the Guarantor in respect of the Guarantee, each Document to which it is a part constitutes its legal, valid and binding obligation. As to certain of the foregoing matters, we understand you have obtained the opinions of Kim & Chang, in respect of certain Korean legal matters, and Puno & Puno, in respect of certain Philippine legal matters.

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Based on and subject to the foregoing, and further subject to the qualifications set forth below, and having due regard for legal considerations we deem relevant, it is our opinion that, under the law of the State of New York, (i) the Loan Agreement constitutes the valid and binding obligation of the Borrower enforceable against the Borrower and (ii) the Guarantee constitutes the valid and binding obligation of the Guarantor enforceable against the Guarantor, in each case in accordance with the terms of the Loan Agreement and the Guarantee, respectively, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally. Our opinion as to enforceability is further subject to (i) general principles of equity (regardless of whether considered in a proceeding in equity or at law), including (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy, and (b) concepts of materiality, reasonableness, good faith and fair dealing, and (ii) in view of each party to each of the Documents being a non-U.S. Person, the possible judicial application of non-U.S. laws or governmental actions affecting the enforcement of creditors' rights.

We express no opinion herein as to (i) the subject matter jurisdiction of the District Courts of the United States of America to adjudicate any controversy relating to any of the Documents; (ii) any provision of any of the Documents to the extent that it provides an indemnity for payment in a currency other than U.S. Dollars; (iii) whether a court outside of the State of New York would honor the choice of New York law in any of the Documents; (iv) the waiver of immunity in Section 10.11 of the Loan Agreement or Section 3.09 of the Guarantee to the extent such waiver purports to apply to immunity acquired by any party after the date of the Loan Agreement or the Guarantee, respectively; and (v) the last sentence in Section 10.12 of the Loan Agreement or in Section 5.09 of the Guarantee insofar as it constitutes either a waiver of forum non conveniens in respect of the United States District Court referred to in said Section 10.12 of the Loan Agreement or Section 5.09 of the Guarantee of a waiver of the right to object to improper venue.

We do not herein express any opinion as to any law other than the law of the State of New York and the Federal law of the United States of America. In rendering the foregoing opinions we have assumed that enforcement of the Documents in accordance with New York law would not violate any provision of any law or public policy of Korea, the Republic of Philippines or any other jurisdiction (other than the State of New York) that bears a reasonable relation to the Documents or the parties thereto. This opinion may be relied upon solely by you.

Very truly yours,

YJK/GSG

EXECUTION COPY

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LOAN AGREEMENT

US\$50,000,000

dated as of September 7, 1995

between

AMKOR/ANAM PILIPINAS, INC.
as BorrowerTHE KOREA DEVELOPMENT BANK
as Lender

and

KDB ASIA LIMITED
as Agent

Lee & Ko
Seoul, Korea

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SCHEDULE

CONDITIONS PRECEDENT DOCUMENTS

EXHIBITS

EXHIBIT A FORM OF NOTICE OF DRAWDOWN

EXHIBIT B FORM OF GUARANTY

LOAN AGREEMENT

THIS AGREEMENT is made on the 7th day of September, 1995

BETWEEN:

- (1) AMKOR/ANAM PILIPINAS, INC., a corporation duly organized and existing under the laws of the Republic of Philippines with its registered head office at KM 22 East Service Road, South Superhighway, Muntinlupa, Metro Manila, Philippines, as borrower ("BORROWER");
- (2) THE KOREA DEVELOPMENT BANK, of 10-2, Kwanchol-dong, Chongno-ku, Seoul, Korea, as lender ("LENDER"); and
- (3) KDB ASIA LIMITED of Suite 2101-2103, Two Exchange Square, 8 Connaught Place, Hong Kong as agent ("AGENT").

IT IS HEREBY AGREED as follows:

SECTION 1. INTERPRETATION

1.1 Definitions. In this Agreement, unless the context requires otherwise:

"AFFILIATE" means any person directly or indirectly controlling, directly or indirectly controlled by, or under direct or indirect common control with, Borrower. For purposes of this definition, "CONTROL" (including "CONTROLLED BY" and "UNDER COMMON CONTROL WITH") means the power, directly or indirectly, to direct or cause the direction of the management and policies of any person whether through the ownership of voting securities or by contract or otherwise;

"AVAILABILITY PERIOD" means the period commencing on the date of this Agreement and ending on the earlier of (i) the date nine (9) months from the date of this Agreement, and (ii) the date on which the Facility is fully drawn, cancelled or terminated under the provisions of this Agreement;

"BANKING DAY" means a day (excluding Saturday or Sunday) on which banks are open for business in London and New York City, provided that in relation to any period of notice it shall mean such a day in Seoul, London and New York City;

"CENTRAL BANK" means the Bangko Sentral ng Pilipinas;

"DEBT-EQUITY RATIO" means, at any time, the ratio of total liabilities to total equity of Borrower at such time. As used in this definition, the terms "TOTAL LIABILITIES" and "TOTAL EQUITY" shall have the respective meanings assigned to them by generally accepted accounting principles applied on a basis consistent with those used in the

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preparation of the financial statements referred to in Section 11.10, provided that the term "TOTAL LIABILITIES" shall include any and all debts of Borrower regardless of the nature or maturity thereof (including without limitation the Loan from time to time outstanding hereunder) and, provided, further, that the term "TOTAL EQUITY" shall not in any event include appraisal surplus, if any, of Borrower;

"DOLLARS" and "US\$" mean the lawful currency of the United States of America;

"DRAWDOWN" means each drawdown under the Facility pursuant to Section 3 or, where the context so requires, the amount of such drawdown;

"ENCUMBRANCE" means:

- (a) any mortgage, charge, pledge, lien, encumbrance, hypothecation or other security interest or security arrangement of any kind;
- (b) any arrangement whereby any rights are subordinated to any rights of any third party; and
- (c) any contractual right of set-off;

"EVENT OF DEFAULT" means any event or circumstance specified as such in Section 13; and "PROSPECTIVE EVENT OF DEFAULT" means any event or circumstance which with the giving of notice and/or the passage of time and/or the making of any relevant determination and/or the forming of any necessary opinion would be an Event of Default;

"FACILITY" means the loan facility to be made available under this Agreement;

"GUARANTOR" means Anam Industrial Co., Ltd., a corporation organized and existing under the laws of Korea with its registered head office at 280-8, 2-ka, Sungsu-dong, Sungdong-ku, Seoul, Korea;

"GUARANTY" means the joint and several guaranty to be executed by Guarantor in the form set forth in Exhibit B;

"INTEREST PAYMENT DATE" means the last day of an Interest Period;

"INTEREST PERIOD" means, in relation to the Loan, an interest period ascertained in accordance with Section 4;

"KOREA" means the Republic of Korea;

"LIBOR" means, in relation to any relevant sum and any relevant period, the rate which shall be determined by Agent to be the arithmetic mean (rounded upwards to the nearest 1/16%) of the rates of interest of offered quotations by principal banks in the London interbank market for deposits in Dollars for a period equal or comparable to such period as displayed on the "LIBO" page (or such other page as may replace such "LIBO" page for the purpose of displaying such rates of interest) of the Reuters

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Monitor Screen as in effect at or about 11:00 a.m. (London time) on the second London Banking Day before the first day of such period;

"LOAN" means the aggregate principal amount drawn and for the time being outstanding under the Facility;

"LONDON BANKING DAY" means a day on which Dollar deposits may be dealt in on the London interbank market;

"MARGIN" means nine-tenths of one percent (0.90%);

"NOTICE OF DRAWDOWN" means a notice in the form set forth in Exhibit A;

"PHILIPPINES" means the Republic of Philippines; and

"REPAYMENT DATE" means the date five (5) years after the date of the initial Drawdown.

1.2 Construction. In this Agreement, unless the context requires otherwise, any reference to:

an "AUTHORIZATION" includes any approvals, consents, licenses, permits, franchises, permissions, registrations, resolutions, directions, declarations and exemptions;

"INDEBTEDNESS" includes any obligation of any person for the payment or repayment of money, whether present or future, actual or contingent, including but not limited to any such obligation:

- (a) under or in respect of any acceptance, bill, bond, debenture, note or similar instrument;
- (b) under or in respect of any guarantee, indemnity, counter-security or other assurance against financial loss;
- (c) in respect of the purchase, hire or lease of any asset or service; or
- (d) in respect of any indebtedness of any other person whether or not secured by or benefitting from an Encumbrance on any property or asset of such person;

"LAW" and/or "REGULATION" includes any constitutional provisions, treaties, conventions, statutes, acts, laws, decrees, ordinances, subsidiary and subordinate legislation, orders, rules and regulations having the force of law and rules of civil and common law and equity and, for the avoidance of doubt, includes Central Bank circulars;

a "MONTH" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or (if there is no such numerically corresponding day or if a period starts on the last day in a calendar month) on the last day of such next calendar month;

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an "ORDER" includes any judgment, injunction, decree, determination or award of any court, arbitration or administrative tribunal;

a "PERSON" includes any individual, company, body corporate or unincorporated or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or agency of any thereof;

"TAX" includes any tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority and includes any interest, penalty or other charge payable or claimed in respect thereof and "TAXATION" shall be construed accordingly.

- 1.3 Successors and Assigns. The expressions "BORROWER", "LENDER" and "AGENT" shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them.
- 1.4 Miscellaneous. In this Agreement, unless the context requires otherwise, references to statutory provisions shall be construed as references to those provisions as replaced, amended, modified or re-enacted from time to time; words importing the singular include the plural and vice versa and words importing a gender include every gender; references to this Agreement shall be construed as references to such document as the same may be amended, supplemented or novated from time to time; unless otherwise stated, references to Sections, the Schedule and the Exhibits are to sections of and the schedule and the exhibits to this Agreement and references to this Agreement include the Schedule and the Exhibits. Section headings are inserted for reference only and shall be ignored in construing this Agreement.

SECTION 2. THE FACILITY

- 2.1 Amount. Subject to the provisions of this Agreement, the aggregate principal amount of the Facility available to Borrower is Fifty Million Dollars (US\$50,000,000).
- 2.2 Purpose. The proceeds of the Facility shall be used exclusively for financing Borrower's expansion of its semiconductor assembly plants in Philippines. Neither Agent nor Lender shall have any responsibility for the application of the proceeds by Borrower.

SECTION 3. THE DRAWDOWNS

- 3.1 Availability of Drawdowns. Subject to Sections 3.2, 3.3 and 3.4 and the other terms and conditions of this Agreement, Borrower may make Drawdowns on any Banking Day during the Availability Period, provided that:
- (a) the amount of each Drawdown shall be in the minimum amount of One Million Dollars (US\$1,000,000) or any larger amount being an integral multiple of One Million Dollars (US\$1,000,000); and

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- (b) the aggregate principal amount of all Drawdowns shall not exceed the aggregate principal amount of the Facility available for drawdown under this Agreement.

- 3.2 Conditions of Initial Drawdown. The obligation of Lender to make the Facility available in respect of the initial Drawdown is subject to the conditions that:
- (a) Agent shall have received, before the initial Notice of Drawdown is given or at such later time as Agent may agree, all of the documents and evidence specified in the Schedule hereto in form and substance satisfactory to it. Copies required to be certified shall be certified in a manner satisfactory to Agent by a duly authorized officer of Borrower or other party concerned; and
 - (b) Agent shall have received not later than 12:00 noon (Seoul time) on the fifth (5th) Banking Day before the date on which such Drawdown is to be made (or such later time as Agent may agree) a duly completed and signed Notice of Drawdown.
- 3.3 Conditions of Subsequent Drawdowns. The obligation of Lender to make the Facility available in respect of each Drawdown subsequent to the initial Drawdown is subject to the conditions that:
- (a) Agent shall have received a timely Notice of Drawdown in accordance with the terms, mutatis mutandis, of Section 3.2(b);
 - (b) Agent shall have received evidence that all Drawdowns previously made hereunder have been duly registered with the Central Bank; and
 - (c) all documents and evidence delivered to Agent pursuant to Section 3.2(a) shall be in full force and effect.
- 3.4 Other Conditions Precedent. The obligations of Lender as described in the first paragraph of each of Sections 3.2 and 3.3 are also subject to the conditions that:
- (a) no Event of Default or prospective Event of Default shall have occurred (or would occur as a result of any Drawdown being made) and all representations and warranties made by Borrower in or in connection with this Agreement shall be true and correct as at the date of the making of such Drawdown with reference to the facts and circumstances then subsisting; and
 - (b) not later than 11:00 a.m. (Seoul time) on the second (2nd) Banking Day before the date on which such Drawdown is proposed to be made, Agent shall have received and found satisfactory such additional information, legal opinions and documents relating or relevant to this Agreement as Agent may reasonably require as a result of circumstances arising or becoming known to Agent since the date of this Agreement.
- 3.5 Notice of Drawdown Irrevocable. A Notice of Drawdown once given shall be irrevocable and Borrower shall be bound to make a Drawdown in accordance

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therewith, except as otherwise provided in this Agreement. If for any reason a Drawdown is not made in accordance with the corresponding Notice of Drawdown, Borrower shall on demand pay to Agent for the account of Lender such amount as Lender may certify to be necessary to compensate it for any loss or expense incurred in liquidating or redeploying funds arranged for the purpose of the proposed Drawdown or otherwise as a consequence of the proposed Drawdown not having been made in accordance with such Notice of Drawdown.

- 3.6 Cancellation. Any part of the Facility undrawn at the end of the Availability Period shall be cancelled.

SECTION 4. INTEREST

- 4.1 Interest. Borrower shall pay interest on the Loan in accordance with the provisions of this Section.
- 4.2 Interest Periods. The Interest Periods applicable to the Loan shall be six (6) months, provided that:
- (a) the first Interest Period in relation to each Drawdown shall commence on the date on which such Drawdown is made;
 - (b) in relation to each Drawdown after the initial Drawdown, the first Interest Period shall end on the last day of the then current Interest Period in respect of the initial Drawdown;
 - (c) each Interest Period (except the first Interest Period in relation to each Drawdown) shall commence on the last day of the preceding Interest Period;
 - (d) any Interest Period which would otherwise end on a non-Banking Day shall instead end on the next following Banking Day or, if that Banking Day is in another calendar month, on the immediately preceding Banking Day;
 - (e) if any Interest Period commences on the last Banking Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month six (6) months thereafter that Interest Period shall, subject to paragraphs (b) and (f), end on the last Banking Day of such later calendar month; and
 - (f) any Interest Period which would otherwise extend beyond the Repayment Date shall instead end on that date.
- 4.3 Rate and Calculation. The rate of interest applicable to the Loan for each Interest Period shall be the rate per annum conclusively determined by Agent to be the aggregate of LIBOR for that Interest Period and the Margin. Interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 360 day year, including the first day of the period during which it accrues but

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excluding the last, and shall be paid in arrears on each Interest Payment Date. Agent shall notify Borrower of each interest rate determined under this Section.

SECTION 5. REPAYMENT, PREPAYMENT AND CANCELLATION

- 5.1 Repayment. Subject as otherwise provided herein, Borrower shall repay the Loan in one lump sum, together with all accrued interest and other monies due and payable in connection with the Facility, on the Repayment Date.
- 5.2 Voluntary Prepayment. Borrower may prepay all or part of the Loan on any Interest Payment Date after the end of the Availability Period, provided that:
- (a) Borrower shall have given to Agent not less than thirty (30) days' prior written notice specifying the amount and date of prepayment;
 - (b) the amount of any partial prepayment shall be at least One Million dollars (US\$1,000,000) and an integral multiple of One Million Dollars (US\$1,000,000);

(c) Borrower shall have provided Agent with evidence that Borrower has obtained any governmental authorizations necessary for such prepayment; and

(d) all other sums then due and payable under this Agreement shall have been paid.

5.3 Provisions Applicable to Prepayments. Any notice of prepayment given by Borrower under any provision of this Agreement shall be irrevocable and Borrower shall be bound to make a prepayment in accordance therewith. Prepayments shall be made in inverse order of maturity and amounts prepaid may not be reborrowed under this Agreement.

5.4 Other Amounts. If the Loan or any part thereof is prepaid under any provision of this Agreement, Borrower shall also pay to Agent for the account of Lender:

(a) at the time of prepayment, interest accrued up to the date of prepayment and all other sums payable by Borrower under this Agreement; and

(b) on demand, such amount as Lender may certify to be necessary to compensate it for any loss or expense incurred as a consequence of such prepayment (including any loss incurred in liquidating or redeploying funds acquired to maintain the Loan).

5.5 No Voluntary Cancellation. Borrower may not cancel all or any part of the Facility before the end of the Availability Period.

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SECTION 6. FEES AND EXPENSES

6.1 Front-end Fee. Borrower shall pay to Agent for the account of Lender a front-end fee in accordance with a letter of even date herewith addressed by Agent to and accepted by Borrower in accordance with the terms stated therein.

6.2 Commitment Fee. Borrower shall pay to Agent for the account of Lender a commitment fee at the rate of one-eighth of one percent (0.125%) per annum during the period from the date of this Agreement up to and including the last day of the Availability Period calculated on the daily undrawn balance of the Facility on the basis of the actual number of days elapsed and a year of 360 days. Such commitment fee shall be payable in arrears at the end of each successive quarterly period from the date of this Agreement and on the last day of the Availability Period.

6.3 Agency Fee. Borrower shall pay to Agent for its own account an agency fee in accordance with a letter of even date herewith addressed by Agent to and accepted by Borrower in accordance with the terms stated therein.

6.4 Expenses. Borrower shall forthwith on demand and whether or not any Drawdown is made pay to or reimburse each of Agent and Lender for its own account for all reasonable costs, charges and expenses (including legal and other fees on a full indemnity basis and translation, communication, advertisement, travel and all other out-of-pocket expenses) incurred by it in connection with the negotiation, preparation, execution and (where relevant) registration of this Agreement and any other documentation required hereunder and the arrangement of the Facility and any amendment hereto and any inspection, calculation, approval, consent or waiver to be conducted, made or given by Agent or Lender pursuant to any provision of this Agreement.

- 6.5 Enforcement Costs. Borrower shall from time to time forthwith on demand pay to or reimburse each of Agent and Lender for all reasonable costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by it in exercising any of its rights or powers under this Agreement or in suing for or seeking to recover any sums due under this Agreement or otherwise preserving or enforcing its rights under this Agreement or in defending any claims brought against it in respect of this Agreement.
- 6.6 Taxes. Borrower shall pay all present and future stamp and other like duties and taxes and all notarial, registration, recording and other like fees which may be payable in respect of this Agreement and shall indemnify Agent and Lender against all liabilities, costs and expenses which may result from any default in paying such duties, taxes or fees.

SECTION 7. PAYMENTS AND EVIDENCE OF DEBT

- 7.1 The Drawdowns. Amounts to be advanced by Lender to Borrower under this Agreement shall be made available to Borrower by payment to such account as shall

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be designated by Borrower in the relevant Notice of Drawdown. Borrower shall be deemed to have borrowed the relevant amount when such payment is made by Lender.

- 7.2 Payments by Borrower. All payments by Borrower under this Agreement shall be made to Agent not later than 10:00 a.m. (New York time) on the relevant due date in same day funds (or in such other funds as may then be customary for the settlement in Dollars in New York City of transactions of this nature) to the account of Agent (account no. 001-1-385903) with The Chase Manhattan Bank N.A., New York (or to such other account as Agent may designate), in each case under telex advice to Agent. Agent shall forthwith transfer the amounts received by it in like funds as are received by Agent and to such account or accounts as Lender shall have previously notified to Agent.
- 7.3 Allocation of Receipts. If any amount received by Agent is less than the full amount due, Agent in consultation with Lender shall have the right to allocate the amount received towards principal, interest and/or other sums owing hereunder as it considers appropriate.
- 7.4 Banking Days. Subject to Section 4.2, if any sum would otherwise become due for payment on a non-Banking Day, that sum shall become due on the next following Banking Day and interest shall be adjusted accordingly, except that if the repayment due under Section 5.1 would then become due in another calendar month, such repayment shall become due on the immediately preceding Banking Day.
- 7.5 Evidence of Debt. Agent shall maintain on its books in accordance with its usual practice a set of accounts recording the amounts from time to time owing by Borrower hereunder. In any legal proceeding and otherwise for the purposes of this Agreement the entries made in such accounts shall, in the absence of manifest error, be conclusive and binding on Borrower as to the existence and amounts of the obligations of Borrower recorded therein.
- 7.6 Certificate Conclusive and Binding. Where any provision of this Agreement provides that Lender or Agent may certify or determine an amount or rate payable by Borrower, a certificate by Lender or Agent as to such amount or rate shall be conclusive and binding on Borrower in the absence of manifest error.

SECTION 8. MARKET DISRUPTION

8.1 Market Disruption. If in relation to any Interest Period:

- (a) Agent determines (which determination shall be conclusive and binding) that, by reason of circumstances affecting the London interbank market generally, adequate and fair means do not exist for ascertaining LIBOR for that Interest Period; or
- (b) less than two (2) rates appear on the Reuters Monitor Screen for that Interest Period; or

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- (c) Agent determines that deposits in Dollars in the required amount for the relevant Interest Period are not available to it in the London interbank market or that the average of the rates shown on the Reuters Monitor Screen does not adequately reflect the cost to Lender of obtaining funds for that Interest Period,

Agent shall promptly notify Borrower and no further Drawdown shall be made unless and until an alternative basis is agreed upon in accordance with Section 8.2.

8.2 Alternative Basis by Agreement. Immediately following such notification, Borrower and Agent, in consultation with Lender, shall negotiate in good faith with a view to agreeing upon an alternative basis for funding the Loan and determining the applicable interest rate. If an alternative basis is agreed within a period of thirty (30) days after such notification or such longer period for discussion as Borrower and Agent may agree, the alternative basis shall take effect in accordance with its terms.

8.3 Alternative Basis Determined by Lender. If an alternative basis is not so agreed and any Drawdown has been made, Borrower shall pay interest to Lender on the Loan for the relevant Interest Period at the rate per annum equal to the aggregate of (i) the Margin and (ii) the cost (expressed as an annual interest rate) to Lender of funding the Loan during the relevant Interest Period (as conclusively determined by Lender).

8.4 Cancellation and Prepayment. If an alternative basis is not so agreed pursuant to Section 8.2:

- (a) if no Drawdown has been made, the Facility shall be cancelled and all sums outstanding under this Agreement shall be paid to Agent at the end of the period for negotiation ascertained in accordance with Section 8.2; or
- (b) if any Drawdown has been made, Agent may require Borrower to prepay the Loan by giving written notice to Borrower specifying a prepayment date which is not less than fourteen (14) days after such notice is given. On the specified date the Facility shall be cancelled and Borrower shall prepay the Loan in full together with interest thereon from the beginning of the relevant Interest Period to the date of prepayment. For this purpose, the interest rate from time to time applicable to the Loan shall be the rate ascertained in accordance with Section 8.3 in relation to the relevant period.

SECTION 9. CHANGE OF LAW OR CIRCUMSTANCES

9.1 Unlawfulness. If it becomes unlawful for Lender to give effect to its obligations hereunder, Lender shall through Agent so notify Borrower, whereupon the Facility shall be cancelled and Lender's obligation to maintain the Loan shall cease. Borrower shall forthwith after such

notification, or such longer period as Lender may certify as being permitted by the relevant law, prepay the Loan in full together with interest accrued thereon to the date of prepayment and any other monies owing hereunder to Lender.

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9.2 Increased Cost. If Lender determines that any change in any applicable law or regulation or in the interpretation or application thereof or compliance by Lender with any applicable direction, request or requirement (whether or not having the force of law) of any competent governmental or other authority does or will:

- (a) subject Lender to any tax or other payment with reference to sums payable by Borrower under this Agreement (except (i) tax on Lender's overall net income in the jurisdiction of its principal office or such other jurisdiction where its overall net income would ordinarily (but for its entering into of this Agreement) be taxed or (ii) as referred to in Section 10); or
- (b) impose on Lender any other condition the effect of which is to (i) increase the cost to Lender of maintaining the Facility or (ii) reduce the amount of any payment receivable by, or the effective return to, Lender in respect of the Facility,

Lender may through Agent so notify Borrower, and Borrower shall from time to time upon demand (whether or not the Loan has been repaid) pay to Agent for the account of Lender such amounts as Lender may certify to be necessary to compensate it for such tax, payment, increased cost or reduction (each an "INCREASED COST"). Where such increased cost arises from circumstances contemplated above which affect Lender's business generally or the manner in which or extent to which Lender allocates capital resources, Lender shall be entitled to such increased cost as it determines and certifies is fairly allocable to the Facility. So long as the circumstances giving rise to such increased cost continue, Borrower may, after giving Agent not less than thirty (30) days' prior written notice, prepay all (but not only part) of the Loan in accordance with Sections 5.3 and 5.4, and upon the giving of such notice the Facility shall be cancelled and no further Drawdowns shall be made.

SECTION 10. TAXES AND OTHER DEDUCTIONS

10.1 Payments to be Free and Clear. All sums payable by Borrower under this Agreement shall be paid in full without set-off or counterclaim or any restriction or condition and free and clear of any tax or other deductions or withholdings of any nature.

10.2 Grossing-up of Payments. If Borrower or any other person is required by any law or regulation to make any deduction or withholding (on account of tax or otherwise) from any payment for the account of Agent or Lender, Borrower shall, together with such payment, pay such additional amount as will ensure that Agent or Lender receives (free and clear of any tax or other deductions or withholdings) the full amount which it would have received if no such deduction or withholding had been required. Borrower shall promptly forward to Agent copies of official receipts or other evidence showing that the full amount of any such deduction or withholding has been paid over to the relevant taxation or other authority.

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SECTION 11. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender and Agent as follows:

- 11.1 Incorporation and Qualification. Borrower is a corporation duly organized and validly existing under the laws of Philippines. Each Affiliate is duly organized and validly existing under the laws of its respective jurisdiction of organization. Borrower and each Affiliate are qualified or registered to do business in every jurisdiction where the failure to so qualify or register could have a material adverse effect on Borrower or Borrower and the Affiliates taken as a whole.
- 11.2 Power and Authority. Borrower has full legal right, power and authority to carry on its present business, to own its properties and assets, to incur the indebtedness and other obligations provided for in this Agreement, to execute and deliver this Agreement and all other documents hereunder and to perform and observe the terms and conditions hereof and thereof.
- 11.3 Authorization of Borrowing. Borrower has taken all appropriate and necessary corporate and legal action to authorize the execution and delivery of this Agreement and all other documents hereunder and to authorize the performance and observance of the terms and conditions hereof and thereof.
- 11.4 Authorizations and Approvals. Borrower has obtained or effected all authorizations necessary for the valid execution, delivery and performance of this Agreement and such authorizations are in full force and effect or, by the date on which the initial Notice of Drawdown is given, such authorizations will have been obtained and be in full force and effect and there has been no default under the conditions of any of the same, provided that the amount of each Drawdown made hereunder must be registered with the Central Bank.
- 11.5 Agreement Binding; Compliance with Law and Other Agreements. This Agreement constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms. The execution, delivery and performance of the terms of this Agreement, the payment by Borrower of all amounts due on the dates and in the currency provided for herein and the application of the Loan proceeds as provided in Section 2.2 hereof (i) will not violate or contravene any provision of law or regulation which is applicable to Borrower; (ii) will not conflict with the Articles of Incorporation or Bylaws (or comparable constituent documents) of Borrower; (iii) will not conflict with or result in the breach of any provision of, or in the imposition of any Encumbrance under, any agreement or instrument to which Borrower is a party or by which it or any of its properties or assets is bound; and (iv) will not constitute a default or an event that, with the giving of notice or the passing of time, or both, would constitute a default under any such agreement or instrument.
- 11.6 No Event of Default. Borrower is not in default under any agreement or obligation applicable to it or its assets or revenues, the consequences of which default could materially and adversely affect its business or financial condition or its ability to perform its obligations under this Agreement and no Event of Default or prospective Event of Default has occurred.

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- 11.7 Compliance with Law. Borrower and each Affiliate are in full compliance with all applicable laws, regulations and orders, whether or not having the force of law, including without limitation, tax laws.
- 11.8 Ranking of Loan. This Agreement is the direct, unconditional and general obligation of Borrower. Borrower's obligations hereunder rank and will

rank at least pari passu in priority of payment and in all other respects with all other unsecured indebtedness of Borrower except for those preferred by operation of law.

- 11.9 Legal Actions. All registrations, recordings or filings required as a condition to the legality, validity or enforceability of this Agreement or any other document to be executed and delivered pursuant to the terms of this Agreement have been made by Borrower, provided that the amount of each Drawdown made hereunder must be registered with the Central Bank.
- 11.10 Financial Statements. The most recent audited financial statements of Borrower for the time being (including the audited profit and loss account and balance sheet) were prepared in accordance with all applicable laws and regulations of the Philippines and generally accepted accounting principles and policies consistently applied and show a true and fair view of the financial position of Borrower as at the end of, and the results of its operations for, the financial period to which they relate and, as at the end of such period, Borrower did not have any significant liabilities (contingent or otherwise) or any unrealized or anticipated losses which are not disclosed by or reserved against in, such financial statements, and there has been no material adverse change in the business or financial condition of Borrower since the date of such financial statements.
- 11.11 Encumbrances. No Encumbrance exists over all or any part of the property, assets or revenues of Borrower other than those disclosed in the financial statements referred to in Section 11.10 or those notified by Borrower to Agent in writing prior to the date hereof.
- 11.12 Litigation. No litigation, administrative proceeding or arbitration is presently pending or threatened against Borrower or any Affiliate or their assets or revenues which, if adversely determined, could have a material effect on the ability of Borrower to perform its obligations under this Agreement.
- 11.13 Sovereign Immunity. Borrower is generally subject to civil and commercial law and to legal proceedings and neither Borrower nor any of its assets or revenues is entitled to claim immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process.
- 11.14 Shareholding of Borrower. Guarantor is the legal and beneficial owner of forty percent (40%) of the issued and outstanding voting share capital of Borrower.

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SECTION 12. COVENANTS

- 12.1 Financial Statements. Throughout the life of this Agreement, Borrower shall provide Agent with copies of its unaudited financial statements for the first six months of each fiscal year and its audited financial statements for each fiscal year as they are available but in any event not later than ninety (90) days after the close of each fiscal period covered by an unaudited financial statement and not more than one hundred and twenty (120) days after the close of each fiscal period covered by an audited financial statement and such other information respecting the financial condition and operations of Borrower as Agent may from time to time reasonably request. Each financial statement provided hereunder shall have been prepared in accordance with generally accepted accounting principles in the Philippines consistently applied, and be accompanied by a certificate executed by the principal financial officer of Borrower stating (i) that as of the date of such financial statement Borrower is in full compliance with all terms and conditions hereof, including

without limitation all financial covenants, and of any document executed pursuant hereto, and (ii) that as of such date no Event of Default or prospective Event of Default has occurred and is continuing.

- 12.2 Debt-Equity Ratio. Borrower shall not permit the Debt-Equity Ratio to exceed 80:20 at any time during the life of the Facility, provided that Borrower shall in no event permit its debt- equity ratio calculated pursuant to the rules and regulations of the Central Bank to exceed the ratio from time to time required to be maintained by Borrower under such rules and regulations.
- 12.3 Taxes. Borrower shall pay and discharge and shall cause each Affiliate to pay and discharge, all taxes, assessments and governmental charges upon them or their respective assets promptly when due and, in any event, prior to the date on which penalties may become attached thereto.
- 12.4 Representations and Warranties. Borrower shall ensure that the representations and warranties contained in this Agreement remain at all times true and accurate by reference to the facts and circumstances from time to time existing.
- 12.5 Continuing Governmental Authorizations. (a) Borrower undertakes to maintain in full force and effect all governmental authorizations referred to in Section 11.4 and to obtain or effect any new or additional governmental authorizations, as may be required or advisable in respect of the performance by Borrower of any of the terms and conditions of this Agreement.
- (b) Borrower shall promptly, and in any event not later than fifteen (15) days from the date of each Drawdown, forward to Lender evidence that the amount of such Drawdown has been duly registered with the Central Bank.
- 12.6 Maintenance and Continuity of Business. (a) Borrower shall maintain and shall cause each Affiliate to maintain their respective corporate existences in compliance with all applicable laws and regulations, and Borrower shall maintain and shall cause each Affiliate to maintain the present character of their respective businesses.

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- (b) Borrower shall maintain insurance on and in relation to its businesses, properties and assets with reputable underwriters or insurance companies against such risks and in such amount as are customary for businesses of a like nature in the jurisdiction in which such properties and assets are located or in which such businesses are conducted.
- (c) Borrower shall not, except with the prior written consent of Agent, (i) merge or consolidate with any other corporation or (ii) purchase or otherwise acquire all or substantially all of the assets of any other corporation or (iii) sell, lease, transfer or otherwise dispose of all or any material portion of its property or assets, whether by a single transaction or by a number of transactions whether related or not, or (iv) declare or pay any dividend or make any other income distribution to its shareholders if an Event of Default or prospective Event of Default has occurred and has not been remedied to the satisfaction of Lender.
- 12.7 Notice. As soon as possible but in any event within seven (7) days after occurrence, Borrower shall give written notice to Agent of any Event of Default or prospective Event of Default, or any litigation, administrative proceeding or arbitration referred to in Section 11.12, and of any other matter which has resulted or might result in a material

adverse change in Borrower's operations or financial condition or affect Borrower's ability to pay, when due, any amounts due under this Agreement.

- 12.8 Encumbrances. Borrower shall not permit any loan, debt, guarantee or other obligation constituting indebtedness of Borrower or any other person to be secured by any Encumbrance on any assets or future revenues of Borrower without the prior written consent of Agent; provided, however, that the foregoing shall not apply to Encumbrances arising by operation of law or arising in the ordinary course of business of Borrower where the amount covered by such Encumbrance is determined by Agent not to be material.
- 12.9 Shareholding by Guarantor. Borrower shall procure that Guarantor at all times owns beneficially and directly not less than forty percent (40%) of the issued and outstanding voting share capital of Borrower.
- 12.10 Use of Facility. Borrower shall use the proceeds of the Facility exclusively for the purposes specified in Section 2.2.
- 12.11 Further Documents. Borrower shall furnish Agent with all such other documents and instruments and do all such other acts and things as Agent may reasonably require to carry out the transactions contemplated herein or in the documents to be delivered hereunder.

SECTION 13. EVENTS OF DEFAULT

- 13.1 Events of Default. Each of the following events or occurrences shall constitute an Event of Default under this Agreement:

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- (a) Borrower fails to pay when due any sum payable under this Agreement when due or otherwise in accordance with the provisions of this Agreement.
- (b) Any representation, warranty or statement made or deemed to be made by Borrower in this Agreement or in any document executed hereunder or by Guarantor in the Guaranty proves to have been incorrect or misleading in any respect considered by Lender to be material.
- (c) Borrower or Guarantor fails duly and punctually to perform or observe any obligation or covenant made by it in this Agreement or the Guaranty or any other document executed hereunder or thereunder and as a result thereof it might reasonably be considered by Lender that the ability of Borrower or Guarantor to promptly comply with their respective obligations under this Agreement or the Guaranty is materially adversely affected thereby.
- (d) Borrower or Guarantor fails to perform or observe any obligation or covenant contained in this Agreement or the Guaranty other than as referred to in paragraphs (b) and (c) above and such failure is not remediable or, if remediable, continues for a period of thirty (30) days after receipt by Borrower or Guarantor of notice of such failure from Agent.
- (e) Borrower, Guarantor or any Affiliate fails to discharge when due any other indebtedness or to honor any guarantee of any such indebtedness, or there occurs any event of default (however so described) under any other agreement pursuant to which any indebtedness or guarantee of Borrower, Guarantor or any Affiliate is created, secured or evidenced, if the effect of such failure or occurrence is to cause or permit such indebtedness or guarantee to

become or to be declared due prior to its normal maturity.

- (f) Any change occurs in the financial or other condition of Borrower, Guarantor or any Affiliate which may reasonably be considered by Lender to materially adversely affect the ability of Borrower or Guarantor to comply with all or any of their respective obligations under this Agreement or the Guaranty.
- (g) Borrower, Guarantor or any Affiliate becomes insolvent or commits or permits any act of bankruptcy, which term shall include (i) the filing of a petition in any bankruptcy, reorganization, winding-up or liquidation proceeding or other proceeding analogous in purpose or effect, (ii) the failure by Borrower, Guarantor or such Affiliate to have any such petition filed by another party discharged within thirty (30) days, (iii) the application for or consent to the appointment of a receiver or trustee for the bankruptcy, reorganization, winding-up or liquidation of Borrower, Guarantor or such Affiliate or of a substantial portion of its properties or assets, (iv) the making by Borrower, Guarantor or such

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- Affiliate of an assignment for the benefit of, or any composition or arrangement with, its creditors, (v) the admission in writing by Borrower, Guarantor or such Affiliate of its inability to pay its debts, (vi) the passing of a resolution by Borrower, Guarantor or such Affiliate approving any reorganization, winding-up or liquidation of Borrower, Guarantor or such Affiliate or of a substantial portion of its properties or assets, (vii) the entry of any court order or judgment confirming the bankruptcy or insolvency of Borrower, Guarantor or such Affiliate or approving any reorganization, winding-up or liquidation of Borrower, Guarantor or such Affiliate or of a substantial portion of its properties or assets, or (viii) any creditor of Borrower, Guarantor or such Affiliate exercises a contractual right to assume the financial management of Borrower, Guarantor or such Affiliate.
- (h) A writ of attachment or execution or similar process is issued against a substantial part of the assets of Borrower, Guarantor or any Affiliate which remains undismissed, unbonded or undischarged for a period of thirty (30) days.
 - (i) Borrower, Guarantor or any Affiliate ceases its operations or sells or otherwise disposes of all or a substantial part of its assets (whether by a single transaction or a series of transactions) without the prior written consent of Lender; or Borrower, Guarantor or any Affiliate decides to cease its operations or to sell or otherwise dispose of all or a substantial part of its assets without the prior written consent of Lender; or any governmental or other authority expropriates or nationalizes or threatens to expropriate or nationalize, all or a substantial part of the assets of Borrower, Guarantor or any Affiliate.
 - (j) This Agreement, the Guaranty or any provision hereof or thereof ceases for any reason to be in full force and effect or is terminated or jeopardized or becomes invalid or unenforceable or if there is any dispute regarding the validity or enforceability of the same in each case in a manner which, in the opinion of Lender, might materially and adversely affect the interests of Lender hereunder, or if there is any purported termination or repudiation of the same.
 - (k) Any governmental authorization granted or required in connection with this Agreement or the Guaranty is terminated or revoked or is modified in any manner unacceptable to Lender.

- (l) It becomes impossible or unlawful for Borrower or Guarantor to perform or comply with any one or more of their respective obligations under this Agreement or under the Guaranty.
- (m) Borrower, Guarantor or any Affiliate voluntarily or involuntarily merges or consolidates with any other entity without the prior written consent of Lender.
- (n) Guarantor ceases at any time to own beneficially and directly at least forty percent (40%) of the issued and outstanding voting share capital of Borrower without the prior written consent of Lender.
- (o) Philippines or any competent authority thereof declares any moratorium on the payment of its indebtedness or the indebtedness of any governmental agency or authority thereof or juridical residents or nationals therein, or Philippines segregates all or a portion of its foreign exchange assets or earnings for the benefit of any creditor or class of creditors.
- (p) Any event occurs which in the reasonable opinion of Lender does or will prevent or materially imperil fulfillment by Borrower or Guarantor of their respective obligations under this Agreement or the Guaranty.

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13.2 Consequences of Default. (a) If an Event of Default shall occur and be continuing, Agent may, and upon written request by Lender shall, at the same or different times take one or more of the following actions:

- (i) to declare the Loan and accrued interest payable hereunder to be, whereupon they shall become, immediately due and payable without demand, notice or other legal formality of any kind, all of which are expressly waived by Borrower; and/or
- (ii) to declare any undrawn portion of the Facility to be terminated, whereupon such portion of the Facility shall forthwith terminate,

Provided, however, that upon the occurrence of any event described in Section 13.1(g), all sums then owing by Borrower hereunder shall, without any declaration or other action by Agent or Lender hereunder, automatically be immediately due and payable, and the Facility shall be immediately cancelled without demand, notice or other legal formality of any kind, all of which are expressly waived by Borrower.

- (b) In addition to the actions permitted in paragraph (a) above, Agent may, and upon written request by Lender shall, take any action, exercise any other right or pursue any other remedy conferred upon it by this Agreement and/or any applicable law or regulation or otherwise as a consequence of any Event of Default.

13.3 No Waiver. No waiver of any Event of Default shall constitute a waiver of any other or any succeeding Event of Default except to the extent provided in such waiver.

SECTION 14. DEFAULT INTEREST

14.1 Non-Payment. (a) If Borrower fails to pay any sum payable under this Agreement when due, Borrower shall pay interest on such sum from and including the due date to the date of actual payment (as well after as before judgment) at the rate per annum conclusively determined by Agent to be the higher of: (a) the aggregate of (i) one percent (1%) and (ii)

the rate of interest (if any) payable in respect of such sum immediately before the due date; and (b) the aggregate of (i) one percent (1%), (ii) the Margin and (iii) LIBOR calculated with reference to such periods and such amounts as Agent considers appropriate or, if any of the circumstances described in Section 8.1 applies, the rate from time to time certified by Lender or Agent to be the rate representing the cost to it of funding the unpaid sum. For these purposes, LIBOR shall be determined by Agent on such date or dates on or after the due date for payment as Agent may select.

- (b) Interest at the rate or rates determined from time to time as aforesaid shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 360 day year, shall be compounded at the end of each successive funding period considered appropriate by Agent for the purposes of this Section and shall be payable from time to time on demand.

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- 14.2 Other Events of Default. If an Event of Default other than that described in Section 13.1(a) shall occur and be continuing, Borrower shall pay to Agent on demand interest on the amount of the Loan then outstanding from and including the date of such default to and including the date the default is cured (after as well as before judgment) at the rate which is one percent (1%) per annum above the interest rate then applicable to the Loan.

SECTION 15. INDEMNITIES

- 15.1 General Indemnity. Borrower shall indemnify Lender and Agent against all losses, liabilities, damages, costs and expenses (including loss of profit) which Lender or Agent may incur as a consequence of any Event of Default or any other breach by Borrower of any of its obligations under this Agreement or otherwise in connection with this Agreement (including any loss or expense incurred in liquidating or redeploying funds acquired to maintain the Loan and any interest or fees incurred in funding any unpaid sum, but taking into account any interest paid by Borrower in respect of such unpaid sum under Section 14).
- 15.2 Currency Indemnity. Dollars shall be the currency of account and of payment in respect of sums payable under this Agreement. If an amount is received in another currency, pursuant to a judgment or order in the liquidation of Borrower or otherwise, Borrower's obligations under this Agreement shall be discharged only to the extent that Lender or Agent (as the case may be) may purchase Dollars with such other currency in accordance with normal banking procedures upon receipt of such amount. If the amount in Dollars which may be so purchased, after deducting any costs of exchange and any other related costs, is less than the relevant sum payable under this Agreement, Borrower shall indemnify Lender and Agent against the shortfall. This indemnity shall be an obligation of Borrower independent of and in addition to its other obligations under this Agreement and shall take effect notwithstanding any time or other concession granted to Borrower or any judgment or order being obtained or the filing of any claim in the liquidation, dissolution or bankruptcy (or analogous process) of Borrower.

SECTION 16. LENDER AND AGENT

- 16.1 Appointment. Lender hereby irrevocably appoints Agent to act as its agent for the purposes set out in this Agreement and irrevocably authorizes Agent to take such action on its behalf and to exercise and enforce such rights, powers and discretions as are expressly or by implication

delegated to Agent by the terms hereof and such rights, powers and discretions as are reasonably incidental thereto.

- 16.2 Scope of Duties. In respect of its duties and functions hereunder Agent shall be considered to be acting solely as an agent of Lender in an administrative capacity only and shall not be deemed a trustee of Lender or an agent or trustee of Borrower for any purpose. Agent shall have no duties or obligations except those provided for in this Agreement.

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- 16.3 Specific Duties and Obligations. Agent shall:

- (a) promptly account to Lender all payments received by Agent from Borrower or otherwise in connection with the Facility in accordance with the provisions of this Agreement; and
- (b) promptly inform Lender of:
 - (i) the contents of any document which Agent receives in respect of the Facility and which it considers to be material; and
 - (ii) any material Event of Default of which an officer of Agent acting in respect of this Agreement and in his capacity as such has actual knowledge;
- (c) save as otherwise provided in this Agreement, take or refrain from taking any action in accordance with any lawful and proper instructions given to it by Lender and any such action taken or refrained from being taken shall be binding on Lender; and
- (d) consult with Lender to the extent practicable before giving any notice or making any declaration under Section 13.2 or effecting any amendment or waiver under Section 19.3.

- 16.4 Rights and Powers. Agent may:

- (a) perform any of its duties and functions hereunder through its directors, officers, employees or agents;
- (b) engage and pay for the advice or services of lawyers, accountants or other experts or professional advisers as Agent may consider necessary or desirable and rely and act upon such advice;
- (c) refrain from exercising any of its rights, powers and discretions unless and until instructed by Lender and refrain from acting upon any instructions to commence legal proceedings until it has been indemnified or secured to its satisfaction against any liabilities, costs and expenses which it may incur;
- (d) refrain from taking any action which in its opinion would or might contravene any law in any relevant jurisdiction or render it liable to any person and do all such things in its opinion necessary to comply with any such law; and
- (e) assume that no Event of Default or prospective Event of Default has occurred and that no party is in breach of its obligations under this Agreement unless Agent receives specific written notice to the contrary.

- 16.5 No Liability to Lender. Agent shall have no liability or obligation to Lender:

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- (a) as a result of any failure or delay by Borrower or any other party in performing its respective obligations under this Agreement;
- (b) for the authorization, execution, legality, validity, enforceability, effectiveness, genuineness or sufficiency of this Agreement, the Guaranty or any other document relevant to this transaction, or for the accuracy of any representation, warranty or statement made in or in connection with this Agreement or the Guaranty or for the accuracy or completeness of any information supplied by any person whether or not such information was or is circulated by Agent;
- (c) to take any steps to ascertain whether an Event of Default has occurred or whether Borrower or any other party is otherwise in breach of any of its obligations under this Agreement;
- (d) to provide any credit or other information concerning the financial or other condition of Borrower or any other party other than as expressly provided for herein; or
- (e) to account for any sum received by Agent (other than for the account of Lender) by way of fees or reimbursement of expenses in connection with this Agreement or for any benefit received by it arising out of any present or future banking or other relationship with Borrower.

16.6 No Liability to Borrower. Agent shall have no liability or obligation to Borrower as a result of any failure or delay by Lender or any other party in performing its respective obligations under this Agreement.

16.7 Liability and Indemnity. Neither Agent nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted to be taken in connection with this Agreement unless resulting directly from gross negligence or wilful misconduct. Lender shall indemnify Agent (to the extent not reimbursed by Borrower) from and against all claims, actions, liabilities, damages, penalties, losses, costs and expenses (including legal fees) which Agent may incur in any way relating to or arising out of this Agreement or otherwise in connection with the Facility, unless and to the extent that any of the foregoing results directly from Agent's gross negligence or wilful misconduct.

16.8 Acknowledgment by Lender. Lender acknowledges to and agrees with Agent that:

- (a) it has itself been and will continue to be solely responsible for making its own analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of Borrower and any other person referred to herein and for making its own decisions as to the entering into or the taking or not taking of any action in connection with this transaction; and
- (b) it has not relied upon any representation or statement made by Agent as an inducement to its entering into this Agreement.

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16.9 Certifications by Agent. Where any provision of this Agreement provides that Agent may certify an amount or rate payable by Lender, a certificate

as to such amount or rate shall be conclusive and binding on Lender.

- 16.10 Resignation of Agent. Agent may resign at any time by giving not less than thirty (30) days' prior written notice to Lender and Borrower. Lender shall have the right to appoint a successor Agent, but if it does not do so within the thirty (30) day notice period the retiring Agent may do so on its behalf. Agent's resignation shall not take effect until a successor Agent has been appointed in writing signed by Lender and by such successor. Upon such appointment the successor Agent shall succeed to and become vested with all the rights, powers, discretions and duties of the retiring Agent and the retiring Agent shall be discharged from any further duties and obligations hereunder. The parties hereto agree to execute whatever documents may be necessary to effect such a change of Agent. After any retiring Agent's resignation Sections 16.5, 16.6 and 16.7 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.
- 16.11 No Partnership. Nothing contained or implied in this Agreement shall constitute or be deemed to constitute a partnership between any of the parties hereto.

SECTION 17. ASSIGNMENT

- 17.1 Borrower. Borrower shall not assign or transfer any of its rights or obligations hereunder.
- 17.2 Lender. Lender may assign or transfer all or any part of its rights, benefits and obligations hereunder upon written notice of such assignment or transfer to Borrower. Borrower shall take any and all actions Lender may reasonably require to perfect and complete any such assignment or transfer, including without limitation the giving of its consent thereto. Upon any assignment or transfer by Lender, the assignee or transferee shall be entitled, to the extent of the interest assigned or transferred, to the benefit of the indemnities, tax reimbursements and rights of set-off of Lender pursuant to the provisions of this Agreement as fully as if it were a party hereto. The acts of Lender or the failure of Lender to act hereunder shall in all circumstances be conclusive and binding on any transferee or assignee of Lender's interest hereunder.
- 17.3 Participations. Lender may at any time grant one or more participations in its rights and/or obligations under this Agreement but no other party hereto shall be concerned in any way with any participation so granted.
- 17.4 Disclosure. Lender may disclose to (a) its head office, other branch offices, auditors, relevant authorities and other persons as required under any prevailing law or banking regulations and to (b) a transferee, assignee or participant or potential transferee, assignee or participant, in each case, on a confidential basis such information about Borrower as Lender shall consider appropriate.

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SECTION 18. GOVERNING LAW AND JURISDICTION

- 18.1 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of New York, the United States of America.
- 18.2 Jurisdiction. Borrower agrees that any legal action or proceeding arising out of or relating to this Agreement may be brought in any court of the State of New York or Federal court of the United States of America located in the City and State of New York and irrevocably submits to the non-exclusive jurisdiction of such courts. The foregoing, however, shall

not limit the rights of Lender to bring any legal action or proceeding or to obtain execution of judgment in any other jurisdiction.

- 18.3 Process Agent. Borrower irrevocably appoints Anam USA, Inc., currently located at Goshen Corporate Park 1345, Enterprise Drive, West Chester, PA 19380, U.S.A., as its agent to accept on its behalf service of any and all process or other documents which may be served in any action or proceedings in any such court. If for any reason the agent named above (or its successor) no longer serves as agent of Borrower for this purpose, Borrower shall promptly appoint a successor agent satisfactory to Lender and notify Lender thereof, provided that until Lender receives such notification, it shall be entitled to treat the agent named above (or its said successor) as the agent of Borrower for the purposes of this Section. Borrower agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in New York, New York whether or not such agent gives notice thereof to Borrower.
- 18.4 No Limitation on Right of Action. Nothing herein shall limit the right of Lender to commence any legal action against Borrower and/or its property in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.
- 18.5 Waiver of Immunity. Borrower irrevocably waives any immunity to which it or its property may at any time be or become entitled, whether characterized as sovereign immunity or otherwise, from any set-off or legal action in New York, New York or elsewhere, including immunity from service of process, immunity from jurisdiction of any court or tribunal, and immunity of any of its property from attachment prior to judgment or from execution of a judgment.

SECTION 19. MISCELLANEOUS

- 19.1 Term. The term of this Agreement shall commence on the date first set forth above and shall end on the date of termination of the Facility or, if later, upon payment in full of all principal, interest and other sums payable by Borrower hereunder. The representations and warranties of Borrower set forth herein shall survive the making of the Loan and the indemnities of Borrower contained herein shall survive repayment of the Loan.

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- 19.2 Entire Agreement. This Agreement and the documents referred to herein constitute the entire obligation of the parties hereto and supersede any prior expressions of intent or understandings with respect to this transaction.
- 19.3 Amendment. Any amendment or waiver of any provision of this Agreement and any waiver of any default under this Agreement shall only be effective if made in writing and signed by or on behalf of the party against whom the amendment or waiver is asserted. For these purposes, any amendment or waiver which is made in writing by Agent at the direction of Lender shall be binding on Lender.
- 19.4 Waiver; Cumulative Rights. The failure or delay of Agent or Lender to require performance by Borrower of any provision of this Agreement shall not affect its right to require performance of such provision nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Each and every right, power and remedy granted to Lender and Agent hereunder or by

law shall be cumulative and may be exercised in part or in whole from time to time.

- 19.5 Severability. If any one or more of the provisions contained in this Agreement or any document executed in connection herewith shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- 19.6 Set-Off. To the extent permitted by law, Lender and Agent may at any time set off or apply any and all deposits by Borrower with Lender or, as the case may be, Agent, at its head office or at any branch, subsidiary or affiliate of its head office (whether general or special, time or demand, matured or unmatured) in reduction of amounts due to it hereunder.
- 19.7 Notices. (a) Each notice, demand or other communication to be given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or telex number or fax number set out below (or such other address or telex number or fax number as the addressee has by five (5) days' prior written notice specified to the other parties):

To Borrower: Amkor/Anam Pilipinas, Inc.
KM 22 East Service Road
South Superhighway
Muntinlupa, Metro Manila
Philippines

Fax No.: 63-2-845-7285
Attention: Mr. Danny D. Franklin

To Lender: The Korea Development Bank
10-2, Kwanchol-dong
Chongno-ku,
Seoul, Korea

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Telex No.: K27463
Answerback: KODBANK
Fax No.: 723-0386
Attention: International Loan Department

To Agent: KDB Asia Limited
Suite 2101-2103
Two Exchange Square
8 Connaught Place
Hong Kong

Telex No.: 65276, 80439
Answerback: KDB HX, KDBA HX
Fax No.: 723-0386
Attention: Mr. Su Jae Kim

- (b) Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (i) if given or made by letter, when actually delivered to the relevant address, (ii) if given or made by telex, when despatched with confirmed answerback and (iii) if given or made by fax, when despatched with a simultaneous confirmation of transmission, provided that, if such day is not a working day in the place to which it is sent, such notice, demand or other communication shall be deemed delivered on

the next following working day at such place.

- (c) All notices, demands or other communications hereunder and any other documents required to be delivered hereunder shall be in the English language or accompanied by a certified translation thereof into the English language.
- (d) All communications between Lender and Borrower in relation to this Agreement shall be made through Agent.

19.8 Counterparts. This Agreement may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed, in either case, by all parties hereto shall constitute a full and original agreement for all purposes.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized signatories as of the day and year first written above.

BORROWER

AMKOR/ANAM PILIPINAS, INC.

By: /s/ (ILLEGIBLE)

- - - - -

Name:

Title:

LENDER

THE KOREA DEVELOPMENT BANK

By: /s/ (ILLEGIBLE)

- - - - -

Name:

Title:

AGENT

KDB ASIA LIMITED

By: /s/ (ILLEGIBLE)

- - - - -

Name:

Title:

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SCHEDULE

CONDITIONS PRECEDENT DOCUMENTS

1. The Guaranty duly executed by Guarantor.
2. Certified copies of appropriate consents, licenses, approvals or authorizations of and filings or registrations with such governmental authorities in any jurisdiction, including the Philippines and Korea, as may be necessary or advisable to authorize the borrowings under the Loan Agreement and the execution and performance of the Loan Agreement or the Guaranty and to permit payment and remittance in Dollars of all payments at the times, at the places and in the manner provided for under the Loan Agreement, including without limitation:
 - (a) the approval of the Central Bank authorizing the execution, delivery and performance by Borrower of the Loan Agreement; and
 - (b) the approval of the Central Bank approving the terms and conditions of an executed copy of the Loan Agreement.
3. In relation to Borrower:
 - (a) certified copies of:
 - (i) the Certificate of Registration of Borrower's Articles of Incorporation issued by the Securities and Exchange Commission of the Philippines;
 - (ii) the Articles of Incorporation and By-Laws of the Borrower;
 - (iii) the Certificate of Good Standing issued by the Securities and Exchange Commission of the Philippines;
 - (iv) the Municipal permits and licenses from the Municipality of Muntinlupa, Metro Manila; and
 - (v) the minutes of a meeting of the Board of Directors of Borrower adopting resolutions authorizing the execution and performance of the Loan Agreement and further authorizing the authority of the persons signing the Loan Agreement and any other documents to be executed by Borrower pursuant thereto; and
 - (b) a certificate of the Corporate Secretary of Borrower certifying:
 - (i) the incumbency and specimen signatures of the directors acting at the meeting of the Board of Directors referred to in (a) (v) above; and
 - (ii) the incumbency and specimen signatures of the persons authorized to sign the documents as referred to in (a) (v) above; and
 - (c) written confirmation of acceptance of appointment from the agent for service of process named in Section 18.3 of the Loan Agreement.
4. In relation to Guarantor:
 - (a) certified copies of:
 - (i) the Articles of Incorporation of Guarantor;

- (ii) the Commercial Registry extracts relating to Guarantor;
 - (iii) the minutes of a meeting of the board of directors of Guarantor adopting resolutions authorizing the execution and performance of the Guaranty and further authorizing the authority of the person signing the Guaranty and any other documents to be executed by Guarantor in relation thereto; and
 - (iv) the seal certificate for the Representative Director of Guarantor participating in the meeting referred to in (iii) above;
- (b) a certificate of the Representative Director of Guarantor certifying (aa) the documents referred to in paragraph 4(a) above, (bb) the incumbency and specimen signature and/or seal impression of the person authorized to sign the documents as referred to in (a)(iii) above and (cc) that the seal impressions set out beside the names of each director listed in the minutes of the meeting referred to in (a)(iii) above are the respective genuine seal impressions of each such director; and
- (c) written confirmation of acceptance of appointment from the agent for service of process named in Section 11.3 of the Guaranty.

Favorable legal opinions of Korean counsel, Philippine counsel and New York counsel to Agent and Lender.

5. Such other documents relating to any of the matters contemplated under the Loan Agreement and the Guaranty as Agent may request.

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EXHIBIT A

FORM OF NOTICE OF DRAWDOWN

_____, 1995

To: KDB Asia Limited
Suite 2101-2103
Two Exchange Square
8 Connaught Place
Hong Kong

Re: US\$50,000,000 Loan Agreement dated September 7, 1995

Dear Sirs:

We refer to the above Loan Agreement, and hereby give notice that we wish to make a Drawdown under the Facility on _____, 199_ in the amount of US\$_____.

The proceeds of the Drawdown are to be used exclusively for the purposes specified in the Loan Agreement.

The proceeds of the Drawdown should be disbursed by credit to account number [] in favour of [] with [].

We hereby certify to you that as of the date of this notice:

- (a) the representations and warranties set out in Section 11 of the Loan Agreement, repeated with reference to the facts and circumstances subsisting at the date of this notice, remain true and correct;
- (b) no Event of Default or prospective Event of Default has occurred which remains unwaived or unremedied or would result from the making of the Drawdown; and
- (c) all applicable conditions precedent specified in Section 3 of the Loan Agreement have been met.

Terms defined in the Loan Agreement shall have the same meanings when used in this notice.

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For and on behalf of
AMKOR/ANAM PILIPINAS, INC.

By _____
Name:
Title:

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EXHIBIT B

FORM OF GUARANTY

THIS GUARANTY is made on the 7th day of September, 1995

BY:

ANAM INDUSTRIAL CO., LTD., a corporation organized and existing under the laws of Korea with its registered head office at 280-8, 2-ka, Sungsu-dong, Sungdong-ku, Seoul, Korea ("GUARANTOR").

IN FAVOUR OF:

- (1) THE KOREA DEVELOPMENT BANK of 10-2, Kwanchol-dong, Chongno-ku, Seoul, Korea as lender ("LENDER"); and
- (2) KDB ASIA LIMITED of Suite 2101-2103, Two Exchange Square, 8 Connaught Place, Hong Kong as agent ("AGENT").

WHEREAS:

- (A) By a loan agreement (the "LOAN AGREEMENT") dated September 7, 1995 and made between (1) Amkor/Anam Pilipinas, Inc., as borrower ("BORROWER"), (2) Lender and (3) Agent, Lender has agreed to make available to Borrower a loan facility in an aggregate principal amount of up to US\$50,000,000 (the "FACILITY") upon the terms set out therein.
- (B) It is a condition precedent to Lender making the Facility available to Borrower that Guarantor enter into this Guaranty.

NOW THIS GUARANTY WITNESSES as follows:

SECTION 1. INTERPRETATION

In this Guaranty, unless the context requires otherwise:

- (a) terms and expressions defined in the Loan Agreement have the same meanings when used in this Guaranty; and
- (b) "SECURED INDEBTEDNESS" means all and any sums (whether principal, interest, fees or otherwise) which are or at any time may become payable by Borrower under the Loan Agreement and all other monies hereby secured.

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- (c) "DEBT-EQUITY RATIO" means, at any time, the ratio of total liabilities to total equity of Guarantor at such time. As used in this definition, the terms "TOTAL LIABILITIES" and "TOTAL EQUITY" shall have the respective meanings assigned to them by generally accepted accounting principles applied on a basis consistent with those used in the preparation of the financial statements referred to in Section 8.1(j).

SECTION 2. GUARANTY

- 2.1 Guarantor irrevocably and unconditionally guarantees, as primary obligor and not merely as surety to Lender and Agent, jointly and severally with Borrower, the due and punctual payment of the Secured Indebtedness when and as the same shall become due and payable, whether at stated maturity, upon acceleration, extension or otherwise, according to the terms of the Loan Agreement.
- 2.2 Guarantor agrees to pay to Agent for the account of Lender any amount of the Secured Indebtedness in the currency or respective currencies in which the same is payable under the terms of the Loan Agreement at any time on demand against Agent's invoice accompanied by Agent's simple certificate stating that Borrower has failed to pay the same pursuant to the Loan Agreement, which invoice shall be final and conclusive as to the amount owed absent manifest error.
- 2.3 This Guaranty shall be a continuing guaranty and shall remain in full force and effect until the Secured Indebtedness has been paid in full and shall not be (or be construed as to be) discharged by any intermediate discharge or payment of or on account of the Secured Indebtedness or any settlement of accounts between Agent or Lender and Borrower or anyone else.

SECTION 3. INDEMNITY

Without prejudice to the guaranty contained in Section 2, Guarantor unconditionally and irrevocably undertakes, as a separate, additional and continuing obligation and as a primary obligor, to indemnify Lender and Agent from time to time on demand against all losses, liabilities, damages, costs and expenses whatsoever arising out of any failure by Borrower to make due and punctual payment of the Secured Indebtedness or in the due and punctual performance and observance of all other obligations under the Loan Agreement. This indemnity shall remain in effect notwithstanding that the guaranty under Section 2 ceases to be valid or enforceable against Guarantor for any reason whatsoever.

SECTION 4. PRESERVATION OF RIGHTS

- 4.1 The obligations of Guarantor herein contained shall be in addition to and not in substitution for any other guaranty or security which Lender or Agent may now or hereafter hold in respect of the Secured Indebtedness. Lender and Agent may change or release any such guaranty or security and such shall have no effect whatsoever on this Guaranty.

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- 4.2 Neither the obligations of Guarantor hereunder nor the rights, powers and remedies conferred upon Lender and Agent by this Guaranty or by law shall be discharged, impaired or otherwise affected by:
- (a) the winding-up, dissolution, administration or reorganization of Borrower or any change in its status, function, control or ownership;
 - (b) any of the obligations of Borrower under the Loan Agreement being or becoming illegal, invalid or unenforceable in any respect;
 - (c) any variation or amendment to the terms of the Loan Agreement or any other document referred to therein;
 - (d) the granting of any time or indulgence to Borrower or any other person;
 - (e) the invalidity or unenforceability of any obligation or liability of Borrower under the Loan Agreement;
 - (f) any invalidity or irregularity in the execution of the Loan Agreement or this Guaranty;
 - (g) any deficiency in the powers of Borrower to enter into or perform any of its obligations under the Loan Agreement or any irregularity in the exercise thereof or any lack of authority by any person purporting to act on behalf of Borrower;
 - (h) any other guarantee or security which Lender or Agent may now or hereafter hold in respect of the Secured Indebtedness being or becoming wholly or partly void, voidable or unenforceable;
 - (i) any waiver, exercise, omission to exercise, compromise, renewal or release of any rights against Borrower or any other person or any compromise, arrangement or settlement with any of the same; or
 - (j) any act, omission, event or circumstance which would or may but for this provision operate to prejudice, affect or discharge this Guaranty or the obligations of Guarantor hereunder.
- 4.3 Lender or Agent shall not be obliged before exercising any of the rights, powers or remedies conferred upon it under this Guaranty or by law:
- (a) to make any demand of Borrower;
 - (b) to take any action or obtain judgement in any court against Borrower;
 - (c) to make or file any claim or proof in a winding-up or dissolution of Borrower; or

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- (d) to enforce or seek to enforce any other security taken in respect of the Secured Indebtedness.

4.4 Guarantor represents to and undertakes with Lender and Agent that it has not taken and will not take any security in respect of its liability under this Guaranty whether from Borrower or any other person. So long as any sum remains owing by Borrower to Agent or Lender, Guarantor shall not exercise any right of subrogation or any other rights of a surety or enforce any security or other right or claim against Borrower (whether in respect of its liability under this Guaranty or otherwise) or any other person who has guaranteed or given any security in respect of the Secured Indebtedness or claim in the insolvency or liquidation of Borrower or any such other person in competition with Lender. If Guarantor receives any payment or benefit in breach of this Section, it shall hold the same upon trust for Lender and Agent as a continuing security for the Secured Indebtedness.

SECTION 5. COSTS, CHARGES AND EXPENSES

Guarantor shall from time to time forthwith on demand pay to or reimburse Lender and Agent for all costs, charges and expenses (including legal and other fees on a full indemnity basis) incurred by Lender or Agent in connection with the preparation and execution of this Guaranty and in exercising any of its rights or powers hereunder or in suing for or seeking to recover any sums due hereunder or otherwise preserving or enforcing its rights hereunder or in defending any claims brought against it in respect of this Guaranty or in releasing this Guaranty upon payment of the Secured Indebtedness.

SECTION 6. TAXES AND OTHER DEDUCTIONS

- 6.1 All sums payable by Guarantor under this Guaranty shall be paid in full without set-off or counterclaim or any restriction or condition and free and clear of any tax or other deductions or withholdings of any nature.
- 6.2 If Guarantor or any other person is required by any law or regulation to make any deduction or withholding (on account of tax or otherwise) from any payment for the account of Lender or Agent, Guarantor shall, together with such payment, pay such additional amount as will ensure that Lender or Agent receives (free and clear of any tax or other deductions or withholdings) the full amount which it would have received if no such deduction or withholding had been required. Guarantor shall promptly forward to Agent copies of official receipts or other evidence showing that the full amount of any such deduction or withholding has been paid over to the relevant taxation or other authority.

SECTION 7. CURRENCY INDEMNITY

If an amount due to Lender or Agent from Guarantor in one currency (the "FIRST CURRENCY") is received by Lender or Agent in another currency (the "SECOND CURRENCY"), Guarantor's obligations in respect of such amount shall only be discharged to the extent that Lender or

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Agent may purchase the first currency with the second currency in accordance with normal banking procedures. If the amount of the first currency which may be so purchased (after deducting any costs of exchange and any other related costs) is less than the amount so due, Guarantor shall indemnify Lender or Agent against the shortfall.

SECTION 8. REPRESENTATIONS AND WARRANTIES

8.1 Guarantor represents and warrants to Lender and Agent as follows:

- (a) Guarantor is a corporation duly organized and validly existing under the laws of Korea. Guarantor is qualified or registered to do business in every jurisdiction where the failure to so qualify or register could have a material adverse effect on Guarantor.
- (b) Guarantor has full legal right, power and authority to carry on its present business, to own its properties and assets, to incur the indebtedness and other obligations provided for in this Guaranty, to execute and deliver this Guaranty and all other documents hereunder and to perform and observe the terms and conditions hereof and thereof.
- (c) Guarantor has taken all appropriate and necessary corporate and legal action to authorize the execution and delivery of this Guaranty and all other documents hereunder and to authorize the performance and observance of the terms and conditions hereof and thereof.
- (d) Guarantor has obtained or effected all authorizations necessary for the valid execution, delivery and performance of this Guaranty and such authorizations are in full force and effect or, by the date on which the initial Notice of Drawdown is given, such authorizations will have been obtained and be in full force and effect and there has been no default under the conditions of any of the same.
- (e) This Guaranty constitutes the legal, valid and binding obligations of Guarantor enforceable in accordance with its terms. The execution, delivery and performance of the terms of this Guaranty or the payment by Guarantor of all amounts due on the dates and in the currency provided for herein (i) will not violate or contravene any provision of law or regulation which is applicable to Guarantor; (ii) will not conflict with the Articles of Incorporation or By-laws (or comparable constituent documents) of Guarantor; (iii) will not conflict with or result in the breach of any provision of, or in the imposition of any Encumbrance under, any agreement or instrument to which Guarantor is a party or by which it or any of its properties or assets is bound; and (iv) will not constitute a default or an event that, with the giving of notice or the passing of time, or both, would constitute a default under any such agreement or instrument.
- (f) Guarantor is not in default under any agreement or obligation applicable to it or its assets or revenues, the consequences of which default could materially and adversely affect its business or financial condition or its ability to perform its obligations under this Guaranty and no Event of Default or prospective Event of Default has occurred.

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- (g) Guarantor is in full compliance with all applicable laws, regulations and orders, whether or not having the force of law, including without limitation, tax laws.
- (h) This Guaranty is the direct, unconditional and general obligation of Guarantor. Guarantor's obligations hereunder rank and will rank at least pari passu in priority of payment and in all other respects with all other unsecured indebtedness of Guarantor except for those preferred by operation of law.
- (i) All registrations, recordings or filings required as a condition to the legality, validity or enforceability of this Guaranty or any other document to be executed and delivered pursuant to the terms of this Guaranty have been made by Guarantor.

- (j) The most recent audited financial statements of Guarantor for the time being (including the audited profit and loss account and balance sheet) were prepared in accordance with all applicable laws and regulations of Korea and generally accepted accounting principles and policies consistently applied and show a true and fair view of the financial position of Guarantor as at the end of, and the results of its operations for, the financial period to which they relate and, as at the end of such period Guarantor did not have any significant liabilities (contingent or otherwise) or any unrealized or anticipated losses which are not disclosed by or reserved against in, such financial statements, and there has been no material adverse change in the business or financial condition of Guarantor since the date of such financial statements.
- (k) No litigation, administrative proceeding or arbitration is presently pending or threatened against Guarantor or its assets or revenues which, if adversely determined, could have a material effect on the ability of Guarantor to perform its obligations under this Guaranty.
- (l) Guarantor is generally subject to civil and commercial law and to legal proceedings and neither Guarantor nor any of its assets or revenues is entitled to claim immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process.
- (m) Guarantor is the legal and beneficial owner of forty percent (40%) of the issued and outstanding voting share capital of Borrower.

SECTION 9. COVENANT

9.1 Guarantor undertakes and agrees with Lender and Agent as follows:

- (a) Throughout the life of this Guaranty, Guarantor shall provide Agent with copies of its unaudited financial statements for the first six months of each fiscal year and its audited financial statements for each fiscal year as they are available but in any event not later than ninety (90) days after the close of each fiscal period covered by an unaudited financial statement and not more than one hundred and twenty (120) days after the close of each fiscal period covered by an audited financial statement and such other information respecting the financial condition and operations of Guarantor

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as Agent may from time to time reasonably request. Each financial statement provided hereunder shall have been prepared in accordance with generally accepted accounting principles in Korea consistently applied, and be accompanied by a certificate executed by the principal financial officer of Guarantor stating (i) that as of the date of such financial statement Guarantor is in full compliance with all terms and conditions hereof, including without limitation all financial covenants, and of any document executed pursuant hereto, and (ii) that as of such date no Event of Default or prospective Event of Default has occurred and is continuing.

- (b) Guarantor shall pay and discharge all taxes, assessments and governmental charges upon it or its assets promptly when due and, in any event, prior to the date on which penalties may become attached thereto.
- (c) Guarantor shall ensure that the representations and warranties contained in this Guaranty remain at all times true and accurate by reference to the facts and circumstances from time to time existing.

- (d) Guarantor undertakes to obtain or effect any governmental authorizations as may be required or advisable in respect of the performance by Guarantor or Borrower of any of the terms and conditions of this Guaranty or, as the case may be, the Loan Agreement, including, without limitation, any filings or periodic reports required under the Foreign Exchange Management Act of Korea and regulations thereunder.
- (e) Guarantor shall maintain its corporate existence in compliance with all applicable laws and regulations, and Guarantor shall maintain the present character of its business.
- (f) Guarantor shall maintain insurance on and in relation to its businesses, properties and assets with reputable underwriters or insurance companies against such risks and in such amount as are customary for businesses of a like nature in the jurisdiction in which such properties and assets are located or in which such businesses are conducted.
- (g) Guarantor shall not, except with the prior written consent of Agent and Lender, (i) merge or consolidate with any other corporation or (ii) purchase or otherwise acquire all or substantially all of the assets of any other corporation or (iii) sell, lease, transfer or otherwise dispose of all or any material portion of its property or assets, whether by a single transaction or by a number of transactions whether related or not, or (iv) declare or pay any dividend or make any other income distribution to its shareholders if an Event of Default or prospective Event of Default has occurred and has not been remedied to the satisfaction of Agent.
- (h) As soon as possible but in any event within seven (7) days after occurrence, Guarantor shall give written notice to Agent of any Event of Default or prospective Event of Default, or any litigation, administrative proceeding or arbitration referred to in Section 8. 1 (k), and of any other matter which has resulted or might result in a material adverse change in Guarantor's operations or financial condition or affect Guarantor's ability to pay, when due, any amounts due under this Guaranty.

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- (i) Guarantor shall at all times own beneficially and directly not less than forty percent (40%) of the issued and outstanding voting share capital of Borrower.
- (j) Guarantor shall furnish Lender with all such other documents and instruments and do all such other acts and things as Lender may reasonably require to carry out the transactions contemplated herein or in the documents to be delivered hereunder.
- (k) Guarantor shall not permit the Debt-Equity Ratio to exceed 6:1 at any time during the life of the Facility.

SECTION 10. ASSIGNMENT

- 10.1 Guarantor shall not assign or transfer any of its rights or obligations hereunder.
- 10.2 Lender may at any time assign, transfer or grant participations in all or any part of the rights, benefits and obligations under the Loan Agreement and this Guaranty pursuant to the terms of Section 17 of the Loan

Agreement and Guarantor hereby irrevocably consents to, and agrees to be bound by, such assignment or transfer. Lender may make disclosures in accordance with, and Guarantor shall do such acts and things as provided in, Section 17 of the Loan Agreement but as if references to Borrower were references to Guarantor.

SECTION 11. GOVERNING LAW AND JURISDICTION

- 11.1 This Guaranty shall be governed by and construed in accordance with the laws of the State of New York, the United States of America.
- 11.2 Guarantor agrees that any legal action or proceeding arising out of or relating to this Guaranty may be brought in any Court of the State of New York or Federal court of the United States of America located in the City and State of New York and irrevocably submits to the non-exclusive jurisdiction of such courts. The foregoing, however, shall not limit the rights of Lender or Agent to bring any legal action or proceeding or to obtain execution of judgment in any other jurisdiction.
- 11.3 Guarantor irrevocably appoints Anam USA, Inc., currently located at Goshen Corporate Park 1345, Enterprise Drive, West Chester, PA 19380, U.S.A., as its agent to accept on its behalf service of any and all process or other documents which may be served in any action or proceedings in any such court. If for any reason the agent named above (or its successor) no longer serves as agent of Guarantor for this purpose, Guarantor shall promptly appoint a successor agent satisfactory to Agent and notify Agent thereof, provided that until Agent receives such notification, it shall be entitled to treat the agent named above (or its said successor) as the agent of Guarantor for the purposes of this Section. Guarantor agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in New York, New York whether or not such agent gives notice thereof to Guarantor.

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- 11.4 Nothing herein shall limit the right of Lender or Agent to commence any legal action against Guarantor and/or its property in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.
- 11.5 Guarantor irrevocably waives any immunity to which it or its property may at any time be or become entitled, whether characterized as sovereign immunity or otherwise, from any set-off or legal action in New York, New York or elsewhere, including immunity from service of process, immunity from jurisdiction of any court or tribunal, and immunity of any of its property from attachment prior to judgment or from execution of a judgment.

SECTION 12. NOTICES

- 12.1 Each notice, demand or other communication to be given or made to Guarantor under this Guaranty shall be in writing and delivered at its address or telex number or fax number set out below (or such other address or telex number or fax number as Guarantor has by five (5) days' prior written notice specified to Agent):

To Guarantor: Anam Industrial Co., Ltd.
280-8, 2-ka
Sungsu-dong, Sungdong-ku
Seoul, Korea

Telex No.: K27381, K26540
Answerback: ANAMIC
Fax No.: 460-5127
Attention: Mr. K.H. Kim

12.2 Any notice, demand or other communication so addressed shall be deemed to have been delivered (i) if given or made by letter, when actually delivered to the relevant address, (ii) if given or made by telex, when despatched with confirmed answerback and (iii) if given or made by fax, when despatched with a simultaneous confirmation of transmission.

12.3 Any notice, demand or other communication from Guarantor to Lender or Agent shall be given or made in accordance with Section 19.7 of the Loan Agreement.

SECTION 13. MISCELLANEOUS

13.1 To the extent permitted by law, Lender or Agent may at any time set off or apply any and all deposits by Guarantor with Lender or, as the case may be, Agent, at its head office or at any branch, subsidiary or affiliate of its head office (whether general or special, time or demand, matured or unmatured) in reduction of amounts due to it hereunder.

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13.2 Lender or Agent may place and keep any monies received by virtue of this Guaranty (whether before or after the insolvency or liquidation of Guarantor or Borrower) to the credit of a suspense account for so long as Lender may think fit in order to preserve its rights to sue or prove for the whole amount of its claims against Guarantor, Borrower or any other person.

13.3 The failure or delay of Lender or Agent to require performance by Guarantor of any provision of this Guaranty shall not affect its right to require performance of such provision nor shall any single or partial exercise of the same preclude ally further exercise thereof or the exercise of any other right, power or remedy. Each and every right, power and remedy granted to Agent and Lender hereunder or by law shall be cumulative and may be exercised in part or in whole from time to time.

13.4 If any one or more of the provisions contained in this Guaranty shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

13.5 Any amendment or waiver of any provision of this Guaranty and any waiver of any default under this Guaranty shall only be effective if made in writing and signed by Agent.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed by its duly authorized representative as of the day and year first written above.

GUARANTOR

ANAM INDUSTRIAL CO., LTD.

By _____
Name:
Title:

COMMERCIAL OFFICE LEASE

CHANDLER CORPORATE CENTER, PHASE II, G.P.
1347 N. Alma School Road
Chandler, Arizona

PARTIES:

THIS LEASE is made and entered into this 6th day of September 1993, by and among CHANDLER CORPORATE CENTER PHASE II, G.P., an Arizona General Partnership, as Landlord, AMKOR ELECTRONICS, INC. Tenant.

W I T N E S S E T H:

1. Premises.

(a) Landlord does hereby lease to Tenant and Tenant hereby hires from Landlord those certain premises (hereinafter called "premises" or "leased premises") outlined in red on the floor plan attached hereto as Exhibit "A" and "B" and by this reference incorporated herein, said premises consisting of 11,200 square feet and 2,309 square feet respectively of space being known as: 1347 N. Alma School Road, Suite 100 and 225, respectively, Chandler, Arizona.

(b) Said letting and hiring is upon and subject to the terms, covenants and conditions herein set forth, and Landlord and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance.

2. Purpose. The premises are to be used for conducting related office business and for no other purposes without the written consent of Landlord.

3. Term. The term of this Lease shall be for a period of Five (5) years, commencing on the 1st day of January, 1994 and ending on the 31st day of December, 1998. If Landlord is able to deliver possession to Tenant on all or part of the said premises early or prior to the above stated commencement date of January 1, 1994, commencement date shall then begin on that earlier date. Commencement of this Lease shall begin upon the earliest date Landlord is able to give possession to Tenant.

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4. Possession. If the Landlord, for any reason whatsoever, cannot deliver possession of the said premises to Tenant at the commencement of the term hereof, this Lease cannot be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom but in that event all rent shall be abated during the period between the commencement of the said term and the time when Landlord delivers possession. If the failure to deliver possession extends beyond two months from the commencement date of the term hereof, Tenant shall have the option to terminate this Lease without penalty or any obligation.

5. RENTAL

(a) Guaranteed Minimum Monthly Rental.

Tenant shall pay to Landlord during the term of this Lease, beginning on or before January 1, 1994 and including each month thereafter through December 31, 1998 the sum of FOURTEEN THOUSAND SEVENTY ONE DOLLARS AND 87/100 (\$14,071.87) per month as Minimum Monthly Rental for the demised premises. Tenant shall pay to Landlord prior to January 1, 1994 the Following Sum: FORTY TWO THOUSAND TWO HUNDRED FIFTEEN DOLLARS AND 61/100 (\$42,215.61) as

advance rent payments representing the 1st three months rent payable in advance. Beginning April 1994 and continuing through the expiration of this lease ending December 31, 1998 the following sum: FOURTEEN THOUSAND SEVENTY ONE DOLLARS AND .87/100 (\$14,071.87) per month, which sum shall be paid in .advance on the first day of each calendar month. If and at which earlier time Landlord is able to deliver possession on all or part of the said premises to Tenant prior to commencement date originally stated in paragraph 3 above of this Lease, then commencement date shall begin at that early time and Tenant shall then begin paying Lease payments to Landlord at that time. The sum of the Lease payments and the sum of the advance Lease payments as stated in this paragraph will stay the same, except if commencement begins prior to that date stated in paragraph 3 payments will begin upon commencement.

All rental to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction or offset, except as provided below and without prior notice or demand. The due date of Guaranteed Minimum Monthly Rental is the first day of each calendar month. If the Guaranteed Monthly Rental is not received by Landlord within ten (10) days of its due date, it is in default. Any Guaranteed Minimum Monthly Rent in default shall be subject to an additional charge of five percent (5%) per month on the unpaid balance thereof as a late charge. In addition to Guaranteed Rent, Tenant agrees to pay any excise, privilege or sales taxes or any tax levied on the rental or the receipt thereof, except Landlord's income tax.

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(b) Rental Adjustment.

Effective January 1, 1995 and on January 1st of each year during the term of this lease, the Guaranteed minimum monthly Rental could be increased by no more than 5% to compensate for changes in property taxes and operating costs of the building. Landlord shall provide to Tenant, documentation to substantiate any such increase and shall include a schedule of actual operating costs and property taxes from year to year, with calculation of Tenants proportionate share of any increases in operating costs and property taxes.

Said rental shall be paid to Landlord and checks made payable to Chandler Corporate Center, in Lawful money of the United States of America at 1351 N. Alma School Rd. Suite 270, Chandler, Arizona 85224, or to such other person or at such other place as Landlord may from time to time designate in writing.

6. ADDITIONAL EXPENSES. All expenses such as but not limited to management, utilities, janitorial, maintenance of building and grounds, taxes, insurance, etc., will remain the responsibility of the Landlord.

7. USES PROHIBITED. Tenant shall not do or permit anything to be done in or about the premises nor bring or keep anything therein which will cause a cancellation of any insurance policy covering said building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the building or injure or annoy them or use or allow the premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the premises. Tenant shall not commit or suffer to be committed any waste in or upon the premises.

8. COMPLIANCE WITH LAW. Tenant shall not use the premises or permit anything to be done in or about the premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall at its sole cost and expense promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the premises, excluding structural changes not

related to or affected by Tenant's improvements or acts. Landlord affirms that it has complied with all laws, statutes, ordinances and governmental rules and regulations or requirement with respect to

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the engineering, design and construction of the leased premises and agrees to hold Tenant harmless for and defend Tenant against any damages resulting from defects or negligence in engineering, design or construction of the leased premises. The judgment of any court of competent jurisdiction or the admission of Landlord or Tenant in any action against Landlord or Tenant, whether Landlord or Tenant are opposing parties thereto or not, that Landlord or Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

9. CONSTRUCTION AND ALTERATIONS.

(a) Tenant shall not make or suffer to be made any other alterations, additions or improvements to or for the premises or any part thereof without the written consent of Landlord first had and obtained. The use by Tenant of detachable wall partitions or office systems (such as those produced, designed and distributed by manufacturers such as Haworth Office Systems, Knoll International, or Steel Case) shall not be considered an alteration, addition or improvement requiring any consent of the Landlord in spite of the fact that said systems may be attached to the ceiling, floor and permanent wall of the leased premises. Any alterations, additions or improvements to or of said premises, except furniture, trade fixtures, detachable wall partitions and office systems as described above, and security or alarm system control devices shall at once become a part of the realty and belong to Landlord. In the event Landlord consents to the making of any alterations, additions or improvements to the premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense and any contractor or person selected by Tenant to make the same must first be approved of in writing by Landlord. Upon the expiration or sooner termination of this Lease, Tenant shall, upon demand by Landlord, at Tenant's sole cost and expense, forthwith and with all due diligence remove any alterations, additions or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence at its sole cost and expense, repair any damage to the premises caused by such removal.

10. REPAIR AND JANITORIAL SERVICE. By entering into possession of the leased premises, Tenant accepts the premises as being in good condition and repair, damage thereto by fire, earthquake, act of God or the elements and reasonable wear and tear excepted. Landlord agrees to maintain in good working order and repair and operate on a regular and continual basis all fixtures, lighting, fountains and other appurtenances of the office complex of which the leased premises is a part. Tenant shall, upon the expiration or sooner termination of the term hereof, surrender the

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premises to Landlord in the same condition as when received, ordinary wear and tear and damage by fire, earthquake, act of God or the elements excepted.

11. ABANDONMENT. Tenant shall not vacate or abandon the premises at any time during the term, and if Tenant shall abandon, vacate or surrender said premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the premises shall be deemed to be abandoned.

12. LIENS. Tenant shall keep the premises and the property in which the premises are situated free from any liens arising out of any work performed for, materials furnished to, or obligations incurred by Tenant.

13. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, transfer mortgage, pledge, hypothecate or encumber this Lease, or any interest therein, and shall not sublet the said premises or any part thereof, or any right or

privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the said premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Tenant by operation of law, without the written consent of Landlord.

14. INDEMNIFICATION OF LESSOR. Tenant shall hold Landlord harmless from and defend Landlord against any and all claims of liability for any injury or damage to any person or property whatsoever: (1) occurring in, on or about the premises or any part thereof, and (2) occurring in, on or about any facilities (including, without prejudice to the generality of the term "facilities", stairways, passageways, hallways and parking areas), the use of which Tenant may have in conjunction with other tenants of the building, when such injury or damage is caused in part or in whole by the act, neglect, fault of or omission of any duty with respect to the same by Tenant, its agents, servants, employees, or invitees.

15. INSURANCE.

(a) The Landlord shall keep the building containing the leased property insured against loss or damage by fire with extended coverage endorsement in an amount sufficient to prevent the Landlord from becoming a coinsurer under the terms of the

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applicable policies but, in any event in an amount not less than eighty (80%) percent of the full insurable value as determined from time to time. The term "full insurable value" shall mean actual replacement cost (exclusive of the cost of excavation, foundations and footings) without deduction for physical depreciation. Such insurance shall be issued by financially responsible insurers duly authorized to do business in this state.

(b) Tenant agrees to provide, pay for and maintain public liability and property damage insurance of not less than \$1,000,000 with respect to bodily injury or death to any one person and of not less than \$1,000,000 in respect to damage to property of others, for the protection of the Landlord and the Tenant against liability that may or might arise from any accident or any injury or death to any person, or damage to property, with Landlord and Tenant as named insureds. Tenant further agrees to furnish Landlord with certificates of insurance or other evidence that such insurance is in effect, which certificate shall contain a clause requiring the insurer to give ten (10) days written notice to Landlord prior to any change or cancellation of the policy or policies providing such coverage.

(c) So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for, the benefit of the respective party. Each party shall obtain any special endorsements, if required by their insurer, to evidence compliance with the aforementioned waiver.

16. SERVICES AND UTILITIES. Tenant shall pay for all telephone and other such services for the leased premises as Tenant shall contract for.

17. PERSONAL PROPERTY TAXES. Tenant agrees to pay or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all equipment, furniture, fixtures, and other personal property located in the premises; except that which may be owned by Landlord.

18. SUBORDINATION, ATTORNMENMENT.

(a) This Lease, at Landlord's option, shall be subordinate to the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the leased premises are a part, and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, that as to the lien of any such deed of trust or mortgage, Tenant's right to quiet possession of the premises shall not be

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disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, whether this Lease is dated prior or subsequent to the date of recording thereof.

(b) In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the demised premises, Tenant shall attorn to the purchaser as the Landlord under this Lease.

(c) If upon any sale, assignment, or hypothecation of the leased premises or the land thereunder by Landlord, or at any other time, an estoppel certificate shall be requested of Tenant, Tenant agrees to deliver such estoppel certificate (in recordable form) addressed to any such proposed mortgagee or purchaser or to the Landlord certifying the requested information, including among other things the dates of commencement and termination of this Lease, the amounts of security deposits, and that this Lease is in full force and effect (if such be the case) and that there are no differences, offsets or defaults as actually exist. Tenant shall be liable for any loss or liability resulting from any incorrect information certified, and such mortgagee and purchaser shall have the right to rely on such estoppel certificate. Tenant shall in the same manner acknowledge and execute any assignment of rights to received rents as required by any mortgagee of Landlord.

19. HOLDING OVER. If, with Landlord's consent, Tenant holds possession of the premises after the term of this Lease, without exercising an option to renew pursuant to the terms of Paragraph 3 hereof, Tenant shall become a tenant from month to month upon the terms herein specified but as a monthly rental equivalent to the then prevailing rental paid by Tenant at the expiration of the term of this Lease pursuant to all of the provisions of Paragraphs 5 and 6 hereof, payable in advance on or before or upon the first day of each month, and Tenant shall continue in possession until such tenancy shall be terminated by Landlord, or until Tenant shall have given to Landlord a written notice at least one month prior to the date of termination of such monthly tenancy of his intention to terminate such tenancy.

20. ENTRY BY LESSOR.

(a) Landlord understands that the work to-be performed by Tenant on the leased premises is of a highly technical and confidential nature, and, therefore, Landlord agrees to provide Tenant with reasonable notice of Landlord's desire to enter upon the leased premises and shall provide Tenant with an opportunity to

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be present when entry on the premises by Landlord is made for purposes of inspecting, showing to prospective purchasers or tenants or repairing and maintaining the premises.

(b) When an emergency situation exists in which material and significant damage to the leased premises may result unless entry is made immediately, Landlord shall have the right to enter the leased premises without any notice to Tenant.

(c) Landlord may, for purposes of repairing or maintaining the premises, erect scaffolding and other necessary structures which are reasonably required by the character of the work to be performed, always providing the entrance to the premises shall not be blocked thereby, and further providing that the business of Tenant shall not be interfered with unreasonably. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the premises, and any other loss occasioned thereby.

21. DEFAULT.

(a) If default shall be made in the payment of the rent or any installment thereof or in the payment of any other lien required to be paid by Tenant under this Lease, or any other agreement between Landlord and Tenant, and such default shall continue for ten (10) days after written notice thereof to Tenant, or if default shall be made in the performance of any of the other covenants or conditions which Tenant is required to observe and perform hereunder and such default shall continue for thirty (30) days after written notice thereof to Tenant, or if the interest of Tenant in this Lease shall be levied on under execution or other legal process, or if any petition shall be filed by or against Tenant to declare Tenant a bankrupt, or if Tenant be declared insolvent according to law by a court of competent jurisdiction, or if any assignment of Tenant's property shall abandon or vacate the premises during the term of this Lease, then Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this Lease, and thereupon at its options may, without notice or demand of any kind to Tenant or any other persons, have any one or more of the following described remedies, in addition to all other rights and remedies provided at law or in equity:

(b) Upon any default by Tenant Landlord may re-enter the premises and take possession of the same and without terminating this Lease, at any time and from time to time relet the premises or any part thereof for the account of Tenant, for such term upon such reasonable conditions and at such rental as Landlord may deem proper. In such event Landlord may receive and collect the rent

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from such reletting and apply it against any amounts due from Tenant hereunder (including without limitation such expenses as Landlord may have incurred in recovering possession of the premises, placing the same in good order and condition, repairing the same for reletting, and all other expenses, commissions and charges including reasonable and necessary attorneys' fees which Landlord may have paid or incurred in connection with such repossession and reletting). Landlord may execute any lease made pursuant hereto in Landlord's name, and Tenant thereunder shall be under no obligation to see to the application by Landlord of any rent collected by Landlord nor shall Tenant have any right to collect any rent thereunder. Whether or not the premises are relet, Tenant shall pay Landlord, until the end of the term hereof, the amount of all rent and other charges required to be paid the Tenant hereunder, less the proceeds of such reletting during the term hereof, if any, after payment of Landlord's expenses as provided above. Such payments by Tenant shall be due at such times as are provided elsewhere in this Lease, and Landlord need not wait until the termination of this Lease to recover them by legal action or otherwise. Landlord shall not, by any re-entry or other act, be deemed to have terminated this Lease or the liability of Tenant for the total rent hereunder unless Landlord shall give Tenant written notice of Landlord's election to terminate this Lease.

(c) Upon any default by Tenant Landlord may give written notice to Tenant of Landlord's election to terminate this Lease, re-enter the premises and take possession of the same. In such event Landlord shall thereupon be entitled to recover from Tenant the worth, at the time of such termination of the excess, if any, of the rent and other charges required to be paid by Tenant hereunder for the balance of the term hereof (if this Lease had not been so terminated) over the then reasonable rental value of the premises for the same period.

22. RECONSTRUCTION.

(a) In the event the premises or the building of which the premises are a part are damaged by fire or other perils covered by extended coverage insurance, Landlord agrees to forthwith repair the same; and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of rent while such repairs are being made, such proportionate reduction to be based upon the proportion of the square footage of the leased premises which is deemed unusable by Tenant bears to the entire leased premises or the extent to which the damage or making of repairs shall interfere with the business carried on by Tenant in the premises.

(b) In the event the premises or the building of which the premises are a part are damaged as a result of any cause other

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than the perils covered by fire and extended coverage insurance, then Landlord shall forthwith repair the same, provided the extent of the destruction be less than twenty-five percent (25%) of the then full replacement value of the premises or the building of which the premises are a part. In the event the destruction of the premises or of the building is to an extent greater than twenty-five percent (25%) of the then full replacement value, then Landlord shall have the option either: (1) to repair or restore such damage, this Lease continuing in full force and effect, but the rent to be proportionately reduced as hereinabove in this paragraph provided; or (2) give notice to Tenant at any time within thirty (30) days after such damage, terminating this Lease as of the date specified in such notice, which date shall be no less than thirty (30) nor more than sixty (60) days after the giving of such notice. In the event of giving of such notice, this Lease shall expire and all interest to the Tenant in the premises shall terminate on the date so specified in such notice and the rent, reduced by any proportionate reduction, based upon the extent, if any, to which such damage interfered with the business carried on by Tenant in the premises, shall be paid up to date of such termination.

(c) Notwithstanding anything to the contrary contained in this paragraph, Lessor shall not have any obligation whatsoever to repair, reconstruct or restore the premises when the damage resulting from any casualty covered under this Paragraph occurs during the last six (6) months of the last one-year option renewal term of this Lease.

(d) Any repairs required to be made by Landlord to the leased - premises by this Paragraph 22 shall be done in like quality, detail, workmanship and finish as the original constructions.

23. EMINENT DOMAIN. If all or any part of the premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Landlord shall be entitled to any and all income, rent, award, or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Tenant shall not have claim against Landlord for the value of any unexpired term of this Lease. If a part of the premises shall be so taken or appropriated and neither party hereto shall elect to terminate this Lease, the rental thereafter to be paid shall be equitably reduced. Before Tenant may terminate this Lease by reason of taking or appropriation as above provided, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede or impair Tenant's use of the premises if any part of the building other than the premises shall be so taken or appropriated, Landlord shall have the right, at its option, to terminate this Lease and shall be entitled to the entire award, as above provided.

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Clauses, plats and riders, if any, signed by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

24. SALE BY LESSOR. In the event of a sale or conveyance by Landlord of the building containing the premises, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, express or implied, herein contained in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser or assignee.

25. ATTORNEYS' FEES. In the event of any action or proceeding brought by either party against the other under this Lease the prevailing party shall be entitled to recover for the reasonable fees of its attorneys in such action or proceeding such amount as the Court may adjudge reasonable as attorneys' fees.

26. SURRENDER OF PREMISES. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of the Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

27. WAIVER. The waiver by Landlord of any term covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

28. NOTICES. All notices and demands which may or are required to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States certified or registered mail, postage prepaid, addressed to the Tenant at the premises, or to such other place as the Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to the Landlord shall be sent by United States certified or registered mail, postage prepaid addressed to the Landlord at 1351 N. Alma School Rd., Suite 270, Chandler, Arizona 85224 or such other person or place as the Landlord may from time to time designate in a notice to the Tenant. Notice or demand shall be deemed complete upon mailing.

29. DEFINED TERMS AND MARGINAL HEADINGS. The words "landlord" and "Tenant" as used herein shall include the plural as well as the

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singular. Words used in masculine gender include the feminine and neuter. If there is more than one Tenant the obligations hereunder imposed upon Tenant shall be joint and several. The marginal headings and titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

30. TIME. Time is of the essence of this Lease and each and all of its provisions.

31. SUCCESSORS AND ASSIGNS. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

32. PARKING. Landlord shall provide Tenant with adequate parking spaces for its employees or agents. Landlord shall provide tenant with fifteen (15) private covered parking spaces.

33. SIGN. Landlord shall provide signage to tenant. Landlord will likewise at its sole cost maintain said sign. said sign shall be in as prominent and visible a position in relation to Parking Lot as is permitted by city ordinance and/or any other pertinent governmental regulation.

34. SECURITY DEPOSIT. Tenant has deposited with Landlord the sum of TWENTY-EIGHT THOUSAND ONE HUNDRED FORTY THREE DOLLARS AND 74/100, (\$28,143.74) (Two months rent). Said sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of the Lease, including but not limited to the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or Any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, upon demand therefore, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach Of this Lease. Landlord shall be required to keep this security deposit separate from its general funds, but Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the

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Lease term, or may be treated by Tenant at its option as the last month's rental of the Lease term.

35. QUIET ENJOYMENT. Landlord covenants that if and so long as Tenant pays the rents due hereunder and performs the other terms, conditions and covenants of this Lease, Tenant shall quietly enjoy the leased premises subject to the terms of the Lease.

36. OPTION TO RENEW LEASE AFTER EXPIRATION OF CURRENT LEASE. Landlord agrees to give Tenant an option to renew the Leased premises for an additional five (5) years. The Lease rate at that time shall be at whatever the market rate is at that time.

37. OPTION TO LEASE ADDITIONAL SPACE. Landlord agrees to give Tenant the First right to Lease all additional space in the building as those current Leases expire.

38. TENANT IMPROVEMENTS. Landlord agrees to provide at Landlords sole cost approximately six (6) private offices along the far north and east side of Suite #100, which is now an open work area. Landlord also agrees to provide normal Tenant improvements throughout Suite #225 consisting of walls, doors, ceiling, paint, carpet, A/C, heat and electrical.

All Tenant improvements shall be done in a like quality and workmanship fashion equal to what now exists.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease the day and year first above written.

Landlord:

CHANDLER CORPORATE CENTER,
PHASE II G.P.;

Tenant:

AMKOR ELECTRONICS, INC.

By: /s/ Kevin A. Bierl

Kevin A. Bierl
Its: Managing General Partner

By: /s/ John N. Boruch

John N. Boruch
President

FIRST AMENDMENT

This shall serve as the FIRST AMENDMENT, dated January 5, 1994, to that Lease dated September 6, 1993, by and between CHANDLER CORPORATE CENTER PHASE II, G.P., an Arizona General Partnership, ("Landlord"), and AMKOR ELECTRONICS, INC., ("Tenant") as Tenant located at the certain premises known as 1347 N. Alma School Road, Chandler, Arizona Suite 100 and 225 (the "Leased Premises"), however, the language contained herein shall prevail if in conflict with any previous language.

Whereas Landlord and Tenant entered into that certain Lease dated September 6, 1993, for the rental of approximately 13,509 rentable square feet of office space (known as Suite 100 located on the first floor of the building containing approximately 11,200 square feet and Suite 225, located on the second floor of the building, containing approximately 2,309 square feet) for a period of five (5) years commencing on the 1st day of January, 1994 and terminating on the 31st day of December, 1998.

Now, therefore, in consideration of these recitals and the conditions and covenants hereinafter contained, the Landlord and Tenant agree as follows:

1. Paragraph 3., Titled "TERM" of the aforesaid Lease is hereby modified and the following shall prevail:

TERM: The term of this Lease shall be for a period of Five (5) years, commencing on the 1st day of December 1993, and ending on the 30th day of November, 1998.

2. Paragraph 4., Titled "POSSESSION" of the aforesaid Lease is hereby modified and the following shall prevail:

POSSESSION: Landlord shall deliver possession to Tenant of said premises at time of commencement of this Lease being Decem&--- 1, 1993.

3. Paragraph 5., Titled ".RENTAL", Subtitled, (a) "GUARANTEED MINIMUM MONTHLY RENTAL" of the aforesaid Lease is hereby modified and the following shall prevail:

RENTAL

(a) GUARANTEED MINIMUM MONTHLY RENTAL:

Tenant shall pay to Landlord during the term of this Lease, beginning on or before March 1, 1994 and including each month thereafter through November 30, 1998 the sum of FOURTEEN THOUSAND SEVENTY ONE DOLLARS AND 87/100 (\$14,071.87) per month a minimum monthly rental for the demised premises. Landlord hereby acknowledges receipt from Tenant the sum Of FORTY TWO THOUSAND TWO HUNDRED FIFTEEN DOLLARS AND 611100 (\$42,215.61) representing

the first three (3) months rent payable in advance, beginning December, 1993 and continuing through. February, 1994. Beginning March 1, 1994 and continuing through the expiration of this Lease ending November 30, 1998 the following sum: FOURTEEN THOUSAND SEVENTY ONE DOLLARS AND 87/100 (\$14,071.87) per month, which sum shall be paid in advance on the first day of each calendar month.

4. Paragraph 36., Titled "'OPTION TO RENEW LEASE AFTER EXPIRATION OF CURRENT LEASE," of the aforesaid Lease is hereby modified and the following

shall prevail:

OPTION TO RENEW LEASE AFTER EXPIRATION OF CURRENT LEASE:

If Tenant is not then in default under any of the terms and provisions of this Lease, Tenant shall have the option to extend the term of this Lease for an additional term of five (5) years, from and after the expiration of the initial term of their Lease, upon giving of written notice of the exercise of such option to Landlord before May 31, 1998 delivered in person, or by Registered Certified Mail.

Said option shall be on the same terms and conditions as the basic terms of the original Lease with exception that the -monthly rental rate shall be adjusted to the current monthly rental rate at that time of exercise of option.

5. Paragraph 37., Titled "OPTION TO LEASE ADDITIONAL SPACE" of the aforesaid Lease is hereby modified and the following shall prevail:

OPTION TO LEASE ADDITIONAL SPACE:

If Tenant is not in default under any of the terms and provisions of this Lease, Tenant shall have the 1st option to Lease all additional space in the same building (known as the space .currently occupied by Chickasha Cotton Oil and All State Insurance) as those current Leases expire 7/96 and 9/95 respectively. Said option shall be on the same terms and conditions as the basic terms of this Lease with exception the monthly rental rate shall be adjusted to the current monthly rental rate at that time of exercise option. This option to Lease the additional space shall be exercised by given written notice of the exercise of such option to Landlord six (6) months prior to the expiration of existing Leases, delivered in person or by Registered Certified Mail.

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FIRST AMENDMENT TO LEASE
January 5, 1994
Page Three

The Lease and this First Amendment, except as herein modified, are confirmed and ratified in all respects and they shall remain in full force and effect between the parties hereto, their successors and assignors.

LANDLORD: CHANDLER CORPORATE CENTER PHASE II,, G. P.,
an Arizona General Partnership.

BY: /s/ KEVIN A. BIERL

Kevin A. Bierl

ITS: Managing General Partner

DATE: 1/5/95

TENANT: AMKOR ELECTRONICS, INC.

BY: /s/ JOHN N. BORUCH

John N. Boruch

ITS: President

DATE: 1/4/95

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SECOND AMENDMENT

This shall serve as the SECOND AMENDMENT, dated February 24, 1994, to that original Lease dated September 6, 1993, by and between CHANDLER CORPORATE CENTER PHASE II, G.P., an Arizona General Partnership, ("Landlord"), and AMKOR ELECTRONICS, INC., ("Tenant") as Tenant located at the certain premises known as 1347 N. Alma School Road, Chandler, Arizona Suite 100 and 225 (the "Leased Premises") , however, the language contained herein shall prevail if in conflict with any previous language.

Whereas Landlord and Tenant entered into that certain original Lease dated September 6, 1993, for the rental of approximately 13,509 rentable square feet of office space (known as Suite 100 located on the first floor of the building containing approximately 11,200 square feet and Suite 225, located on the second floor of the building, containing approximately 2,309. square feet) for a period of five (5) years commencing on the 1st day of January, 1994 and terminating on the 31st- day of December, 1998. There was a First Amendment to the Lease dated January 5, 1994 which amended the term to begin on the 1st day of December, 1993 and ending on the 30th day of November, 1998.

Now, therefore, in consideration of these recitals and the conditions and covenants hereinafter contained, the Landlord and Tenant agree as follows:

1. Paragraph 5., Titled "RENTAL", Subtitled, (a) "GUARANTEED MINIMUM MONTHLY RENTAL" of the aforesaid Lease is hereby modified and-the following shall prevail:

RENTAL

(a) GUARANTEED MINIMUM MONTHLY RENTAL:

In exchange for Tenant improvements completed and paid for by Tenant, Landlord agrees to give credit to Tenant by reducing the guaranteed minimum monthly rental as follows upon Tenant providing Landlord lien waivers for all work completed:

Now then, Tenant shall pay to Landlord during the term of this Lease, beginning on or before March 1, 1994 and including each Month thereafter through November 30, 1998 the sum of THIRTEEN THOUSAND FIVE HUNDRED FORTY FIVE DOLLARS AND 56/100 (\$13,545.56) per month as minimum monthly rental for the demised premises which sum shall be paid in advance on the 1st day of each calendar month.

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SECOND AMENDMENT TO LEASE
February 24, 1994
Page Two

The original Lease the First Amendment, and this Second Amendment except as herein modified, are confirmed and ratified in all respects and they shall remain in full Force and effect between the parties hereto, their successors and assignors.

LANDLORD:

CHANDLER CORPORATE CENTER PHASE II,, G. P.,
an Arizona General Partnership.

BY: /s/ KEVIN A. BIERL

Kevin A. Bierl

ITS: Managing General Partner

DATE: 2/21/94

TENANT: AMKOR ELECTRONICS, INC.

BY: /s/ JOHN N. BORUCH

John N. Boruch

ITS: President

DATE: 2/24/94

COMMERCIAL OFFICE LEASE

This Lease Agreement ("Lease") is entered into this first day of October 1996 ("Effective Date") by and between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim, c/o Amkor Electronics, Inc., 1345 Enterprise Drive, West Chester, Pennsylvania 19380 ("Lessors") and Amkor Electronics, Inc., a Pennsylvania corporation, with its principal office at 1345 Enterprise Drive, West Chester, Pennsylvania 19380 ("Lessee").

1. PREMISES

- a. Lessors do hereby lease to Lessee and Lessee does hereby lease from Lessors those certain premises located at 1345 Enterprise Drive, West Chester, PA and consisting of approximately 77,742 (27,793 = office space; 49,949 = warehouse space) square feet (the "Premises").
- b. Said letting is upon and subject to the terms, covenants and conditions herein set forth, and Lessors and Lessee covenant as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by each to be kept and performed and that this Lease is made upon the condition of such performance.

2. PURPOSE

The Premises are to be used for conducting Lessee's lawful business activities and for no other purposes without the written consent of Lessors.

3. TERM

The initial term of this Lease shall be for a period of ten (10) years commencing on the first (1st) day of October 1996 and ending on the thirtieth (30th) day of September 2006. The Lease may thereafter be extended pursuant to paragraph 20 herein.

4. RENT

a. Guaranteed Minimum Monthly Rental

Lessee shall pay to Lessors during the term of this Lease, beginning on the date of occupancy and continuing through the expiration of this Lease, the annual rental of Eight Hundred Twenty-Two Thousand Four Hundred Forty-Five Dollars and Eight Cents (\$822,445.08) paid in equal monthly installments of Sixty-Eight Thousand Five Hundred Thirty-Seven Dollars and Nine Cents (\$68,537.09) in advance on the first day of each and every month during the term of this Lease ("Guaranteed Monthly Rental"). If the Guaranteed Monthly Rental is not received by Lessors within ten (10) days of its due date, it is in default. Any Guaranteed

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Monthly Rental in default may be subject, at Lessors' discretion, to an additional charge of five percent (5%) per month on the unpaid balance thereof as a late charge. In addition to Guaranteed Monthly Rental, Lessee agrees to pay any excise, privilege or sales taxes or any tax levied on the rental or the receipt thereof, except Lessors' income tax.

Said Guaranteed Monthly Rental shall be paid to Lessors by check or wire transfer in equal amounts to Susan Y. Kim as Trustee for the 12/31/87 Trust of Susan Y. Kim; David D. Kim as Trustee for the 12/31/87 Trust of David D. Kim; and John T. Kim as Trustee for the 12/31/87 Trust of John T. Kim, in lawful money of the United States of America at 1345 Enterprise

Drive, West Chester, Pennsylvania 19380, or to such other person or at such other place as Lessors may from time to time designate in writing.

b. Rental Adjustments

Effective October 1, 1997 and on October 1 ("Adjustment Date") of each year during the term of this Lease and any extension hereto, the Guaranteed Monthly Rental shall be subject to adjustment based upon the Consumer Price Index (CPI) as published by the Bureau of Labor Statistics of the U.S. Department of Labor calculated as follows:

For each change of one (1) index point in the CPI, the Guaranteed Monthly Rental shall be adjusted by a factor of one percent (1%). Said adjustment will be based on the most recent CPI indices available prior to the Adjustment Date.

5. ADDITIONAL EXPENSES

Lessee shall pay all local, state, and federal taxes, charges, assessments, government fees of any kind, or like expenses, imposed upon the Premises during the term of the Lease. Lessee shall further pay all other expenses including, but not limited to management, utilities, janitorial, maintenance of building, grounds, insurance, etc.

6. CARE OF PREMISES, ALTERATIONS, ETC.

Lessee shall take good care of the Premises and shall, at Lessee's own cost and expense make all repairs to the Premises and fixtures other than structural repairs. At the end of the term of this Lease, Lessee shall deliver the Premises in good order and condition, damages by ordinary wear and tear excepted.

- a. The Lessee shall promptly execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of any governmental or quasi-governmental authority, including departments, bureaus and the like, having jurisdiction applicable to the Premises, for the correction, prevention, and abatement of

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violations, nuisances or other grievances, in, upon, or connected with the Premises during the term of this Lease, at Lessee's own cost and expense.

- b. Lessee, Lessee's successors, heirs, executors or administrators shall not make any alterations to the Premises without the Lessors' consent in writing, or occupy, or permit or suffer the same to be occupied for any business or purpose deemed disreputable or extra-hazardous on account of fire, under the penalty of damages and forfeiture, and in the event of a breach thereof, the term herein shall immediately cease and terminate at the option of the Lessors as if it were the expiration of the original term.

- c. Lessee will not do anything in or to the Premises, or bring anything into the Premises, or permit anything to be done or brought into or kept in the Premises, which will in any way increase the rate of insurance on said Premises, nor use the Premises or any part thereof, nor allow or permit its use for any business or purpose which would cause an increase in the rate of insurance on said building, and the Lessee agrees to pay as additional rent the cost of any increase in insurance on demand by Lessors.

7. REAL ESTATE TAXES

Lessee acknowledges that the Premises comprise one hundred percent (100%) of the building, and Lessee shall be responsible for the payment of all real estate taxes assessed against the Premises. In the event that real estate taxes due and owing by Lessors for the building shall be increased above those charges during the base year (which is defined as the tax or fiscal year used by the governmental authority assessing such taxes in effect on the commencement date of this Lease), Lessee agrees to pay as additional rent within thirty (30) days of receipt of notice from Lessors, an amount equal to such additional real estate taxes.

8. SERVICES AND UTILITIES

Lessee shall pay for all telephone and other such services for the leased Premises as contracted for by Lessee.

9. PERSONAL PROPERTY TAXES

Lessee agrees to pay or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all equipment, furniture, fixtures, and other personal property located in the Premises.

10. DAMAGE TO THE PREMISES

Lessee must give Lessors prompt notice of fire, accident, casualty, damage or dangerous or defective conditions with respect to the Premises. Lessors shall only be responsible for

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the damaged structural parts of the Premises. Lessors are not required to repair or replace any equipment, fixtures, furnishings or decorations unless originally installed by Lessors. Lessors are not responsible for delays due to settling insurance claims, obtaining estimates, labor and supply problems or any other cause not fully under Lessors' control.

a. If the fire or other casualty is caused by an act or neglect of Lessee, Lessee's employees or persons on the Premises with permission of Lessee, or at the time of the fire or casualty Lessee is in default in any term of this Lease, then all repairs will be made at Lessee's expense and Lessee must pay the full rent with no adjustment. The cost of the repairs will be added to the rent.

b. Lessors have the right to demolish or rebuild the building if there is substantial damage by fire or other casualty. Lessors may cancel this Lease within thirty (30) days after the substantial fire or casualty by giving Lessee notice of Lessors' intention to demolish or rebuild. The Lease will end thirty (30) days after Lessors' cancellation notice to Lessee. Lessee must deliver the Premises to Lessors on or before the cancellation date in the notice and pay all rent due to the date of the fire or casualty. If the Lease is canceled, Lessors are not required to repair the Premises or building. The cancellation does not release Lessee of liability in connection with the fire or casualty.

11. INSPECTION AND ENTRY BY LESSORS

Lessee agrees that Lessors and Lessors' agents and other representatives shall have the right to enter into and upon the Premises, or any part hereof, at all reasonable hours for the purpose of examining the same, or making such repairs or alterations therein as may be necessary for the safety and preservation of the Premises.

12. LIENS

Lessee shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed for, materials furnished to, or obligations incurred by Lessee.

13. INDEMNIFICATION OF LESSOR

Lessee shall hold Lessors harmless from and defend Lessors against any and all claims of liability for any injury or damage to any person or property whatsoever: (1) occurring in, on, or about the Premises or any part thereof; and, (2) occurring in, on, or about any facilities (including, without prejudice to the generality of the term "facilities," stairways, passageways, hallways, and parking areas), the use of which Lessee may have in conjunction with other tenants of the building, when such injury or damage is caused in part or in whole by the act, neglect, fault of or omission of any duty with respect to the same by Lessee, its agents, servants, employees, or invitees.

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14. INSURANCE

Lessee agrees to provide, pay for, and maintain in full force and effect during the entire term of this Lease liability insurance insuring Lessors against any loss or damage sustained or to which Lessors may be subject by reason of Lessee's occupancy and use of the Premises, which policy shall have the following limits of liability: (1) commercial general liability of One Million Dollars (\$1,000,000) which includes bodily injury and property damage; and, (2) insurance for fire and other perils up to a limit of Five Million Dollars (\$5,000,000). Lessee agrees to furnish to Lessors, prior to the Effective Date of this Lease, a binder or other such certificate evidencing such insurance coverage. Said certificate shall also name Lessors as additional insured, as well as loss payee and certificate holder.

Lessee agrees that it will, at its own cost and expense, keep its furniture, fixtures, equipment, records, and personal property insured against loss or damage by fire or other peril normally covered by "extended coverage" endorsements, and shall deliver to Lessors prior to the Effective Date of this Lease, a binder or other such certificate of such insurance coverage.

15. SUBLETTING OR ASSIGNMENT

Neither the Premises nor any portion of the Premises may be sublet, nor may this Lease be assigned without the express written consent of Lessors upon such terms and conditions as Lessors may require.

16. DEFAULT

If Lessee defaults in fulfilling any of the terms and conditions of this Lease other than the payment of rent or additional rent; or if the Premises becomes vacant or deserted; or if any execution or attachment shall be issued against Lessee or any of Lessee's property located or situated at or on the Premises whereby the Premises shall be taken or occupied by someone other than Lessee; or if this Lease shall be rejected under any applicable provision of the bankruptcy laws; or if Lessee shall fail to take possession within fifteen (15) days of the commencement of this Lease; and upon Lessors serving written notice to Lessee specifying the nature of the default, Lessee shall have thirty (30) days from the date of receipt of such notice to cure the default (or if such default cannot be cured within such period, Lessee must diligently and in good faith proceed to cure the default). If Lessee shall have failed to cure or proceed to cure the default within such period, Lessors may serve a thirty (30) day notice of cancellation of this Lease upon Lessee and, upon the expiration of the cancellation period, this Lease shall terminate and expire and Lessee shall quit and surrender the Premises to Lessors but Lessee shall remain liable as provided in this

Lease.

If after default in payment of rent or violation of any other provision of this Lease, or upon the expiration of this Lease, Lessee moves out or is dispossessed and fails to remove any

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trade fixtures or other property prior to such said default, removal, expiration of Lease, or prior to the issuance of the final order or execution of the warrant, then and in that event, the said fixtures and property shall be deemed abandoned by the said Lessee and shall become the property of Lessors.

17. NO WAIVER BY LESSORS

The failure of Lessors to insist upon a strict performance of any of the terms, conditions and covenants herein shall not be deemed a waiver of any rights or remedies that Lessors may have, and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained. This instrument may not be changed, modified, discharged or terminated orally.

18. SUBORDINATION, ATTORNMENT

- a. This Lease, at Lessors' option, shall be subordinate to the lien of any first deed of trust or first mortgage placed upon the real property of which the leased Premises are a part, and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof provided, however, that as to the lien of any such deed of trust or mortgage, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.
- b. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Lessors covering the demised Premises, Lessee shall attorn to the purchaser as the Lessors under this Lease.
- c. If upon any sale, assignment, or hypothecation of the leased Premises or the land thereunder by Lessors, or at any other time, an estoppel certificate shall be requested of Lessee, Lessee agrees to deliver such estoppel certificate (in recordable form) addressed to any such proposed mortgagee or purchaser or to the Lessors certifying the requested information, including among other things the dates of commencement and termination of this Lease, the amounts of security deposits, and that this Lease is in full force and effect (if such be the case) and that there are no differences, offsets or defaults that actually exist. Lessee shall be liable for any loss or liability resulting from any incorrect information certified, and such mortgagee and purchaser shall have the right to rely on such estoppel certificate. Lessee shall in the same manner acknowledge and execute any assignment of rights to received rents as required by any mortgagee of Lessors.

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19. EMINENT DOMAIN

If all or any part of the Premises shall be taken or appropriated by any public or quasi public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Lessors shall be entitled to any and all income, rent, award, or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Lessee shall not have a claim against Lessors for the value of any unexpired term of this Lease. If a part of the Premises shall be so taken or appropriated and neither party hereto shall elect to terminate this Lease, the rental thereafter to be paid shall be equitably reduced. Before Lessee may terminate this Lease by reason of taking or appropriation as above provided, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede, or impair Lessee's use of the Premises. If any part of the building other than the Premises shall be so taken or appropriated, Lessors shall have the right, at their option, to terminate this Lease and shall be entitled to the entire award, as above provided.

20. OPTION TO RENEW

Lessee shall have an option to renew the Lease for an additional ten (10) year term.

Said option shall be on the same terms and conditions as the terms and conditions contained herein. In order to exercise this option, Lessee shall notify the Lessors of its intention to exercise this option six (6) months prior to the original termination date.

21. NOTICES

All notices and demands which may or are required to be given by either party to the other hereunder shall be in writing. All notices and demands by the Lessors to the Lessee shall be sent by United States certified and registered mail, postage prepaid, addressed to the Lessee at the Premises, or to such other place as the Lessee may from time to time designate in a notice to the Lessors. All notices and demands by the Lessee to the Lessors shall be sent by United States certified and registered mail, postage prepaid, addressed to the Lessors at the Premises or such other person or place as the Lessors may from time to time designate in a notice to the Lessee. Notice or demand shall be deemed complete upon mailing.

22. QUIET POSSESSION

Lessors covenant that Lessee, on paying the rent and additional rent, and faithfully performing the covenants required or imposed upon Lessee, shall and may peacefully and quietly have, hold and enjoy the Premises for the term of this Lease, provided however, that this covenant shall be conditioned upon the retention of title to the Premises by the Lessors.

23. SUCCESSORS AND ASSIGNS

The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators, and assigns of the parties hereto.

24. GOVERNING LAW

This Lease shall be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania.

25. ENTIRE AGREEMENT

This instrument contains the entire agreement between the parties and the execution hereof has not been induced by either party by any presentation, promises, or understandings not expressed herein. Any changes or modifications to this Lease must be by way of a writing executed by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hand and seal as of the date and year first written above.

The 12/31/87 Trusts of Susan Y.,
David D., and John T. Kim

Amkor Electronics, Inc.

By: /s/ Memma S. Kilgannon

By: /s/ Frank Marcucci

Memma S. Kilgannon
As Agent for the 12/31/87 Trusts
of Susan Y., David D., and John T. Kim

Frank Marcucci, Executive VP

COMMERCIAL OFFICE LEASE

This Lease Agreement ("Lease") is entered into this 14th day of June 1996 ("Effective Date") by and between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim, c/o Amkor Electronics, Inc., 1345 Enterprise Drive, West Chester, Pennsylvania 19380 ("Lessors") and Amkor Electronics, Inc., a Pennsylvania corporation, with its principal office at 1345 Enterprise Drive, West Chester, Pennsylvania 19380 ("Lessee").

1. PREMISES

- a. Lessors do hereby lease to Lessee and Lessee does hereby lease from Lessors those certain premises located at 1900 South New Price Road, Chandler, Arizona and consisting of approximately 42,682 square feet (the "Premises").
- b. Said letting is upon and subject to the terms, covenants and conditions herein set forth, and Lessors and Lessee covenant as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance.

2. PURPOSE

The Premises are to be used for conducting Lessee's lawful business activities and for no other purposes without the written consent of Lessors.

3. TERM

The initial term of this Lease shall be for a period of 10 (ten) years beginning on the first (1st) day of June 1996 and ending on the thirty-first (31st) day of May 2006. The Lease may thereafter be extended pursuant to paragraph 20 herein.

4. RENT

a. Guaranteed Minimum Monthly Rental

Lessee shall pay to Lessors during the term of this Lease, beginning June 1, 1996 (or upon such date as the Premises are available for Lessee's occupancy) and continuing through the expiration of this Lease ending May 31, 2006, the annual rental of Six Hundred Forty Thousand Two Hundred Thirty Dollars (\$640,230) paid in equal monthly installments of Fifty Three Thousand Three Hundred Fifty Two Dollars and Fifty Cents (\$53,352.50) in advance on the first day of each and every month during the term of this Lease. If the Guaranteed Monthly Rental is not received by Lessors within ten (10) days of its due date, it is in default. Any Guaranteed Minimum Monthly Rent in default may be subject, at Lessors'

discretion, to an additional charge of five percent (5%) per month on the unpaid balance thereof as a late charge. In addition to Guaranteed Rent, Lessee agrees to pay any excise, privilege or sales taxes or any tax levied on the rental or the receipt thereof, except Lessors' income tax.

Said rental shall be paid to Lessors by check or wire transfer in equal amounts to Susan Y. Kim as Trustee for the 12/31/87 Trust of Susan Y. Kim; David D. Yjm as Trustee for the 12/31/87 Trust of David D. Yjm; and John T. Kim as Trustee for the 12/31/87 Trust of John T. Kim, in lawful money of the United States of America at 1345 Enterprise Drive, West Chester, Pennsylvania 19380, or to such other person or at such other place as Lessors may from time to time designate in writing.

b. Rental Adjustments

Effective January 1, 1998 and on January 1 ("Adjustment Date") of each year during the term of this Lease and any extension hereto, the Guaranteed Minimum Monthly Rental shall be adjusted in accordance with the increase in the Consumer Price Index ("CPI") as published by the Bureau of Labor statistics of the U.S. Department of Labor. The CPI published for the month nearest (but preceding) the month in which the term commences shall be the Base Index. The Base Rent shall be adjusted by multiplying the Base Rent by a factor computed by adding one (1) to fifty percent (50%) of a fraction, the numerator of which shall be the difference between the CPI for the month nearest (but preceding) the Adjustment Date and the Base Index and the denominator of which shall be the Base Index.

5. ADDITIONAL EXPENSES

Lessee shall pay all local, state, and federal taxes, charges, assessments, government fees of any kind, or like expenses, imposed upon the Premises during the term of the Lease. Lessee shall further pay all other expenses including, but not limited to management, utilities, janitorial, maintenance of building, grounds, insurance, etc.

6. CARE OF PREMISES, ALTERATIONS, ETC.

Lessee shall take good care of the Premises and shall, at Lessee's own cost and expense make all repairs to the Premises and fixtures other than structural repairs. At the end of the term of this Lease, Lessee shall deliver the Premises in good order and condition, damages by ordinary wear and tear excepted.

- a. The Lessee shall promptly execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of any governmental or quasi-governmental authority, including departments, bureaus and the like, having jurisdiction applicable to the Premises, for the correction, prevention, and abatement of

violations, nuisances or other grievances, in, upon, or connected with the Premises during the term of this Lease, at the Lessee's own cost and expense.

- b. Lessee, Lessee's successors, heirs, executors or administrators shall not make any alterations to the Premises without the Lessors' consent in writing, or occupy, or permit or suffer the same to be occupied for any business or purpose deemed disreputable or extra-hazardous on account of fire, under the penalty of damages and forfeiture, and in the event

of a breach thereof, the term herein shall immediately cease and terminate at the option of the Lessors as if it were the expiration of the original term.

- c. Lessee will not do anything in or to the Premises, or bring anything into the Premises, or permit anything to be done or brought into or kept in the Premises, which will in any way increase the rate of insurance on said Premises, nor use the Premises or any part thereof, nor allow or permit its use for any business or purpose which would cause an increase in the rate of insurance on said building, and the Lessee agrees to pay as additional rent the cost of any increase in insurance on demand by Lessors.

7. REAL ESTATE TAXES

Lessee acknowledges that the Premises comprise one hundred percent (100%) of the building, and Lessee shall be responsible for the payment of all real estate taxes assessed against the Premises. In the event that real estate taxes due and owing by Lessors for the building shall be increased above those charges during the base year (which is defined as the tax or fiscal year used by the governmental authority assessing such taxes in effect on the commencement date of this Lease), Lessee agrees to pay as additional rent within thirty (30) days of receipt of notice from Lessors, an amount equal to such additional real estate taxes.

8. SERVICES AND UTILITIES

Lessee shall pay for all telephone and other such services for the leased Premises as contracted for by Lessee.

9. PERSONAL PROPERTY TAXES

Lessee agrees to pay or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all equipment, furniture, fixtures, and other personal property located in the Premises.

10. DAMAGE TO THE PREMISES

Lessee must give Lessors prompt notice of fire, accident, casualty, damage or dangerous or defective conditions with respect to the Premises. Lessors shall only be responsible for the damaged structural parts of the Premises. Lessors are not required to repair or replace any equipment, fixtures, furnishings or decorations unless originally installed by Lessors. Lessors are not responsible for delays due to settling insurance claims, obtaining estimates, labor and supply problems or any other cause not fully under Lessors' control.

- a. If the fire or other casualty is caused by an act or neglect of Lessee, Lessee's employees or persons on the Premises with permission of Lessee, or at the time of the fire or casualty Lessee is in default in any term of this Lease, then a repairs will be made at Lessee's expense and Lessee must pay the full rent with no adjustment. The cost of the repairs will be added to the rent.
- b. Lessors have the right to demolish or rebuild the building if there is substantial damage by fire or other casualty. Lessors may cancel this Lease within thirty (30) days after the substantial fire or casualty by giving Lessee notice of

Lessors' intention to demolish or rebuild. The Lease will end thirty (30) days after Lessors' cancellation notice to Lessee. Lessee must deliver the Premises to Lessors on or before the cancellation date in the notice and pay all rent due to the date of the fire or casualty. If the Lease is canceled, Lessors are not required to repair the Premises or building. The cancellation does not release Lessee of liability in connection with the fire or casualty.

11. INSPECTION AND ENTRY BY LESSORS

Lessee agrees that Lessors and Lessors' agents and other representatives shall have the right to enter into and upon the Premises, or any part hereof, at all reasonable hours for the purpose of examining the same, or making such repairs or alterations therein as may be necessary for the safety and preservation of the Premises.

12. LIENS

Lessee shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed for, materials furnished to, or obligations incurred by Lessee.

13. INDEMNIFICATION OF LESSORS

Lessee shall hold Lessors harmless from and defend Lessors against any and all claims of liability for any injury or damage to any person or property whatsoever: (1) occurring in, on, or about the Premises or any part thereof, and, (2) occurring in, on, or about any facilities (including, without prejudice to the generality of the term "facilities," stairways, passageways, hallways, and parking areas), the use of which Lessee may have in

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conjunction with other tenants of the building, when such injury or damage is caused in part or in whole by the act, neglect, fault of or omission of any duty with respect to the same by Lessee, its agents, servants, employees, or invitees.

14. INSURANCE

Lessee agrees to provide, pay for, and maintain in full force and effect during the entire term of this Lease liability insurance insuring Lessors against any loss or damage sustained or to which Lessors may be subject by reason of Lessee's occupancy and use of the Premises, which policy shall have the following limits of liability: (1) commercial general liability of One Million Dollars (\$1,000,000) which includes bodily injury and property damage; and, (2) insurance for fire and other perils up to a limit of Five Million Dollars (\$5,000,000). Lessee agrees to furnish to Lessors, prior to the Effective Date of this Lease, a binder or other such certificate evidencing such insurance coverage. Said certificate shall also name Lessors as additional insured, as well as loss payee and certificate holder.

Lessee agrees that it will, at its own cost and expense, keep its furniture, fixtures, equipment, records, and personal property insured against loss or damage by fire or other peril normally covered by "extended coverage" endorsements, and shall deliver to Lessors prior to the Effective Date of this Lease, a binder or other such certificate of such insurance coverage.

15. SUBLETTING OR ASSIGNMENT

Neither the Premises nor any portion of the Premises may be sublet, nor may this Lease be assigned without the express written consent of Lessors upon such terms and conditions as Lessors may require.

16. DEFAULT

If Lessee defaults in fulfilling any of the terms and conditions of this Lease other than the payment of rent or additional rent; or if the Premises becomes vacant or deserted; or if any execution or attachment shall be issued against Lessee or any of Lessee's property located or situated at or on the Premises whereby the Premises shall be taken or occupied by someone other than Lessee; or if this Lease shall be rejected under any applicable provision of the bankruptcy laws; or if Lessee shall fail to take possession within fifteen (15) days of the commencement of this Lease; and upon Lessors serving written notice to Lessee specifying the nature of the default, Lessee shall have thirty (30) days from the date of receipt of such notice to cure the default (or if such default cannot be cured within such period, Lessee must diligently and in good faith proceed to cure the default). If Lessee shall have failed to cure or proceed to cure the default within such period, Lessors may serve a thirty (30) day notice of cancellation of this Lease upon Lessee and upon the expiration of the cancellation period this Lease shall terminate and expire and Lessee shall

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quit and surrender the Premises to Lessors but Lessee shall remain liable as provided in this Lease.

If after default in payment of rent or violation of any other provision of this Lease, or upon the expiration of this Lease, Lessee moves out or is dispossessed and fails to remove any trade fixtures or other property prior to such said default, removal, expiration of Lease, or prior to the issuance of the final order or execution of the warrant, then and in that event, the said fixtures and property shall be deemed abandoned by the said Lessee and shall become the property of Lessors.

17. NO WAIVER BY LESSORS

The failure of Lessors to insist upon a strict performance of any of the terms, conditions and covenants herein shall not be deemed a waiver of any rights or remedies that Lessors may have, and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained. This instrument may not be changed, modified, discharged or terminated orally.

18. SUBORDINATION, ATTORNMEN

- a. This Lease, at Lessors' option, shall be subordinate to the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the leased Premises are a part, and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof, provided, however, that as to the lien of any such deed of trust or mortgage, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. Lessee agrees to execute all reasonable and customary documents as would be required of Lessors by any financial institution through which Lessors may apply for a mortgage upon the property.

- b. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Lessors covering the demised Premises, Lessee shall attorn to the purchaser as the Lessors under this Lease.
- c. If upon any sale, assignment, or hypothecation of the leased Premises or the land thereunder by Lessors, or at any other time, an estoppel certificate shall be requested of Lessee, Lessee agrees to deliver such estoppel certificate (in recordable form) addressed to any such proposed mortgagee or purchaser or to the Lessors certifying the requested information, including among other things the dates of commencement and termination of this Lease, the amounts of security deposits, and that this Lease is in full force and effect (if such be the case) and that

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there are no differences, offsets or defaults that actually exist. Lessee shall be liable for any loss or liability resulting from any incorrect information certified, and such mortgagee and purchaser shall have the right to rely on such estoppel certificate. Lessee shall in the same manner acknowledge and execute any assignment of rights to received rents as required by any mortgagee of Lessors.

19. EMINENT DOMAIN

If all or any part of the Premises shall be taken or appropriated by any public or quasipublic authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Lessors shall be entitled to any and all income, rent, award, or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Lessee shall not have a claim against Lessors for the value of any unexpired term of this Lease. If a part of the Premises shall be so taken or appropriated and neither party hereto shall elect to terminate this Lease, the rental thereafter to be paid shall be equitably reduced. Before Lessee may terminate this Lease by reason of taking or appropriation as above provided, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede, or impair Lessee's use of the Premises. If any part of the building other than the Premises shall be so taken or appropriated, Lessors shall have the right, at their option, to terminate this Lease and shall be entitled to the entire award, as above provided.

20. OPTION TO RENEW

Lessee shall have an option to renew the Lease for an additional ten (10) year term. Said option shall be on the same terms and conditions as the terms and conditions contained herein. In order to exercise this option, Lessee shall notify the Lessors of its intention to exercise this option six (6) months prior to the original termination date.

21. NOTICES

All notices and demands which may or are required to be given by either party to the other hereunder shall be in writing. All notices and demands by the Lessors to the Lessee shall be sent by United States certified and registered mail, postage prepaid, addressed to the Lessee at the Premises, or to such other place as the Lessee may from time to time designate in a notice to the Lessors. All notices and demands by

the Lessee to the Lessors shall be sent by United States certified and registered mail, postage prepaid, addressed to the Lessors at 1345 Enterprise Drive, West Chester, Pennsylvania 19380 or such other person or place as the Lessors may from time to time designate in a notice to the Lessee. Notice or demand shall be deemed complete upon mailing.

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22. QUIET POSSESSION

Lessors covenant that Lessee, on paying the rent and additional rent, and faithfully performing the covenants required or imposed upon Lessee, shall and may peacefully and quietly have, hold and enjoy the Premises for the term of this Lease, provided however, that this covenant shall be conditioned upon the retention of title to the Premises by the Lessors.

23. SUCCESSORS AND ASSIGNS

The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators, and assigns of the parties hereto.

24. GOVERNING LAW

This Lease shall be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania.

25. ENTIRE AGREEMENT

This instrument contains the entire agreement between the parties and the execution hereof has not been induced by either party by any presentation, promises, or understandings not expressed herein. Any changes or modifications to this Lease must be by way of a writing executed by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hand and seal as of the date and year first written above.

The 12/31/87 Trusts of Susan Y.,
David D., and John T. Kim

Amkor Electronics, Inc.

By: /s/ Memma S. Kilgannon

By: /s/ Frank Marcucci

Memma S. Kilgannon
As Agent for the 12/31/87 Trusts
of Susan Y., David D., and John T.
Kim

Frank Marcucci, Executive VP

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AMENDMENT TO COMMERCIAL OFFICE LEASE

This Amendment to Commercial Office Lease ("Amendment") is entered into this 24th day of April 1997 by and between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim ("Lessors"), c/o Amkor Electronics, Inc., Attn. Memma S. Kilgannon, Agent, 1345 Enterprise Drive, West Chester, Pennsylvania 19380 and Amkor Electronics, Inc., ("Lessee") a Pennsylvania corporation, with its

principal office at 1345 Enterprise Drive, West Chester, Pennsylvania 19380 (collectively "Parties").

WHEREAS, the Parties entered into a Commercial Office Lease dated June 14, 1996 ("Lease") under which the Lessors did demise and let unto Lessee that certain 42,682 square foot building located at 1900 South Price Road, Chandler, Arizona ("Premises"); and

WHEREAS, the Parties desire to amend Section 13 of said Lease.

NOW, THEREFORE, intending to be legally bound, the Parties hereby agree as follows:

1. The current provision under Section 13 shall be designated and hereinafter referred to as subpart "a" and the following new subpart "b" shall be hereby added:

13. INDEMNIFICATION OF LESSORS

- b. Lessee shall further indemnify, defend and hold the Lessors harmless from and against all claims, expenses, liabilities, loss, damage costs, including any actions or proceedings in connection therewith and including reasonable attorneys' fees, incurred in connection with, arising from, due to or as a result of Lessee's, or any other party's, actions, inactions, fault, negligence or performance or non-performance of any responsibilities or obligations with respect to the Premises and related common areas under a certain Maintenance and Indemnity Agreement executed between Lessee and Lessors and dated April 24, 1997. Notwithstanding any of the provisions of this Section b to the contrary, Lessors and Lessee hereby waive any right of recovery against the other for any loss, damage or injury to the extent the same is covered by any applicable policies of insurance.

2. All other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have set their hand and seal as of the date and year first written above.

The 12/31/87 Trusts of Susan Y.,
David D., and John T. Kim

Amkor Electronics, Inc.

By: /s/ Memma S. Kilgannon

By: /s/ Frank Marcucci

Memma S. Kilgannon
As Agent for the 12/31/87 Trusts
of Susan Y., David D., and John T. Kim

Frank Marcucci, Executive VP

SECOND AMENDMENT TO COMMERCIAL OFFICE LEASE

This Amendment to Commercial Office Lease ("Amendment") is entered into 20th day of May 1997 by and between the 12/31/87 Trusts of Susan Y., David D., and John T. Aim ("Lessors"), c/o Amkor Electronics, Inc., Ann. Memma S. Kilgannon, Agent, 1345 Enterprise Drive, West Chester, Pennsylvania 19380 and Amkor Electronics, Inc. ("Lessee"), a Pennsylvania corporation, with its

principal office at 1345 Enterprise Drive, West Chester, Pennsylvania 19380
(collectively "Parties").

WHEREAS, the Parties entered into a Commercial Office Lease dated June 14, 1996 ("Lease") under which the Lessors did demise and let unto Lessee that certain 42,682 square foot building located at 1900 South Price Road, Chandler, Arizona ("Premises"), as amended by that certain Amendment to Commercial Office Lease dated April 24, 1997; and

WHEREAS, the Parties desire to amend Section 3 of said Lease in regard to the term thereof NOW, THEREFORE, intending to be legally bound, the Parties hereby agree as follows:

1. The initial term of the Lease shall be extended for an additional five (5) years revising the term from ten (10) years to fifteen (15) years. Section 3 is hereby amended to read as follows:

"The initial term of this Lease shall be for a period of fifteen (15) years beginning on the first (1st) day of June 1996 and ending on the thirty-first (31st) day of May 2011."

2. All other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have set their hand and seal as of the date and year first written above.

The 12/31/87 Trusts of Susan Y.,
David D., and John T. Kim

Amkor Electronics, Inc.

By: /s/ Memma S. Kilgannon

By: /s/ Frank Marcucci

Memma S. Kilgannon
As Agent for the 12/31/87 Trusts
of Susan Y., David D., and John T. Kim

Frank Marcucci, Executive VP

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease, made and entered into this 1st day of October, 1990 at Makati, Metro-Manila, Philippines, by and between:

CORINTHIAN COMMERCIAL CORPORATION, a corporation duly organized and existing under the laws of the Republic of the Philippines, with office at T10 Sunvar Plaza, Pasay Road, Makati, Metro- Manila, represented by its Treasurer, MARIXI R. PRIETO, who has been duly authorized for the purpose, hereinafter referred to as the LESSOR;

- and -

AMKOR/ANAM PILIPINAS INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with principal office at the CCC Compound, Km. 22 South Superhighway, Bo. Cupang, Muntinlupa, Metro-Manila, represented in this act by its Financial Director and Treasurer, DANNY D. FRANKLIN, who has been duly authorized for the purpose, hereinafter referred to as the LESSEE.

W I T N E S S E T H: THAT

WHEREAS, on August 4, 1989, the parties hereto executed a Memorandum of Agreement covering the lease of a portion of certain parcels of land situated at Km. 22 South Superhighway, Bo. Cupang, Muntinlupa, Metro-Manila, and covered by Transfer Certificates of Title Nos. 441394 and 441395 issued by the Registry of Deeds for the province of Rizal, including the warehouses existing thereon, specifically known as Warehouses 2 and 3;

WHEREAS, LESSEE desires to lease the aforementioned properties, which are more particularly described as follows:

Covered Areas:

Motorpool - 346.50 sq.m. more or less
Warehouse 2 - 2,400 sq.m. more or less
Warehouse 3 - 2,400 sq.m. more or less
Middle Area bet. Whse. 2 & 3 - 1,179 sq.m. more or less
Canteen - 320 sq.m. more or less

Uncovered Areas:

Back of Warehouse 1 - 1,316.50 sq.m. more or less
Roadway leading to Whse. 2 & 3 - 2,398.50 sq.m. more or less
Canteen Area - 700 sq.m. more or less

NOW, THEREFORE, for and in consideration of the foregoing premises, and the mutual covenants and stipulations hereinafter set forth, Lessor hereby leases unto the LESSEE, and the LESSEE hereby accepts by way of lease from the LESSOR, that portion of the land covered by Transfer Certificate of Title No. 441394 and 441395 including the Motorpool, Warehouses 2 and 3 and the Canteen all of which are described above (hereinafter referred to as the leased premises) subject to the following terms and

conditions:

1. TERM: The term of the lease shall be as follows:

A. Motorpool and Back of Warehouse 1 - twenty-five (25) years and nine and one half (9 1/2) months which shall commence on March 16, 1990 and expire on December 31, 2015;

B. Portion of Warehouse 2 measuring 1,080 sq.m. more or less - twenty-five (25) years and three (3) months which shall commence on October 1, 1990 and expire on December 31, 2015;

C. Portion of Warehouse 2 measuring 1,320 sq.m. more or less, Warehouse 3, Middle Area between Warehouses 2 and 3, Canteen, Roadway leading to Warehouses 2 and 3 and Uncovered Canteen area - twenty-five (25) years and two (2) months which shall commence on November 1, 1990 and expire on December 31, 2015;

The LESSOR represents that it owns the leased premises in fee simple and that it has the right to make this Lease Agreement and covenants that it will execute and procure any further assurances of title of right to make this Lease Agreement that may be required by Lessee from time to time during the term hereof.

2. RENTAL RATE: The LESSEE shall pay the LESSOR as rental for the leased premises the sum of FOUR HUNDRED FORTY-SEVEN THOUSAND NINE HUNDRED FIFTY-FOUR AND 73/100 PESOS (P447,954.73) per month, which shall be increased by ten percent (10%) each year beginning on the second year, cumulatively, up to the last year of the term hereof.

3. PAYMENT DATE OF RENTAL: The rental shall be payable within the first five (5) working days of every month at the principal office of the LESSOR above. The LESSOR retains the option to change the due date to a later date.

4. RENTAL DEPOSIT: Upon the signing of this Contract, the LESSEE shall keep on deposit with the LESSOR the amount of ONE MILLION THREE HUNDRED FORTY-THREE THOUSAND EIGHT HUNDRED SIXTY-FOUR AND 19/100 PESOS ONLY (P1,343,864.19), Philippine Currency. Upon the termination of this lease, the deposit shall be promptly returned without interest to the LESSEE, or if appropriate, applied to the payment of any rentals then outstanding and unpaid, or any other amount then due and payable to the LESSOR or any damages which may have been caused to the leased premises by the LESSEE or by the LESSEE's employees, agents or representatives; provided, however, that should the deposit be insufficient for the payments contemplated herein, the LESSEE shall continue to be liable for the unpaid portion thereof until paid in full.

5. DAMAGE: The LESSEE acknowledges that it has accepted the leased premises after due examination of the same, and that LESSOR shall not be liable for any defect or change in the condition of the leased premises or of the building resulting from any flaw in the electrical connections, or from water or rain which may leak into, issue or flow from any part of the building, or from the pipes or plumbing works of the leased premises or the building itself or from any other place or

quarter, or incurred in any other way or manner, or for any other reason other than electrical or leaks unless such defect or change or any damage resulting therefrom is attributable to the misconduct or negligence of the LESSOR or its employees, agents or representatives. The LESSEE shall give the LESSOR or its agent prompt notice in writing of any defects in the electrical installation, the plumbing installation of other fixtures of the leased premises or of the building itself. Upon receipt of any such notice or as soon as the existence of

such defects becomes known to the LESSOR, the LESSOR shall immediately cause such defects installed by the LESSOR to be remedied or repaired, provided that the necessity for effecting repairs on installations or fixtures shall not have been caused by the misuse, negligence or fault of the LESSEE, or of any of its employees, agents or representatives. If such defect or change is caused by the LESSEE's visitor(s), the LESSEE and its employees shall cooperate fully with the LESSOR in establishing the visitor's liability in a court of law. The monthly rental or any other amount which may be payable by the LESSEE hereunder shall not be abated or suspended while the repairs contemplated herein are being made even if the LESSEE should suffer a loss or interruption of business by reason of the making of such repairs. If the defects requiring such repairs shall have resulted from the fault, misconduct or negligence of the LESSEE, its employees, agents or representatives, the LESSOR shall have the option to repair such defects at the expense of the LESSEE who hereby agrees to pay the actual documented cost thereof on the rental payment date immediately following the date of completion of such repairs.

The LESSOR shall not in anyway be responsible or liable for any damage or injury to the LESSEE, its employees, agents, representatives or visitors, or to any person or persons in or about the leased premises, unless such damage or injury is due to the misconduct or negligence of the LESSOR, or its employees, agents or representatives. The LESSEE agrees to indemnify and save the LESSOR harmless from all fines, suits, proceedings, claims, demands or actions arising or growing out of or in connection with the occupancy or use of the leased premises or any part thereof or by reason of any breach, violation or non-performance by the LESSEE of any covenant or condition hereof, unless the cause or causes giving rise to any such fines, suits, proceedings, claims, demands, or actions is/are due to the misconduct or negligence of the LESSOR, its employees, agents or representatives.

6. NON-LIABILITY: The LESSOR shall not be liable for any damage, nor shall this lease be affected or the rental payable hereunder abated or suspended, by reason of any failure or interruption of the water supply, electric current, air-conditioning or other services at the leased premises unless such failure or interruption is due to the misconduct or negligence of the LESSOR or its employees, agents or representatives. Neither shall the LESSOR be liable for any damage, nor shall this lease be affected or the rental payable hereunder abated or suspended by reason of any curtailment of or interference with the water supply or electric current to the leased premises by any one other than the LESSOR, or caused by any operation or activity conducted by or for the Municipality of Cupang, Muntinlupa, Metro-Manila, and/or any other governmental authority or agency in connection with the construction of any public or quasi-public work. In the event of any such curtailment of or interference with the water supply or electric current, the LESSOR shall take

all such steps as may be necessary to secure the immediate or prompt restoration of normal water supply or electric current to the leased premises.

The LESSOR shall likewise not be responsible for any interruption of the water supply or electric current or the air-conditioning or other facilities or services caused by circumstances beyond the control of the LESSOR or by force majeure, fortuitous event or unforeseen circumstances. Any loss of business, damage or injury which may be sustained by or caused to the LESSEE by reason of any such interruptions shall not be the responsibility of the LESSOR.

7. REPAIRS: The LESSEE shall at its own expense maintain the leased premises in good order and repair. The LESSEE shall be responsible for the repair of all locks, electrical switches and similar installations turned over to the LESSEE for its use, excepting any damage to any such installations resulting from any structural defect of the leased premises or of the building itself. When the leased premises are returned, such locks, electrical switches

and other installations must be intact and in good order, reasonable ordinary wear and tear excluded. The repair of any breakage of glass materials or other breakable parts within the leased premises shall likewise be the responsibility of the LESSEE, if caused by the misconduct or negligence of the LESSEE, or its employees, visitors, agents or representatives, otherwise, such breakage shall be for the account of the LESSOR.

Subject to the provisions of the preceding paragraph thereof, the LESSEE shall also be responsible for the proper maintenance and repair of the external walls of the leased premises, the supporting posts and similar portions, the floor of the leased premises (as well as of the floor constituting its ceiling) and electrical, water and plumbing installations of common areas.

The repair of any damage for which the LESSEE is responsible shall be undertaken by the LESSEE at its own expense, through qualified and/or licensed workman or contractors upon demand of the LESSOR; provided, however, that should the LESSEE fail or refuse to undertake such repairs promptly after due demand by the LESSOR, then the LESSOR will effect such repairs, and all documented expenses incurred for such repairs shall be charged against and paid for by the LESSEE, on the rental payment date immediately following said date of completion.

Existing electricals, plumbing or other service installations shall not be tampered with, changed or altered, or new installations made, or alterations within the premises effected or made by the LESSEE without the prior written consent of the LESSOR, which consent shall not be unreasonably withheld.

8. LESSOR'S OBLIGATIONS: THEIR PREVENTION AND DELAY: This lease and the obligation of the LESSEE to pay rent hereunder shall in no way be affected, impaired or excused by reason of the LESSOR's inability, failure or delay in supplying any service expressly or impliedly to be supplied by the LESSOR by reason of this lease, or in making such repairs, additions or alterations which it (the LESSOR) is obligated to make also by reason of this lease, or in supplying any equipment or fixtures which it is obligated to furnish hereunder or pursuant to this lease, if such inability, failure or delay on the part of the LESSOR in the

performance of any of the obligations contemplated herein is attributable to the lack of materials or the occurrence of storms, floods, other fortuitous events or force majeure, invasion, insurrection, riots or strikes or caused by the lawful orders of any military, naval or civil authority, or any duly authorized governmental action, or is the consequence of the enactment of any law, rule or regulation prohibiting the performance of any such obligations.

9. The LESSEE agrees to submit all plans and specifications of future major alterations, extensions, reconstruction and additions to the building for approval of LESSOR before construction of said improvements.

At the expiration or cancellation of this lease, the LESSEE hereby agrees that the LESSOR shall have the right to enter into the leased premises and repossess itself thereof, and that all improvements except machineries, furniture, fixtures, articles and effects of any kind, and equipment, by virtue of this Agreement, introduced upon the leased premises by the LESSEE during the life of this lease, shall become the property of the LESSOR in fee simple without process of law and without any responsibility on the part of the LESSOR to reimburse the LESSEE of the price or value thereof.

The LESSEE agrees to surrender all the improvements on the leased premises at the expiration of the term of this lease in as good condition as reasonable wear and tear will permit and without any delay whatsoever, devoid of all occupants, machineries, equipment, furniture, articles and effects of any kind. However, the LESSEE at any time during the period of the lease may opt to

sell or assign his right over the lands and/or buildings thereon, provided, the written consent or the approval of the LESSOR is first obtained, which consent and approval will not be unreasonably withheld.

10. USE AND ENJOYMENT OF THE LEASED PREMISES: The leased area shall be used by the LESSEE in connection with semiconductor and electronics business and may not be used for any other purpose without the written consent of the LESSOR. The LESSOR warrants that the leased premises will be suitable for said use.

The LESSEE shall, at all times during the initial and any renewal of the term of this Agreement, peaceably and quietly enjoy the Leased Premises without any disturbance from the LESSOR or from any person claiming through the LESSOR.

11. USE OF ROADWAYS AND EASEMENT: The LESSEE, shall throughout the term of this lease have the right to use, without need of compensation, all roadways located within the property described in the titles mentioned in paragraph 1 hereof and shown in the existing plan. This right of the LESSEE to use said roadways shall be in the nature of an easement which the LESSEE may register in accordance with law.

12. SIGNS AND ADVERTISEMENTS: The LESSEE may, only with the written consent of the LESSOR, affix, inscribe or paint, or cause to be affixed, inscribed or painted, any notice, sign or other advertising medium on any part of the building subject matter of this Contract, as well as install or cause to have installed on the leased premises any such notice, sign or advertising medium.

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13. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS: The LESSEE shall, at its own cost and expenses, comply with all laws, ordinances and governmental orders or requirements affecting or pertaining to its use of the leased area, and to any enterprise, industry or business which it may conduct therein, or to any articles or effects which the LESSEE may have introduced into the leased area.

The LESSEE shall indemnify and hold harmless the LESSOR against all actions, suits, damages and claims caused by the LESSEE or its authorized representatives by reason of its violation, non-observance or non-compliance with any of the laws, ordinances and governmental orders or requirements contemplated hereunder.

14. LIABILITY FOR REAL ESTATE TAXES: The LESSOR shall pay all real estate taxes and assessments levied or imposed upon the land. Taxes for existing improvements shall also be for the account of LESSOR. Failure of the LESSOR to pay such real estate taxes and assessments in a timely manner shall authorize (but not obligate) the LESSEE to deduct the amount of such taxes and assessments due and payable from the rentals due hereunder and to pay the amount thereof to the appropriate taxing authority for the account of LESSOR. Any increase in the real estate tax and/or any additional taxes, imposts or assessments which may hereafter be imposed or were imposed on the leased premises from the time LESSEE first started renting from LESSOR shall be for the account of the LESSEE.

15. INSURANCE ON LEASED PREMISES: The LESSOR agrees that throughout the term of this lease, LESSOR will secure insurance coverage, and pay corresponding premium thereof, on the leased premises from a reputable insurance company or companies.

The policy contemplated hereunder shall not provide for the insurance of LESSEE's leasehold improvements and contents thereon.

In case of the destruction of or damage to the building or any part thereof, the LESSOR shall immediately cause the same to be restored or repaired.

To this end, all sums of money which the LESSOR shall receive under its insurance policy contemplated herein shall be used for the rebuilding or repair of the building which may have been destroyed or damaged.

16. ACCESS TO THE LEASED PREMISES BY THE LESSOR: The LESSEE shall permit the LESSOR and/or its authorized representative to view the premises and the conditions thereof at any time during regular working hours.

17. LESSEE'S RIGHT OF FIRST REFUSAL: Should the LESSOR wish to sell or dispose of the leased premises at any time during the life of this contract, the LESSEE or its assignee shall have the right of first refusal, and a right to match the terms and conditions of a bonafide offer to the purchase of the leased premises made by third party. The LESSOR shall notify the LESSEE in writing of the LESSOR's offer to sell and of a third party's bonafide offer to purchase, and the LESSEE shall have a period of ninety (90) days from receipt of such written notice within which to accept or reject the offer to purchase, as the case may be, and to sign a contract of purchase and sale; provided, however, that the exercise of the LESSEE's rights hereunder shall be subject to the condition that the LESSEE or its assignee shall

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have become or is qualified under the Constitution, and applicable laws to acquire and hold private land in the Philippines. In the event the LESSEE is disqualified or is not allowed to acquire and own land, the LESSOR hereby gives the LESSEE the alternative option to look for a bonafide and qualified purchaser for the leased premises and such purchaser so recommended by the LESSEE shall have the first option to purchase the leased premises at the same price and terms offered or to be offered to bonafide and qualified purchasers. Should the LESSEE, however, not wish to exercise any of the options hereunder, within ninety (90) days from the date of the LESSOR's notice of intention to sell, transfer or assign, and the same is sold, transferred or assigned by the LESSOR to a third party, then in that event, the LESSOR agrees to make it a condition of the sale, transfer or assignment, that the vendee, transferee or assignee shall respect all the terms and conditions of this AGREEMENT.

18. EXPROPRIATION: If any part of the leased premises be expropriated for a public or quasi-public use by right of eminent domain, this Agreement, as to the part so taken, shall terminate as of the date of occupation or possession by the Government or as of the date title shall vest in the Government, whichever shall first occur, and the rent payable hereunder shall be adjusted so that the LESSEE shall be required to pay for the remainder of the term only, such portion of the rental as the value of the part remaining after expropriation bears to the value of the entire leased premises at the date of the expropriation. However, if in the LESSEE's sole judgement the expropriation of a part of the leased premises will render the remaining portion unusable or unsuitable for the purposes for which the leased premises was leased, the LESSEE shall have the further right to terminate this Agreement as of the date of the occupation or possession by the Government or when title to the part so expropriated vests in the Government, whichever shall first occur.

19. INDEMNIFICATION: As a consequence of the representations made by LESSOR in Article 1 hereof, LESSOR shall indemnify and save the LESSEE harmless against any and all liability, losses, expenses, costs, interests, damages, including judicial costs and attorney's fees of whatever kind or nature that LESSEE may sustain or incur by reason or in consequence of this LEASE AGREEMENT including without limitation, that portion comprising of 1,080 sq.m. of Warehouse 2 presently leased to Printech. LESSOR covenants and agrees to reimburse or pay over to the LESSEE, on demand, all sums of money which the LESSEE shall pay or become liable by reason of the foregoing, and will make such payments to the LESSEE as soon as the LESSEE shall become liable therefor whether or not the LESSEE shall have paid out such sums or any part therefor.

20. LESSEE'S OPTION TO TERMINATE LEASE: At any time after the

commencement date of this Contract as specified in paragraph 1 hereof, the LESSEE shall have the option to terminate this Contract by serving written notice to that effect on the LESSOR at least six (6) months prior to the intended date of termination. In case of termination under this clause, the LESSOR shall return any unused deposit to LESSEE.

21. DEFAULT IN PAYMENT OF RENTAL: It is an express condition of this Contract that should the LESSEE default in the payments of rental as required under paragraphs 2 and 3 hereof, or otherwise commits a substantial violation of any of the terms and

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conditions hereof, and such default or violation shall continue for sixty (60) days after notice thereof in writing to the LESSEE, then the LESSOR may decline this Contract and have it terminated and cancelled and recover the possession of the leased premises. The termination and cancellation of this Contract pursuant to this provision may be effected by the LESSOR extrajudicially; provided, however, that such termination or cancellation shall be without prejudice to the right of the LESSEE over the alterations and improvements as provided for in paragraph 9 hereof. Upon the termination or cancellation of this Contract, the LESSEE shall peaceably surrender and yield up unto the LESSOR, or its authorized representative, the leased premises, and the LESSOR may take over possession of the same without becoming liable for trespass, and enter into contracts of lease or any contracts with third persons in respect of the leased premises.

The acceptance by the LESSOR of arrears in rent or extension of payment shall not be deemed a waiver by the LESSOR of any other condition contained in this Contract. Likewise, the acceptance of payment or performance of one or more obligations by the LESSEE shall not be deemed a waiver by the LESSOR of any breach by the LESSEE of any other condition herein.

22. SUBLEASE BY LESSEE: The LESSEE is allowed to sublease the leased premises or any portion thereof to VF (PHILIPPINES), INC., provided that in the event of any such sublease, both the LESSEE and the SUBLESSEE shall be jointly and severally liable to the LESSOR for the performance of any obligations provided herein.

23. REGISTRATION OF CONTRACT: This Contract may, at the option of the LESSEE, be registered in the appropriate office of the Registry of Deeds at the expense of the LESSEE.

24. BINDING EFFECT OF CONTRACT: This Contract shall be binding not only between the parties hereto but also upon their respective successors and assigns. The LESSOR expressly warrants and represents that in case the leased premises is sold or conveyed to, or encumbered in favor of, a party other than the LESSEE, it shall make the necessary provisions to the end that the LESSEE's rights of lease under this Contract remain in full force and effect. At least seven (7) days prior to said sale, LESSOR shall inform the LESSEE of the identity and address of the perspective buyer or buyers or its agent.

25. PENALTY CLAUSE: Should either of the parties hereto violate or fail to comply with its respective obligations under this Contract, the offending party shall become liable to the innocent party not only for actual damages, but also for liquidated damages plus attorney's fees and expenses of litigation.

IN WITNESS WHEREOF, the parties have hereunto signed these presents on the date and at the place first above written.

CORINTHIAN COMMERCIAL CORPORATION
LESSOR

AMKOR ANAM PILIPINAS, INC.
LESSEE

/S/ MARIKI R. PRIETO
By: _____
MARIKI R. PRIETO

/S/ DANNY D. FRANKLIN
By: _____
DANNY D. FRANKLIN

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-9-

Treasurer

Financial Director and Treasurer

(ILLEGIBLE)

SIGNED IN THE PRESENCE OF

(ILLEGIBLE)

A C K N O W L E D G M E N T

REPUBLIC OF THE PHILIPPINES)
MUNICIPALITY OF MAKATI) S.S.

BEFORE ME, a Notary Public in and for Makati, Metro-Manila,
Philippines, personally appeared:

NAME -----	RES. CERT. NO. -----	DATE/PLACE ISSUED -----
Marixi R. Prieto	04685487	02-03-89, Makati
Corinthian Commercial Corporation	767848	01-11-90, Makati
Danny D. Franklin	B203027	09-20-83, United Kingdom
Amkor/Anam Pilipinas Inc.	379-249	01-11-90, Muntinlupa

both known to me and to me known to be the same persons who executed the foregoing Contract of Lease, and they acknowledged to me that the same is their free and voluntary act and deed and the free and voluntary act and deed of the principals they respectively represent.

IN TESTIMONY WHEREOF, I have hereunder set my hand and affixed my notarial seal on this day of , 19 at the municipality of Makati, Metro-Manila, Philippines.

[Notary Public Seal]

Doc. No. ;
Page No. ;
Book No. ;
Series of 1990 .

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT OF LEASE, made and entered into this May 06, 1994 at Makati, Metro Manila, Philippines, by and between:

SALCEDO SUNVAR REALTY CORPORATION, a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at T-21 Sunvar Plaza Bldg., Pasay Road, Makati, Metro Manila, herein represented by MR. LEONARDO P. LORETO, JR. (hereinafter referred to as the "LESSOR");

- and -

AUTOMATED MICROELECTRONICS, INCORPORATED, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Km. 22, East Service Road, South Superhighway, Barrio Cupang, Metro Manila, herein represented by MR. DANNY D. FRANKLIN, and hereinafter referred to as the "LESSEE".

WITNESSETH:

WHEREAS, LESSOR, by a certain lease agreement made and executed on May 03, 1994, leased from IMI Realty, Inc., certain parcels of land described in Transfer Certificate of Title Nos. 188087, 188088, 188090, 188091 and 188092 with a total area of THIRTY FOUR THOUSAND FOUR HUNDRED NINETY (34,490) SQUARE METERS, more or less, copies of the said titles attached hereto as Annexes "A-1", "A-2", "A-3", "A-4" and "A-5" and collectively referred to as "the Land".

WHEREAS, under paragraph Nine (9) of the aforementioned lease contract, LESSOR has the right to sublease the land or any portion thereof.

Contract of Lease
Page two (2)

WHEREAS, LESSOR desires to sublease a portion of the Land to the extent of FOURTEEN THOUSAND FOUR HUNDRED TWO (14,402) square meters and to lease the buildings and improvements standing thereon to Automated MicroElectronics, Incorporated, which area of land, buildings and improvements are more particularly represented by the shaded portion of Annex "B", hereinafter referred to as "the Leased Premises".

NOW, THEREFORE, it is agreed that in consideration of the rents herein stipulated as well as compliance with the covenants, conditions and restrictions herein imposed as to the use and occupancy of the Leased Premises on the part of the LESSEE, the LESSOR hereby rents and delivers unto the LESSEE the Leased Premises described in Annex "B".

The LESSEE hereby accepts this lease subject to the following terms, covenants, conditions and restrictions:

1. TERM. - The term of the lease for the Leased Premises shall be from February 1, 1994 to midnight 31 August 2003. LESSEE shall have the option to renew the lease for another five (5) years by giving written notice to LESSOR of its intention to renew at least one hundred twenty (120) days before the expiration of the original term of the lease.

2. RENT. - The rental for the Leased Premises shall be ONE MILLION TWO HUNDRED SIXTY FOUR THOUSAND SIX HUNDRED TEN PESOS (P1,264,610.00) per month from February 1, 1994 until August 31, 1995. Commencing on 01 September 1995 and annually thereafter, the said rental shall be increased by ten percent (10%) by applying the percentage of increase on the lease rental rate as follows:

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		TOTAL	
YEAR		ANNUAL	MONTHLY
-----		-----	-----
2/01/94	to 8/31/95	15,175,320.00	1,264,610.00
9/1/95	to 8/31/96	16,692,852.00	1,391,071.00
9/1/96	to 8/31/97	18,362,137.20	1,530,178.10
9/1/97	to 8/31/98	20,198,350.92	1,683,195.91
9/1/98	to 8/31/99	22,218,186.01	1,851,515.50
9/1/99	to 8/31/2000	24,440,004.61	2,036,667.05
9/1/2000	to 8/31/2001	26,884,005.07	2,240,333.76
9/1/2001	to 8/31/2002	29,572,405.58	2,464,367.13
9/1/2002	to 8/31/2003	32,529,646.14	2,710,803.85

For the purpose of payment of the rental under this Contract.

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- 2.1 The rental rate shall be evaluated after 10 years and this new rate shall be based on the market value of the Leased Premises at that time as well as prevailing rental market conditions. The rental however shall not be unjustifiably increased and shall be the subject of a third party arbitration by a mutually acceptable and accredited realtor or appraiser if a dispute arises thereon.
- 2.2 There shall be paid a deposit equivalent to one month rental and an advance rental for one month payable upon signing of this Contract. The deposit shall be refundable to the LESSEE at the termination of this Contract subject to deductions to cover damages to the Leased Premises and unpaid obligations and liabilities of the LESSEE to the LESSOR, if any.
- 2.3 The rent shall be liquidated and paid at the office of the LESSOR or its assigns without necessity of demand or services of a collector, within the first ten (10) days of every calendar month to which the rent corresponds.

The rent shall be subject to the mandatory withholding tax.
3. INTEREST AND PENALTY. - Without prejudice to the

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exercise of the LESSOR of its rights under the penal provisions herein, the LESSEE shall pay to the LESSOR interest or any amount herein provided to be paid by the LESSEE that is not paid on time, at an interest rate equivalent to Two Percent (2%) per month to be computed from the date of delinquency until the amount due is paid in full.

- 3.1 A payment made by the LESSEE to the LESSOR shall first apply to the preceding interest charges, if any, and thence to all arrearages in the amounts herein provided to be paid by the LESSEE before it is applied to the current rental.
- 3.2 In the fulfillment of obligations involving the payment of money, and without prejudice to the imposition of interest charges mentioned above, the LESSEE is hereby given a grace period of sixty (60) days from the due date within which to make good the breach or default, after which period the LESSOR may exercise its absolute right to rescind and cancel this Contract of Lease for breach or non-performance of essential conditions.
- 3.3 In case of cancellation or termination of this Contract or breach of its terms, the offending party shall, in addition to any liability under Par. 10 of this Contract, pay all commercially reasonable attorney's

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fees, costs, expenses of litigation and other incidental damages that may be incurred by the aggrieved party in enforcing its rights under this Contract.

4. LESSOR'S OBLIGATIONS. - The LESSOR is obliged:

(a) to deliver the Leased Premises in such conditions as to render them fit for the uses and purposes for which they are intended;

(b) To make on the Leased Premises during the period of the lease all the necessary repairs in order to keep them suitable for the uses and purposes to which they have been intended except necessary repairs caused by fault or negligence of the LESSEE, its employees, agents and guests;

(c) To maintain the LESSEE in the peaceful and adequate enjoyment of the Leased Premises for the entire duration of the lease contract and any renewal term without any disturbance from the LESSOR or from any person claiming through the LESSOR;

(d) To insure the Leased Premises with such reputable insurance companies acceptable to the LESSEE for such amount or amounts equivalent to the replacement value of the things leased;

(e) To make some urgent repairs upon the Leased Premises and to allow the LESSEE, if the LESSOR fails to make urgent repairs, in order to avoid an imminent danger, to order the repairs at the LESSOR'S cost and if the urgent repairs last more than forty (40) days, to allow a reduction of the rent in proportion to the time including the first forty (40) days

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and the part of the property on which the LESSEE has been deprived.

(f) To allow access to the LESSEE, its employees and agents to enter upon the Leased Premises at all reasonable times for the conduct of their business.

5. TAXES. - The real estate tax of the Leased Premises at the current rate as described in Annex "C" shall be for the account of the LESSOR. Any increase in the real estate taxes over and above the current amount in so far as they are due on the lands and buildings owned by the LESSOR shall be for the account of the LESSOR. The real estate tax on all the equipment within the Leased Premises as well as additions, improvements and alterations upon the Leased Premises and any increase in real estate tax in respect thereto shall be for the account of the LESSEE.

6. IMPROVEMENTS AND ALTERATIONS. - The LESSEE may, at its own expense, undertake improvement, alterations or additions as long as they secure the prior written consent of the LESSOR which consent shall not be unreasonably withheld; provided, however, that all such alterations, additions or improvements including but not limited to partitions, doors, toilets and canteen made by either party, in or upon the Leased Premises, except movable furniture put in at the expense of the LESSEE and removable without defacing or injuring the building, shall become the property of the LESSOR and shall remain upon, and be surrendered with the Leased Premises as part thereof at the termination of the lease without compensation to the LESSEE. The LESSEE, however, may be required by the LESSOR to restore the Leased Premises in its

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original condition ordinary wear and tear excepted at the expense of the LESSEE if the LESSOR does not want to take possession of the alterations, additions or improvements.

7. MAINTENANCE AND ORDINARY REPAIRS. - The LESSEE hereby accepts the Leased Premises in good and sanitary order and condition. The LESSEE shall, at its expense, maintain the Leased Premises in a clean and sanitary condition, free from obnoxious odors, or other nuisances. The LESSEE shall be responsible for the maintenance and ordinary repairs of the Leased Premises. Necessary repairs on the structure of the buildings such as the roof as a result of normal wear and tear shall be for the account of the LESSOR.

7.1 The LESSEE shall not claim any loss or damages on account of necessary work that the LESSOR undertakes in the building and which would in anyway interfere in the use of the premises leased; provided, however, that the LESSOR shall give the LESSEE notice of such an event in advance as far as possible under the circumstances; provided, finally, that the LESSOR shall exert its best efforts to perform all work in a manner that does not unreasonably interfere with the LESSEE's use of the Leased Premises.

7.2 LESSOR may not be liable for the presence of bugs, vermin, termite or insects, if any, in the Leased Premises.

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- 7.3 The LESSOR shall not be liable for the failure of electric current or water supply which are provided by public utility companies and whose supply of such services are totally beyond the control of LESSOR.
- 7.4 LESSOR shall, on a best effort basis, undertake to explore, construct and develop such water well or wells inside the Leased Premises as may be necessary to provide the LESSEE, during the contractual life of the lease, with continuous and adequate water supply at the current level or capacity. If the business of the LESSEE would require a higher volume of supply over and above the current level, due to growth or expansion, the required increase in capacity shall be for the account of the LESSEE. The current supply of electricity and water is described in Annex "D" hereof.
- 7.5 The LESSEE shall comply with sanitary rules and safety regulations which may be promulgated from time to time by the LESSOR. The LESSEE shall also comply with government rules and regulations and all applicable laws of the country.

8. USE OF LEASED PREMISES. - The premises hereby leased shall be used as office, factory/warehouse for LESSEE's

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electronics assembly business. The LESSEE shall not bring into or store in the Leased Premises any poison, explosives or highly inflammable material nor install any apparatus unrelated to its business as an electronics company which may expose the Leased Premises to fire or increase the fire hazard of the building or change the insurance rate of the building. In the event of breach or violation of this provision by the LESSEE, it shall be responsible for all damages which such violations may cause the LESSOR and/or other tenants; provided further, that the LESSOR, shall, in addition thereto, have the right to cancel this Contract.

- 8.1 In the event of expansion or growth in the business of the LESSEE, any required additional support facility or cost related thereto, shall be for the sole account of the LESSEE.

9. SUBLEASE, TRANSFER OF RIGHTS. - The LESSOR grants the LESSEE the right to sublease the Leased Premises under this contract upon written request by the LESSEE and approved in writing by the LESSOR. The LESSOR shall not unreasonably withhold its consent relative to a request to sublease made by the LESSEE. The LESSEE shall be answerable for the rentals of the subleased space.

10. INDEMNITIES. - Either party shall hold the other party free and harmless from any claim or demand by any third party for injury, loss or damage including claims for property resulting from any accident in the Leased Premises or

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occasioned by any nuisance made or suffered on the Leased Premises, or by any fire therein or growing out of or caused by any failure on the part of the either party to maintain the Leased Premises in a safe, sanitary and secure

condition or by reason of either party's violation, non-observance or non-performance of rules, regulations, ordinances, laws and the conditions of this Contract concerning or affecting the Leased Premises or the improvements thereon. Each party shall be responsible for all the acts and commissions of its officers, employees, helpers, agents and all other persons allowed by it to have access to the Leased Premises which may have caused damage thereto. Each party shall not be held harmless for its own negligence or willful misconduct or the negligence or willful misconduct of its agents, servants or employees acting in their official capacity.

11. AWAI MEMBERSHIP. - The LESSEE agrees to pay its appropriate membership dues and share in the expenses of the Advanced Warehousing Association, Incorporated. The LESSEE further agrees to abide by and comply with any and all reasonable rules of the Association regarding the use, occupation and sanitation of the AWAI compound.

12. UTILITIES. - All utilities and services such as light, water, telephone, garbage collection and other similar services shall be paid by and for the account of the LESSEE. The LESSEE may at its own expense undertake the necessary utility installation required by its business provided such installation does not adversely affect the other tenants in the premises nor endanger the structural soundness of the

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Page twelve (12)

building. The additional installation of electricity, water and telephone in the Leased Premises shall be for the account of the LESSEE.

13. SALE OF LEASED PREMISES. - In the event the LESSOR desires to sell the buildings subject of this lease, it shall first offer the sale thereof to the LESSEE upon terms and conditions to be stipulated in such offer. Such offer shall be communicated by the LESSOR to the LESSEE by personal delivery. Should the LESSEE accept the offer, it shall be entitled to purchase the buildings at the time of the offer is made. In the event that such offer shall not be accepted by the LESSEE by notice in writing forwarded by personal delivery not later than sixty (60) days after receipt of the offer, the LESSOR making the offer shall be free to sell the buildings to any other person, firm or corporation without restriction, except that the subsequent transfer of the buildings shall not be on terms more favorable to the transferee than the terms which the transfer was initially offered to the LESSEE. If within sixty (60) days after expiration of the sixty-day period of any offer made hereunder, the LESSOR offering to sell the buildings shall fail to consummate a sale or transfer thereof to any other purchaser, then no sale of such buildings may be made thereafter by the LESSOR without again re-offering the same to the LESSEE in accordance with the provisions of this paragraph.

If the LESSEE to whom an offer is made is prohibited by law or regulation from purchasing the buildings of the LESSOR, or its acquisition will prejudice the interest of the LESSEE,

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the LESSEE shall have the right to look for a qualified purchaser for the buildings and such qualified purchaser shall be entitled to purchase thereon under such terms stated in the offer and in accordance with the procedure hereinabove provided.

In the event LESSOR receives a bona fide offer from a third person to

purchase the buildings and such offer is acceptable to the LESSOR, LESSEE shall have sixty (60) days from receipt of the notice of such offer within which to purchase the buildings by matching the bona fide offer made by third person to the LESSOR.

14. INSPECTION OF LEASED PREMISES. - During the term of the Contract, the LESSEE shall allow the LESSOR, its agents or representatives to inspect the Leased Premises during reasonable hours, with prior notice to the LESSEE.

15. INSURANCE. - During the term of this Contract, the LESSEE shall at all times and at its own expense secure insurance coverage for all improvements owned by it or introduced by it in the Leased Premises with responsible and reputable insurers in such amounts and covering such risks as are usually carried by companies engaged in similar business or by companies owning similar property in their area in which they operate.

16. WARRANTY OF THE LESSOR. - The LESSOR warrants that it is the absolute owner of the buildings and improvements and has the right to lease the same together with the land on which the buildings and improvements are erected. Furthermore, the LESSOR shall, in case of litigation or

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Page fourteen (14)

controversy concerning its right, title and interest in the Leased Premises, defend and hold harmless the right of the LESSEE under the terms and conditions of this Contract at the expense of the LESSOR.

17. NON-WAIVER. - No failure of the LESSOR or the LESSEE, no course of dealing with respect to, and no delay in exercising any right, power or privilege, under this contract shall be deemed a relinquishment or waiver of any right or remedy that said LESSOR or LESSEE may have, nor shall be construed as a waiver of any subsequent breach or default and the terms and conditions herein contained shall continue to be in full force and effect. No waiver by the LESSOR or LESSEE of any of their rights under this contract shall be deemed to have been made unless expressed in writing and signed by the LESSOR or the LESSEE.

18. STRIKES AND LOCKOUTS. - In case the operation of the business of the LESSEE is suspended due to strikes or lockouts, this Contract shall continue in full force and effect notwithstanding said disturbance.

19. BREACH OF CONTRACT. - Should the LESSEE fail to pay the rentals as herein provided or fail or neglect to perform or observe any agreement, covenant or condition herein provided, or should the LESSEE cause deliberate damage to the Leased Premises, the LESSOR shall forthwith give notice to the LESSEE of the occurrence of such default or breach giving the LESSEE a period of sixty (60) days from receipt of notice to correct the breach. If after the lapse of the said period, no corrective actions are taken, then the LESSOR shall have the

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Page fifteen (15)

option to terminate this Contract without prejudice to the exercise of any and all rights of the LESSOR arising from this Contract and those provided by law. In cases where the curing period will be a period longer than sixty (60) days, the LESSEE shall not be considered in default if it takes the corrective action within twenty (20) days from receipt of the notice of its breach.

20. REGISTRATION OF LEASE. - The parties hereto agree that this lease shall be registered with the office of the proper Register of Deeds and in the

event of sale, transfer or disposition of the Leased Premises, the LESSEE binds itself to require the transferee to respect and abide by all the terms and conditions of this Contract. The LESSEE shall bear the cost of documentary stamps and registration costs.

21. RIGHT OF FIRST REFUSAL. - The LESSOR grants the LESSEE the right of first refusal to lease the other buildings or additional buildings to be built by the LESSOR on its Muntinlupa property. The terms of offer to lease such other buildings or additional buildings to be built by the LESSOR shall be the same as that offered to any third party.

22. PRE-TERMINATION. - After the original term provided under paragraph one (1) hereof, upon One Hundred Twenty (120) days prior written notice, LESSEE may pre-terminate this Contract without penalty.

23. SURRENDER OF PREMISES. - Upon the termination of this lease, the LESSEE agrees to return and surrender to the LESSOR the Leased Premises without any delay whatsoever. The

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Contract of Lease
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LESSEE shall at its expense and within three (3) months from the expiration of the lease, demolish and remove any improvements that the LESSOR may require the LESSEE to remove.

IN WITNESS WHEREOF, the parties have hereunto set their hands this May 06, 1994 at Makati, Metro Manila.

SALCEDO SUNVAR REALTY CORPORATION
("Lessor")

By: /s/ LEONARDO P. LORETO, JR.

LEONARDO P. LORETO, JR.
President

AUTOMATED MICROELECTRONICS, INC.
("Lessee")

By: /s/ DANNY D. FRANKLIN

DANNY D. FRANKLIN
Treasurer

SIGNED IN THE PRESENCE OF:

[SIG]

REPUBLIC OF THE PHILIPPINES)
: S.S.
MAKATI, METRO MANILA)

ACKNOWLEDGMENT

BEFORE ME, a Notary Public in and for Makati, Metro Manila, Philippines, personally appeared LEONARDO P. LORETO, JR. with Community Tax Certificate No. 6465617 issued at Paranaque, Metro Manila on February 23, 1993 in his capacity

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as President of SALCEDO SUNVAR REALTY, CORPORATION, a corporation with Community Tax Certificate No. 0061289 issued at Makati, Metro Manila on December 21, 1993 and DANNY D. FRANKLIN with Passport No. 740022120 issued at British Embassy, Manila on August 18, 1993 in his capacity as Treasurer of AUTOMATED MICROELECTRONICS, INC., a corporation with Community Tax Certificate No. 0456127 issued at Muntinlupa, Metro Manila on January 20, 1993, to me known and known to me to be the same persons who executed the foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed of the corporations they represent.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 1st day of June, 1994 at Makati, Metro Manila, Philippines.

[SIG]

ROANE ALFREDO P. LOPEZ III
NOTARY PUBLIC

Doc No. 8
Page No. 2
Book No. I
Series of 1994.

Until December 31, 1996
PTR NO. 9361623
Issued at Makati, Metro Manila
Issued On January 26, 1994

LEASE CONTRACT

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT OF LEASE, made and executed this 6th day of November, 1996 by and between:

AAPI REALTY CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office and place of business therein at NSC Compound, KM-22, South Superhighway, Muntinlupa City, Philippines, represented herein by its PRESIDENT, MR. LEONARD P. LORETO, JR. (hereinafter referred to as the "LESSOR"):

- and -

AMKOR/ANAM ADVANCED PACKAGING, INC., a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office and place of business therein at Laguna Technopark, Sta. Rosa, Laguna, Philippines, represented herein by its TREASURER, MR. DANNY D. FRANKLIN, (hereinafter referred to as the "LESSEE").

WITNESSETH: THAT

WHEREAS, the LESSOR is the absolute registered owner of three (3) parcels of land with a total area of ONE HUNDRED SEVEN THOUSAND SEVEN HUNDRED TWENTY ONE (107,721) SQUARE METERS, more or less, covering Lots 3, 4 and 5, Phase 2, Block 5 located at Laguna Technopark, Brgy. of Binang, Municipality of Binan, Province of Laguna, covered by TRANSFER CERTIFICATE OF TITLE NOS. T-158425, T-158426 and T-158427 all issued on June 23, 1995 by the Registry of Deeds for the Province of Laguna of the Land Registration Authority and more

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Lease Contract
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particularly described in Annexes A, B and C hereof and made integral parts of this Lease Contract.

WHEREAS, the LESSOR has offered, and LESSEE has agreed to lease a portion of the real property described above consisting of ONE HUNDRED TWO THOUSAND ONE HUNDRED TWO EIGHTY (102,180) SQUARE METERS, more or less, designated in a drawing attached hereto as Annex D and made an integral part hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. BASE TERM AND COMMENCEMENT DATE OF LEASE. - This lease shall be effective for a period of fifty (50) years commencing on January 1, 1996 and ending on December 31, 2046 and renewable for another twenty-five (25) years.

2. RENTALS DURING THE BASE TERM. - The monthly rental for the Leased Premises shall be as follows: (a) for the developed portion consisting of THIRTY SEVEN THOUSAND FIVE HUNDRED EIGHTY TWO (37,582) SQUARE METERS, the rental shall be FORTY PESOS (P40.00) PER SQUARE METER; and (b) for the undeveloped portion consisting of SIXTY FOUR THOUSAND FIVE HUNDRED NINETY EIGHT (64,598) SQUARE METERS, the rental shall be TWELVE PESOS (P12.00) PER SQUARE METER. The rental shall be subject to an annual adjustment.

2.1 - The rental shall be paid by the LESSEE on a monthly basis.

2.2 - The rent shall be liquidated and paid at the office of the LESSOR or its assigns without necessity of demand or services of a collector within thirty (30) days of every calendar month to which the rent corresponds.

2.3 - The rent shall be subject to the mandatory withholding tax.

2.4 - Without prejudice to the exercise of the LESSOR of its rights under the penal provisions herein, the LESSEE shall pay to the LESSOR interest on any amount herein provided to be paid by the LESSEE that is not paid on time, at an interest rate equivalent to one percent (1%) per month to be computed from the date of delinquency until the amount due is paid in full.

A payment made by the LESSEE to the LESSOR shall first apply to the preceding interest charges, if any, and thence to all arrearages in the amounts herein provided to be paid by the LESSEE before it is applied to the current rental. In the fulfillment of obligations involving the payment of money and without prejudice to the imposition of interest charges and penalty mentioned above, the LESSEE is hereby given a grace period of sixty (60) days from the due date within which to make good the breach or default.

For the purpose of payment of the rentals under this Agreement, the following shall also apply:

3. LESSEE'S RIGHT TO EXTEND. - The LESSEE may, at its option, obtain an extension of the term of this lease, for a further term of twenty-five (25) years so as to expire on the seventy fifth anniversary of the commencement date of this lease, and upon like terms and conditions as are set forth herein, except rental, by giving to the LESSOR written notice of its election to extend on or before the commencement of the one year prior to the expiration of the base term.

4. TAXES ON LAND AND IMPROVEMENTS. - All taxes on buildings and improvements shall be paid by LESSEE. All real estate taxes on the land hereby leased shall be paid by LESSOR.

5. LANDSCAPING. - Any landscaping which the LESSEE may introduce to the premises shall be at the expense and account of the LESSEE.

6. IMPROVEMENTS. - It is understood and agreed that the demised premises consist of improved real estate; provided that any buildings, fixtures, equipment or other improvements placed or constructed thereon by the LESSEE belong to and at all times shall remain the property of the LESSEE. At the expiration of the base term of this lease, or any renewal thereof, the LESSEE shall have the right to remove any and all buildings and other improvements within a period of one

hundred eighty (180) calendar days from the date of expiration of this lease, but the LESSEE shall repair any damage to the land caused by such removal. In the event the LESSEE shall fail to remove such buildings and improvements, or shall make only a partial removal thereof within the said one hundred eighty

(180) days, then it shall become elective with the LESSOR as to whether the building and improvements, or such thereof as remain, shall belong to and become the property of the LESSOR or whether full or partial removal thereof is required. In such event the LESSOR shall notify the LESSEE, in writing, at or prior to the expiration of one hundred eighty (180) day removal period above provided, of LESSOR's decision under such election, including a full and irrevocable description of such removals as the LESSOR may require; whereupon the LESSEE shall have a reasonable time, but not exceeding one hundred eighty (180) calendar days from date of delivery of the LESSOR's notice of election, in which to comply with the LESSOR's written requirements. Any and all building and improvement removals made pursuant to this provision shall be at the sole risk and expense of the LESSEE. Removals, if any, shall be done in a clean and neat manner, leaving no partially dismantled structures or unsightly conditions and the premises and any remaining buildings shall be free and clear of any refuse, debris, waste or unsanitary conditions.

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Lease Contract
Page six (6)

7. DELIVERY OF POSSESSION. - The LESSOR shall deliver the possession of the demised premises to the LESSEE on the commencement of the term of this lease in as good condition as the same now are, free from all tenancies and occupancies, and free from all orders and notices and violation filed or entered by any public or quasi-public authority, and free from complaints and/or reports of violations, noted or existing in or filed with any municipal, provincial, city and/or any other local authority.

8. WARRANTIES. - The LESSOR warrants the peaceful possession of the leased premises by the LESSEE during the entire period of this lease. In case the LESSOR should sell, mortgage, or otherwise dispose of the leased premises, the LESSOR shall make it a condition of the sale, mortgage, or whatever disposition thereof, that the rights of the LESSEE under this lease shall be fully respected by the buyer, mortgagee or transferee. The LESSOR further agrees to extend full cooperation and to do all and every act and thing necessary to enable the LESSEE to register this lease with the Register of Deeds of the Province of Laguna.

9. UNLAWFUL OCCUPATION. - The LESSOR represents that the demised premises may be lawfully used for all industrial purposes for which they are leased and in the event of the enactment or existence of any law, ordinance, rule, ruling or regulation prohibiting

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Lease Contract
Page seven (7)

the use of said premises for any industrial purpose, then and in that event, at the option of the LESSEE, this lease shall terminate and all liabilities hereunder shall cease from and after the date such prohibition becomes effective, and any unearned rent paid in advance by the LESSEE shall be refunded to it.

10. RIGHT OF FIRST REFUSAL. - Should LESSOR desire to sell the leased premises during the term of this Agreement, or any extension or extensions, thereof, LESSOR shall first give written notice of such intention to LESSEE and should LESSEE then be allowed under the Constitution and laws of the Philippines to acquire land, LESSEE shall have the first option to purchase the leased premises at the same price offered or to be offered to third persons. Should LESSEE, however, not wish to exercise the option hereunder, any sale or encumbrance made by LESSOR shall be subject to the terms of this Agreement.

11. SUPERIOR TITLE: CONDEMNATION. - Should the LESSEE be dispossessed from the premises or any part thereof by reason of a right or title of any third party superior to that of the LESSOR, or should the demised premises or any part thereof be condemned or taken for temporary or permanent public or quasi-public

use by any legally constituted authority, then in any of such events (1) the LESSEE shall have the right to terminate this lease effective on the date

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Lease Contract
Page eight (8)

possession is taken by such public authority and rental shall be apportioned as of that date with proportionate refund by the LESSOR of any rent paid in advance; or (2) if the lease is not terminated, the lease shall continue for the balance of the term or any renewal thereof only as to the portion of the leased premises remaining and the rental herein provided shall be equitably abated or reduced as of the date of possession by such public authority in the proportion which the space to be taken bears to the entire space originally leased. The termination of the lease by the LESSEE shall be without prejudice to the rights of the LESSEE to recover the compensation from the condemning authority for any loss or damage of all leasehold improvements existing on the leased premises, loss of business, or depreciation to, change to, or cost of removal of, or for the value of stock, trade fixtures, machinery and equipment, and other personal property belonging to the LESSEE, caused by such condemnation, and neither the LESSOR nor the LESSEE shall have any rights in or to any award made to the other by the condemning authority.

12. LESSEE'S COVENANTS. - The LESSEE hereby covenants with LESSOR:

a) to pay all charges for electric current and water, consumed and all charges in respect of telephone and other utility services supplied to the demised premises during the term of the lease;

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Lease Contract
Page nine (2)

b) Not to consent to any unlawful use of the demised premises;

c) Not to sublease the premises, or any part thereof, except to a corporation then owned or controlled by the LESSEE or to any other affiliate company of the LESSEE, without the written consent of the LESSOR; provided, however, the LESSOR agree that such consent will not be unreasonably withheld.

13. SIGNS. - The LESSEE shall have the right to install or place signs or posters anywhere on or about the premises and upon removal of said signs and posters at the termination of this lease, LESSEE shall repair any damage caused by such removal.

14. WAIVER OF SUBROGATION. - The LESSOR and the LESSEE waive all rights, each against the other, for damages caused by fire or other perils covered by insurance where such damages are sustained in connection with the occupancy of the leased premises.

15. NOTICES: DELIVERY OF RENTAL FUNDS. - All notices to be given hereunder by either party shall be in writing.

At or prior to the commencement date of this lease the LESSOR shall deliver to LESSEE written notice of the full name and mailing address of the individual or legal entity representing LESSOR duly empowered to receive all notices and collect all rents hereunder either by personal delivery or by registered

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Lease Contract
Page ten (10)

mail. The LESSOR, however, reserves the right to countermand such appointment at any time and substitute a new appointment therefor, in which case proper notice of such substitution shall be promptly given to LESSEE by personal delivery or by registered mail.

16. QUIET POSSESSION. - LESSOR herein represents that it is the fee owner of the premises hereby leased and hereby covenants that the LESSEE on paying the rent and performing all and singular the covenants and conditions of this lease on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the demised premises for the term aforesaid, and for the term of any renewal or renewals thereof, free from molestation, eviction or destruction by the LESSOR, or by any other person or persons lawfully claiming the same, and that the LESSOR have good right to make this lease for the full term hereby granted, including the period for which the LESSEE has the right to effect a renewal thereof. LESSOR agrees that in the event the premises are sold during the term of the lease or any extension thereof, a certified copy of the Deed of Conveyance or an executed copy of the Assignment of this lease shall be furnished to LESSEE, it being understood that the consideration for such conveyance may be deleted from such instruments.

17. RIGHTS UPON DEFAULT. - That if the LESSEE shall neglect or fail to perform or observe any of

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Lease Contract
Page eleven (11)

the covenants contained herein on its part to be observed and performed for thirty (30) days after written notice by the LESSOR, or if the LESSEE shall be adjudicated bankrupt or insolvent according to law, or shall make an assignment for the benefit of creditors, then and in any of said cases the LESSOR may lawfully enter into and upon the said premises or any part thereof in the name of the LESSOR, and repossesses the same as of the former estate of the LESSOR and expel the LESSEE and those claiming under and through it and remove its effects (forcibly if necessary), without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant and upon entry as aforesaid this lease shall terminate and the LESSEE covenants that in case of such termination it will indemnify the LESSOR against all unavoidable loss of rent which the LESSOR may incur by reason of such termination during the residue of the term above specified. In the event of non-payment of any rental when due, the LESSEE shall pay a penalty at a rate of ten percent (10%) on the amount in default in addition to attorney's fees, if any, and interest on any amount herein provided that it is not paid on time as provided in Par. 2.3 hereof.

The covenants and agreements contained in the foregoing lease are binding upon the parties hereto and their respective heirs, executors, administrators, successors, legal representatives and assigns.

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Lease Contract
Page twelve (12)

18. REGISTRATION OF LEASE. - This lease shall be registered with the proper governmental office including without limitation the Registrar of Deeds for the Calamba Branch of the Land Registration Authority and all expenses to be incurred in connection therewith shall be borne by the LESSEE.

19. ENTIRE AGREEMENT. - This agreement constitutes the entire agreement of the parties hereto and cannot be changed in any manner except in writing subscribed by the parties through their duly authorized officers.

20. BINDING EFFECT. - This agreement shall be binding upon, and inure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF, the parties have signed these presents at Makati City, Philippines, this 6th day of November, 1996.

AAPI REALTY CORPORATION
("the Lessor")

By: /s/ Leonardo P. Loreto, Jr.

LEONARDO P. LORETO, JR.
President

AMKOR/ANAM ADVANCED PACKAGING, INC.
("the Lessee")

By: /s/ Danny D. Franklin

DANNY D. FRANKLIN
Treasurer

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Lease Contract
Page thirteen (13)

SIGNED IN THE PRESENCE OF:

[SIG] [SIG]

REPUBLIC OF THE PHILIPPINES)
): S.S.
MAKATI CITY)

ACKNOWLEDGMENT

BEFORE ME a Notary Public for and in Makati on this 6th day of November, 1996 at Makati City personally appeared:

NAME ----	COMMUNITY TAX CERTIFICATE NO. -----	DATE AND PLACE OF ISSUE -----
AAPI Realty Corporation	63009	1/19/96 Binan Laguna
Leonardo P. Loreto, Jr.	13989100	2/26/96 Muntinlupa
Amkor/Anam Advanced Packaging, Inc.	63011	1/19/96 Binan Laguna
Danny D. Franklin	740022120	issued 8/18/93 to expire 8/18/2003, British Embassy Manila

known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same are their free and voluntary act and deed.

WITNESS my hand and seal on the date and place first above written.

ANA LIZA A. PERALTA-NAZARENO

Doc No. 150
Page No. 30
Book No. III
Series of 1996.

NOTARY PUBLIC
Until December 31, 1996
PTR NO. 0314764
Issued at Makati
On 1/27/96

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ANNEX "A"

JUDICIAL FORM NO. 109-D
(Revised January 1991)

Book T-793
Page 25

SN No. 3664853 REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF JUSTICE
 Land Registration Authority
 QUEZON CITY

REGISTRY OF DEEDS FOR THE PROVINCE OF LAGUNA

Transfer Certificate of Title

No. T-158425

IT IS HEREBY CERTIFIED that certain land situated in the Municipality of Binan Province of Laguna bounded and described as follows:

A parcel of land (Lot 3, of the consolidation-subdivision plan Pos-04-009944, being a portion of Lots 3, 4 and 5, Block 5, Pos-04-005875, LRC Record No. 8374, situated in the Drgy. of Binan, Mun. of Binan, province of Laguna. Bounded on the NW., NE., along lines 1-2-3 by Lot 4, of the consol. subd. plan; on the NE., along line 3-4 by Lot 11, (Dooowell Site); along lines 4-5-6-7-8-9 by Road Lot 8 (20.00 m. wide); on the SE., along lines 9-10, by Lot 2, Block 5 all of Pos-04-05875; on the SW., along lines 10-11, by Road; along line 11-12 by Lot 12; along lines 12-13-1 by Lot 9, both of Block 5, Pos-04-005875.

(Cont'd on the next page)

is registered in accordance with the provisions of the Property Registration Decree in the name of*

AAPI REALTY CORPORATION, -

as owner thereof in fee simple, subject to such of the encumbrances mentioned in Section 44 of said Decree as may be subsisting, and to

Exemption from the provisions of Article 567 of the Civil Code is specifically reserved.

IT IS FURTHER CERTIFIED that said land was originally registered on the 9th day of August, in the year nineteen hundred and thirteen, in the Registration Book of the Office of the Register of Deeds of Laguna, Volume A-5, page 20-29, as Original Certificate of Title No. 242, pursuant to Decree No. 11567, issued in I. R. C. _____ Record No. 8374, in the name of YCLA Sugar Dev. Corp.

This certificate is a transfer from Transfer certificate of Title No. T-135617-19, which is cancelled by virtue hereof in so far as the above-described land is concerned.

[SEAL]

Entered at Santa Cruz, Laguna,
Philippines, on the 23rd day of June, in
the year nineteen hundred and
ninety-five at 11:50 a.m.

[SEAL]

ATTEST:

Km. 22 South Superhighway, Muntinlupa,

M.M. /s/ DANTE A. ARRIOLA

(Owner's postal address) (Register of Deeds)

* State the civil status, name of spouse if married, age if a minor, citizenship and residence of the registered owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

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MEMORANDUM OF ENCUMBRANCES
(When necessary use this page for the continuation of the technical description)
=====

(CONTINUATION OF THE TECHNICAL DESCRIPTION)

Entry No.

Beginning at a point marked 1 on plan, baing X degree, 11 deg. 13'"., 1880.48 m. from Mon. No. 23, Bifian Estate; thence 77 deg. 47'E., 53.16 m. to point 2; S. 32 deg. 43'E., 179.65m. to point 3, S. 32 deg. 43'E., 15.35 m. to point 4; S. 12 deg. 08'E., 7.00 m. to point 5; S. 02 deg. 08'W., 7.00 m. to point 6; S. 07 deg. 53'E., 7.00 m. to point 9, S. 17 deg. 58'E., 7.00 m. to point 8; S. 22 deg. 58'E., 16.01 m. to point 9; S. 67 deg. 02'"., 165.46 m. to point 10; N. 03 deg. 52'W. 137.03 m. to point 11; N. 03 deg. 30'W., 92.18 m. to point 12; N. 02 deg. 31'E., 23.41 m. to point 13; N. 09 deg. 57'E., 7.54 m. to the point of beginning; containing an area of TWENTY EIGHT THOUSANDS ONE HUDNRED NINETY NINE (28,199) SQUARE METERS. All points referred to are indicated on the plan and are marked on the ground by 1'.3 oyl.cone.mons., 15x60 om., bearing tue; date of original survey, Jan. 1996 - Feb. 1997 and that of the ??? survey, July 25, 1994 and was approved on Jan. 13, 1995.

Dante A. Arriola
Register of Deeds

The Deed of Absolute Sale dated December 26, 1994 and identified as Doc. No. 284, Page No. 46; Book No. XXIV, Series of 1994 of the Notarial Register of Atty. Roman K. Osaro, and registered under Entry No. 278820, filed in Env. No. T-158425, is subject to the "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE LAGUNA TECHOPARK" and the "SUPPLEMENTAL DECLARATION OF ANNEXATION and COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE LAGUNA TECHOPARK marked as Annexes 3 and 3-1, respectively of the said document.

June 23, 1995.

Dante A. Arriola
Register of Deeds

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ANNEX "B"

JUDICIAL FORM NO. 109-D
(Revised January 1991)

Book T-793
Page 267

SN No. 3664855
REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY

REGISTRY OF DEEDS FOR THE PROVINCE OF LAGUNA

Transfer Certificate of Title

No. T-158426

IT IS HEREBY CERTIFIED that certain land situated in the Municipality of Binan Province of Laguna bounded and described as follows:

A parcel of land (Lot 4, of the consolidation-subdivision plan Pos-04-009944,

being a portion of Lots 3, 4 and 5, Block 5, Pos-04-005875, LRC Record No. 8374, situated in the Drgy. of Binan, Mun. of Binan, province of Laguna. Bounded on the NW., along lines 1 to 12 by Lot 1; on the NE., along line 12-13 by Lot 5 both of the consol. subd. plan; on the SE., along lines 13-14-15-16-17 by Road Lot 8 (20.00 m. wide); on the NW., SE., along lines 17-18-19, by Lot 11, Block 5 (Deepwell Site), both of Pos-04-005875; on the SW., SE., along lines 19-10-1 by Lot 3 of the consol. subd. plan. Beginning at a point marked 1 on

(Cont'd on the next page)

is registered in accordance with the provisions of the Property Registration Decree in the name of*

AAPI REALTY CORPORATION, -

as owner thereof in fee simple, subject to such of the encumbrances mentioned in Section 44 of said Decree as may be subsisting, and to

Exemption from the provisions of Article 567 of the Civil Code is specifically reserved.

IT IS FURTHER CERTIFIED that said land was originally registered on the 9th day of August, in the year nineteen hundred and thirteen, in the Registration Book of the Office of the Register of Deeds of Laguna, Volume A-5, page 20-29, as Original Certificate of Title No. 242, pursuant to Decree No. 11567, issued in I. R. C. _____ Record No. 8374, in the name of YCLA Sugar Dev. Corp.

This certificate is a transfer from Transfer certificate of Title No. T-135617-19, which is cancelled by virtue hereof in so far as the above-described land is concerned.

[SEAL]

Entered at Santa Cruz, Laguna,
Philippines, on the 23rd day of June, in
the year nineteen hundred and
ninety-five at 11:50 a.m.

[SEAL]

ATTEST:

Km. 22 South Superhighway, Muntinlupa,
M.M.

/s/ DANTE A. ARRIOLA

(Owner's postal address)

(Register of Deeds)

* State the civil status, name of spouse if married, age if a minor, citizenship and residence of the registered owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

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MEMORANDUM OF ENCUMBRANCES

(When necessary use this page for the continuation of the technical description)

=====

(CONTINUATION OF THE TECHNICAL DESCRIPTION)

Entry No. _____,
plan, ????????? 11 dog. 13'E., 1880.48 m. from Mon. No. 23, Bihan Estate; thnoo
???? dog. 15'E., 12.93 m. to point 3; E. 13 dog. 21'E., 20.07 m. to point 3;
???? dog. 56'E., 20.07 m. to point 4; E. 18 dog. 30'E., 20.07 m. to point 5;
???? dog. 05'E., 20.07 m. to point 6; E. 23 dog. 40'E., 20.07 m. to point 7;
???? dog. 15'E., 20.07 m. to point 8; N. 28 dog. 50'E., 20.07 m. to point 9;
???? dog. 25'E., 20.07 m. to point 10; N. 34 dog. 00'E., 20.07 m. to point 11;
???? dog. 33'E., 19.47 m. to point 12; E. 32 dog. 43'E., 319.41 m. to point 13;
???? dog. 17'N., 100.69 m. to point 14; S. 52 dog. 17'N., 7.00 m. to point 15;
???? dog. 17'N., 7.00 m. to point 16; S. 32 dog. 13'N., 3.94 m. to point 17;
N. 32 dog. 43'N., 10.03 m. to point 18; N. 57 dog. 17'N., 8.50 m. to point 19;
N. 32 dog. 43'N., 179.65 m. to point 20; S. 77 dog. 47'W., 53.16 m. to point
of beginning; containing an area of THIRTY EIGHT THOUSAND ONE HUNDRED EIGHTY
ONE (38,181) SQUARE METERS. All points referred to are indicated on the plan

and are marked on the ground by P.S. cyl. como.mons., 15x60 cm., bearings true; date of original survey, Jan. 1906 - Feb. 1907 and that of the subd. survey, July 25, 1994 and was approved on Jan. 13, 1995.

/s/ DANTE A. ARRIOLA
DANTE A. ARRIOLA
Register of Deeds

The Deed of Absolute Sale dated December 26, 1994 and identified as Doc. No. 224; Page No. 46; Book No. XXIV, Series of 1994, of the Notarial Register of Atty. Ronan R. Osoro, and registered under Entry No. 278820, filed in Env. No. T-158425, is subject to the "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE LAGUNA TECHNOPARK" and the "SUPPLEMENTAL DECLARATION OF ???? AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE LAGUNA TECHNOPARK marked as Annexes 3 and 3-1, respectively of the said document.

June 23, 1995.

/s/ DANTE A. ARRIOLA
DANTE A. ARRIOLA
Register of Deeds

(Memorandum of Encumbrances continued on Page _____-B)
(Technical Description continued on Additional Sheet _____ Page _____-)

Register of Deeds

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ANNEX "C"

JUDICIAL FORM NO. 109-D
(Revised January 1991)

Book T-793
Page 27

SN No. 3664855 REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF JUSTICE
 Land Registration Authority
 QUEZON CITY

REGISTRY OF DEEDS FOR THE PROVINCE OF LAGUNA

Transfer Certificate of Title

No. T-158427

IT IS HEREBY CERTIFIED that certain land situated in the Municipality of Binan Province of Laguna bounded and described as follows:

A parcel of land (Lot 5, of the consolidation-subdivision plan Pos-04-009944, being a portion of Lots 3, 4 and 5, Block 5, Pos-04-005875, LRC Record No. 8374, situated in the Drgy. of Binan, Mun. of Binan, province of Laguna. Bounded on the SE., along line 1-2 by Road Lot 6, Pos-04-005875 (20.00 m. wide on the SW., along lines 2-3-4 by Lot 4; on the NW., along line 4-5 by Lot 1, both of the consol. subd. plan; on the NW., NE., along lines 4-5-6-7 by Lot 9, on the NE., along lines 7-8-9 by Lot 6, both of Block 6, Pos-04-005875. Beginning at a point marked 1 on plan, being N. 00 deg. 04'W., 1835.56 m. from Mon.

(Cont'd on the next page)

is registered in accordance with the provisions of the Property Registration Decree in the name of*

AAPI REALTY CORPORATION, -

as owner thereof in fee simple, subject to such of the encumbrances mentioned in Section 44 of said Decree as may be subsisting, and to

Exemption from the provisions of Article 567 of the Civil Code is specifically reserved.

IT IS FURTHER CERTIFIED that said land was originally registered on the 9th day of August, in the year nineteen hundred and thirteen, in the Registration Book of the Office of the Register of Deeds of Laguna, Volume A-5, page 20-29, as Original Certificate of Title No. 242, pursuant to Decree No. 11567, issued in I. R. C. _____ Record No. 8374, in the name of YCLA Sugar Dev. Corp.

This certificate is a transfer from Transfer certificate of Title No. T-155617-19, which is cancelled by virtue hereof in so far as the above-described land is concerned.

[SEAL]

Entered at Santa Cruz, Laguna,
Philippines, on the 23rd day of June, in
the year nineteen hundred and
ninety-five at 11:50 a.m.

[SEAL]

ATTEST:

Km. 22 South Superhighway, Muntinlupa,
M.M.

/s/ DANTE A. ARRIOLA

(Owner's postal address)

(Register of Deeds)

* State the civil status, name of spouse if married, age if a minor, citizenship and residence of the registered owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

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MEMORANDUM OF ENCUMBRANCES

(When necessary use this page for the continuation of the technical description)

=====

(CONTINUATION OF THE TECHNICAL DESCRIPTION)

Exby No.....

dog. 23. Difian Estate; ???????? 57 dob. 17., 325.00 no. to point 2; W 32
dog. 43 Dog. 319.41 m. to point 3 ???37 dog. 50'E., .50 m. to point 4; No. 38
dog. 04 Dog. 2.93 m. to point 5; No. 75 dog. 05'E., 172.77 m. to point 6; S. 17
dog. 25 Dog. 98.39 m. to point 7; S. 17 dog. 25'E., 64.04 m. to point 8; S.32
dog. 43'E., 111.03 m. to the point of beginning; containing an area of FORTY
ONE THOUSAND THREE HUNDRED FORTY ONE (41,341) SQUARE METERS. All points
referred to are indicated on the plan and are marked on the ground by P.S. cyl.
cono. ??? 15x60 cm., bearing true; date of original survey, Jan. 1906 - Feb.
1997 and that of the subd., survey, July 25, 1994 and was approved on Jan. 13,
1995.

DANTA A. ARRIOLA

Danta A. Arriola
Register of Deeds

The deed of Absolute Sale dated December 26, 1994 and identified as Doc. No. ES??? Page 46; Book No. XXIV, Series of 1994, of te Notarial Register of Atty. Roman R. Osero, and registered under ENtry No. 278820, filed in Env. No. T-159425, is subject to the "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE LACURA TECHNOPARK" and the "SUPPLEMENTAL DECLARATION OF AUTHORIZATION and COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE LAGUNA TECNOPARK, marked as Annexes 3 and 3-1, respectively of the said Document.

June 23, 1995.

DANTA A. ARRIOLA

Danta A. Arriola
Register of Deeds

(Memorandum of Encumbrances continued on Page-B)
(Technical Description continued on Additinal Sheet....., Page.....-)

Register of Deeds

EXHIBIT 21.1

Subsidiaries of the Registrant

1. A.K. Industries, Inc. and its wholly owned subsidiary, Amkor-Anam, Inc., each a Texas corporation.
2. Amkor Electronics, Inc., a Pennsylvania corporation.
3. Amkor Anam Test Services, a California corporation.
4. C.I.L. Limited, a corporation organized under the laws of the British Cayman Islands and its wholly owned subsidiary Amkor/Anam Euroservices S.A.R.L., a corporation organized under the laws of France.
5. T.L. Limited, a corporation organized under the laws of the British Cayman Islands and its subsidiaries, Amkor Anam Advanced Packaging, Inc., Amkor/Anam Pilipinas, Inc., and its subsidiary Automated Microelectronics Inc., each such subsidiary, a corporation organized under the laws of the Philippines.

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 registration statement.

ARTHUR ANDERSEN LLP

Philadelphia, Pa.
October 2, 1997

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<INCOME-CONTINUING>	31,288	1,178
<DISCONTINUED>	0	0
<EXTRAORDINARY>	0	0
<CHANGES>	0	0
<NET-INCOME>	31,288	1,178
<EPS-PRIMARY>	0.38	0.01
<EPS-DILUTED>	0.38	0.01