
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2005

or

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

Commission File Number 000-29472

AMKOR TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

The number of outstanding shares of the registrant's Common Stock as of August 1, 2005 was 176,714,357.

QUARTERLY REPORT ON FORM 10-Q

June 30, 2005

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PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

AMKOR TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
Net sales	\$ 489,335	\$ 492,536	\$ 906,816	\$ 957,182
Cost of sales	422,837	397,761	796,923	750,559
Gross profit	66,498	94,775	109,893	206,623
Operating expenses:				
Selling, general and administrative	66,865	55,916	127,331	109,422
Research and development	9,924	9,900	18,824	18,877
Provision for legal settlements and contingencies (Note 12)	—	—	50,000	1,500
Total operating expenses	76,789	65,816	196,155	129,799
Operating income (loss)	(10,291)	28,959	(86,262)	76,824
Other expense (income):				
Interest expense, net	41,395	36,360	81,908	69,650
Foreign currency exchange loss (gain)	(1,773)	2,635	459	2,710
Other expense (income), net (Note 6)	2,063	(25,541)	2,241	(23,744)
Total other expense	41,685	13,454	84,608	48,616
Income (loss) before income taxes and minority interest	(51,976)	15,505	(170,870)	28,208
Minority interest	926	3	1,937	(355)
Income (loss) before income taxes	(51,050)	15,508	(168,933)	27,853
Provision for income taxes	1,353	5,528	2,540	6,963
Net income (loss)	\$ (52,403)	\$ 9,980	\$ (171,473)	\$ 20,890
Per share data:				
Basic and diluted net income (loss) per common share	\$ (0.30)	\$ 0.06	\$ (0.97)	\$ 0.12
Shares used in computing basic income (loss) per common share	176,371	175,304	176,045	174,961
Shares used in computing diluted income (loss) per common share	176,371	175,872	176,045	178,028

The accompanying notes are an integral part of these statements.

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

	June 30, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 228,204	\$ 372,284
Accounts receivable:		
Trade, net of allowance of \$5,164 in 2005 and \$5,074 in 2004	294,918	265,547
Other	5,304	3,948
Inventories, net (Note 3)	116,719	111,616
Other current assets	30,276	32,591
Total current assets	675,421	785,986
Property, plant and equipment, net (Note 4)	1,427,915	1,380,396
Goodwill (Note 5)	655,940	656,052
Intangibles, net (Note 5)	42,863	47,302
Investments (Note 6)	11,101	13,762
Other assets	75,441	81,870
Total assets	<u>\$ 2,888,681</u>	<u>\$ 2,965,368</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Bank overdraft	\$ —	\$ 102
Short-term borrowings and current portion of long-term debt (Note 9)	281,639	52,147
Trade accounts payable	307,344	211,706
Accrued expenses (Note 7)	159,857	175,075
Total current liabilities	748,840	439,030
Long-term debt (Note 9)	1,810,377	2,040,813
Other non-current liabilities	125,462	109,317
Total liabilities	<u>2,684,679</u>	<u>2,589,160</u>
Commitments and contingencies (Note 12)		
Minority interest	4,937	6,679
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized designated Series A, none issued	—	—
Common stock, \$0.001 par value, 500,000 shares authorized issued and outstanding of 176,714 in 2005 and 175,718 in 2004	178	176
Additional paid-in capital	1,326,310	1,323,579
Accumulated deficit	(1,140,545)	(969,072)
Accumulated other comprehensive income	13,122	14,846
Total stockholders' equity	199,065	369,529
Total liabilities and stockholders' equity	<u>\$ 2,888,681</u>	<u>\$ 2,965,368</u>

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	For the Six Months Ended	
	June 30,	
	2005	2004
Cash flows from operating activities:		
Net income (loss)	\$ (171,473)	\$ 20,890
Depreciation and amortization	122,044	110,661
Other non-cash items	6,398	(15,102)
Changes in assets and liabilities excluding effects of acquisitions	25,318	33,344
Net cash (used in) provided by operating activities	(17,713)	149,793
Cash flows from investing activities:		
Payments for property, plant and equipment	(124,397)	(284,182)
Acquisition, net of cash acquired	—	(33,963)
Proceeds from the sale of property, plant and equipment	443	4,995
Proceeds from the sale of investments	—	49,409
Proceeds from note receivable	—	18,627
Net cash used in investing activities	(123,954)	(245,114)
Cash flows from financing activities:		
Net change in bank overdrafts	(102)	(3,790)
Borrowings under a revolving credit facility	111,760	123,267
Payments under a revolving credit facility	(111,488)	(124,062)
Proceeds from the issuance of long-term debt	12,722	251,816
Payments for debt issuance costs	—	(3,886)
Payments on long-term debt, including redemption premium payment in 2004	(17,619)	(171,926)
Proceeds from issuance of stock through stock compensation plans	2,733	5,726
Net cash (used in) provided by financing activities	(1,994)	77,145
Effect of exchange rate fluctuations on cash and cash equivalents	(419)	(488)
Net decrease in cash and cash equivalents	(144,080)	(18,664)
Cash and cash equivalents, beginning of period	372,284	313,259
Cash and cash equivalents, end of period	\$ 228,204	\$ 294,595
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 82,957	\$ 61,602
Income taxes	\$ 1,916	\$ 14,451

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Interim Financial Statements

Basis of Presentation. The condensed consolidated financial statements and related disclosures as of June 30, 2005 and for the three and six months ended June 30, 2005 and 2004 are unaudited, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the results for the interim periods. These financial statements should be read in conjunction with our latest annual report as of December 31, 2004 filed on Form 10-K/A with the Securities and Exchange Commission. The results of operations for the three and six months ended June 30, 2005 are not necessarily indicative of the results to be expected for the full year. Certain previously reported amounts have been reclassified to conform to the current presentation.

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

Income Taxes. For the three and six months ended June 30, 2005, income tax expense was \$1.4 million and \$2.5 million, reflecting an effective tax rate of 2.7% and 1.5%, respectively. For the three and six months ended June 30, 2004, income tax expense was \$5.5 million and \$7.0 million, reflecting an effective tax rate of 35.6% and 25.0%, respectively. Our effective tax rates for the three and six months ended June 30, 2005 and the six months ended June 30, 2004 differ significantly from the U.S. statutory tax rate of 35% primarily due to net operating losses in the U.S. and certain foreign jurisdictions which we can not use to offset taxable income in other foreign jurisdictions. Income tax expense for the three and six months ended June 30, 2005 and 2004 related primarily to foreign withholding taxes and income taxes at our profitable foreign locations.

We operate in and file income tax returns in various U.S. and foreign jurisdictions which are subject to examination by tax authorities. Our tax returns have been examined through 1998 in the Philippines and the U.S., through 2000 in Taiwan, and through 2002 in Japan. The tax returns for open years in all jurisdictions in which we do business are subject to changes upon examination. During 2003, the Internal Revenue Service commenced an examination related to years 2000 and 2001. In February 2005, we verbally agreed to a settlement in principle with the IRS for these years. As a component of the settlement, we agreed to make certain income adjustments to our U.S. tax returns in the years 2000 through 2003 for local attribution of income resulting from significant inter-company transactions, including ownership and use of intellectual property, in various U.S. and foreign jurisdictions. These adjustments would effectively lower our U.S. net operating loss carry-forwards at December 31, 2004 by \$52.7 million. This settlement agreement is not final until review and approval by the Congressional Joint Committee on Taxation, the timing of which is uncertain. We believe that we have estimated and provided adequate accruals for the additional taxes and interest expense that will result from these adjustments. Our estimated tax liability is subject to change as examinations of specific tax years are completed in the respective jurisdictions. We believe that any additional taxes or related interest over the amounts accrued will not have a material adverse effect on our financial condition or results of operations, nor do we expect that examinations to be completed in the near term would have a material favorable impact. In addition, changes in the mix of income from our foreign subsidiaries, expiration of tax holidays and changes in tax laws or regulations could result in increased effective tax rates in the future.

Recent Accounting Pronouncements. In March 2005, the Financial Accounting Standards Board (the "FASB") issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"), which is an interpretation of Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." FIN 47 clarifies terminology within SFAS No. 143 and requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. We do not anticipate that the adoption of FIN 47 will have a material impact on our consolidated balance sheet or statements of operations, shareholders' equity or cash flows.

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In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections". SFAS 154 replaces APB No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and establishes retrospective application as the required method for reporting a change in accounting principle. SFAS 154 provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable. The reporting of a correction of an error by restating previously issued financial statements is also addressed. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not anticipate that the adoption of SFAS 154 will have a material impact on our consolidated balance sheet and statements of operations, shareholders' equity or cash flows.

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*. SFAS No. 123R is a revision of SFAS No. 123, *Accounting for Stock Based Compensation* and supersedes APB 25. Among other items, SFAS No. 123R eliminates the use of APB 25 and the intrinsic value method of accounting and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements. On April 14, 2005, the Securities and Exchange Commission amended the effective date of SFAS No. 123R to January 1, 2006, for calendar year companies. We intend to adopt this statement on the new effective date and have not yet determined the method of adoption.

We currently utilize a standard option pricing model (Black-Scholes) to measure the fair value of stock options granted to employees. While SFAS No. 123R permits entities to continue to use such a model, the standard also permits the use of a "lattice" model. We have not yet determined which model we will use to measure the fair value of employee stock options upon the adoption of SFAS No. 123R.

SFAS No. 123R also requires the benefits associated with the tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after the effective date. These future amounts cannot be estimated because they depend on when the employees exercise stock options, among other things.

We are currently reviewing the effect SFAS No. 123R will have on our financial statements; however, we believe the impact to our net income (loss) will be determined by the number of options that we grant in the future. In August 2004 we accelerated the vesting of all outstanding employee stock options, thereby eliminating charges to our future statements of operations related to these stock options. We also undertook the acceleration to enhance employee morale and to help retain high-potential individuals in the face of a downturn in our industry conditions.

Stock Compensation. We apply Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, to our stock option plans. No compensation expense has been recognized for our employee stock options that have been granted. If compensation costs for our stock option plans had been determined using the fair value method of accounting as set forth in SFAS No. 123, *Accounting for Stock-Based Compensation*, our reported net income (loss) and per share amounts would have been decreased (increased).

The following table illustrates the effect on net income (loss) and per share amounts if the fair value based method had been applied to all outstanding and unvested awards in each period.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
	(In thousands, except per share data)			
Net income (loss):				
Net income (loss), as reported	\$ (52,403)	\$ 9,980	\$ (171,473)	\$ 20,890
Deduct: Total stock-based employee compensation determined under fair value based method, net of tax	(1,289)	(8,264)	(2,764)	(16,584)
Pro forma net income (loss)	<u>\$ (53,692)</u>	<u>\$ 1,716</u>	<u>\$ (174,237)</u>	<u>\$ 4,306</u>

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	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
(In thousands, except per share data)				
Income (loss) per share:				
Basic and diluted:				
As reported	\$ (0.30)	\$ 0.06	\$ (0.97)	\$ 0.12
Pro forma	\$ (0.30)	\$ 0.01	\$ (0.99)	\$ 0.02

In order to calculate the fair value of stock options at date of grant, we used the Black-Scholes option pricing model. The following assumptions were used to calculate weighted average fair values of the options granted:

	For the Three and Six Months Ended June 30,	
	2005	2004
Expected life (in years)	4	4
Risk-free interest rate	3.9%	3.6%
Volatility	90.6%	87.0%
Dividend yield	—	—

2. Comprehensive Income (Loss)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
(In thousands)				
Net income (loss)	\$ (52,403)	\$ 9,980	\$ (171,473)	\$ 20,890
Unrealized gain (loss) on investments, net of tax	4	(14,118)	(2,104)	(9,439)
Reclassification adjustment for losses included in net income (loss)	1,772	—	1,772	—
Foreign currency translation, net of tax	(9)	(1,945)	(1,392)	1,116
Total comprehensive income (loss)	<u>\$ (50,636)</u>	<u>\$ (6,083)</u>	<u>\$ (173,197)</u>	<u>\$ 12,567</u>

3. Inventories

Inventories consist of the following:

	June 30, 2005	December 31, 2004
(In thousands)		
Raw materials and purchased components	\$ 112,279	\$ 114,808
Work-in-process	26,932	21,150
Finished goods	959	960
	140,170	136,918
Inventory reserve	(23,451)	(25,302)
	<u>\$ 116,719</u>	<u>\$ 111,616</u>

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4. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
	(In thousands)	
Land	\$ 112,323	\$ 112,009
Land use rights	19,945	19,945
Buildings and improvements	651,417	633,528
Machinery and equipment	2,066,842	1,953,392
Furniture, fixtures and other equipment	166,052	165,446
Construction in progress	101,195	102,952
	<u>3,117,774</u>	<u>2,987,272</u>
Less: Accumulated depreciation and amortization	<u>(1,689,859)</u>	<u>(1,606,876)</u>
	<u>\$ 1,427,915</u>	<u>\$ 1,380,396</u>

The following table reconciles our payments for property, plant and equipment as presented on the condensed consolidated statements of cash flows to property, plant and equipment additions as reflected in the balance sheets:

	<u>For the Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
	(In thousands)	
Payments for property, plant and equipment	\$ 124,397	\$ 284,182
Increase in property, plant and equipment accounts payable and accrued liabilities, net	37,118	10,475
Property, plant and equipment additions	<u>\$ 161,515</u>	<u>\$ 294,657</u>

5. Goodwill and Intangibles

The change in the carrying value of goodwill is as follows:

	(In thousands)
Balance as of December 31, 2004	\$ 656,052
Translation adjustments	(112)
Balance as of June 30, 2005	<u>\$ 655,940</u>

Intangibles as of June 30, 2005 consist of the following:

	<u>Gross</u>	<u>Accumulated Amortization (In thousands)</u>	<u>Net</u>
Patents and technology rights	\$ 73,275	\$ (37,702)	\$ 35,573
Customer relationship and supply agreement	8,858	(1,568)	7,290
	<u>\$ 82,133</u>	<u>\$ (39,270)</u>	<u>\$ 42,863</u>

Intangibles as of December 31, 2004 consist of the following:

	<u>Gross</u>	<u>Accumulated Amortization (In thousands)</u>	<u>Net</u>
Patents and technology rights	\$ 72,973	\$ (33,595)	\$ 39,378
Customer relationship and supply agreement	8,858	(934)	7,924
	<u>\$ 81,831</u>	<u>\$ (34,529)</u>	<u>\$ 47,302</u>

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Amortization expense was \$2.4 million and \$1.8 million for the three months ended June 30, 2005 and 2004, respectively. Amortization expense was \$4.7 million and \$3.1 million for the six months ended June 30, 2005 and 2004, respectively

Based on the amortizing assets recognized in our balance sheet at June 30, 2005, amortization expense for each of the next five fiscal years is estimated as follows:

	(In thousands)
2005 (remaining)	\$ 4,715
2006	9,458
2007	9,455
2008	9,455
2009	4,548

6. Investments

Investments consist of the following:

	June 30, 2005	December 31, 2004
	(In thousands)	
Marketable securities classified as available for sale:		
DongbuAnam Semiconductor, Inc. (ownership of 2% at June 30, 2005 and December 31, 2004)	\$ 10,287	\$ 12,940
Other marketable securities classified as available for sale	717	722
Total marketable securities	11,004	13,662
Other investments	97	100
	<u>\$ 11,101</u>	<u>\$ 13,762</u>

During the second quarter of 2005 we recorded an impairment of \$2.3 million associated with our investment in DongbuAnam Semiconductor Inc., formerly Anam Semiconductor, Inc. ("ASI"), as the decline in value of this investment was considered to be other than temporary.

During the second quarter of 2004, we sold 10.1 million shares of ASI common stock for approximately \$49.7 million, or \$4.91 per share. The pre-tax gain related to this transaction was \$21.6 million, net of \$0.3 million of transaction costs.

7. Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2005	December 31, 2004
	(In thousands)	
Accrued income taxes	\$ 36,108	\$ 35,387
Accrued payroll	25,313	25,648
Accrued interest	33,909	34,547
Other accrued expenses	64,527	79,493
	<u>\$ 159,857</u>	<u>\$ 175,075</u>

8. Corporate Relocation Expenses

During the third quarter of 2004, we commenced efforts to relocate certain corporate functions from our West Chester, Pennsylvania location to our Chandler, Arizona location. In connection with these efforts, we paid \$1.2 million in severance and related costs. Of this \$1.2 million, we recorded a charge of \$0.9 million to selling, general and administrative expenses during 2004, and we charged the remaining \$0.3 million to selling, general and administrative expenses during the first quarter of 2005. During the six months ended June 30, 2005 we paid out the \$1.2 million in severance benefits.

9. Debt

The major components of debt consist of the following:

	June 30, 2005	December 31, 2004
	(In thousands)	
Senior secured credit facilities:		
\$30.0 million revolving line of credit, LIBOR plus 3.5% due June 2007	\$ —	\$ —
Second Lien Term loan, LIBOR plus 4.5% due October 2010	300,000	300,000
9.25% Senior notes due February 2008	470,500	470,500
7.75% Senior notes due May 2013	425,000	425,000
7.125% Senior notes due March 2011	248,554	248,454
10.5% Senior subordinated notes due May 2009	200,000	200,000
5.75% Convertible subordinated notes due June 2006, convertible at \$35.00 per share	233,000	233,000
5% Convertible subordinated notes due March 2007, convertible at \$57.34 per share	146,422	146,422
Notes payable	16,203	15,675
Other debt	52,337	53,909
	<u>2,092,016</u>	<u>2,092,960</u>
Less: Short-term borrowings and current portion of long-term debt	(281,639)	(52,147)
	<u>\$ 1,810,377</u>	<u>\$ 2,040,813</u>

We have a significant amount of indebtedness and expect this will continue for the foreseeable future. Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to service debt and interest payments.

Our 5.75% Convertible Subordinated Notes mature on June 1, 2006 at which time we will be required to repay the \$233 million principal amount currently outstanding. We are evaluating various alternatives to refinance this obligation, which has been classified as a current liability in our consolidated balance sheet as of June 30, 2005. We expect to refinance these notes with the proceeds of one or more new issuances of debt and or equity. Assuming we are able to successfully refinance these notes in a timely manner, we believe that our existing cash balances, available credit lines, cash flow from operations and available equipment lease financing will be sufficient to fund our debt service, working capital and equipment purchases over the next twelve months.

We cannot assure you that funds to refinance the 5.75% Convertible Subordinated Notes or our other outstanding debt will be available when we need it or, if available, that it will be available on satisfactory terms. In addition, the terms of the senior notes and senior subordinated notes significantly reduce our ability to incur additional debt. Failure to obtain any such required additional financing could have a material adverse effect on us. In May 2005 our liquidity and debt ratings were lowered reflecting heightened liquidity concerns and weak operating results. In addition, this sufficiency of our available cash is dependent on our business performing in line with our current expectations. The performance of our business is dependent on many factors and subject to risks and uncertainties as discussed in our Risk Factors filed in our Annual Report on Form 10-K/A for the year ended December 31, 2004.

On April 22, 2003, we entered into a \$200.0 million senior secured credit facility consisting of a \$170.0 million term loan maturing January 31, 2006 (the "2006 Term Loan") and a \$30.0 million revolving line of credit that was available through October 2005. The funds available under this credit facility were used to repay a \$96.9 million term loan previously outstanding and for general corporate purposes. In March 2004, with the proceeds from our 7.125% senior notes (discussed further below), we satisfied in full the 2006 Term Loan, which carried a balance of \$168.7 million. In connection with the satisfaction of the 2006 Term Loan, we recorded charges during the first quarter of 2004 of \$1.7 million for the associated premiums paid and \$1.0 million for the associated unamortized deferred debt issuance costs.

In June 2004, we entered into a new \$30.0 million senior secured revolving credit facility (the "Facility"). The Facility, which is available through June 2007, replaced our prior \$30.0 million secured revolving line of credit which was scheduled to mature on October 31, 2005. At June 30, 2005, there was \$29.7 million available under this Facility. As of June 30, 2005, we have outstanding \$0.3 million of standby letters of credit. Such standby letters of credit are used in our ordinary course of business and are collateralized by our cash balances.

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In October 2004, we entered into a \$300.0 million senior secured second lien term loan credit facility with a group of institutional lenders. The term loan bears interest at a rate of LIBOR plus 450 basis points and matures in October 2010. The net proceeds of \$288.8 million from the term loan were used for working capital and general corporate purposes.

In March 2004, we sold \$250.0 million of 7.125% senior notes due March 2011. The notes were priced at 99.321% of the \$250.0 million face value, yielding an effective interest rate of 7.25%. We sold these notes in a private placement and the notes were resold to qualified institutional investors. We used the net proceeds of the issuance to satisfy in full our outstanding term loan due 2006 of \$168.7 million and used the remainder of the proceeds for general corporate purposes, including working capital and capital expenditures. The notes have a coupon rate of 7.125% annually and interest payments are due semi-annually. In connection with the offering of these notes, we entered into a registration rights agreement with the purchasers. The registration rights agreement entitled the purchasers, within 210 days from the original issuance, to exchange their notes for registered notes with substantially identical terms as the original notes. We filed a registration statement with the Securities and Exchange Commission for the exchange of the notes, and the exchange was completed in July 2004.

At June 30, 2005 we were in compliance with all debt covenants contained in our loan agreements and have met all debt payment obligations.

At June 30, 2005 our notes payable balance primarily consists of a \$15.4 million note (net of a \$0.1 million unamortized debt discount) related to our Unitive acquisitions, which is due in the third quarter of 2005. At June 30, 2005 our other debt primarily relates to our foreign subsidiaries. The significant components of other debt include term debt and a revolving line of credit. One of our Japanese subsidiaries utilizes the revolving line of credit for working capital purposes and term debt for equipment financing. The revolving line of credit is due in the fourth quarter of 2005 and we expect to extend the agreement or refinance the amount owed.

Our Taiwanese subsidiaries have various amounts of term debt maturing between 2007 and 2010. These debt instruments do not include significant financial covenants. During the second quarter of 2005 one of our Taiwanese subsidiaries entered into a one year revolving line of credit agreement for borrowings up to approximately \$1.9 million and a new term debt agreement in the amount of \$12.7 million which was used to refinance existing term debt.

10. Pension and Severance Plans

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
	(In thousands)			
Service cost	\$ 1,714	\$ 1,146	\$ 3,151	\$ 2,293
Interest cost on projected benefit obligation	558	419	1,079	835
Expected return on plan assets	(343)	508	(654)	472
Amortization of transition obligation	41	25	79	51
Recognized gain (loss)	12	(750)	24	(953)
Total pension expense	<u>\$ 1,982</u>	<u>\$ 1,348</u>	<u>\$ 3,679</u>	<u>\$ 2,698</u>

For the three and six months ended June 30, 2005, \$0.2 million and \$0.6 million, respectively, was contributed to fund the pension plans. We presently anticipate contributing \$4.7 million in 2005 to fund the pension plans.

Our Korean subsidiary participates in an accrued severance plan that covers employees and directors with one year or more of service. Eligible plan participants are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. The contributions to the national pension fund made under the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities. For the three months ended June 30, 2005 and 2004, the provision recorded for severance benefits was \$6.6 million and \$5.4 million, respectively. For the six months ended June 30, 2005 and 2004, the provision recorded for severance benefits was \$13.7 million and \$9.7 million, respectively. The balance recorded in long-term

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liabilities for accrued severance was \$104.7 million and \$92.0 million at June 30, 2005 and December 31, 2004, respectively.

11. Earnings Per Share

SFAS No. 128, "Earnings Per Share," requires dual presentation of basic and diluted earnings per share on the face of the income statement. Basic EPS is computed using only the weighted average number of common shares outstanding for the period, while diluted EPS is computed assuming conversion of all dilutive securities, such as options, convertible debt and warrants. For the three and six months ended June 30, 2005, we excluded from the computation of diluted earnings per share 17.3 million and 9.2 million of outstanding options and convertible notes for common stock, respectively, potentially dilutive securities which would have an antidilutive effect on EPS due to our net loss for the periods. For the three months ended June 30, 2004, we excluded from the computation of diluted earnings per share 15.1 million, and 9.2 million of outstanding options and convertible notes for common stock, respectively, and for the six months ended June 30, 2004, we excluded 12.6 million and 9.2 million of outstanding options and convertible notes for common stock, respectively, potentially dilutive securities which would have an antidilutive effect on EPS.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
	(In thousands)			
Weighted average common shares	176,371	175,304	176,045	174,961
Effect of dilutive stock options	—	568	—	3,067
Weighted average shares applicable to diluted earnings per share	176,371	175,872	176,045	178,028

12. Indemnifications, Guarantees and Contingencies

Indemnifications and Guarantees

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

We generally provide a standard ninety-day warranty on our services. Our warranty activity has historically been immaterial and is expected to continue to be immaterial in the foreseeable future.

Litigation

We are currently a party to various legal proceedings, including those noted below. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our net results in the period in which the ruling occurs. The estimate of the potential impact from the following legal proceedings on our financial position or overall results of operations could change in the future. Attorney fees related to legal matters are expensed as incurred.

Epoxy Mold Compound Litigation

We have become party to an increased number of litigation matters relative to our historic levels. Much of our recent litigation relates to an allegedly defective epoxy mold compound, formerly used in some of our packaging services, which is alleged to be responsible for certain semiconductor chip failures. In the case of the two pending matters, we believe we have meritorious defenses, as well as valid third-party claims against Sumitomo Bakelite Co., Ltd. ("Sumitomo Bakelite"), the manufacturer of the challenged epoxy product, should the epoxy mold compound be found to be defective. We cannot be certain, however, that we will be able to recover any amount from Sumitomo Bakelite if we are held liable in this matter, or that any adverse result would not have a material impact upon us. Moreover, other customers of ours have made inquiries about the epoxy mold compound, which was widely used in the semiconductor industry, and no assurance can be given that

claims similar to those already asserted will not be made against us by other customers in the future.

Fujitsu Limited v. Cirrus Logic, Inc., et al.

On April 16, 2002, we were served with a third-party complaint in an action entitled *Fujitsu Limited v. Cirrus Logic, Inc.*, in the United States District Court for the Northern District of California, San Jose Division. Subsequently, substantially the same case was filed in the Superior Court of California, Santa Clara County, and the United States District Court case was stayed. In this action, Fujitsu Limited (“Fujitsu”) alleged that semiconductor devices it purchased from Cirrus Logic, Inc. (“Cirrus Logic”) were defective in that a certain epoxy mold compound manufactured by Sumitomo Bakelite and Sumitomo Plastics America, Inc. (“Sumitomo Plastics” and collectively with Sumitomo Bakelite, the “Sumitomo Bakelite Parties”) and used by us in the manufacture of the chip caused a short circuit which rendered Fujitsu disk drive products inoperable. Cirrus Logic, in response, denied the allegations of the complaint, cross-complained against Fujitsu for unpaid invoices, and filed its cross-complaint against us alleging that any liability for chip defects should be assigned to us because we assembled the subject semiconductor devices. We filed a cross-complaint against Sumitomo Bakelite asserting claims for breach of warranties and indemnification.

On April 18 and 19, 2005, we participated in a private mediation with all parties involved. As a result of the mediation, on April 28, 2005 an agreement was reached among Fujitsu, Cirrus Logic, the Sumitomo Bakelite Parties and ourselves to settle this litigation and the parties entered the agreement into the record in Superior Court; thereafter, the parties memorialized and executed their settlement agreement in written form. Pursuant to the settlement agreement, we paid \$40 million to Fujitsu in consideration of a release from and dismissal of all claims related to this litigation. We also agreed to dismiss our claims against Sumitomo Bakelite as part of the parties’ settlement agreement. The \$40 million is reflected as part of the provision for legal settlements and contingencies in our Statement of Operations for the six months ended June 30, 2005. The \$40 million was paid during the second quarter of 2005.

Seagate Technology LLC v. Atmel Corporation, et al.

In March 2003, we were served with a cross-complaint in an action between Seagate Technology LLC and Seagate Technology International (“Seagate”) and Atmel Corporation and Atmel Sarl (“Atmel”) in the Superior Court of California, Santa Clara County. Atmel’s cross-complaint seeks indemnification from us for any damages incurred from the claims by Seagate involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. We answered Atmel’s cross-complaint, denying all liability, and filed a cross-complaint against Sumitomo Bakelite seeking indemnification. Atmel later amended its cross-complaint to include claims for negligence and negligent misrepresentation against us and added ChipPAC Inc. (“ChipPAC”) and Sumitomo Bakelite as cross-defendants. ChipPAC filed a cross-complaint against Sumitomo Bakelite and us.

On April 14, 2005 an agreement was reached among Seagate, Atmel, ChipPAC, Sumitomo Bakelite and ourselves to settle this litigation. We agreed to pay \$5 million to Seagate in consideration of a release from and dismissal of all claims related to this litigation. We also agreed to dismiss our claims against Sumitomo Bakelite as part of the parties’ settlement agreement. The \$5 million is reflected as part of the provision for legal settlements and contingencies in our Statement of Operations for the six months ended June 30, 2005. The \$5 million was paid during the second quarter of 2005.

Maxtor Corporation v. Koninklijke Philips Electronics N.V., et al.

In April 2003, we were served with a cross-complaint in an action between Maxtor Corporation (“Maxtor”) and Koninklijke Philips Electronics (“Philips”) in the Superior Court of California, Santa Clara County. Philips’ cross-complaint sought indemnification from us for any damages incurred from the claims by Maxtor involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. Philips subsequently filed a cross-complaint directly against the Sumitomo Bakelite Parties, alleging, among other things, that the Sumitomo Bakelite Parties breached their contractual obligations to both us and Philips by supplying a defective mold compound resulting in the failure of certain Philips semiconductor devices. We denied all liability in this matter and also asserted a cross-complaint against Sumitomo Bakelite. The Sumitomo Bakelite Parties denied any liability. Maxtor and Philips reached a settlement of Maxtor’s claims against Philips on or about April 28, 2004 in which, reportedly, Philips agreed to pay Maxtor \$24.8 million. On October 15, 2004, we and Sumitomo Bakelite reached a settlement agreement whereby Sumitomo Bakelite agreed to indemnify us for any damages awarded to Philips in excess of \$3.5 million. In exchange, we dismissed our cross-claims against Sumitomo Bakelite. Trial of this matter before a jury began on October 18, 2004 and closing arguments were heard on November 29, 2004. On December 1, 2004, the Court and the jury rendered verdicts in our favor related to all of Philips’ claims against us. By those verdicts, we were exonerated.

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of all alleged liability. The jury's verdict further determined the Sumitomo Bakelite Parties' share of liability to be 57% and Philips' share to be 43%. Philips has agreed not to appeal the judgment in our favor in return for our agreement not to seek costs of suit from Philips.

We recorded a charge of \$1.5 million related to the above matter during the three months ended March 31, 2004. However, in response to the December 1, 2004 verdict, we reversed this charge during the three months ended December 31, 2004.

Pending Epoxy Mold Litigation

While the ultimate outcome is uncertain, as a result of the previously discussed epoxy mold compound litigation settlements, we have established a loss accrual related to the following two pending claims. This amount is reflected as part of the provision for legal settlements and contingencies in our Statement of Operations for the six months ended June 30, 2005.

Fairchild Semiconductor Corporation v. Sumitomo Bakelite Singapore Pte. Ltd., et al.

In September 2003, we were served with an amended complaint filed by Fairchild Semiconductor Corporation ("Fairchild") against us, the Sumitomo Bakelite Parties and Sumitomo Bakelite Singapore Pte. Ltd. (collectively with the Sumitomo Bakelite Parties, the "Sumitomo Bakelite Defendants") in the Superior Court of California, Santa Clara County. The amended complaint seeks damages related to our use of Sumitomo Bakelite's epoxy mold compound in assembling Fairchild's semiconductor packages. We answered Fairchild's amended complaint, denying all liability, and filed a cross-complaint against Sumitomo Bakelite seeking indemnification.

In August 2005, we reached an agreement with Fairchild and the Sumitomo Bakelite Defendants to settle all claims involving us in this litigation. We have agreed to pay \$3 million to Fairchild and release our claims against Sumitomo Bakelite in consideration of a release from and dismissal of all claims against us. We had previously accrued for this amount as part of the provision for legal settlements and contingencies in our Statement of Operations for the three months ended March 31, 2005. The \$3 million settlement is expected to be paid during the third quarter of 2005.

Maxim Integrated Products, Inc. v. Amkor Technology, Inc., et al.

In August 2003, we were served with a complaint filed by Maxim Integrated Products, Inc. ("Maxim") against us and the Sumitomo Bakelite Parties in the Superior Court of California, Santa Clara County. The complaint seeks damages related to our use of Sumitomo Bakelite's epoxy mold compound in assembling Maxim's semiconductor packages. We have asserted cross-claims against Sumitomo Bakelite for indemnification. Written discovery is ongoing, with depositions and expert discovery to follow. The Court has set a trial date of April 24, 2006. We have denied all liability. We intend to defend ourselves vigorously, pursue our cross-claims against Sumitomo Bakelite and seek judgment in our favor.

Other Litigation

Amkor Technology, Inc. v. Motorola, Inc.

In August 2002, we filed a complaint against Motorola, Inc. ("Motorola") seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. ("Citizen") to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the "License Agreement") and concurrent assignment by Citizen to us of Citizen's interest in U.S. Patents 5,241,133 and 5,216,278 (the "'133 and '278 patents") which patents relate to BGA packages; and (ii) our obligation to make certain payments pursuant to an immunity agreement (the "Immunity Agreement") dated June 30, 1993 between us and Motorola, pending in the Superior Court of the State of Delaware in and for New Castle County.

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

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard in September 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola's motion for summary judgment. Motorola filed an

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appeal in the Supreme Court of Delaware. In May 2004, the Supreme Court reversed the Superior Court's decision, and remanded for further development of the factual record. A trial date has been set for October 17, 2005. We believe we will prevail on the merits at the Superior Court level. In addition, should Motorola prevail, we believe we will have recourse against Citizen.

Citizen Watch Co. Ltd. v. Amkor Technology, Inc.

We entered into an intellectual property assignment agreement ("IPAA") with Citizen Watch Co., Ltd. ("Citizen") with an effective date of March 28, 2002, pursuant to which Citizen assigned to us (i) its rights under a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the "License Agreement") and (ii) Citizen's interest in the '133 and '278 patents. The parties entered into the IPAA in conjunction with having entered into a Master Purchase Agreement under which we purchased substantially all of the assets of a division of Citizen in April 2002. Subsequent to that transaction, Motorola challenged the validity of Citizen's assignment of its rights under the License Agreement to us, which resulted in our litigation with Motorola, Inc., which is described above (the "Motorola case"). Pending resolution of the Motorola case, and in accordance with the terms of the IPAA, we are withholding final payment of 1.4 billion yen (\$12.7 million based on the spot exchange rate at June 30, 2005).

In March 2004, Citizen submitted a Demand for Arbitration in the International Chamber of Commerce ("ICC"), claiming breach of our obligation to make the deferred payment of 1.4 billion yen. In May 2004, we filed our Answer to Request for Arbitration, Counterclaim and Request for Abeyance of Proceedings. In our Answer, we contend, among other things, that we do not have an obligation to make the deferred payment due to (i) our inability to perfect the rights assigned by Citizen under the License Agreement, and (ii) Citizen's breach of its representations and warranties that it had all right and authority to assign its rights under the License Agreement to us.

The arbitration hearing before the ICC on this matter was held in May 2005. A ruling by the ICC is expected by October 31, 2005.

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

On November 5, 1999, we agreed to sell certain semiconductor parts to Alcatel Microelectronics, N.V. ("AME"), a subsidiary of Alcatel S.A. The parts were manufactured for us by Anam Semiconductor, Inc. ("ASI") and delivered to AME. AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems ("ABS"), which incorporated the parts into cellular phone products. In early 2001, a dispute arose as to whether the parts sold by us were defective. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of approximately 50.4 million Euros (approximately \$60.8 million based on the spot exchange rate at June 30, 2005). We have denied all liability and intend to vigorously defend ourselves and have not established a loss accrual associated with this claim. Additionally, we have entered into a written agreement with ASI whereby ASI has agreed to indemnify us fully against any and all loss related to the claims of AME, ABS and ABS' insurer. The Paris Commercial Court commenced a special proceeding before a technical expert to report on the facts of the dispute. The report of the court-appointed expert was put forth on December 31, 2003. The report does not specifically allocate liability to any particular party. On May 18, 2004, the Paris Commercial Court of France declared that it did not have jurisdiction over the matter. The Court of Appeal of Paris heard the appeal regarding jurisdiction during October 2004, confirmed the first tier ruling and dismissed the appeal on November 3, 2004. A motion was recently filed by ABS and its insurer before the French Supreme Court to challenge the lack of jurisdiction ruling and a brief was filed by ABS and its insurer in June 2005. We will file a response brief before the French Supreme Court on August 30, 2005.

In response to the French lawsuit, on May 22, 2002, we filed a petition to compel arbitration in the United States District Court for the Eastern District of Pennsylvania against ABS, AME and ABS' insurer, claiming that the dispute is subject to the arbitration clause of the November 5, 1999 agreement between us and AME. ABS and ABS' insurer have refused to arbitrate and continue to challenge the lack of jurisdiction ruling.

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

In November 2003, we filed complaints against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively "Carsem") with the International Trade Commission ("ITC") in Washington, D.C. and subsequently in the Northern District of California. The complaints allege infringement of our United States Patent Nos. 6,433,277, 6,455,356, and 6,630,728 (collectively the "Amkor Patents"). We allege that by making, using, selling, offering for sale, or importing

into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *MicroLeadFrame*® packaging technology claims in the Amkor Patents. The District Court action had been stayed pending resolution of the ITC case. The ITC Administrative Law Judge (“ALJ”) conducted an evidentiary hearing during July and August of 2004 in Washington D.C. and issued an initial determination that Carsem infringed some of our patent claims relating to our *MicroLeadFrame*® package technology, that some of our 21 asserted patent claims are valid, and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of the Tariff Act. We filed a petition in November 2004 to have the ALJ’s ruling reviewed by the full International Trade Commission. The ITC has ordered a new claims construction related to various disputed claim terms and has remanded the case to the ALJ for further proceedings. The ITC has subsequently authorized the ALJ to reopen the record on certain discovery issues related to third party conception documents. The ITC has ordered the ALJ to issue the final Initial Determination by November 9, 2005 and has set a new date of February 9, 2006 for completion of the investigation. The District court action remains stayed pending completion of the ITC investigation.

Other Matters

In June 2004, the Securities and Exchange Commission (the “Commission”) informed us that it was conducting an informal inquiry into certain trading in Amkor securities. We believe that the inquiry relates to transactions in our securities by certain individuals, which may include certain insiders or former insiders. The primary focus of the inquiry appears to be activities during the first half of 2004. We have cooperated with the inquiry by voluntarily producing documents to the Commission and providing testimony. The Commission staff has not informed us of any conclusions of wrongdoing by any person or entity.

13. Related Party Transactions

Mr. JooHo Kim is an executive officer of Amkor and a brother of James J. Kim, our Chairman and CEO. Mr. JooHo Kim owns with his children 19.2%, at June 30, 2005, of Anam Information Technology, Inc., a company that provides computer hardware and software components to Amkor Technology Korea, Inc. (a subsidiary of Amkor). For the three months ended June 30, 2005 and 2004, purchases from Anam Information Technology, Inc. were \$0.5 million and \$0.1 million, respectively. For the six months ended June 30, 2005 and 2004, purchases from Anam Information Technology, Inc. were \$0.6 million and \$1.2 million, respectively. Amounts due to Anam Information Technology, Inc. at June 30, 2005, and December 31, 2004 were not significant.

Mr. JooHo Kim, together with his wife and children, own 96.1%, at June 30, 2005, of Jesung C&M, a company that provides cafeteria services to Amkor Technology Korea, Inc. For the three months ended June 30, 2005 and 2004 purchases from Jesung C&M were \$1.7 million and \$1.7 million, respectively. For the six months ended June 30, 2005 and 2004 purchases from Jesung C&M were \$3.3 million and \$3.2 million, respectively. Amounts due to Jesung C&M at June 30, 2005 and December 31, 2004 were \$0.6 million and \$0.6 million, respectively.

Dongan Engineering Co., Ltd. is 100% owned by JooCheon Kim, a brother of James J. Kim. Mr. JooCheon Kim is not an employee of Amkor. Dongan Engineering Co., Ltd. provides construction and maintenance services to Amkor Technology Korea, Inc. and Amkor Technology Philippines, Inc., both subsidiaries of Amkor. For the three months ended June 30, 2005 and 2004 purchases from Dongan Engineering Co., Ltd were \$0.2 million and \$1.2 million, respectively. For the six months ended June 30, 2005 and 2004 purchases from Dongan Engineering Co., Ltd were \$0.4 million and \$1.9 million, respectively. Amounts due to Dongan Engineering Co., Ltd. at June 30, 2005 and December 31, 2004 were \$0.1 million and \$0.2 million, respectively.

We purchase leadframe inventory from Acutek Semiconductor & Technology Co., Ltd. James J. Kim’s ownership in Acutek Semiconductor & Technology Co., Ltd. is approximately 17.7% at June 30, 2005. For the three months ended June 30, 2005 and 2004 purchases from Acutek Semiconductor & Technology Co., Ltd. were \$2.2 million and \$4.5 million, respectively. For the six months ended June 30, 2005 and 2004 purchases from Acutek Semiconductor & Technology Co., Ltd. were \$5.2 million and \$8.0 million, respectively. Amounts due to Acutek Semiconductor & Technology Co., Ltd. at June 30, 2005 and December 31, 2004 were \$1.4 million and \$0.6 million, respectively.

We lease office space in West Chester, Pennsylvania from trusts related to James J. Kim. Amounts paid for this lease for the three months ended June 30, 2005 and 2004 were \$1.0 million and \$0.3 million, respectively. Amounts paid for this lease for the six months ended June 30, 2005 and 2004 were \$1.3 million and \$0.5 million, respectively. During the second quarter of 2005 we vacated a substantial portion of the leased office space and paid the trusts \$0.7 million to settle our

remaining obligation associated with that space which is included in the \$1.0 million paid to the trusts for the three months ended June 30, 2005. For the three months ended June 30, 2005 and 2004 our sublease income includes \$0.1 million and \$0.1 million respectively, from related parties. For the six months ended June 30, 2005 and 2004 our sublease income includes \$0.3 million and \$0.3 million respectively, from related parties. The sublease income has been assigned to the trusts as part of vacating the office space. We currently lease approximately 2,700 square feet of office space from these trusts.

14. Subsidiary Guarantors

Payment obligations under our senior and senior subordinated notes (see Note 9), totaling \$1,344 million, are fully and unconditionally guaranteed by certain of our wholly-owned subsidiaries. The subsidiaries that guarantee our senior and senior subordinated notes consist of Unitive, Inc., Unitive Electronics, Inc., Amkor International Holdings, LLC, Amkor Technology Limited, P-Four, LLC and Amkor/Anam Pilipinas, L.L.C.

Presented below is condensed consolidating financial information for the parent, the guarantor subsidiaries and the non-guarantor subsidiaries. Investments in subsidiaries are accounted for by the parent and subsidiaries on the equity method of accounting. Earnings of subsidiaries are, therefore, reflected in the parent's and guarantor subsidiaries' investments in subsidiaries' accounts. The elimination columns eliminate investments in subsidiaries and inter-company balances and transactions. Separate financial statements and other disclosures concerning the guarantor subsidiaries are not presented because the guarantor subsidiaries are wholly-owned and have unconditionally guaranteed the senior notes and senior subordinated notes on a joint and several basis. There are no significant restrictions on the ability of any guarantor subsidiary to directly or indirectly make distributions to us.

Condensed Consolidating Balance Sheet June 30, 2005 (In thousands)					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	\$ 138,275	\$ 13,262	\$ 76,667	\$ —	\$ 228,204
Accounts receivable	148,043	44,759	107,420	—	300,222
Inventories	80,319	7,891	28,509	—	116,719
Other current assets	2,610	626	27,040	—	30,276
Total current assets	369,247	66,538	239,636	—	675,421
Inter-company	1,225,866	(84,784)	(1,141,082)	—	—
Property, plant and equipment, net	47,341	321,737	1,058,837	—	1,427,915
Investments	708,610	334,839	835,380	(1,867,728)	11,101
Goodwill	37,188	24,287	594,465	—	655,940
Other assets	73,614	2,957	41,733	—	118,304
Total assets	\$2,461,866	\$ 665,574	\$ 1,628,969	\$(1,867,728)	\$ 2,888,681
Current liabilities:					
Short term borrowings and current portion of long-term debt	\$ 249,271	\$ 293	\$ 32,075	\$ —	\$ 281,639
Other current liabilities	223,372	46,175	197,654	—	467,201
Total current liabilities	472,643	46,468	229,729	—	748,840
Long-term debt	1,790,476	—	19,901	—	1,810,377
Other non-current liabilities	798	12,433	112,231	—	125,462
Total liabilities	2,263,917	58,901	361,861	—	2,684,679
Minority interest	—	—	4,937	—	4,937
Total stockholders equity	197,949	606,673	1,262,171	(1,867,728)	199,065
Total liabilities and stockholders equity	\$2,461,866	\$ 665,574	\$ 1,628,969	\$(1,867,728)	\$ 2,888,681

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Balance Sheet December 31, 2004 (In thousands)					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	\$ 267,692	\$ 26,217	\$ 78,375	\$ —	\$ 372,284
Accounts receivable	125,927	30,835	112,733	—	269,495
Inventories	76,162	7,614	27,840	—	111,616
Other current assets	3,445	2,601	26,545	—	32,591
Total current assets	473,226	67,267	245,493	—	785,986
Inter-company	1,163,793	(88,206)	(1,075,587)	—	—
Property, plant and equipment, net	51,912	336,438	992,046	—	1,380,396
Investments	776,393	355,828	860,960	(1,979,419)	13,762
Goodwill	37,188	24,280	594,584	—	656,052
Other assets	84,436	6,888	37,848	—	129,172
Total assets	<u>\$2,586,948</u>	<u>\$ 702,495</u>	<u>\$ 1,655,344</u>	<u>\$(1,979,419)</u>	<u>\$ 2,965,368</u>
Current liabilities:					
Short term borrowings and current portion of long-term debt	\$ 14,965	\$ 965	\$ 36,217	\$ —	\$ 52,147
Other current liabilities	177,339	32,680	176,864	—	386,883
Total current liabilities	192,304	33,645	213,081	—	439,030
Long-term debt	2,024,244	—	16,569	—	2,040,813
Other non-current liabilities	871	10,307	98,139	—	109,317
Total liabilities	2,217,419	43,952	327,789	—	2,589,160
Minority interest	—	—	6,679	—	6,679
Total stockholders equity	369,529	658,543	1,320,876	(1,979,419)	369,529
Total liabilities and stockholders equity	<u>\$2,586,948</u>	<u>\$ 702,495</u>	<u>\$ 1,655,344</u>	<u>\$(1,979,419)</u>	<u>\$ 2,965,368</u>

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Statement of Operations
For the three months ended June 30, 2005
(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$330,861	\$ 123,058	\$ 270,193	\$ (234,777)	\$ 489,335
Cost of sales	299,117	118,490	236,563	(231,333)	422,837
Gross profit (loss)	31,744	4,568	33,630	(3,444)	66,498
Operating expenses:					
Selling, general and administrative	35,220	12,731	22,358	(3,444)	66,865
Research and development	104	2,476	7,344	—	9,924
Total operating expenses	35,324	15,207	29,702	(3,444)	76,789
Operating income (loss)	(3,580)	(10,639)	3,928	—	(10,291)
Other expense (income):					
Interest expense, net	23,846	1,462	16,087	—	41,395
Foreign currency loss (gain)	(346)	(455)	(972)	—	(1,773)
Other expense (income), net	24,739	5,108	9,791	(37,575)	2,063
Total other expense (income)	48,239	6,115	24,906	(37,575)	41,685
Income (loss) before income taxes and minority interest	(51,819)	(16,754)	(20,978)	37,575	(51,976)
Minority interest	—	—	926	—	926
Income (loss) before income taxes	(51,819)	(16,754)	(20,052)	37,575	(51,050)
Provision for income taxes (benefit)	584	1,011	(242)	—	1,353
Net income (loss)	<u>\$ (52,403)</u>	<u>\$ (17,765)</u>	<u>\$ (19,810)</u>	<u>\$ 37,575</u>	<u>\$ (52,403)</u>

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Statement of Operations
For the three months ended June 30, 2004
(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$321,630	\$ 166,088	\$ 236,968	\$ (232,150)	\$ 492,536
Cost of sales	281,762	123,787	222,180	(229,968)	397,761
Gross profit (loss)	39,868	42,301	14,788	(2,182)	94,775
Operating expenses:					
Selling, general and administrative	33,318	7,268	17,512	(2,182)	55,916
Research and development	2,283	1,577	6,040	—	9,900
Total operating expenses	35,601	8,845	23,552	(2,182)	65,816
Operating income (loss)	4,267	33,456	(8,764)	—	28,959
Other expense (income):					
Interest expense, net	21,638	592	14,130	—	36,360
Foreign currency loss (gain)	1,990	123	522	—	2,635
Other expense (income), net	(32,201)	29,945	(32,536)	9,251	(25,541)
Total other expense (income)	(8,573)	30,660	(17,884)	9,251	13,454
Income (loss) before income taxes and minority interest	12,840	2,796	9,120	(9,251)	15,505
Minority interest	—	—	3	—	3
Income (loss) before income taxes	12,840	2,796	9,123	(9,251)	15,508
Provision for income taxes (benefit)	2,860	385	2,283	—	5,528
Net income (loss)	<u>\$ 9,980</u>	<u>\$ 2,411</u>	<u>\$ 6,840</u>	<u>\$ (9,251)</u>	<u>\$ 9,980</u>

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Statement of Operations
For the six months ended June 30, 2005
(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 611,773	\$ 234,503	\$ 499,214	\$ (438,674)	\$ 906,816
Cost of sales	548,513	231,813	449,035	(432,438)	796,923
Gross profit (loss)	63,260	2,690	50,179	(6,236)	109,893
Operating expenses:					
Selling, general and administrative	66,181	24,430	42,956	(6,236)	127,331
Research and development	1,172	4,345	13,307	—	18,824
Provision for legal settlements and contingencies	50,000	—	—	—	50,000
Total operating expenses	117,353	28,775	56,263	(6,236)	196,155
Operating income (loss)	(54,093)	(26,085)	(6,084)	—	(86,262)
Other expense (income):					
Interest expense, net	48,389	2,481	31,038	—	81,908
Foreign currency loss (gain)	304	365	(210)	—	459
Other expense (income), net	67,794	22,769	23,579	(111,901)	2,241
Total other expense (income)	116,487	25,615	54,407	(111,901)	84,608
Income (loss) before income taxes and minority interest	(170,580)	(51,700)	(60,491)	111,901	(170,870)
Minority interest	—	—	1,937	—	1,937
Income (loss) before income taxes	(170,580)	(51,700)	(58,554)	111,901	(168,933)
Provision for income taxes (benefit)	893	985	662	—	2,540
Net income (loss)	<u>\$ (171,473)</u>	<u>\$ (52,685)</u>	<u>\$ (59,216)</u>	<u>\$ 111,901</u>	<u>\$ (171,473)</u>

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Statement of Operations
For the six months ended June 30, 2004
(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 621,749	\$ 317,935	\$ 497,387	\$ (479,889)	\$ 957,182
Cost of sales	567,865	245,188	411,860	(474,354)	750,559
Gross profit (loss)	53,884	72,747	85,527	(5,535)	206,623
Operating expenses:					
Selling, general and administrative	66,229	14,099	34,629	(5,535)	109,422
Research and development	4,913	2,892	11,072	—	18,877
Provision for legal settlements and contingencies	1,500	—	—	—	1,500
Total operating expenses	72,642	16,991	45,701	(5,535)	129,799
Operating income (loss)	(18,758)	55,756	39,826	—	76,824
Other expense (income):					
Interest expense, net	41,440	1,107	27,103	—	69,650
Foreign currency loss (gain)	987	(88)	1,811	—	2,710
Other expense (income), net	(85,017)	1,721	(53,665)	113,217	(23,744)
Total other expense (income)	(42,590)	2,740	(24,751)	113,217	48,616
Income (loss) before income taxes and minority interest	23,832	53,016	64,577	(113,217)	28,208
Minority interest	—	—	(355)	—	(355)
Income (loss) before income taxes	23,832	53,016	64,222	(113,217)	27,853
Provision for income taxes (benefit)	2,942	1,750	2,271	—	6,963
Net income (loss)	\$ 20,890	\$ 51,266	\$ 61,951	\$ (113,217)	\$ 20,890

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Statement of Cash Flows
For the six months ended June 30, 2005
(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash flows (used in) provided by operating activities	\$ (68,884)	\$ (4,228)	\$ 55,399	\$ —	\$ (17,713)
Cash flows from investing activities:					
Payments for plant, property and equipment	(5,492)	(11,097)	(107,808)	—	(124,397)
Other investing activities	(57,679)	543	78	57,501	443
Net cash used in investing activities	(63,171)	(10,554)	(107,730)	57,501	(123,954)
Cash flows from financing activities:					
Net change in bank overdrafts and revolving credit facility	(102)	—	272	—	170
Proceeds from issuance of long-term debt	—	—	12,722	—	12,722
Payments on long-term debt	—	(671)	(16,948)	—	(17,619)
Net proceeds from issuance of common stock	2,733	—	—	—	2,733
Other financing activities	—	2,500	55,001	(57,501)	—
Net cash from (used in) financing activities	2,631	1,829	51,047	(57,501)	(1,994)
Effect of exchange rate fluctuations on cash and cash equivalents	8	—	(427)	—	(419)
Net change in cash and cash equivalents	(129,416)	(12,953)	(1,711)	—	(144,080)
Cash and cash equivalents, beginning of period	267,692	26,217	78,375	—	372,284
Cash and cash equivalents, end of period	<u>\$ 138,276</u>	<u>\$ 13,264</u>	<u>\$ 76,664</u>	<u>\$ —</u>	<u>\$ 228,204</u>

14. Subsidiary Guarantors — (continued)

Condensed Consolidating Statement of Cash Flows
For the six months ended June 30, 2004
(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash flows (used in) provided by operating activities	<u>\$ (172,148)</u>	<u>\$ 145,624</u>	<u>\$ 176,317</u>	<u>\$ —</u>	<u>\$ 149,793</u>
Cash flows from investing activities:					
Payments for plant, property and equipment	(6,379)	(87,297)	(190,506)	—	(284,182)
Acquisitions, net of cash acquired	(13,963)	—	(20,000)	—	(33,963)
Proceeds from sale of investments	49,409	—	—	—	49,409
Proceeds from note receivable	—	—	18,627	—	18,627
Other investing activities	(68,147)	(34,385)	2,856	104,671	4,995
Net cash used in investing activities	<u>(39,080)</u>	<u>(121,682)</u>	<u>(189,023)</u>	<u>104,671</u>	<u>(245,114)</u>
Cash flows from financing activities:					
Net change in bank overdraft and revolving credit facility	(2,690)	—	(1,100)	—	(3,790)
Proceeds from issuance of long-term debt	248,315	—	3,501	—	251,816
Payments for debt issuance costs	(3,886)	—	—	—	(3,886)
Payments on long-term debt, including redemption premium payment	(170,445)	—	(2,276)	—	(172,721)
Net proceeds from issuance of common stock	5,726	—	—	—	5,726
Other financing activities	31,649	3,000	70,022	(104,671)	—
Net cash provided by financing activities	<u>108,669</u>	<u>3,000</u>	<u>70,147</u>	<u>(104,671)</u>	<u>77,145</u>
Effects of exchange rate fluctuations on cash and cash equivalents	<u>—</u>	<u>—</u>	<u>(488)</u>	<u>—</u>	<u>(488)</u>
Net change in cash and cash equivalents	(102,559)	26,942	56,953	—	(18,664)
Cash and cash equivalents, beginning of period	203,840	26,190	83,229	—	313,259
Cash and cash equivalents, end of period	<u>\$ 101,281</u>	<u>\$ 53,132</u>	<u>\$ 140,182</u>	<u>\$ —</u>	<u>\$ 294,595</u>

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

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

The following discussion contains forward-looking statements within the meaning of the federal securities laws, including but not limited to statements regarding: (1) the condition and growth of the industry in which we operate, including trends toward increased outsourcing, reductions in inventory and demand and selling prices for our services, (2) our anticipated capital expenditures and financing needs, (3) our belief as to our future capacity utilization rates, revenue, gross margins, operating performance and liquidity, (4) our contractual obligations and (5) other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the following discussion as well as in "Risk Factors that May Affect Future Operating Performance." The following discussion provides information and analysis of our results of operations for the three and six months ended June 30, 2005 and our liquidity and capital resources. You should read the following discussion in conjunction with our condensed consolidated financial statements and the related notes, included elsewhere in this quarterly report as well as other reports we file with the Securities and Exchange Commission.

Company Overview

Amkor is one of the world's largest subcontractors of semiconductor packaging and test services. The company has built a leading position by:

- Providing a broad portfolio of packaging and test technologies and services;
- Maintaining a leading role in the design and development of new package and test technologies;
- Cultivating long-standing relationships with customers, including many of the world's leading semiconductor companies;
- Developing expertise in high-volume manufacturing; and
- Diversifying our operational scope by establishing production capabilities in China, Japan, Taiwan and Singapore, in addition to long-standing capabilities in Korea and the Philippines.

The semiconductors that we package and test for our customers ultimately become components in electronic systems used in communications, computing, and consumer, industrial, automotive and military applications. Our customers include, among others, Agilent Technologies, Atmel Corporation, Conexant Systems, Inc., Infineon Technologies AG, Intel Corporation, Philips Electronics N.V., Samsung Electronics Corporation LTD, ST Microelectronics PTE, Texas Instruments Inc. and Toshiba Corporation. The outsourced semiconductor packaging and test market is very competitive. We also compete with the internal semiconductor packaging and test capabilities of many of our customers, some of whom can use us as a source of overflow capacity.

Packaging and test are an integral part of the semiconductor manufacturing process. Semiconductor manufacturing begins with silicon wafers and involves the fabrication of electronic circuitry into complex patterns, thus creating individual chips on the wafers. The packaging process creates an electrical interconnect between the semiconductor chip and the system board. In packaging, the fabricated semiconductor wafers are cut into individual chips which are then attached to a substrate and encased in a protective material to provide optimal electrical and thermal performance. Increasingly, packages are custom designed for specific chips and specific end-market applications. The packaged chips are then tested using sophisticated equipment to ensure that each packaged chip meets its design specifications.

Risk Factors That May Affect Future Operating Performance

Our future results of operations involve a number of risks and uncertainties. Factors that could affect future results and cause actual results to vary materially from historical results include, but are not limited to, dependence on the highly cyclical

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nature of the semiconductor industry, fluctuation in operating results, the decline in average selling prices, our high leverage and the restrictive covenants contained in the agreements governing our indebtedness, the absence of significant backlog in our business, our dependence on international operations and sales, difficulties integrating acquisitions, our dependence on materials and equipment suppliers, capital expenditure requirements, the increased litigation incident to our business, rapid technological change, competition, our need to comply with existing and future environmental regulations, the enforcement of intellectual property rights by or against us and continued control by existing stockholders.

Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events contemplated by the risks above will not occur. If they do, our business, financial condition, results of operations or cash flows could be materially adversely affected. You should refer to Risk Factors That May Affect Future Operating Performance in our 2004 Annual Report on Form 10-K/A for a more detailed discussion of known material risks facing our company.

Our Expectations Regarding Future Business Conditions

Our business is tied to market conditions in the semiconductor industry, which is highly cyclical. In considering industry growth estimates, we look at a group of leading industry analysts. These analysts have forecasted 2005 industry sales growth to range from negative 1% to positive 6%, with a median growth rate of 4%. These analysts have also forecasted 2006 industry sales growth to range from positive 3% to positive 9%, with a median growth rate of 7%. The strength of the semiconductor industry is dependent primarily upon the strength of the computer and communications systems markets as well as the strength of the worldwide economy.

In addition to the historical trend in the semiconductor industry as a whole, the trend towards increased outsourcing of packaging and test services in the semiconductor industry has been a primary factor for our historical annual growth in revenues. We expect this trend to continue into the foreseeable future as we believe technological advances are driving our customers to outsource more of their packaging requirements.

We currently expect sales for the third quarter of 2005 to be approximately 8% to 10% higher than sales for the second quarter of 2005 based on rising customer forecasts for a broad range of existing package products and also for turnkey flipchip and wafer level packaging programs that have resulted from our Unitive acquisition and IBM collaboration. We expect third quarter gross margin in the range of 15% to 16% and net loss in the range of 18 to 22 cents per share. Profitability remains constrained by the combined effects of continued pricing pressure and a significant ramp in capital and factory resources being deployed to support anticipated business expansion for the remainder of 2005. We are budgeting third quarter capital additions of approximately \$90 million, primarily in key growth areas associated with the strategic initiatives we put in place in 2004.

Our profitability is significantly dependent upon the utilization of our capacity, product mix and the average selling price of our services. Because a substantial portion of our costs at our factories is fixed, relatively minor increases or decreases in capacity utilization rates can have a significant effect on our profitability. Prices for packaging and test services have declined over time. Historically, we have been able to partially offset the effect of price declines by successfully developing and marketing new packages, by negotiating lower prices with our material vendors, and by driving engineering and technological changes in our packaging and test processes which resulted in reduced manufacturing costs. If our semiconductor package mix does not shift to new technologies with higher prices or we cannot reduce the cost of our packaging and test services to offset a decline in average selling prices, our future operating results will suffer. Supply shortages for critical components may occur in the future and in such an event, component prices could increase. If we continue to absorb component price increases, gross margin could be negatively impacted. In addition, the average price of gold has been increasing over the past few years. Although we have been able to partially offset the effect of gold price increases through price adjustments to customers and changes in our product designs, gold prices may continue to increase. To the extent that we are unable to offset these increases in the future, our gross margins could be negatively impacted.

Results of Operations

Overview

Sales for the second quarter of 2005 were up 17% sequentially and down 1% from the second quarter of 2004. Gross margin for the three and six months ended June 30, 2005 was lower than the prior periods of 2004 due to the impact of an increased fixed cost structure attributable to our 2004 capacity expansion and growth initiatives, erosion of average selling

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prices for our products and higher labor and utility costs. We will continue to see the effects of the increased cost structure on our margins until we realize the revenue growth we anticipate from these investments, our average selling prices increase as a result of capacity constraint in our industry and more favorable product and customer mix.

Our 2005 first quarter results were significantly impacted by \$50 million in charges related to the settlements of two mold compound litigation cases and the establishment of a loss provision for the remaining two cases. As part of a broader settlement agreement reached among Fujitsu, Cirrus Logic Inc. and Sumitomo Bakelite Co., we agreed to pay Fujitsu \$40 million in consideration of a release of all claims. In addition, as part of a broader settlement reached among all parties in the Seagate case, and in consideration of a release of all claims, we agreed to pay Seagate \$5 million. We have accrued an additional \$5 million loss contingency in connection with the two remaining epoxy mold litigation cases which we believe involve substantially smaller damage claims than the Fujitsu case. We will not realize any tax benefit from these charges as we currently establish a full valuation allowance for our domestic net operating loss carry-forwards and other deferred tax assets.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
Net sales	100.0%	100.0%	100.0%	100.0%
Gross profit	13.6	19.2	12.1	21.6
Operating income (loss)	(2.1)	5.9	(9.5)	8.0
Income (loss) before income taxes and minority interest	(10.6)	3.1	(18.8)	2.9
Net income (loss)	(10.7)	2.0	(18.9)	2.2

Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004

Net sales: Sales decreased \$3.2 million or 0.6% to \$489.3 million in the three months ended June 30, 2005 from \$492.5 million in the three months ended June 30, 2004. Approximately 7.2% of the decrease was principally attributed to a decrease in overall unit volume. In addition, average selling prices for the three months ended June 30, 2005 declined approximately 4.5 % as compared to average selling prices in the three months ended June 30, 2004. The decrease in sales volume and average selling prices is partially offset by a favorable product mix.

Gross Profit: Gross profit decreased \$28.3 million, or 29.8% to a gross profit of \$66.5 million in the three months ended June 30, 2005 from \$94.8 million in the three months ended June 30, 2004. Our cost of sales consists principally of costs of materials, labor and manufacturing overhead.

Gross margin decreased to 13.6% in the three months ended June 30, 2005 from 19.2% in the three months ended June 30, 2004. The decrease in gross profit margin of 5.6% is primarily due to the decrease in overall unit volume, erosion in average selling prices and higher manufacturing costs. Cost of sales increased 6.3% for the three months ended June 30, 2005 versus the three months ended June 30, 2004. Material costs rose 1.0% and manufacturing overhead increased due to increased depreciation expense associated with the significant capital additions in 2004 and 2005 and higher utility costs. Labor increased approximately 12.6% due to higher factory wages and increased use of overtime to manage production peaks. In addition, both labor and manufacturing overhead include costs associated with the ramp of the business acquired in 2004 in preparation for anticipated increasing production volumes in the second half of 2005.

Selling, General and Administrative Expense: Selling, general and administrative expenses increased \$10.9 million, or 19.6%, to \$66.9 million, or 13.7% of net sales, in the three months ended June 30, 2005 from \$55.9 million, or 11.4% of net sales, in the three months ended June 30, 2004. For the three months ended June 30, 2005 we experienced an increase of \$1.6 million in our legal costs as a result of the mold compound litigation matters which were settled during the quarter, accrued \$1.3 million for foreign business taxes and paid \$0.7 million to settle our remaining lease obligation for office space we vacated in the second quarter of 2005 which supported our former corporate offices. In addition, approximately \$3.1 million of the increase in selling, general and administrative expenses is the result of the acquisitions we made in the second half of 2004. The remaining increase of approximately \$4.2 million is due to additional headcount, compensation costs and general business activity to support our overall business growth.

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Research and Development: Research and development expenses were \$9.9 million for the three months ended June 30, 2005 and 2004, or 2.0% of net sales for both periods. We continue to invest our research and development resources to further the development of flip chip interconnection solutions, chip scale packages, MEMS-based packages, stacked chip packages and System-in-Package technology.

Other Expense: Other expense increased \$28.2 million to \$41.7 million for the three months ended June 30, 2005 from \$13.5 million for the three months ended June 30, 2004. Interest expense increased by \$5.0 million related to incurring additional debt in 2004 to finance our working capital and general corporate needs. Other expense (income), net, was \$2.0 million in expense for the three months ended June 30, 2005 as compared to (\$25.5) million of income for the three months ended June 30, 2004. Other expense, net for three months ended June 30, 2005 primarily reflects a \$2.3 million impairment of our ASI investment as the decline in value was considered to be other than temporary. Other income, net for the three months ended June 30, 2004 primarily reflects a \$21.6 million gain on the sale of ASI shares and a \$3.4 million legal settlement gain related to our claims against a software vendor. In addition, we realized a net foreign currency gain of \$1.8 million during the three months ended June 30, 2005 due to the strengthening of the U.S. dollar against the various Asian currencies as compared to a loss of \$2.6 million for the three months ended June 30, 2004.

Income Taxes: For the three months ended June 30, 2005, we recorded income tax expense of \$1.4 million reflecting an effective tax rate of 2.7%, compared to \$5.5 million for the three months ended June 30, 2004, reflecting an effective tax rate of 35.6%. Income tax expense for the three months ended June 30, 2005 and June 30, 2004 related to foreign withholding taxes and income taxes generated at our profitable foreign locations. We recorded a valuation allowance for substantially all of our deferred tax assets, including net operating losses generated in the U.S. and certain foreign jurisdictions during the three months ended June 30, 2005, as we do not believe that we will be able to realize the related income tax benefits. We will begin to reverse the related valuation allowance once profitable operations resume at our various locations. As of June 30, 2005, we had U.S. net operating loss carry-forwards totaling \$411 million expiring through 2025. Additionally, as of June 30, 2005, our Taiwanese and Singapore operations had \$80 million and \$10 million, respectively, of net operating losses available for carry-forward, expiring through 2010.

The tax returns for open years in all jurisdictions in which we do business are subject to changes upon examination. During 2003, the Internal Revenue Service commenced an examination related to years 2000 and 2001. In February 2005, we verbally agreed to a settlement in principle with the IRS for these years. As a component of the settlement, we agreed to make certain income adjustments to our U.S. tax returns in the years 2000 through 2003 for local attribution of income resulting from significant inter-company transactions, including ownership and use of intellectual property, in various U.S. and foreign jurisdictions. These adjustments would effectively lower our U.S. net operating loss carry-forwards at December 31, 2004 by \$52.7 million. This settlement agreement is not final until review and approval by the Congressional Joint Committee on Taxation, the timing of which is uncertain. We believe that we have estimated and provided adequate accruals for the additional taxes and interest expense that will result from these adjustments. Our estimated tax liability is subject to change as examinations of specific tax years are completed in the respective jurisdictions. We believe that any additional taxes or related interest over the amounts accrued will not have a material adverse effect on our financial condition or results of operations, nor do we expect that examinations to be completed in the near term would have a material favorable impact. In addition, changes in the mix of income from our foreign subsidiaries, expiration of tax holidays and changes in tax laws or regulations could result in increased effective tax rates in the future.

Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004

Net Sales: Sales decreased \$50.4 million or 5.3% to \$906.8 million in the six months ended June 30, 2005 from \$957.2 million in the six months ended June 30, 2004. Approximately 9.1% of the decrease was principally attributed to a decrease in overall unit volume. In addition, average selling prices for the six months ended June 30, 2005 declined approximately 4.0 % as compared to average selling prices in the six months ended June 30, 2004. The decrease in sales volume and average selling prices is partially offset by a favorable product mix.

Gross Profit: Gross profit decreased \$96.7 million, or 46.8% to a gross profit of \$109.9 million in the six months ended June 30, 2005 from \$206.6 million in the six months ended June 30, 2004. Our cost of sales consists principally of costs of materials, labor and manufacturing overhead.

Gross margin decreased to 12.1% in the six months ended June 30, 2005 from 21.6% in the six months ended June 30, 2004. The decrease in gross profit margin of 9.5% is primarily due to the decrease in overall unit volume, erosion in average selling prices and higher manufacturing costs. Cost of sales increased 6.2% for the six months ended June 30, 2005 versus

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the six months ended June 30, 2004. Manufacturing overhead increased due to increased depreciation expense associated with the significant capital additions in 2004 and 2005 and higher utility costs. Labor costs were impacted by higher factory wages and increased overtime in the second quarter of 2005. In addition, both labor and manufacturing overhead include costs associated with the ramp of the business acquired in 2004 in preparation for anticipated increasing production volumes in the second half of 2005.

Selling, General and Administrative Expenses: Selling, general and administrative expenses increased \$17.9 million, or 16.4%, to \$127.3 million, or 14.0% of net sales, in the six months ended June 30, 2005 from \$109.4 million, or 11.4% of net sales, in the six months ended June 30, 2004. Approximately \$6.1 million of the increase in selling, general and administrative expenses is the result of the acquisitions we made in the second half of 2004. Legal costs related to the mold compound litigation decreased \$1.3 million for the six months ended June 30, 2005 as compared to the prior period. In addition, we paid \$0.7 million to settle our remaining lease obligation for office space we vacated in the second quarter of 2005 which supported our former corporate offices and accrued \$1.3 million for foreign business taxes. The remaining increase of approximately \$11.1 million is due to additional headcount, compensation costs and general business activity to support our overall business growth.

Research and Development: Research and development expenses were \$18.8 million for the six months ended June 30, 2005 and 2004, or 2.0% of net sales for both periods. We continue to invest our research and development resources to further the development of flip chip interconnection solutions, chip scale packages, MEMS-based packages, stacked chip packages and System-in-Package technology.

Provision for Legal Settlements and Contingencies: For the six months ended June 30, 2005 we recorded a \$50.0 million provision for legal settlements and contingencies related to the mold compound litigation, as discussed in the Overview above. For the six months ended June 30, 2004, we recorded a provision of \$1.5 million related to a tentative settlement on a mold compound litigation case (see Part II, Item 1. – Legal Proceedings for further discussion).

Other Expense: Other expense increased \$36.0 million to \$84.6 million for the six months ended June 30, 2005 from \$48.6 million for the six months ended June 30, 2004. Interest expense increased by \$12.3 million related to incurring additional debt in 2004 to finance our working capital and general corporate needs. Other expense (income), net, was \$2.2 million in expense for the six months ended June 30, 2005 as compared to \$23.7 million of income for the six months ended June 30, 2004. Other expense, net for six months ended June 30, 2005 primarily reflects a \$2.3 million impairment of our ASI investment as the decline in value was considered to be other than temporary. Other income, net for the six months ended June 30, 2004 primarily reflects a \$21.6 million gain on the sale of ASI shares and a \$3.4 million legal settlement gain related to our claims against a software vendor. In addition, we incurred \$2.7 million of debt retirement costs associated with our refinancing in the first quarter of 2004.

Income Taxes: For the six months ended June 30, 2005, we recorded income tax expense of \$2.5 million reflecting an effective tax rate of 1.5%, as compared to an income tax expense of \$7.0 million for the six months ended June 30, 2004, reflecting an effective tax rate of 25.0%. Income tax expense for the six months ended June 30, 2005 and 2004 related to foreign withholding taxes and income taxes generated at our profitable foreign tax jurisdictions. We recorded a valuation allowance for substantially all of our deferred tax assets, including net operating losses generated in the U.S. and certain foreign jurisdictions during the six months ended June 30, 2005, as we do not believe that we will be able to realize the related income tax benefits. We will begin to reverse the related valuation allowance once profitable operations resume at our various locations.

Liquidity and Capital Resources

Our primary cash needs are for debt service, equipment purchases and working capital. Our cash and cash equivalents balance as of June 30, 2005 was \$228.2 million, and we had \$29.7 million available under our \$30.0 million senior secured credit facility. The amount available under our senior secured credit facility at June 30, 2005 was reduced by \$0.3 million related to outstanding letters of credit. Cash flows from operations for the three and six months ended June 30, 2005 were negative due to the fact that gross profit generated during those periods was inadequate to cover operating expenses, as described in the Results from Operations above. In addition, we paid \$45.0 million in legal settlements in the second quarter of 2005.

Our 5.75% Convertible Subordinated Notes mature on June 1, 2006 at which time we will be required to repay the \$233 million principal amount currently outstanding. We are evaluating various alternatives to refinance this obligation, which has been classified as a current liability in our consolidated balance sheet as of June 30, 2005. We expect to refinance these notes with the proceeds of one or more new issuances of debt and or equity. Assuming we are able to successfully refinance these

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notes in a timely manner, we believe that our existing cash balances, available credit lines, cash flow from operations and available equipment lease financing will be sufficient to fund our debt service, working capital and equipment purchases over the next twelve months.

We cannot assure you that funds to refinance the 5.75% Convertible Subordinated Notes or our other outstanding debt will be available when we need it or, if available, that it will be available on satisfactory terms. In addition, the terms of the senior notes and senior subordinated notes significantly reduce our ability to incur additional debt. Failure to obtain any such required additional financing could have a material adverse effect on us. In May 2005 our liquidity and debt ratings were lowered reflecting heightened liquidity concerns and weak operating results. In addition, this sufficiency of our available cash is dependent on our business performing in line with our current expectations. The performance of our business is dependent on many factors and subject to risks and uncertainties as discussed in our Risk Factors filed in our Annual Report on Form 10-K/A for the year ended December 31, 2004.

We are currently budgeting third quarter capital additions of approximately \$90 million and project 2005 capital additions in the range of \$250 million and \$300 million. Ultimately, the amount of our 2005 capital additions will depend on several factors including, among others, the performance of our business, the need for additional capacity to service anticipated customer demand and the availability of suitable financing.

Cash flows

Net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2005 and 2004 were as follows:

	For the Six Months Ended June 30,	
	2005	2004
	(In thousands)	
Operating activities	\$ (17,713)	\$ 149,793
Investing activities	(123,954)	(245,114)
Financing activities	(1,994)	77,145

Operating activities: Our cash flows from operating activities for the six months ended June 30, 2005 decreased \$167.5 million to net cash used of (\$17.7) million over the comparable prior year period. Our cash flows from operating activities decreased as a result of a decrease in net income of \$192.4 million over the comparable prior year period. Our trade receivables increased by \$29.4 million due to the increase in sales as compared to the fourth quarter of 2004 and our days sales outstanding increased by 4 days due to slower payments by our customers. In addition, our accounts payable increased by \$95.6 million as a result of more efficient cash management and longer payment terms associated with capital equipment purchases. Accrued liabilities decreased by \$15.2 million primarily as a result of a \$17.3 million payment for a building which we purchased in 2004.

Our working capital decreased to negative \$73.4 million as of June 30, 2005 as compared to a positive \$347.0 million as of December 31, 2004. In addition to the working capital items discussed above, the decrease in working capital is also due to (1) the reclassification of the \$233.0 million, 5.75% Convertible subordinated notes as a current liability which matures in June 2006, (2) the payment of \$45 million in legal settlements and (3) the payment of \$124 million for capital expenditures during the six months ended June 30, 2005.

Investing activities: Our cash flows used in investing activities for the six months ended June 30, 2005 decreased by \$121.2 million over the comparable prior year period, to \$124.0 million, primarily due to a \$159.8 million decrease in payments for property, plant and equipment from \$284.2 million in the six months ended June 30, 2004 to \$124.4 million in the six months ended June 30, 2005. In addition, during the six months ended June 30, 2004 we paid \$34.0 million related to business acquisitions. The cash outflows during the six months ended June 30, 2004 were offset by cash proceeds from the collection of an \$18.6 million note receivable and an increase of proceeds from our net sales of investments and fixed assets of \$54.4 million.

Financing activities: Our net cash used in financing activities for the six months ended June 30, 2005 was \$2.0 million, as compared to \$77.1 million of cash provided by financing activities for the six months ended June 30, 2004. The net cash flows from financing activities for 2004 reflect the March 2004 issuance of \$250.0 million of senior notes due 2011. The net proceeds

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to us were \$245.2 million and these proceeds were used to repay the balance outstanding under our senior secured term loan of \$168.7 million.

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

	For the Three Months Ended	
	June 30,	
	2005	2004
	(In thousands)	
Net cash (used in) provided by operating activities	\$ (11,271)	\$ 52,455
Less: Payments for property, plant and equipment	(57,685)	(140,331)
Free cash flow	<u>\$ (68,956)</u>	<u>\$ (87,876)</u>

	For the Six Months Ended	
	June 30,	
	2005	2004
	(In thousands)	
Net cash (used in) provided by operating activities	\$ (17,713)	\$ 149,793
Less: Payments for property, plant and equipment	(124,397)	(284,182)
Free cash flow	<u>\$ (142,110)</u>	<u>\$ (134,389)</u>

Debt and Related Covenants

Debt remained relatively flat at \$2,092.0 million as of June 30, 2005 compared to \$2,093.0 million at December 31, 2004. During the second quarter of 2005 one of our Taiwanese subsidiaries entered into a one year revolving line of credit agreement for borrowings up to approximately \$1.9 million and a new term debt agreement in the amount of \$12.7 million which was used to repay existing term debt.

We were in compliance with all debt covenants contained in our loan agreements at June 30, 2005, and have met all debt payment obligations. Additional details about our debt are available in Note 9 accompanying the unaudited condensed consolidating financial statements included within Part I, Item 1 of this report.

Capital Additions

Our second quarter capital additions were \$115 million and we have budgeted third quarter capital additions of approximately \$90 million. We expect that our full year 2005 capital additions will be in the range \$250 million and \$300 million. Ultimately, the amount of our 2005 capital additions will depend on several factors including, among others, the performance of our business, the need for additional capacity to service anticipated customer demand and the availability of suitable financing. The following table reconciles our activity related to property, plant and equipment payments as presented on the condensed consolidated statements of cash flows to property, plant and equipment additions as reflected in the balance sheets:

	For the Six Months Ended	
	June 30,	
	2005	2004
	(In thousands)	
Payments for property, plant and equipment	\$ 124,397	\$ 284,182
Increase in property, plant and equipment accounts payable and accrued liabilities, net	37,118	10,475
Property, plant and equipment additions	<u>\$ 161,515</u>	<u>\$ 294,657</u>

Off-Balance Sheet Arrangements

We had no off-balance sheet guarantees or other off-balance sheet arrangements as of June 30, 2005.

Contingencies, Indemnifications and Guarantees

Details about the company's contingencies, indemnifications and guarantees are available in Note 12 accompanying the unaudited condensed consolidating financial statements included within Part I, Item 1 of this report.

Critical Accounting Policies

Our critical accounting policies are disclosed in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004. During the six months ended June 30, 2005, there have been no significant changes in our critical accounting policies.

New Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 1 to the unaudited condensed consolidated financial statements within Part I, Item 1 of this report.

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

We are exposed to market risks, primarily related to foreign currency and interest rate fluctuations. In the normal course of business, we employ established policies and procedures to manage the exposure to fluctuations in foreign currency values and changes in interest rates. Our use of derivatives instruments, including forward exchange contracts, has been insignificant throughout 2005 and 2004, and it is expected that our use of derivative instruments will continue to be minimal.

Foreign Currency Risks

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

For an entity with various financial instruments denominated in a foreign currency in a net asset position, an increase in the exchange rate would result in less net assets when converted to U.S. dollars. Conversely, for an entity with various financial instruments denominated in a foreign currency in a net liability position, a decrease in the exchange rate would result in more net liabilities when converted to U.S. dollars. Based on our portfolio of foreign currency based financial instruments at June 30, 2005 and December 31, 2004, a 20% increase (decrease) in the foreign currency to U.S. dollar spot exchange rate would result in the following foreign currency risk for our entities in a net asset (liability) position:

	Chart of Foreign Currency Risk				
	Philippine Peso	Korea Won	Taiwanese Dollar (In thousands)	Japanese Yen	Chinese Renminbi
As of June 30, 2005	\$ (3,147)	\$ 1,992	\$ (15,970)	\$ 2,242	\$ (823)
As of December 31, 2004	\$ (2,266)	\$ 1,878	\$ (2,740)	\$ 304	\$ (1,980)

Interest Rate Risks

Our company has interest rate risk with respect to our long-term debt. As of June 30, 2005, we had a total of \$2,092.0 million of debt of which 84.1% was fixed rate debt and 15.9% was variable rate debt. Our variable rate debt principally relates

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to our second lien term loan, foreign borrowings and any amounts outstanding under our \$30.0 million revolving line of credit; of which no amounts were drawn as of June 30, 2005, but which had been reduced by \$0.3 million related to outstanding letters of credit at that date. The fixed rate debt consists of senior notes, senior subordinated notes, convertible subordinated notes and foreign debt. As of December 31, 2004, we had a total of \$2,093.0 million of debt of which 84.2% was fixed rate debt and 15.8% was variable rate debt. Changes in interest rates have different impacts on our fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the fair value of the instrument but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not impact the fair value of the instrument. The fair value of the convertible subordinated notes is also impacted by the market price of our common stock.

The table below presents the average interest rates, maturities and fair value of our fixed and variable rate debt as of June 30, 2005.

	June 30, 2005						Total	Fair Value
	2005	2006	(In thousands) 2007	2008	2009	Thereafter		
Long-term debt:								
Fixed rate debt	\$254,633	\$ 3,099	\$ 148,945	\$ 473,784	\$ 205,563	\$ 673,554	\$ 1,759,578	\$ 1,590,550
Average interest rate	5.7%	3.7%	5.0%	9.2%	10.3%	7.5%	7.8%	
Variable rate debt	\$ 25,417	\$ 1,360	\$ 1,420	\$ 1,190	\$ 1,226	\$ 301,825	\$ 332,438	\$ 336,188
Average interest rate	0.9%	3.3%	3.9%	4.2%	4.2%	8.2%	7.6%	

Equity Price Risks

Our outstanding 5.75% convertible subordinated notes due 2006 and 5% convertible subordinated notes due 2007 are convertible into common stock at \$35.00 per share and \$57.34 per share, respectively. We currently intend to repay our convertible subordinated notes upon maturity, unless earlier converted, repurchased or refinanced. If investors were to decide to convert their notes to common stock, our future earnings would benefit from a reduction in interest expense and our common stock outstanding would be increased. If we paid a premium to induce such conversion, our earnings would include an additional charge.

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Amkor maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings with the Securities and Exchange Commission (“SEC”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of “disclosure controls and procedures” in Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply judgment in evaluating our controls and procedures. Based on this evaluation the principal executive officer and principal financial officer have concluded that Amkor’s disclosure controls and procedures were effective as of June 30, 2005.

Changes in Internal Control over Financial Reporting

To remediate the material weakness in Amkor’s internal control over financial reporting disclosed in Form 10-Q/A for the period ended March 31, 2005, management implemented a process to identify the amount of unpaid capital expenditures at the end of the reporting period to ensure payments for capital expenditures are properly reflected in the condensed consolidated statement of cash flows in accordance with SFAS 95. We believe these changes will be effective in remediating the material weakness.

We are implementing a new Enterprise Resource Planning (“ERP”) system at certain locations, and in that process, we expect there could be future changes at these locations that will materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are currently a party to various legal proceedings, including those noted below. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our net results in the period in which the ruling occurs. The estimate of the potential impact from the following legal proceedings on our financial position or overall results of operations could change in the future. Attorney fees related to legal matters are expensed as incurred.

Epoxy Mold Compound Litigation

We have become party to an increased number of litigation matters relative to our historic levels. Much of our recent litigation relates to an allegedly defective epoxy mold compound, formerly used in some of our packaging services, which is alleged to be responsible for certain semiconductor chip failures. In the case of the two pending matters, we believe we have meritorious defenses, as well as valid third-party claims against Sumitomo Bakelite Co., Ltd. (“Sumitomo Bakelite”), the manufacturer of the challenged epoxy product, should the epoxy mold compound be found to be defective. We cannot be certain, however, that we will be able to recover any amount from Sumitomo Bakelite if we are held liable in this matter, or that any adverse result would not have a material impact upon us. Moreover, other customers of ours have made inquiries about the epoxy mold compound, which was widely used in the semiconductor industry, and no assurance can be given that claims similar to those already asserted will not be made against us by other customers in the future.

Fujitsu Limited v. Cirrus Logic, Inc., et al.

On April 16, 2002, we were served with a third-party complaint in an action entitled Fujitsu Limited v. Cirrus Logic, Inc., in the United States District Court for the Northern District of California, San Jose Division. Subsequently, substantially the same case was filed in the Superior Court of California, Santa Clara County, and the United States District Court case was stayed. In this action, Fujitsu Limited (“Fujitsu”) alleged that semiconductor devices it purchased from Cirrus Logic, Inc. (“Cirrus Logic”) were defective in that a certain epoxy mold compound manufactured by Sumitomo Bakelite and Sumitomo Plastics America, Inc. (“Sumitomo Plastics” and collectively with Sumitomo Bakelite, the “Sumitomo Bakelite Parties”) and used by us in the manufacture of the chip caused a short circuit which rendered Fujitsu disk drive products inoperable. Cirrus Logic, in response, denied the allegations of the complaint, cross-complained against Fujitsu for unpaid invoices, and filed its cross-complaint against us alleging that any liability for chip defects should be

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assigned to us because we assembled the subject semiconductor devices. We filed a cross-complaint against Sumitomo Bakelite asserting claims for breach of warranties and indemnification.

On April 18 and 19, 2005, we participated in a private mediation with all parties involved. As a result of the mediation, on April 28, 2005 an agreement was reached among Fujitsu, Cirrus Logic, Sumitomo Bakelite and ourselves to settle this litigation and the parties entered the agreement into the record in Superior Court; thereafter, the parties memorialized and executed their settlement agreement in written form. Pursuant to the settlement agreement, we paid \$40 million to Fujitsu in consideration of a release from and dismissal of all claims related to this litigation. We also agreed to dismiss our claims against Sumitomo Bakelite as part of the parties' settlement agreement. The \$40 million is reflected as part of the provision for legal settlements and contingencies in our Statement of Operations for the six months ended June 30, 2005. The \$40 million was paid during the second quarter of 2005.

Seagate Technology LLC v. Atmel Corporation, et al.

In March 2003, we were served with a cross-complaint in an action between Seagate Technology LLC and Seagate Technology International ("Seagate") and Atmel Corporation and Atmel Sarl ("Atmel") in the Superior Court of California, Santa Clara County. Atmel's cross-complaint seeks indemnification from us for any damages incurred from the claims by Seagate involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. We answered Atmel's cross-complaint, denying all liability, and filed a cross-complaint against Sumitomo Bakelite. Atmel later amended its cross-complaint to include claims for negligence and negligent misrepresentation against us and added ChipPAC Inc. ("ChipPAC") and Sumitomo Bakelite as cross-defendants. ChipPAC filed a cross-complaint against Sumitomo Bakelite and us.

On April 14, 2005 an agreement was reached among Seagate, Atmel, ChipPAC, Sumitomo Bakelite and ourselves to settle this litigation. We agreed to pay \$5 million to Seagate in consideration of a release from and dismissal of all claims related to this litigation. We also agreed to dismiss our claims against Sumitomo Bakelite as part of the parties' settlement agreement. The \$5 million is reflected as part of the provision for legal settlements and contingencies in our Statement of Operations for the six months ended June 30, 2005. The \$5 million was paid during the second quarter of 2005.

Maxtor Corporation v. Koninklijke Philips Electronics N.V., et al.

In April 2003, we were served with a cross-complaint in an action between Maxtor Corporation ("Maxtor") and Koninklijke Philips Electronics ("Philips") in the Superior Court of California, Santa Clara County. Philips' cross-complaint sought indemnification from us for any damages incurred from the claims by Maxtor involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. Philips subsequently filed a cross-complaint directly against the Sumitomo Bakelite Parties, alleging, among other things, that the Sumitomo Bakelite Parties breached their contractual obligations to both us and Philips by supplying a defective mold compound resulting in the failure of certain Philips semiconductor devices. We denied all liability in this matter and also asserted a cross-complaint against Sumitomo Bakelite. The Sumitomo Bakelite Parties denied any liability. Maxtor and Philips reached a settlement of Maxtor's claims against Philips on or about April 28, 2004 in which, reportedly, Philips agreed to pay Maxtor \$24.8 million. On October 15, 2004, we and Sumitomo Bakelite reached a settlement agreement whereby Sumitomo Bakelite agreed to indemnify us for any damages awarded to Philips in excess of \$3.5 million. In exchange, we dismissed our cross-claims against Sumitomo Bakelite. Trial of this matter before a jury began on October 18, 2004 and closing arguments were heard on November 29, 2004. On December 1, 2004, the Court and the jury rendered verdicts in our favor related to all of Philips' claims against us. By those verdicts, we were exonerated of all alleged liability. The jury's verdict further determined the Sumitomo Bakelite Parties' share of liability to be 57% and Philips' share to be 43%. Philips has agreed not to appeal the judgment in our favor in return for our agreement not to seek costs of suit from Philips.

We recorded a charge of \$1.5 million related to the above matter during the three months ended March 31, 2004. However, in response to the December 1, 2004 verdict, we reversed this charge during the three months ended December 31, 2004.

Pending Epoxy Mold Litigation

While the ultimate outcome is uncertain, as a result of the previously discussed epoxy mold compound litigation settlements, we have established a loss accrual related to the following two pending claims. This amount is reflected as part of the provision for legal settlements and contingencies in our Statement of Operations for the six months ended June 30, 2005.

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Fairchild Semiconductor Corporation v. Sumitomo Bakelite Singapore Pte. Ltd., et al.

In September 2003, we were served with an amended complaint filed by Fairchild Semiconductor Corporation (“Fairchild”) against us, the Sumitomo Bakelite Parties and Sumitomo Bakelite Singapore Pte. Ltd. (collectively with the Sumitomo Bakelite Parties, the “Sumitomo Bakelite Defendants”) in the Superior Court of California, Santa Clara County. The amended complaint seeks damages related to our use of Sumitomo Bakelite’s epoxy mold compound in assembling Fairchild’s semiconductor packages. We answered Fairchild’s amended complaint, denying all liability, and filed a cross-complaint against Sumitomo Bakelite seeking indemnification.

In August 2005, we reached an agreement with Fairchild and the Sumitomo Bakelite Defendants to settle all claims involving us in this litigation. We have agreed to pay \$3 million to Fairchild and release our claims against Sumitomo Bakelite in consideration of a release from and dismissal of all claims against us. We had previously accrued for this amount as part of the provision for legal settlements and contingencies in our Statement of Operations for the three months ended March 31, 2005. The \$3 million settlement is expected to be paid during the third quarter of 2005.

Maxim Integrated Products, Inc. v. Amkor Technology, Inc., et al.

In August 2003, we were served with a complaint filed by Maxim Integrated Products, Inc. (“Maxim”) against us and the Sumitomo Bakelite Parties in the Superior Court of California, Santa Clara County. The complaint seeks damages related to our use of Sumitomo Bakelite’s epoxy mold compound in assembling Maxim’s semiconductor packages. We have asserted cross-claims against Sumitomo Bakelite for indemnification. Written discovery is ongoing, with depositions and expert discovery to follow. The Court has set a trial date of April 24, 2006. We have denied all liability. We intend to defend ourselves vigorously, pursue our cross-claims against Sumitomo Bakelite and seek judgment in our favor.

Other Litigation

Amkor Technology, Inc. v. Motorola, Inc.

In August 2002, we filed a complaint against Motorola, Inc. (“Motorola”) seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. (“Citizen”) to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the “License Agreement”) and concurrent assignment by Citizen to us of Citizen’s interest in U.S. Patents 5,241,133 and 5,216,278 (the “‘133 and ‘278 patents”) which patents relate to BGA packages; and (ii) our obligation to make certain payments pursuant to an immunity agreement (the “Immunity Agreement”) dated June 30, 1993 between us and Motorola, pending in the Superior Court of the State of Delaware in and for New Castle County.

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

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard in September 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola’s motion for summary judgment. Motorola filed an appeal in the Supreme Court of Delaware. In May 2004, the Supreme Court reversed the Superior Court’s decision, and remanded for further development of the factual record. A trial date has been set for October 17, 2005. We believe we will prevail on the merits at the Superior Court level. In addition, should Motorola prevail, we believe we will have recourse against Citizen.

Citizen Watch Co. Ltd. v. Amkor Technology, Inc.

We entered into an intellectual property assignment agreement (“IPAA”) with Citizen Watch Co., Ltd. (“Citizen”) with an effective date of March 28, 2002, pursuant to which Citizen assigned to us (i) its rights under a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the “License Agreement”) and (ii) Citizen’s interest in the ‘133 and ‘278 patents. The parties entered into the IPAA in conjunction with having entered into a Master Purchase Agreement under which we purchased substantially all of the assets of a division of Citizen in April 2002. Subsequent to that transaction, Motorola challenged the validity of Citizen’s assignment of its rights under the License Agreement to us, which resulted in

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our litigation with Motorola, Inc., which is described above (the “Motorola case”). Pending resolution of the Motorola case, and in accordance with the terms of the IPAA, we are withholding final payment of 1.4 billion yen (\$12.7 million based on the spot exchange rate at June 30, 2005).

In March 2004, Citizen submitted a Demand for Arbitration in the International Chamber of Commerce (“ICC”), claiming breach of our obligation to make the deferred payment of 1.4 billion yen. In May 2004, we filed our Answer to Request for Arbitration, Counterclaim and Request for Abeyance of Proceedings. In our Answer, we contend, among other things, that we do not have an obligation to make the deferred payment due to (i) our inability to perfect the rights assigned by Citizen under the License Agreement, and (ii) Citizen’s breach of its representations and warranties that it had all right and authority to assign its rights under the License Agreement to us.

The arbitration hearing before the ICC on this matter was held in May 2005. A ruling by the ICC is expected by October 31, 2005.

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

On November 5, 1999, we agreed to sell certain semiconductor parts to Alcatel Microelectronics, N.V. (“AME”), a subsidiary of Alcatel S.A. The parts were manufactured for us by Anam Semiconductor, Inc. (“ASI”) and delivered to AME. AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems (“ABS”), which incorporated the parts into cellular phone products. In early 2001, a dispute arose as to whether the parts sold by us were defective. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of approximately 50.4 million Euros (approximately \$60.8 million based on the spot exchange rate at June 30, 2005). We have denied all liability and intend to vigorously defend ourselves and have not established a loss accrual associated with this claim. Additionally, we have entered into a written agreement with ASI whereby ASI has agreed to indemnify us fully against any and all loss related to the claims of AME, ABS and ABS’ insurer. The Paris Commercial Court commenced a special proceeding before a technical expert to report on the facts of the dispute. The report of the court-appointed expert was put forth on December 31, 2003. The report does not specifically allocate liability to any particular party. On May 18, 2004, the Paris Commercial Court of France declared that it did not have jurisdiction over the matter. The Court of Appeal of Paris heard the appeal regarding jurisdiction during October 2004, confirmed the first tier ruling and dismissed the appeal on November 3, 2004. A motion was recently filed by ABS and its insurer before the French Supreme Court to challenge the lack of jurisdiction ruling and a brief was filed by ABS and its insurer in June 2005. We will file a response brief before the French Supreme Court on August 30, 2005.

In response to the French lawsuit, on May 22, 2002, we filed a petition to compel arbitration in the United States District Court for the Eastern District of Pennsylvania against ABS, AME and ABS’ insurer, claiming that the dispute is subject to the arbitration clause of the November 5, 1999 agreement between us and AME. ABS and ABS’ insurer have refused to arbitrate and continue to challenge the lack of jurisdiction ruling.

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

In November 2003, we filed complaints against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively “Carsem”) with the International Trade Commission (“ITC”) in Washington, D.C. and subsequently in the Northern District of California. The complaints allege infringement of our United States Patent Nos. 6,433,277, 6,455,356, and 6,630,728 (collectively the “Amkor Patents”). We allege that by making, using, selling, offering for sale, or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *MicroLeadFrame*® packaging technology claims in the Amkor Patents. The District Court action had been stayed pending resolution of the ITC case. The ITC Administrative Law Judge (“ALJ”) conducted an evidentiary hearing during July and August of 2004 in Washington D.C. and issued an initial determination that Carsem infringed some of our patent claims relating to our *MicroLeadFrame*® package technology, that some of our 21 asserted patent claims are valid, and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of the Tariff Act. We filed a petition in November 2004 to have the ALJ’s ruling reviewed by the full International Trade Commission. The ITC has ordered a new claims construction related to various disputed claim terms and has remanded the case to the ALJ for further proceedings. The ITC has subsequently authorized the ALJ to reopen the record on certain discovery issues related to third party conception documents. The ITC has ordered the ALJ to issue the final Initial Determination by November 9, 2005 and has set a new date of February 9, 2006 for completion of the investigation. The District court action remains stayed pending completion of the ITC investigation.

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Other Matters

In June 2004, the Securities and Exchange Commission (the “Commission”) informed us that it was conducting an informal inquiry into certain trading in Amkor securities. We believe that the inquiry relates to transactions in our securities by certain individuals, which may include certain insiders or former insiders. The primary focus of the inquiry appears to be activities during the first half of 2004. We have cooperated with the inquiry by voluntarily producing documents to the Commission and providing testimony. The Commission staff has not informed us of any conclusions of wrongdoing by any person or entity.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
10.1(1)	Guaranty Supplement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.
10.2(1)	Joinder Agreement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.
10.3(1)	Guaranty Supplement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.
10.4(1)	Joinder Agreement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.
10.5(2)	Amendment No. 2 to Credit Agreement, dated as of May 24, 2005 among Amkor Technology, Inc. (“Amkor”), the Lenders party thereto and Citicorp North America, Inc., as Administrative Agent.
10.6*	Mutual Release and Settlement Agreement, dated as of June 10, 2005 Amkor, Fujitsu Limited, Cirrus Logic, Inc., Sumitomo Bakelite Co. Ltd., Sumitomo Plastics America, Inc., The St. Paul Fire & Marine Insurance Co. and Federal Insurance Co.
10.7*	Settlement Agreement, dated as of April 14, 2005 among Amkor, Seagate Technology LLC, Sumitomo Bakelite Co. Ltd., ChipPAC and Atmel Corporation.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., pursuant to Rule 13a – 14(a) under the Securities Exchange Act of 1934.

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Exhibit Number	Description of Exhibit
31.2	Certification of Kenneth T. Joyce, Chief Financial Officer of Amkor Technology, Inc., pursuant to Rule 13a – 14(a) under the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

-
- (1) Incorporated by reference from the Registrant's Current Report on Form 8-K filed with the Commission on May 18, 2005.
- (2) Incorporated by reference from the Registrant's Current Report on Form 8-K filed with the Commission on May 27, 2005.
- * Confidential treatment requested as to certain portions, which portions were omitted and filed separately with the Commission.

SIGNATURES

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

AMKOR TECHNOLOGY, INC.

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

Date: August 8, 2005

CONFIDENTIAL TREATMENT REQUESTED: Certain portions of this document have been omitted pursuant to a request for confidential treatment and, where applicable, have been marked with an asterick ([***]) to denote where omissions have been made. The confidential material has been filed separately with the Securities and Exchange Commission.

MUTUAL RELEASE AND SETTLEMENT AGREEMENT

This Mutual Release and Settlement Agreement ("Settlement Agreement") is made and entered into as of the 10th day of June, 2005, Pacific Daylight Time, by and among the following parties (all collectively referred to as the "Parties"):

- (a) Fujitsu Limited ("Fujitsu");
- (b) Cirrus Logic, Inc. ("Cirrus" or "Cirrus Logic");
- (c) Amkor Technology, Inc. ("Amkor");
- (d) Sumitomo Bakelite Co., Ltd. ("Sumitomo Bakelite");
- (e) Sumitomo Plastics America, Inc. ("Sumitomo Plastics," and, collectively with Sumitomo Bakelite, "Sumitomo");
- (f) The St. Paul Fire & Marine Insurance Co. ("St. Paul"); and
- (g) Federal Insurance Co. ("Federal") (St. Paul and Federal, collectively, the "Insurers"),
- (h) including, for each of the foregoing, its predecessors, successors, parent, subsidiaries, related entities, officers, directors, attorneys, agents, and employees.

RECITALS

A. Differences have arisen among the various parties to this Settlement Agreement concerning, among other matters, Fujitsu's obligation to make certain payments to Cirrus Logic; the

responsibility for the alleged failure of certain models of Fujitsu's magnetic hard disk drive products (Picobird 15H and Picobird 16 series, both models collectively referred to herein as "Fujitsu HDDs") and certain semiconductor chips (Numbur and Himalaya 2.0, collectively referred to herein as "Cirrus Chips") sold by Cirrus Logic to Fujitsu, which chips were assembled by Amkor using the mold compound (EME-7351UL) manufactured by Sumitomo; and the respective defense and indemnity obligations of St. Paul and Federal to Cirrus Logic for these matters.

B. On October 19, 2001, Cirrus Logic commenced an action against Fujitsu in the United States District Court, Northern District of California, Case No. C01-20987 JW (Fujitsu I). On April 2, 2002, that action was dismissed without prejudice. On April 4, 2002, Fujitsu commenced an action against Cirrus Logic in the United States District Court, Northern District of California, Case No. C02-01627 JW (Fujitsu II), and counterclaims and cross-claims were asserted in that action. That action has been stayed by order of the Court. On November 26, 2003, Fujitsu commenced an action against Cirrus Logic, Amkor, and Sumitomo in the Superior Court of the State of California, County of Santa Clara, Case No. 1-03-CV-09885 (Fujitsu III), and cross-complaints were asserted in that action. The actions referred to in this paragraph are collectively referred to herein as the "Fujitsu Litigation."

C. On June 9, 2004, Cirrus Logic commenced an action against St. Paul in the United States District Court, Northern District of California, Case No. 04-CV-02270 JW. On May 6, 2005, Federal commenced an action against St. Paul in the United States District Court, Northern District of California, Case No. 05-CV-01878 JW. These actions are collectively referred to herein as the "Coverage Litigation."

D. On April 18 and 19, 2005, the Parties participated in a two-day mediation session before Mr. Randall Wulff. All parties were represented by counsel. These negotiations led to a compromise and settlement of the action that was placed on the record on April 28, 2005 in the Superior Court of the State of California, County of Santa Clara, before the Honorable Jack Komar.

E. The Parties to this Settlement Agreement wish to settle hereby any and all disputes among them relating to the Fujitsu Litigation, while reserving certain rights relating to other matters including certain aspects of the Coverage Litigation. Specifically, and as a guide for interpretation of the terms of this Settlement Agreement, it is the intent of the Parties hereto:

(i) to resolve finally and completely all disputes and claims among Fujitsu, Cirrus Logic, Amkor, and Sumitomo that were or could have been asserted in the Fujitsu Litigation;

(ii) to resolve finally and completely all disputes and claims between Cirrus Logic, on the one hand, and the Insurers, on the other hand, both within the Coverage Litigation and with respect to the Fujitsu Litigation, except as otherwise provided herein;

(iii) to leave unaffected any business relationships that may be ongoing in the ordinary course between or among any Parties;

(iv) not to release or resolve any disputes between Amkor and Sumitomo pertaining to any past, pending, or future "Mold Compound" claims or litigation other than the Fujitsu Litigation; and

(v) that the Insurers reserve all rights and claims as against one another, including any rights and claims they may have through Cirrus Logic, and no such rights or claims are released or resolved in this Settlement Agreement.

TERMS

1. Payment.

(a) No later than June 13, 2005, Pacific Daylight Time, Sumitomo, Amkor, St. Paul, and Federal shall make the following payments by wire transfer to the Heller Ehrman LLP Trust Account (hereinafter referred to as "Client Trust Account") identified in Paragraph 1(b), below.

(i) Sumitomo will pay \$[****], which amount is due to confirmed property damage involving physical injury to semiconductor chips and loss of use of semiconductor chips, hard disk drives and equipment utilizing those chips and drives. St. Paul reserves its right to dispute the characterization of the purpose of Sumitomo's payment in the Coverage Litigation. This subparagraph 1(a)(i) is subject to Paragraph 5 of this Settlement Agreement;

(ii) Amkor will pay \$40,000,000 (Forty Million Dollars); and

(iii) St. Paul will pay \$[****] and Federal will pay \$[****]. St. Paul and Federal agree that such payments, along with prior payments made by St. Paul for the defense of Cirrus in the Fujitsu Litigation, are and were for claims actually covered by their respective policies of insurance, with the exception that St. Paul maintains that such claims are not and were not covered under its Commercial General Liability Policy, and, further, that by making such payments St. Paul and Federal have not acted as volunteers.

(b) The payments identified in Paragraph 1 (a) above will be made to the following account by wire transfer no later than June 13, 2005:

Bank:	[****]
ABA#:	[****]
Swift Code:	[****]
Acct Name:	[****]
Acct#:	[****]

(c) Within one court day after the date on which Heller Ehrman receives all the funds described in Paragraph 1 (a), Fujitsu, Cirrus Logic, Amkor and Sumitomo will exchange and file the papers necessary to dismiss the Fujitsu Litigation, including all claims, cross-claims, and counterclaims, with prejudice. These papers will be substantially in the form attached hereto as Exhibit A to this Settlement Agreement.

(d) Within two business days after the later of (a) the date on which it receives all the funds described in Paragraph 1(a), above; and (b) the date Fujitsu, Cirrus Logic, Amkor and Sumitomo have exchanged and filed the papers necessary to dismiss the Fujitsu Litigation with prejudice (as described in Paragraph 1(c), above), Heller Ehrman will distribute all funds deposited with it as described in Paragraph 1(a) above as follows:

(i) Heller Ehrman will distribute \$[****], plus any interest earned thereon ([****] percent of the total), to Fujitsu by wire transfer to the following bank account:

Bank: [****]
Branch: [****]
Address: [****]
SWIFT code: [****]
Account No.: [****]

(ii) Heller Ehrman will distribute \$[****], plus any interest earned thereon ([****] percent of the total), to Cirrus by wire transfer to the following bank account:

Bank: [****]
Address: [****]
Routing No: [****]
Account name: [****]
Account No.: [****]

(e) Within one business day after receiving the funds described in Paragraph 1(d)(i) and (ii), above, Fujitsu and Cirrus Logic will acknowledge receipt of those funds by electronic mail message to [****]@hellerehrman.com, [****]@zelle.com, and [****]@newtonremmel.com

(f) The Parties acknowledge and agree that Heller Ehrman will place the funds described in Paragraph 1(a) in one or more money market accounts at a San Francisco branch of Citibank, with the funds bearing interest at whatever rate is commercially available for similarly-situated accounts from that branch of Citibank.

(g) If any Party fails to comply with its obligations under Paragraph 1 of this Settlement Agreement, and a Court declines to compel that Party to do so, Heller Ehrman will return all moneys paid pursuant to Paragraph 1(a), along with a pro-rated share of any interest earned thereon, to the Parties that originally sent the moneys to the Client Trust Account. In the event Heller Ehrman returns the moneys paid pursuant to this Paragraph, this Settlement Agreement shall be deemed as terminated and the Fujitsu Litigation shall return to active litigation.

2. Releases.

In consideration of the mutual promises and covenants contained herein, including the payments as set forth above, and for other good and sufficient consideration, receipt of which is hereby acknowledged, the Parties (including Fujitsu, Cirrus Logic, Amkor, Sumitomo; and the Insurers, and for each of the preceding, their predecessors, successors, parent, subsidiaries, related entities, insurers, officers, directors, attorneys, agents, and employees) hereby fully and forever, as broadly as possible, except as provided in Paragraph 3, release, discharge, and covenant not to sue or otherwise institute legal or administrative proceedings against one another with respect to any dispute that was asserted or that could have been asserted in the Fujitsu Litigation, or related to the

institution, prosecution, defense, and settlement of that litigation (except enforcement of the Settlement Agreement), including without limitation claims for breach of express or implied contract, breach of express or implied warranty, breach of the implied covenant of good faith and fair dealing, quantum meruit, fraud, negligent misrepresentation, express, implied, or equitable indemnity, promissory estoppel, negligence, intentional or negligent interference with contract or economic advantage, defamation, violation of the California Commercial Code, the California Business and Professions Code, or any other statute, abuse of process, malicious prosecution, and all other liabilities, claims, and injuries of every nature, kind, and description, in law, equity, or otherwise, whether or not now known or ascertained, which heretofore do or may exist between or among them connected with the events and transactions alleged in the pleadings filed in the Fujitsu Litigation, except as set forth in Paragraphs 3 and 13 below. For avoidance of doubt, it is hereby confirmed that except for the payment obligations set forth in this Settlement Agreement, Fujitsu is relieved from any further payment obligation to Cirrus Logic under the Letter of Agreement dated June 18, 2001 or any purchase orders issued thereunder.

3. Exclusions From Release. Notwithstanding the provisions of Paragraph 2, nothing in this Settlement Agreement is intended, or may be construed, to release any of the following claims, each of which is specifically excluded from the scope of this Settlement Agreement:

(a) Other than claims between Amkor and Sumitomo asserted in the Fujitsu Litigation, any and all claims between Amkor and Sumitomo, whether or not they have been asserted, including claims from any other litigation pending in any court related to alleged defects in the Sumitomo EME-7351 U-series mold compound.

(b) Any and all claims and disputes between or among St. Paul, Federal, and National Union Fire Ins. Co. of Pittsburgh, PA ("AIG"), whether or not specifically asserted in the Coverage Litigation, pertaining to any defense and/or indemnity obligations of any of them to Cirrus Logic in the Fujitsu Litigation, or pertaining to the apportionment among them of the payment provided for in paragraph 1(a)(iii). To the extent any claims and rights Cirrus Logic has against any of the Insurers must be preserved in order to permit the Insurers to pursue and resolve any claims and rights the Insurers may have between them, such claims and rights of Cirrus Logic are not released herein. Cirrus Logic does not release the Insurers from any contractual obligations to pay defense expenses incurred in the Fujitsu Litigation. This Settlement Agreement does not change or provide any basis for changing the coverage terms or limits contained in any insurance policy issued by any Insurer.

(c) Any and all claims and disputes between Fujitsu and any entity other than Cirrus Logic, Amkor, or Sumitomo (including, without limitation, any entity that sold semiconductor chips or other products to Fujitsu).

4. Indemnifications, Warranties and Representations.

(a) In the event that a third party asserts a claim assigned to that third party by Fujitsu against Cirrus, Amkor or Sumitomo relating to use of Sumitomo mold compounds containing inorganic phosphorus as a flame retardant, Fujitsu shall indemnify and hold harmless Cirrus, Amkor and Sumitomo for any damages, attorneys' fees, and costs they incur to the extent that such damages, attorneys' fees and costs are incurred because of that assigned claim, subject to the following preconditions: (1) Cirrus, Amkor and Sumitomo shall provide notice of any such claim to Fujitsu as soon as practicable after learning of such claim; (2) Cirrus, Amkor and Sumitomo shall cooperate with Fujitsu and its counsel in the investigation, defense or settlement of any such claim;

(3) Fujitsu shall be entitled (but not required) to take over and control, at its own expense, the defense of any such claim; and (4) Cirrus, Amkor and Sumitomo shall not be entitled to indemnification for any such claim if it admits liability for or settles that claim without Fujitsu's written consent. The indemnity provided in this Paragraph shall not apply to the claims actually asserted by Fujitsu on behalf of its overseas sales companies ("OSCs") in the Fujitsu Litigation, which claims are released by this Settlement Agreement.

(b) Amkor and Sumitomo warrant and represent that no claim assigned by Fujitsu to a third party has been asserted against them to date.

(c) Fujitsu warrants and represents that except for the Letter Agreement dated March 29, 2004, it has not assigned any claims or causes of action relating to: (a) Cirrus' Himalaya 2.0, Numbur, and Bhutan chips; or (b) Sumitomo mold compounds using inorganic red phosphorus as a flame retardant. Fujitsu further warrants and represents that the Letter Agreement dated March 29, 2004 in no way involves Cirrus or any Cirrus product.

(d) Cirrus, Amkor, and Sumitomo each warrants and represents that it has not assigned any claims or causes of action alleged in a pleading in the Fujitsu Litigation, or that could have been asserted in the Fujitsu Litigation, which relate to: (a) Cirrus' Himalaya 2.0, Numbur, and Bhutan chips; or (b) Sumitomo mold compounds using inorganic red phosphorus as a flame retardant.

5. No Admission of Wrongdoing. Nothing contained in this Settlement Agreement shall constitute or be treated as an admission of liability or wrongdoing by any Party. Nothing in this Settlement Agreement shall be admissible in any future dispute involving any Party, except an action to enforce this Settlement Agreement.

6. Complete Defense. The mutual release provided in this Settlement Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of this release.

7. Confidentiality. All Parties and their attorneys agree that they shall not, except pursuant to a specific order issued by a court of competent jurisdiction or as may otherwise be required by law, disclose to any third party the terms of this Settlement Agreement or the consideration referred to herein. However, nothing in this Settlement Agreement shall prevent any Party from disclosing information that is already in the public domain, developed independently of this litigation, received without an obligation of confidentiality, or information that is required to be disclosed by law (including without limitation the rules of any stock exchange). Nor does this Settlement Agreement preclude any Party from stating that there was a settlement, that all claims and cross-claims were dismissed, or that there was no admission of wrongdoing or liability with respect to the matters asserted in the lawsuit. In addition any Party may disclose the terms of the Settlement Agreement to its attorneys, accountants, and insurance carriers.

8. Waiver of Unknown Claims. All Parties hereby represent and warrant that they understand and expressly waive any and all rights and benefits conferred upon them by the provisions of section 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

All Parties agree that the mutual release provided in this Settlement Agreement shall extend and apply to all unknown, unsuspected, and unanticipated claims, demands, injuries, or damages against one another related to the Fujitsu Litigation, and expressly waive any equivalent provision of any statute of the United States or any other state or jurisdiction.

9. Dismissal. Consistent with Paragraph I(c), above, the Parties will execute and file all papers necessary to accomplish the dismissal with prejudice of the Fujitsu II and Fujitsu III in lawsuits in their entirety, including all claims, counterclaims, cross-claims, and cross-complaints. Each Party shall bear its own costs and attorneys' fees incurred in the Fujitsu Litigation.

10. Coverage Litigation. Cirrus Logic and the Insurers shall arrange for Cirrus Logic's dismissal from the Coverage Litigation.

11. Governing Law. This Settlement Agreement shall be governed, construed and enforced in accordance with the laws of the State of California without regard to principles of choice of law or conflicts of law.

12. Enforcement/Interpretation. The Parties agree that the Honorable Jack Komar of the Superior Court of California, or such other judge as may be assigned from the Santa Clara County Superior Court, shall retain jurisdiction for purposes of enforcement and/or dispute resolution concerning this Settlement Agreement. Provided, however, that this Paragraph shall not apply to the Coverage Litigation or the disputes between the Insurers. Provided further, that nothing in this Paragraph shall prevent any Party from seeking the assistance of Mediator Wulff with respect to any dispute concerning this Settlement Agreement.

13. Reconciliation of Costs Advanced. The Parties hereto recognize that during the course of the Fujitsu Litigation certain costs and expenses have been advanced by one or another of Fujitsu,

Cirrus Logic, Amkor, or Sumitomo, which are properly for the equal account of all four of those parties. Such costs and expenses include, by way of example, conference room rental for depositions, official interpreters' fees and expenses, the agreed-to costs of preparing the hard disk drive data dictionary, and the like. Nothing in this Settlement Agreement is intended to release any party of its obligation to reimburse another party for such other party's excess advance of expenses beyond its fair share, in the event that any party shall undertake to compile a reconciliation of such cost advances.

14. Integration and Advice of Counsel. This Settlement Agreement is an integrated document which states the entire agreement among the Parties. Each Party affirms and acknowledges that it has executed this Settlement Agreement voluntarily and without coercion, that it has not relied on any prior or contemporaneous written or oral representations extrinsic or collateral to the terms of this Settlement Agreement, and that it has obtained legal advice from its attorneys in entering into this Settlement Agreement. The Parties agree that this Settlement Agreement shall be deemed to have been drafted jointly by the Parties, and no Party shall be treated as having drafted the agreement for purposes of construction.

15. No Other Actions.

(a) Fujitsu hereby represents and warrants to all other Parties that except for the Fujitsu Litigation it is not a party to any other judicial or administrative actions currently pending against Cirrus Logic, Amkor, or Sumitomo asserting any claim arising out of, or seeking damages or equitable relief for, any of the matters alleged in a pleading in the Fujitsu Litigation. The representation in this paragraph is a material inducement to Cirrus Logic, Amkor, and Sumitomo for entering into this Agreement.

(b) Cirrus hereby represents and warrants to all other Parties that except for the Fujitsu Litigation, it is not a party to any other judicial or administrative actions currently pending against Fujitsu, Amkor, or Sumitomo asserting any claim arising out of, or seeking damages or equitable relief for, any of the matters alleged in a pleading in the Fujitsu Litigation. The representation in this paragraph is a material inducement to Fujitsu, Amkor, and Sumitomo for entering into this Agreement.

16. Further Assurances. Each Party agrees to cooperate in taking any actions and executing any documents that may be necessary to give effect to the provisions of this Settlement Agreement.

17. Protective Order. Except as follows, the Parties agree that the Protective Order entered in Fujitsu II shall remain in full force and effect notwithstanding this Settlement Agreement. The Parties shall disclose discovery materials (as defined in the Protective Order) that were produced in the Fujitsu Litigation to the Insurers as requested by the Insurers for purposes of the Coverage Litigation, and for the sole purposes of the Coverage Litigation. All documents designated confidential, whether "attorneys' eyes only" or some other designation, may be seen by all parties in the Coverage Litigation, their representatives and agents, and the court and its agents. The parties to the Protective Order entered in Fujitsu II will not destroy any materials produced subject to the Protective Order until that order expires upon the conclusion of the Coverage Litigation. As set forth in this paragraph, the Insurers agree to treat materials subject to the Protective Order as if they are parties to the Protective Order, and shall destroy all discovery materials upon conclusion of the Coverage Litigation.

18. Memorialization. This Settlement Agreement shall be deemed to be a memorialization of the settlement that was reached and placed on the record in court on April 28, 2005, before the

Honorable Jack Komar, and a transcript of the record of that settlement shall be enforceable as a “writing” under section 664.6 of the California Code of Civil Procedure.

19. Remedies in the Event of Breach. If any Party to this Settlement Agreement initiates legal action to enforce this Settlement Agreement, then any Party that is found (in a final decision from which no further appeal may be brought) to have breached the Settlement Agreement shall be liable to each prevailing Party in such action for its attorneys’ fees and costs.

20. Authority. Each Party hereto warrants that the individual signing this Settlement Agreement on behalf of that Party has full authority to do so and that each Party intends to be bound by the signature of the individual it designates to sign this Settlement Agreement.

21. Counterparts/Execution by Faxed Signatures. This Settlement Agreement may be executed in any number of counterparts, but all such counterparts shall constitute but one and the same instrument and this Settlement Agreement shall become effective upon the execution and exchange of counterpart originals by each Party. In addition, this Settlement Agreement may be executed via signatures transmitted by facsimile, and such signatures shall be deemed in all respects the same as original signatures. Provided, however, that even if the Settlement Agreement is originally executed using signatures transmitted by facsimile, the Parties will cooperate eventually to provide copies of the Settlement Agreement with original signatures to any other Party that requests such a copy.

22. Headings. The headings in each paragraph herein are for convenience of reference only and shall be of no legal effect in the interpretation of the terms of this Settlement Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Mutual Release and Settlement Agreement on the day and the year written below.

Dated: June 11, 2005

FUJITSU LIMITED

By: _____

Its: Corporate Senior Vice President

Dated: June ___, 2005

CIRRUS LOGIC, INC.

By: _____

Its: President and Chief Executive Officer

Dated: June ___, 2005

AMKOR TECHNOLOGY, INC.

By: _____

Its: _____

Dated: June ___, 2005

SUMITOMO BAKELITE CO., LTD.

By: _____

Its: _____

Dated: June ___, 2005

SUMITOMO PLASTICS AMERICA, INC.

By: _____

Its: _____

Dated: June ___, 2005

THE ST. PAUL FIRE & MARINE INSURANCE CO.

By: _____

Its: _____

Dated: June ___, 2005

FEDERAL INSURANCE CO.

By: _____

Its: _____

Dated: June ___, 2005

SUMITOMO PLASTICS AMERICA, INC.

By: _____

Its: _____

Dated: June ___, 2005

THE ST. PAUL FIRE & MARINE INSURANCE CO.

By: _____

Its: _____

Dated: June ___, 2005

FEDERAL INSURANCE CO.

By: _____

Its: _____

Exhibit A

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CONFIDENTIAL TREATMENT REQUESTED: Certain portions of this document have been omitted pursuant to a request for confidential treatment and, where applicable, have been marked with an asterick ([****]) to denote where omissions have been made. The confidential material has been filed separately with the Securities and Exchange Commission.

Settlement Agreement

1. Seagate shall receive the total payment of \$[****] million payable from current parties as follows:
 - (a) Atmel: \$[****]
 - (b) Amkor: \$5 million
 - (c) Sumitomo Bakelite: \$[****]
 - (d) ChipPAC entities: \$[****]
 2. ChipPAC counsel will recommend this settlement to ChipPAC and will have until April 14, 2005 at 5:00 p.m. (PST) to confirm whether or not these terms are acceptable.
 3. Each party shall release each other party from any liability or damages arising from the allegations of the Seagate complaint or any party's cross-complaint, or failures of Seagate drives attributed to Atmel Chips containing a Sumitomo mold compound containing inorganic phosphorous. The parties acknowledge that the cross-complaints derive from the Seagate complaint, and the release does not apply to chips sold to entities or persons other than Seagate.
 4. All pending causes of action in complaint or any cross-complaint shall be dismissed with prejudice.
 5. Standard 1542 Release.
 6. Each party bears its own attorneys fees and costs. This Agreement does not waive or alter any party's right to recover its attorneys fees or costs from its insurers.
 7. This Agreement and its terms shall remain confidential among the parties, their counsel, their accountants and their insurers, except as required by law, by legal obligation or in a lawsuit to enforce this Agreement.
 8. The amounts paid by Sumitomo Bakelite are due to direct damages caused by product failures.
-

9. The parties contemplate that they will hereafter document these material terms in a separate more formal Agreement. Should that not occur, this handwritten document shall be enforceable as a final formal Agreement.

10. Construction of this Agreement shall be pursuant to California law, and any legal action to enforce this Agreement shall be brought in Santa Clara Superior Court.

11. All parties deny all alleged claims, and this Agreement and its terms do not constitute an admission by any party.

12. Standard and customary clauses re all parties participations in drafting, severability, etc. shall be included in the final formal agreement contemplated in paragraph 9 above.

13. All party's agreement to above terms is conditioned upon ChipPAC's acceptance of the settlement terms above.

Seagate Technology LLC

By: _____

Sumitomo Bakelite Co. Ltd.

By: _____

ChipPAC

By: _____

(subject to condition in paragraph 2 above)

Amkor Technology, Inc.

By: _____

Atmel Corporation

By: _____

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

	Year Ended December 31,					Six Months Ended June 30, 2005
	2000	2001	2002	2003	2004	
Earnings						
Income (loss) before income taxes, equity in income (loss) of investees, minority interest and discontinued operations	\$ 173,154	\$ (438,498)	\$ (564,309)	\$ (45,303)	\$ (21,438)	\$ (170,822)
Interest expense	127,027	138,629	143,441	138,775	145,897	80,699
Amortization of debt issuance costs	7,013	22,321	8,251	7,428	6,182	3,984
Interest portion of rent	<u>4,567</u>	<u>7,282</u>	<u>4,995</u>	<u>5,463</u>	<u>5,928</u>	<u>3,569</u>
	<u>\$311,761</u>	<u>\$ (270,266)</u>	<u>\$ (407,622)</u>	<u>\$ 106,363</u>	<u>\$ 136,569</u>	<u>\$ (82,570)</u>
Fixed Charges						
Interest expense	\$ 127,027	\$ 138,629	\$ 143,441	\$ 138,775	\$ 145,897	\$ 80,699
Amortization of debt issuance costs	7,013	22,321	8,251	7,428	6,182	3,984
Interest portion of rent	<u>4,567</u>	<u>7,282</u>	<u>4,995</u>	<u>5,463</u>	<u>5,928</u>	<u>3,569</u>
	<u>\$ 138,607</u>	<u>\$ 168,232</u>	<u>\$ 156,687</u>	<u>\$ 151,666</u>	<u>\$ 158,007</u>	<u>\$ 88,252</u>
Ratio of earnings to fixed charges	<u>2.2x</u>	<u>—x1</u>	<u>—x1</u>	<u>—x1</u>	<u>—x1</u>	<u>—x1</u>

¹ . The ratio of earnings to fixed charges was less than 1:1 for the six months ended June 30, 2005. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$170.8 million of earnings for the six months ended June 30, 2005. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2004. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$21.4 million of earnings for the year ended December 31, 2004. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2003. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$45.3 million of earnings in the year ended December 31, 2003. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2002. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$564.3 million of earnings in the year ended December 31, 2002. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2001. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$438.5 million of earnings in the year ended December 31, 2001.

SECTION 302(a) CERTIFICATION

I, James J. Kim, Chief Executive Officer, certify that:

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

/s/ JAMES J. KIM

James J. Kim
Chief Executive Officer
August 8, 2005

SECTION 302(a) CERTIFICATION

I, Kenneth T. Joyce, Chief Financial Officer certify that:

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

/s/ KENNETH T. JOYCE

Kenneth T. Joyce
Chief Financial Officer
August 8, 2005

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

In connection with the quarterly report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Kim, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ JAMES J. KIM
James J. Kim
Chief Executive Officer
August 8, 2005

In connection with the quarterly report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth T. Joyce, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ KENNETH T. JOYCE
Kenneth T. Joyce
Chief Financial Officer
August 8, 2005