
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

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)

1345 ENTERPRISE DRIVE
WEST CHESTER, PA 19380
(610) 431-9600
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES AND ZIP CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, $0.001 PAR VALUE
5 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2003
5% CONVERTIBLE SUBORDINATED NOTES DUE 2007

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

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked prices of such stock, was approximately $1,287,769,922 as of February 28, 2001.

The number of shares outstanding of each of the issuer's classes of common equity, as of February 28, 2001, was as follows: 152,201,638 shares of Common Stock, $0.001 par value.

Documents Incorporated by Reference: Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the 2001 Annual Meeting of Stockholders are incorporated by reference into Part III.

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USE OF CERTAIN TERMS

All references in this annual report to "Amkor," "we," "us," "our" or the "company" are to Amkor Technology, Inc. and its subsidiaries. We refer to the Republic of Korea, which is also commonly known as South Korea, as "Korea." References to "won" are to the currency of Korea.

PART I

ITEM 1. BUSINESS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This business section contains forward-looking statements. 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. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined under "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risk Factors that May Affect Future Operating Performance" in Item 7 of this annual report. These factors may cause our actual results to differ materially from any forward-looking statement.

OVERVIEW

Amkor is the world's largest independent provider of semiconductor packaging and test services. We believe that we are also one of the leading developers of advanced semiconductor packaging and test technology. We offer one of the industry's broadest integrated sets of packaging and test services, which are the final procedures necessary to prepare semiconductor devices for further use. Our customers outsource the packaging and testing of semiconductor chips to us in order to benefit from our expertise in the development and implementation of our technology and our advanced manufacturing capabilities. We also market the wafer fabrication services provided by a foundry owned by Anam Semiconductor, Inc. ("ASI"). Our customers include, among others, Agere Systems, Inc., Altera Corporation, Infineon Technologies AG, Intel Corporation, LSI Logic Corporation, Motorola, Inc., Philips Electronics N.V., ST Microelectronics PTE, Texas Instruments, Inc. and Toshiba Corporation.

We generate revenues primarily from the sale of semiconductor packaging and test services. In addition, we generate revenue by marketing the wafer fabrication services performed by the foundry owned by ASI. Historically, we performed packaging and test services at our factories in the Philippines and subcontracted for additional services with ASI, which operated four packaging and test facilities in Korea. In May 1999, we acquired K4, one of ASI's packaging and test facilities, for $582.0 million, and, in May 2000, we acquired ASI's remaining three packaging and test facilities, K1, K2 and K3, for a purchase price of $950.0 million. In connection with our purchase of K1, K2 and K3, we made an additional equity investment in ASI of $459.0 million, and as a result we now own 42% of ASI. With the completion of our acquisition of K1, K2 and K3, we no longer depend upon ASI for packaging or test services, although we continue to market ASI's wafer fabrication services.

INDUSTRY BACKGROUND

Semiconductor devices are the essential building blocks used in most electronic products. As semiconductor devices have evolved, there have been three important consequences: (1) an increase in demand for computers and related products due to declining prices for such products, (2) the proliferation of semiconductor devices into diverse end products such as consumer electronics, communications equipment and automotive systems and (3) an increase in the number of semiconductor devices in electronic products.

TRENDS TOWARD OUTSOURCING

Historically, semiconductor companies packaged semiconductors primarily in

their own factories and relied on independent providers to handle overflow volume. In recent years, semiconductor companies have increasingly outsourced their packaging and testing to independent providers for the following reasons:

Independent providers have developed expertise in advanced packaging technologies.

Semiconductor companies are facing ever-increasing demands for miniaturization, higher lead counts and improved thermal and electrical performance in semiconductor devices. As a result of this trend, many

semiconductor companies view packaging as an enabling technology requiring sophisticated expertise and technological innovation. However, they have had difficulty developing the necessary capabilities with their internal resources and are relying on independent providers of packaging and test services as a key source of new package designs.

Independent providers can offer shorter time to market for new products because their resources are dedicated to packaging and test solutions.

We believe that semiconductor companies are seeking to shorten the time to market for their new products and that having the right packaging technology and capacity in place is a critical factor in reducing delays for these companies.

Semiconductor companies frequently do not have sufficient time to develop their packaging and test capabilities or the equipment and expertise to implement new packaging technology in volume. For this reason, semiconductor companies are leveraging the resources and capabilities of independent packaging and test companies to deliver their new products to market more quickly.

Many semiconductor manufacturers do not have the economies of scale to offset the significant costs of building packaging and test factories.

Semiconductor packaging is a complex process requiring substantial investment in specialized equipment and factories. As a result of the large capital investment required, this manufacturing equipment must operate at a high capacity level for an extended period of time to be cost effective. Shorter product life cycles, faster introductions of new products and the need to update or replace packaging equipment to accommodate new products have made it more difficult for semiconductor companies to sustain high levels of capacity utilization. Independent providers of packaging and test services, on the other hand, can use equipment at high utilization levels over a longer period of time for a broad range of customers, effectively extending the life of the equipment.

The availability of high quality independent packaging and testing allows semiconductor manufacturers to focus their resources on semiconductor design and wafer fabrication rather than semiconductor packaging and testing.

As the cost to build a new wafer fabrication facility has increased to over $1 billion, semiconductor companies are choosing to focus their capital resources on core wafer fabrication activities. As a result, semiconductor companies are outsourcing to independent packaging and test providers who have the ability to invest the capital needed to develop new packaging and test capacity.

There is a growing number of semiconductor companies without factories, known as "fabless" companies, that outsource all of the manufacturing of their semiconductor designs.

Fabless semiconductor companies focus exclusively on the semiconductor design process and outsource virtually every significant step of the semiconductor manufacturing process. We believe that fabless semiconductor companies will continue to be a significant driver of growth in the independent packaging and test industry.

These outsourcing trends, combined with the growth in the number of semiconductor devices being produced and sold, are increasing demand for independent packaging and test services. Today, nearly all of the world's major semiconductor companies use independent packaging and test service providers for at least a portion, if not all, of their packaging and test needs.

Certain of the same forces driving the growth of independent packaging and

testing are also driving demand for independent wafer fabrication services. Many semiconductor companies are outsourcing some or all of their wafer fabrication needs because the cost to build new wafer foundries has been rising steadily. This is particularly true for newer, smaller geometry technologies which cannot be produced in many semiconductor companies' existing wafer foundries. As the demand for semiconductor devices with smaller geometries increases, we believe semiconductor companies will increasingly utilize independent wafer manufacturers.

COMPETITIVE STRENGTHS

We believe our competitive strengths include the following:

LEADING INDUSTRY POSITION

We are the world's largest independent provider of semiconductor packaging and test services. We have increased our revenues and built our leading position through:

- one of the industry's broadest offerings of packaging and test services,
- expertise in the development and implementation of packaging and test technology,
- long-standing relationships with our customers, and
- advanced manufacturing capabilities.

BROAD OFFERING OF PACKAGING AND TEST SERVICES

With more than 1,000 different package types, we offer one of the semiconductor industry's broadest lines of packaging services. We provide customers with a wide array of packaging alternatives including mature leadframe packages and newer advanced leadframe and laminate packages. We also offer an extensive line of services to test digital logic, analog and mixed signal semiconductor devices. We believe that the breadth of our packaging and test services is important to customers seeking to reduce the number of their suppliers.

LEADING TECHNOLOGY INNOVATOR

We believe that we are one of the leading providers of advanced semiconductor packaging and test solutions. We have designed and developed state-of-the-art thin package formats and laminate packages including our PowerQuad(R), Super BGA(R), fleXBGA(R) and ChipArray(R) BGA packages. To maintain our leading industry position, we have approximately 350 employees engaged in research and development focusing on the design and development of new semiconductor packaging and test technology. We work closely with customers and technology partners to develop new and innovative package designs.

LONG-STANDING RELATIONSHIPS WITH PROMINENT SEMICONDUCTOR COMPANIES

Our customer base consists of more than 220 companies, including most of the world's largest semiconductor companies. Over the last three decades we, with our predecessor companies, have developed long-standing relationships with many of our customers.

ADVANCED MANUFACTURING CAPABILITIES

We believe that our company's manufacturing excellence has been a key factor in our success in attracting and retaining customers. We have worked with our customers and our suppliers to develop proprietary process technologies to enhance our existing manufacturing capabilities. These efforts have directly resulted in reduced time to market, increased quality and lower manufacturing costs. We believe our manufacturing cycle times are among the fastest available from any independent provider of packaging and test services.

STRATEGY

To build upon our leading industry position and to remain the preferred independent provider of semiconductor packaging and test services, we are

pursuing the following strategies:

CAPITALIZE ON OUTSOURCING TREND

We intend to continue to capitalize on the projected growth of the independent semiconductor packaging and test segment. We believe that semiconductor companies will increasingly outsource packaging and test

services to those independent providers who deliver superior quality and value. We work with our customers to quantify the cost savings of our services compared to their in-house capabilities. We believe our leading-edge technologies and manufacturing expertise enable us to optimize production yields, reduce cycle times and lower per unit costs.

LEVERAGE SCALE AND SCOPE OF PACKAGING AND TEST CAPABILITIES

We are committed to expanding both the scale of our operations and the scope of our packaging and test services. We believe that our scale and scope allow us to provide cost-effective solutions to our customers in the following ways:

- We have the capacity to absorb large orders and accommodate quick turn-around times;

- We use our size and industry position to obtain low pricing on materials and manufacturing equipment; and

- We offer an industry-leading breadth of packaging and test services and can serve as a single source for many of our customers.

MAINTAIN OUR TECHNOLOGY LEADERSHIP

We intend to continue to develop leading-edge packaging technologies. We believe that our focus on research and product development will enable us to enter new markets early, capture market share and promote the adoption of our new package designs as industry standards. We seek to enhance our in-house research and development capability through the following activities:

- We are collaborating with customers to gain access to technology roadmaps for the next generation of semiconductor designs;

- We are collaborating with companies, such as Toshiba Corporation, SanDisk Corporation, Ericsson Corporation, and Nokia Group, which purchase semiconductor devices from our customers, to design new packages that function with the next generation of electronic products; and

- We are implementing new package designs by entering into technology alliances and by licensing leading-edge designs from others. For example, we have entered into a strategic alliance with Sharp Corporation to promote chip scale packaging with fleXBGA(R). We have licensed from Tessera, Inc. their BGA(R) design. We have also licensed "flip-chip" package technology from LSI Logic Corporation.

PROVIDE AN INTEGRATED, TURNKEY SOLUTION

We are able to provide a complete turnkey solution comprised of semiconductor wafer fabrication, packaging and test services. We believe that this will enable customers to achieve faster time to market for new products and improved cycle times.

STRENGTHEN CUSTOMER RELATIONSHIPS

We intend to further develop our long-standing customer relationships. We believe that because of today's shortened technology life cycles, integrated communications are crucial to speed time to market. We have customer support personnel located near the facilities of major customers and in acknowledged technology centers. These support personnel work closely with customers to plan production for existing packages as well as to develop requirements for the next generation of packaging technology. In addition, we are implementing direct electronic links with our customers to enhance communication and facilitate the flow of real-time engineering data and order information.

PURSUE STRATEGIC ACQUISITIONS

We are evaluating candidates for strategic acquisitions and joint ventures to strengthen our core business and expand our geographic reach. We believe that there are many opportunities to acquire the in-house packaging factories of our customers and competitors. To the extent we acquire facilities of our customers, we intend to structure any such acquisition to include long-term supply contracts with those customers. In addition, we intend to enter new markets near clusters of wafer foundries, which are large sources of demand for packaging and test services.

PACKAGING AND TEST SERVICES

PACKAGING SERVICES

We offer a broad range of package formats designed to provide our customers with a full array of packaging solutions. Our packages are divided into three families: traditional leadframe, advanced leadframe and laminate, as described below.

Semiconductor packages have evolved from traditional leadframe to advanced leadframe to laminate in response to the increasing demands of today's high-performance electronic products. The differentiating characteristics of these packages include: (1) the size of the package, (2) the number of electrical connections the package can support and (3) the thermal and electrical requirements of the package.

As the size of semiconductor devices shrinks for use in portable computers and wireless telecommunications products, the size of packages must also shrink. In leading-edge packages, the size of the package is reduced to approximately the size of the individual chip itself, in a process known as chip scale packaging.

The number of electrical connections on a semiconductor device is an important factor in determining its end use in electronic products. As semiconductor devices increase in complexity, the number of electrical connections that is required also increases. Leadframe products have electrical connections from the semiconductor device to the electronic product through leads on the perimeter of the package. Our newer laminate products use balls on the bottom of the package to create the electrical connections and can support larger numbers of electrical connections. These products are called ball grid array or BGA products.

Advanced thermal and electrical characteristics of a particular package improve the functionality and durability of today's high-powered semiconductor devices. For example, a copper layer in a package can help reduce thermal wear on the semiconductor device and improve its electrical conductivity.

The following table sets forth by product type, for the periods indicated, the amount of our packaging and test net revenues in millions of dollars and the percentage of such net revenues:

	YEAR ENDED DECEMBER 31,					
	2000		1999		1998	
	(DOLLARS IN MILLIONS)					
Traditional leadframe	$ 648	32.2%	$ 560	34.6%	$ 603	41.5%
Advanced leadframe	508	25.3	412	25.5	343	23.6
Laminate	720	35.8	561	34.7	438	30.2
Test and other	134	6.7	84	5.2	68	4.7
Total packaging and test net revenues	$2,010	100.0%	$1,617	100.0%	$1,452	100.0%

In addition, we had $378 million, $293 million and $116 million of net

revenues from wafer fabrication services in 2000, 1999 and 1998, respectively.

Traditional Leadframe Packages

Traditional leadframe packages are the most widely used package family and are characterized by a chip encapsulated in a plastic mold compound with metal leads on the perimeter. This package family has evolved from a design where the leads are plugged into holes on the circuit board to a design where the leads are

soldered to the surface of the circuit board. We offer a wide range of lead counts and body sizes to satisfy variations in the size of customers' semiconductor devices. Continuous engineering and customization has reduced the footprint of the package on the circuit board and improved the electrical performance of the package. In addition, we have designed package types to dissipate the heat generated by high-powered semiconductor devices. Such "power" designs are advancements on our small outline package (SOP) and metric quad flat package (MQFP) and are called PowerSOP(R) and PowerQuad(R).

The following table presents our traditional leadframe packages, including the number of leads and the description of and end uses for each package format.

PACKAGE FORMAT	NUMBER OF LEADS	DESCRIPTION	END USES
Plastic Dual In-line Package -- PDIP.....	8-48	General purpose plastic package used in consumer electronic products	Games, telephones, televisions, audio equipment and computer peripherals
Shrink PDIP -- SPDIP.....	30-64	General purpose plastic packages used in consumer electronic product	Games, telephones, televisions, audio equipment and computer peripherals
Hermetic.....	Custom	Ceramic package used in high-reliability applications	Military, space and commercial aviation products, airbags and photonics
Plastic Leaded Chip Carrier -- PLCC.....	20-84	Package with leads on four sides used in a consumer electronics and products in which the size of the package is not vital	Copiers, printers, scanners, desktop personal computers, electronic games and monitors
Small Outline Integrated Circuit -- SOIC.....	8-44	Small leadframe package designed for applications requiring low height	Pagers, cordless telephones, fax machines, copiers, printers, computer peripherals, audio and video products and automotive systems
Metric Quad Flat Package -- MQFP.....	44-304	Package with leads on four sides designed for advanced processors, controllers, digital signal processors (DSPs) and application specific integrated circuits (ASICs)	Desktop personal computers, consumer and industrial products, commercial and office equipment and automotive systems
PowerQuad(R).....	64-304	Higher-performance, thermally-enhanced quad flat package (QFPs)	High-performance computers such as workstations and servers, disk drives, central processing units (CPUs), audio telecommunications products
PowerSOP(R).....	8-36	Higher-performance, thermally-enhanced SOIC package	Pagers, disk drives, wireless telecommunications products, automotive systems and industrial products
Small Outline Transistor			

Package -- SOT 23/SC-70..	5-6	Simple logic & FETS	Cell phones, pagers and wireless applications

Advanced Leadframe Packages

Our advanced leadframe packages are similar in design to our traditional leadframe packages. However, the advanced leadframe packages generally are thinner and smaller, have more leads and have advanced thermal and electrical characteristics.

The thin small outline packages (TSOPs), thin shrink small outline packages (TSSOPs), and shrink small outline packages (SSOPs) are smaller than our traditional small outline integrated circuit (SOIC) package. The thin quad flat package (TQFP) is a smaller version of the metric quad flat package (MQFP). We also offer power versions of these package types to dissipate heat generated by high-powered semiconductor devices. We plan to continue to develop increasingly smaller versions of these packages to keep pace with continually shrinking semiconductor device sizes and demand for miniaturization of portable electronic products.

The following table presents our advanced leadframe packages, including the number of leads and the description of and end uses for each package format.

PACKAGE FORMAT	NUMBER OF LEADS	DESCRIPTIONS	END USES
Thin Quad Flat Package -- TQFP.....	32-216	Designed for lightweight, portable electronics requiring broad performance characteristics	Laptop computers, desktop personal computers, disk drives, office equipment, audio and video products and telecommunications and wireless telecommunications products
Thin Small Outline Package -- TSOP.....	28-48	Package designed for high-volume production of low lead-count memory devices such as FLASH, SRAM and DRAM	Laptop computers, desktop personal computers, still and video cameras, and standard connections for peripherals to computers (PCMCIA)
Thin Shrink Small Outline Package -- TSSOP.....	8-80	Smaller version of TSOP designed for logic and analog devices and memory devices such as FLASH, SRAM, EPROM, EEPROM and DRAM	Disk drives, recordable optical disks, audio and video products, consumer electronics and telecommunications products
Shrink Small Outline Package -- SSOP.....	8-56	Smallest of the SOP packages designed for portable products which require reduced size and weight	Pagers, disk drives, portable audio and video products and wireless telecommunications products
MicroLeadframe(TM).....	4-68	Package designed for low lead-count devices requiring reduced size and improved thermal and electrical performance	Telecommunications and wireless telecommunications products and personal digital assistants (PDAs)
ePad(TM), ExposedPad(TM)...	8-208	Thermally and electrically-enhanced TQFP and TSSOP packages	Pagers, disk drives and wireless telecommunications products
Multi-Chip Package -- MCP.....	8-44	Package designed to integrate two or more die to maximize their operating performance	FLASH memory devices, audio and video products, portable consumer electronics, telecommunications and wireless telecommunications products and electronic

Laminate Packages

The laminate family is our newest package offering. This family employs the ball grid array design which utilizes a plastic or tape laminate substrate rather than a leadframe substrate and places the electrical connections on the bottom of the package rather than around the perimeter.

The ball grid array format was developed to address the need for higher lead counts required by advanced semiconductor devices. As the number of leads surrounding the package increased, packagers increased the proximity of the leads to one another in an attempt to maintain the size of the package. The nearness of one lead to another resulted in electrical shorting problems, and required the development of increasingly sophisticated and expensive techniques for producing circuit boards to accommodate the high number of leads.

The ball grid array format solved this problem by effectively creating leads on the bottom of the package in the form of small bumps or balls. These balls can be evenly distributed across the entire bottom surface of the package, allowing greater distance between the individual leads. For the highest lead count devices, the ball grid array configuration can be manufactured less expensively and requires less delicate handling at installation.

Our first package format in this family was the plastic ball grid array (PBGA). We have subsequently designed or licensed additional ball grid array package formats that have superior performance characteristics and features that enable low-cost, high-volume manufacturing. These new laminate products include:

- SuperBGA(R), which includes a copper layer to dissipate heat and is designed for low-profile, high-power applications;

- BGA(R), which is designed to be approximately the same size as the chip and uses a thinner tape substrate rather than a plastic laminate substrate; and

- ChipArray(R) BGA, which allows the package to be as small as 1.5 mm larger than the chip itself.

ChipArray(R) BGA, TapeSuper BGA(R), TapeArray(TM)BGA and WaferScale Chip Scale Package are extensions of other ball grid array packages that further reduce package size and increase manufacturing efficiency.

The following table presents our laminate packages, including the number of leads and the description of and end uses for each package format.

PACKAGE FORMAT	NUMBER OF LEADS	DESCRIPTION	END USES
Plastic Ball Grid Array -- PBGA.....	119-928	Ball grid array package designed for applications which require high performance	Laptop computers, disk drives, video cameras, global positioning systems (GPS), wireless telecommunications products and standard connections for peripherals to computers (PCMCIA)
SuperBGA(R).....	168-600	Higher-performance, thermally-enhanced BGA package designed for digital signal processors (DSPs), application specific integrated (ASICs) and microprocessors	Laptop and palmtop computers, personal digital assistants (PDAs), video graphical user interfaces (video GUI), central processing units (CPUs) and wireless telecommunications products circuits

fleXBGA(R).....	132-672	Low-profile package designed to support a densely-packed ball grid array for high lead count devices	Laptop computers, disk drives, pagers, video products and wireless telecommunications products

PACKAGE FORMAT	NUMBER OF LEADS	DESCRIPTION	END USES
Micro Ball Grid Array -- BGA(R).....	8-100	Package approximately the size of the die designed for applications which require small size and light weight such as memory devices, including FLASH, SRAM and Rambus DRAM, microprocessors, and applications specific integrated circuits (ASICs)	Laptop and palmtop computers, disk drives, personal digital assistants (PDAs), video products, portable consumer products and wireless telecommunications products
ChipArray(R) BGA.....	8-208	Extension of PBGA package designed for logic, analog and memory devices and application specific integrated circuits (ASICs)	Laptop and palmtop computers, personal digital assistants (PDAs), global positioning systems (GPS), telecommunications and wireless telecommunications products
TapeSuperBGA(R).....	256-696	Extension of SuperBGA(R) package designed for high lead count devices	High-performance computers such as workstations and servers, data communication products and internet routers
TapeArray(TM) BGA.....	48-256	Extension of fleXBGA(R) package designed for logic, analog and memory devices and application specific integrated circuits (ASICs)	Palmtop computers, disk drives, personal digital assistants (PDAs), global positioning systems (GPS), digital consumer electronics and wireless telecommunications products
WaferScale Chip Scale Package -- wsCSP(TM)....	40-200	Extension of BGA(R) package designed for logic and memory devices and other low lead counts devices	Laptop and palmtop computers, personal digital assistants (PDAs) and telecommunications and wireless telecommunications products
Flip Chip BGA.....	36-1900	Package with latest interconnect technology that delivers improved electrical performance to devices requiring a large number of leads in a small package	High-performance computers such as workstations and servers, data communications products and internet routers
Multi-Chip Package PBGA -- MCP PBGA.....	119-456	Extension of PBGA package designed to integrate two or more logic, analog and memory devices and application specific integrated circuits (ASICs) to maximize their operating performance	Modems, wireless telecommunications products and electronic automotive components
High-Performance BGA -- HPBGA.....	300-1000	Cavity type laminate package	Network servers, Internet router and wireless base stations
VisionPak(TM).....	8-48	Ceramic ball grid array	Bar code scanners, digital

or custom	package in which photographic-quality glass is mounted above the die	still cameras, digital video conferencing and electronic toys

Test Services

We also provide our customers with services to test the specifications of semiconductor devices. We have the capability to test digital logic, analog and mixed signal products. Although test services accounted for only 6.7%, 5.2% and 4.7% of our net revenues and were performed on only 17%, 17% and 14% of the total units shipped in 2000, 1999 and 1998, respectively, we believe that our ability to provide both packaging and test services at the same location provides us with a competitive advantage.

System in Package (SiP)

To capitalize on an increasing customer demand for multi-chip modules, we created our "System-in-Package" (SiP) business unit. A SiP module is an integrated solution that uses both advanced packaging and traditional surface mount techniques to enable the combination of otherwise incompatible technologies in a single, highly reliable package. By integrating various system elements into a single-function block, the SiP module delivers space and power efficiency, high performance, and lower production costs. SiP technology has been utilized in manufacturing of wireless technology, memory cards and sensors. Our SiP revenues for 2000 were $6.8 million. We expect to continue to build our SiP infrastructure and production capabilities and broaden our product offering in 2001.

WAFER FABRICATION SERVICES

In January 1998, we entered into a supply agreement with ASI to market wafer fabrication services provided by ASI's semiconductor wafer fabrication facility. Using .25 micron and .18 micron complementary metal oxide silicon ("CMOS") process technology provided by Texas Instruments, this facility currently has a capacity to produce 28,000 eight-inch wafers per month. The wafer fabrication facility primarily manufactures digital signal processors ("DSPs"), application-specific integrated circuits ("ASICs") and other logic devices, which are found in many advanced electronic products.

We plan to continue to focus our semiconductor technology development efforts to serve the high-performance digital logic market. However, as technological capability evolves and the need for new CMOS designs arises, we anticipate adding embedded memory and special analog functionality to our core CMOS technology. We can provide a complete turnkey solution comprised of wafer fabrication, packaging and test services. We believe that this will enable customers to achieve faster time to market for new products and reduce manufacturing costs.

Agreements With ASI and Texas Instruments

Texas Instruments and our company have entered into a Manufacturing and Purchase Agreement pursuant to which Texas Instruments has agreed to purchase from us at least 40% of the capacity of ASI's wafer fabrication facility, and under certain circumstances has the right to purchase 70% of the wafer fabrication facility's capacity.

The Texas Instruments Manufacturing and Purchasing Agreement terminates on December 31, 2007, unless it has been previously terminated. The agreement may be terminated upon, among other things: (1) the consent of ASI, Texas Instruments and our company, (2) a material breach by ASI, Texas Instruments or our company and (3) the failure of ASI to protect Texas Instruments' intellectual property. During any such two-year notice period, Texas Instruments will only be obligated to purchase a minimum of 20% of the wafer fabrication facility's capacity.

Under the Texas Instruments Technology Agreements, ASI has a license to use Texas Instruments' technology only to provide wafer fabrication services to Texas Instruments. For more information regarding the risks to our company of this relationship and ASI's limited technology license, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risk Factors that May Affect Future Operating Performance" in Item 7 of this annual

report.

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RESEARCH AND DEVELOPMENT

Our research and development efforts focus on developing new package designs and improving the efficiency and capabilities of our existing production processes. We believe that technology development is one of the key success factors in the semiconductor packaging and test market and believe that we have a distinct advantage in this area. Our research and development efforts support our customers needs for smaller packages and increased functionality. We continue to invest our research and development resources to continue the development of our Flip Chip interconnection solutions, our System-in-Package technology, that uses both advanced packaging and traditional surface mount techniques to enable the combination of technologies in a single chip, and our Chip Scale packages that are nearly the size of the semiconductor die.

We employ approximately 350 persons in research and development activities. In addition, we involve management and operations personnel in research and development activities. In 2000, 1999 and 1998, we spent $26.1 million, $11.4 million and $8.3 million, respectively, on research and development. We expect to continue to invest in research and development.

We intend to continue to develop leading-edge packaging technologies. We believe that our focus on research and product development will enable us to enter new markets early, capture market share and promote the adoption of our new package designs as industry standards. We seek to enhance our in-house research and development capability through the following activities:

- We are collaborating with customers to gain access to technology roadmaps for the next generation of semiconductor designs;

- We are collaborating with companies, such as Toshiba Corporation, SanDisk Corporation, Ericsson Corporation, and Nokia Group, which purchase semiconductor devices from our customers, to design new packages that function with the next generation of electronic products; and

- We are implementing new package designs by entering into technology alliances and by licensing leading-edge designs from others. For example, we have entered into a strategic alliance with Sharp Corporation to promote chip scale packaging with fleXBGA(R). We have licensed from Tessera, Inc. their BGA(R) design. We have also licensed "flip-chip" package technology from LSI Logic Corporation.

MARKETING AND SALES

We sell our packaging and test services and wafer fabrication services to our customers and support them through a network of international offices. To better serve our customers, our offices are located near our largest customers or near a concentration of several of our customers. Our office locations include sites in the U.S. (Austin, Texas; Boise, Idaho; Boston, Massachusetts; Chandler, Arizona; Dallas, Texas; Greensboro, North Carolina; Santa Clara, California; and West Chester, Pennsylvania), France, Singapore, Taiwan, the Philippines, Japan and Korea. We have historically derived a substantial majority of our net revenues from U.S.-based customers.

To provide comprehensive sales and customer service, we assign each of our customers a direct team consisting of an account manager, a technical program manager and one or more customer support representatives. We also typically support our largest multinational customers from multiple offices.

The direct teams are closely supported by an extended staff of product managers, process and reliability engineers, marketing and advertising specialists, information systems technicians and factory personnel. Together, these direct and extended teams deliver an array of services to our customers. These services include: (1) providing information and expert advice on packaging solutions and trends, (2) managing the start-up of specific packaging and test programs, (3) providing a continuous flow of information to the customers regarding products and programs in process and (4) researching and helping to resolve technical and logistical issues.

We are implementing direct electronic links with our customers to enhance communication and facilitate the flow of real-time engineering data and order information. These links connect our customers to our sales and marketing personnel worldwide and to our factories in the Philippines and in Korea.

CUSTOMERS

We currently have more than 220 customers, and our customers include many of the largest semiconductor companies in the world. The table below lists our top 50 customers in 2000:

Adaptec, Inc.
Advanced Micro Devices, Inc.
Agere Systems, Inc. (Formerly Lucent)
Agilent Technologies
Alcatel Mietec
Altera Corporation
American Micro Systems, Inc.
Analog Devices, Inc.
Atmel Corporation
Austria Mikro Systeme
Broadcom Corporation
Cirrus Logic
Conexant
Ericsson Components AB
Fairchild Semiconductor Corporation
IC Works Inc.
Infineon Technologies AG
Integrated Circuit Systems, Inc.
Integrated Device Technology, Inc.
Intel Corporation
International Business Machines Corp.
International Rectifier
Intersil Corporation
Lattice Semiconductor Corporation
Level One Communications, Inc.
LSI Logic Corporation
Maxim Integrated Circuits
Microchip Technology Inc.
Mitel Semiconductor
Motorola, Inc.
National Semiconductor Corp.
NEC Corporation Ltd.
NeoMagic Corporation
ON Semiconductor
Philips Electronics
Photobit Corporation
PMC-Sierra Inc.
R.F. Micro Devices
Robert Bosch GmbH
SEC-Onyane
Silicon Storage Technology, Inc.
Sony Corporation
ST Microelectronics PTE
Taiwan Semiconductor
Texas Instruments, Inc.
Toshiba
Via Technologies Inc.
Vishay Intertechnology
Windbond Electronics Corporation
Xilinx, Inc.

We derive substantially all of our wafer fabrication revenues from Texas Instruments (TI). Total net revenues derived from TI accounted for 14.1% and 16.5% of net revenues in 2000 and 1999, respectively. Revenues for services provided to TI prior to 1999 were less than 10%. Intel Corporation, accounted for approximately 14.1% and 20.6% of net revenues in 1999 and 1998, respectively. Revenues for services provided to Intel for 2000 did not exceed 10%. Our company's five largest customers collectively accounted for 34.8%, 43.6% and 41.6% of net revenues in 2000, 1999 and 1998, respectively. The companies that constitute our five largest customers vary. For 2000, we had eleven customers that each represented greater than 3% of our net revenues and that group collectively accounted for 55.6% of our net revenues.

MATERIALS AND EQUIPMENT

Our packaging operations depend upon obtaining adequate supplies of materials and equipment on a timely basis. The principal materials used in our packaging process are leadframes or laminate substrates, gold wire and molding compound. We purchase materials based on customer orders, and our customers are generally responsible for any unused materials in excess of the quantity that they indicated that they would need.

We work closely with our primary material suppliers to insure that materials are available and delivered on time. Moreover, we also negotiate worldwide pricing agreements with our major suppliers to take advantage

of the scale of our operations. We are not dependent on any one supplier for a substantial portion of our material requirements.

Our packaging operations and our expansion plans also depend on obtaining adequate supplies of manufacturing equipment on a timely basis. We work closely with major equipment suppliers to insure that equipment is delivered on time and that the equipment meets our stringent performance specifications.

For a discussion of additional risks associated with our materials and equipment suppliers, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risk Factors that May Affect Future Operating Performance" in Item 7 of this annual report.

ENVIRONMENTAL MATTERS

For a discussion of the environmental issues and risks facing us, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risk Factors that May Affect Future Operating Performance -- Environmental Regulations" in Item 7 of this annual report.

COMPETITION

The independent semiconductor packaging and test market is very competitive. Our company along with our 12 principal competitors accounted for approximately 89% of the outsourced packaging and test market.

We face substantial competition from established packaging and test service providers primarily located in Asia, including companies with significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities. These companies include Advanced Semiconductor Engineering, Inc., ASE Test Limited, ASAT Ltd., Astra International, Carsem Bhd., ChipPAC Incorporated, Oriental Semiconductor Engineering, ST Assembly and Test Services, Siliconware Precision Industries Co., Ltd. and Shinko Electric Industries Co., Ltd. Such companies have also established relationships with many large semiconductor companies that are current or potential customers of our company. On a larger scale, we also compete with the internal semiconductor packaging and test capabilities of many of our customers.

The principal elements of competition in the independent semiconductor packaging market include: (1) breadth of package offering, (2) technical competence, (3) new package design and implementation, (4) manufacturing yields, (5) manufacturing cycle times, (6) customer service and (7) price. We believe that we generally compete favorably with respect to each of these factors.

The independent wafer fabrication business is also highly competitive. Our wafer fabrication services compete primarily with independent semiconductor wafer foundries, including those of Chartered Semiconductor Manufacturing, Inc., Taiwan Semiconductor Manufacturing Company, Ltd. and United Microelectronics Corporation. Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities and has been operating for some time. We also expect to compete with device manufacturers that provide semiconductor wafer fabrication facility services for other semiconductor companies, such as LG Semicon Co., Ltd., Hitachi, Ltd., Toshiba Corp. and Winbond Electronics Corporation. Each of these independent semiconductor wafer foundries, and many of these companies have also established relationships with many large semiconductor companies that are

current or potential customers of our company.

The principal elements of competition in the wafer fabrication facility market include: (1) technical competence, (2) new semiconductor wafer design and implementation, (3) manufacturing yields, (4) manufacturing cycle times, (5) customer service and (6) price. As with the independent semiconductor packaging market, we believe that we generally compete favorably with respect to each of these factors.

INTELLECTUAL PROPERTY

As of February 2001, we held 88 U.S. patents, and we had 206 pending patents and we were preparing an additional 55 patent applications for filing. In addition to the U.S. patents we held 619 patents in foreign jurisdictions. We expect to continue to file patent applications when appropriate to protect our proprietary

technologies, but we cannot assure you that we will receive patents from pending or future applications. In addition, any patents we obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us. We also enter into agreements with other developers of packaging technology to license or otherwise obtain certain process or packaging technologies.

We may need to enforce our patents or other intellectual property rights or to defend our company against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources. If we fail to obtain necessary licenses or if we face litigation relating to patent infringement or other intellectual property matters, our business could suffer.

Although we are not currently a party to any material litigation, the semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. If any third party makes a valid claim against our company or ASI, our company or ASI could be required to: (1) discontinue the use of certain processes, (2) cease the manufacture, use, import and sale of infringing products, (3) pay substantial damages, (4) develop non-infringing technologies or (5) acquire licenses to the technology we had allegedly infringed. Our business, financial condition and results of operations could be materially and adversely affected by any of these negative developments.

EMPLOYEES

As of December 31, 2000, we had approximately 22,715 full-time employees. Of these employees, 18,680 were engaged in manufacturing, 2,515 were engaged in manufacturing support, 350 were engaged in research and development, 290 were engaged in marketing and sales and 880 were engaged in finance, business management and administration. We believe that our relations with our employees are good. We have never experienced a work stoppage in any of our factories. Our employees in the U.S. and the Philippines are not represented by a collective bargaining unit. Certain members of our factories in Korea are members of a union, and all employees at these factories are subject to collective bargaining agreements.

ITEM 2. PROPERTIES

We provide packaging and test services through our four factories in the Philippines and our four factories in Korea. We also source wafer fabrication services from ASI's semiconductor wafer fabrication facility located in Korea pursuant to a supply agreement. In addition, we have a research and development facility at our Chandler, Arizona site.

We believe that total quality management is a vital component of our advanced manufacturing capabilities. We have established a comprehensive quality operating system designed to: (1) promote continuous improvements in our products and (2) maximize manufacturing yields at high volume production without sacrificing the highest quality standards. The majority of our factories are ISO9001, ISO9002, ISO14001, QS9000 and SAC Level I certified. Additionally, as we acquire or construct additional factories we commence the quality certification process to meet the certification standards of our existing

facilities. We believe that many of our customers prefer to purchase from quality certified suppliers. In addition to providing world-class manufacturing services, our factories in the Philippines and Korea provide purchasing, engineering and customer service support.

The size, location, and manufacturing services provided by each of our company's and ASI's factories, are set forth in the table below.

LOCATION	APPROXIMATE FACTORY SIZE (SQUARE FEET)	SERVICES
OUR FACTORIES		
Muntinlupa, Philippines(P1)	547,000	Packaging and test services Packaging and process development
Muntinlupa, Philippines(P2)	112,000	Packaging services
Province of Laguna, Philippines(P3)	406,000	Packaging and test services
Province of Laguna, Philippines(P4)	200,000	Test services
Seoul, Korea(K1)	670,000	Packaging services Package and process development
Pucheon, Korea(K2)	271,000	Packaging services
Pupyong, Korea(K3)	428,000	Packaging and test services
Kwangju, Korea(K4)	779,000	Packaging and test services
Wichita, KS	30,000	Test services
San Jose, CA	23,000	Test services
ASI'S FACTORY		
Pucheon, Korea	480,000	Wafer fabrication services

In January 2001, we began operating a 140,000 square foot packaging and test factory in Japan through a joint venture with Toshiba Corporation. Also in January 2001, we announced our intention to open a 115,000 square foot packaging and test manufacturing facility in China.

Our operational headquarters is located in Chandler, Arizona, and our administrative headquarters is located in West Chester, Pennsylvania. In addition to an executive staff, the Chandler, Arizona campus houses: (1) sales and customer service for the southwest region, (2) product management planning and marketing and (3) a 121,000 square foot center for technical design and research and development. The West Chester location houses finance and accounting, legal, and information systems, and serves as a satellite sales office for our eastern sales region.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business we may be involved in legal proceedings from time to time. As of the date of this annual report, there are no material proceedings pending against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth fiscal quarter of the fiscal year ended December 31, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the Nasdaq National Market under the symbol "AMKR." Public trading of the common stock began on May 1, 1998. Prior to that, there was no public market for our common stock.

The following table sets forth, for the periods indicated, the high and low sale price per share of our common stock as quoted on the Nasdaq National Market.

	HIGH	LOW
2000		
First Quarter	$64.5625	$24.6875
Second Quarter	61.6250	29.1875
Third Quarter	38.8125	22.3750
Fourth Quarter	26.3750	12.0000
1999		
First Quarter	$12.5625	$ 7.1875
Second Quarter	10.6250	7.0938
Third Quarter	22.8750	9.1250
Fourth Quarter	29.5625	15.6250

There were approximately 257 holders of record as of February 28, 2001 of our common stock.

DIVIDEND POLICY

We currently expect to retain future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. In addition, our secured bank debt agreements and the indentures governing our senior, senior subordinated and convertible subordinated notes restrict our ability to pay dividends.

RECENT SALES OF UNREGISTERED SECURITIES

In April and May 2000 we raised an aggregate of $410 million in equity financing through the sale to a group of private investors an aggregate of 20.5 million shares of our common stock at a price of $20.00 per share. In addition, we issued these investors four-year warrants for an aggregate of 3.9 million shares of common stock with a strike price of $27.50 per share. The common stock and warrants were issued in reliance on Rule 506 promulgated under the Securities Act of 1933, as amended. We used the net proceeds from this financing to partially fund the acquisition of three semiconductor packaging factories from Anam Semiconductor, Inc.

On March 17, 2000, we issued $258.75 million (including amounts issued pursuant to the exercise of an over-allotment exercise) of principal of 5% convertible subordinated notes due 2007 (the "Notes") to a group of initial purchasers. The Notes were issued in reliance on Rule 144A and Regulation S promulgated under the Securities Act of 1933, as amended. We subsequently registered the Notes for resale by the holders of the Notes in a Registration Statement on Form S-3 filed with the Securities and Exchange Commission on June 19, 2000 (File No. 333-39642), as amended. The Notes are convertible into our common stock at the option of the holder at any time prior to maturity at a conversion price of $57.34 per share. The Notes are subordinated in right of payment to all of our existing and future senior debt. We used the net proceeds of the offering to partially fund the acquisition of three semiconductor packaging factories from Anam Semiconductor, Inc.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

We have derived the selected historical consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 2000 from our consolidated financial statements. You should read the selected consolidated financial data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes, included elsewhere in this annual report.

We have presented amortization of goodwill and acquired intangibles as a separate line item below gross profit. Previously reported amounts have been reclassified from cost of revenues to conform with the current presentation.

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
INCOME STATEMENT DATA:					
Net revenues	$2,387,294	$1,909,972	$1,567,983	$1,455,761	$1,171,001
Cost of revenues -- including purchases from ASI	1,782,158	1,560,816	1,307,150	1,242,669	1,022,078
Gross profit	605,136	349,156	260,833	213,092	148,923
Operating expenses:					
Selling, general and administrative	192,623	144,538	118,392	103,021	66,465
Research and development	26,057	11,436	8,251	8,525	10,930
Amortization of goodwill and other acquired intangibles	63,080	17,105	1,454	705	160
Total operating expenses	281,760	173,079	128,097	112,251	77,555
Operating income	323,376	176,077	132,736	100,841	71,368
Other (income) expense:					
Interest expense, net	119,840	45,364	18,005	32,241	22,245
Foreign currency (gain) loss	4,812	308	4,493	(835)	2,961
Other (income) expense, net(a)	1,295	25,117	9,503	8,429	3,150
Total other (income) expense	125,947	70,789	32,001	39,835	28,356
Income before income taxes, equity in income (loss) of investees and minority interest	197,429	105,288	100,735	61,006	43,012
Provision for income taxes(b)	22,285	26,600	24,716	7,078	7,876
Equity in income (loss) of investees(c)	(20,991)	(1,969)	--	(17,291)	(1,266)
Minority interest(d)	--	--	559	(6,644)	948
Net income(b)	$ 154,153	$ 76,719	$ 75,460	$ 43,281	$ 32,922
Basic net income per common share	$ 1.06	$ 0.64	$ 0.71	$ 0.52	0.40
Diluted net income per common share	$ 1.02	$ 0.63	$ 0.70	$ 0.52	0.40
Pro Forma Data (Unaudited)(b):					
Historical income before income taxes, equity in income (loss) of investees and minority interest			$ 100,735	$ 61,006	$ 43,012
Pro forma provision for income taxes			29,216	10,691	10,776
Pro forma income before equity in income (loss) of investees and minority interest			71,519	50,315	32,236
Historical equity in income (loss)of investees(c)			--	(17,291)	(1,266)
Historical minority interest			559	(6,644)	948
Pro forma net income			$ 70,960	$ 39,668	$ 30,022

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Basic pro forma net income per common share			$ 0.67	$ 0.48	$ 0.36
Diluted pro forma net income per common share			$ 0.66	$ 0.48	$ 0.36
Shares used in computing pro forma basic net income per common share	145,806	119,341	106,221	82,610	82,610
Shares used in computing pro forma diluted net income per common share	153,223	135,067	116,596	82,610	82,610
OTHER FINANCIAL DATA:					
Depreciation and amortization	$ 332,909	$ 180,332	$ 119,239	$ 81,864	$ 57,825
Capital expenditures	480,074	242,390	107,889	178,990	185,112
BALANCE SHEET DATA:					
Cash and cash equivalents	93,517	98,045	227,587	90,917	49,664
Short-term investments	--	136,595	1,000	2,521	881
Working capital (deficit)	102,586	194,352	191,383	(38,219)	36,785
Total assets	3,393,284	1,755,089	1,003,597	855,592	804,864
Total long-term debt	1,585,536	687,456	221,846	346,710	402,338
Total debt, including short-term borrowings and current portion of long-term debt	1,659,122	693,921	260,503	514,027	594,151
Stockholders' equity	1,314,834	737,741	490,361	90,875	45,812

(a) In 1999 we recognized a pre-tax loss of $17.4 million as a result of the early conversion of $153.6 million principal amount of our 5 3/4% convertible subordinate notes due 2003.

(b) Prior to our reorganization in April 1998, our predecessor, Amkor Electronics, Inc. ("AEI"), elected to be taxed as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. As a result AEI did not recognize any provision for federal income tax expense during the periods presented. The pro forma provision for income taxes reflects the U.S. federal income taxes that would have been recorded if AEI had been a C Corporation during these periods.

(c) In 1997, we recognized a loss of $17.3 million resulting principally from the impairment of value of our prior investment in ASI, which we sold in February 1998.

(d) Represents ASI's 40% interest in the earnings of Amkor/Anam Pilipinas, Inc. ("AAP"), one of our subsidiaries in the Philippines. We purchased ASI's interest in AAP with a portion of the proceeds from our initial public offering in May 1998.

ITEM 7. 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 anticipated growth in the market for our products, (2) our anticipated capital expenditures and financing needs, (3) our expected capacity utilization rates, (4) our belief as to our future operating performance, (5) statements regarding the future of our relationship with ASI and (6) 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" and "Business." The following discussion provides information and analysis of our results of operations for the three years ended December 31, 2000 and our liquidity and capital resources. You should read the following discussion in conjunction with "Selected Historical Consolidated Financial Data" and our consolidated financial statements and the related notes, included elsewhere in this annual report.

INDUSTRY AND BUSINESS OUTLOOK

Amkor is the world's largest independent provider of semiconductor packaging and test services. The company has built a leading position through: (i) one of the industry's broadest offerings of packaging and test services, (ii) expertise in the development and implementation of packaging and test technology, (iii) long-standing relationships with customers, and (iv) advanced manufacturing capabilities. We also market the wafer fabrication output provided by a foundry owned by Anam Semiconductor, Inc. (ASI). We currently have more than 220 customers and our customers include 46 of the 50 largest semiconductor companies. The semiconductors that we package and test for our customers are ultimately components in communications, computer, industrial, consumer, automotive and military systems.

Our business is tied to market conditions in the semiconductor industry, which is highly cyclical. Based on industry estimates, from 1978 through 2000, there were 10 years when semiconductor industry growth was 10 percent or less and 13 years when growth was 19% or greater. The strength of the semiconductor industry is dependent upon the strength of the computer and communications systems markets. Since 1970, the semiconductor industry declined in 1975, 1985, 1996 and 1998. The semiconductor industry began to expand subsequent to the 1998 downturn with a growth rate of 19% and 36% in 1999 and 2000. Our growth rate in 1999 and 2000 was 22% and 25%, respectively. The historical trends in the

semiconductor industry are not necessarily indicative of the results of any future period. The semiconductor industry has weakened significantly during the fourth quarter of 2000 and conditions are expected to remain weak into 2001. Our customers have reduced their forecasts as a result of the broad weakness in the semiconductor industry, uncertainty about end market demand, and excess inventory across the semiconductor industry supply chain. The significant uncertainty throughout the industry is hindering the visibility throughout the supply chain and that lack of visibility makes it difficult to forecast the end of the weakness in the semiconductor industry. The weaker demand is expected to adversely impact our results in 2001.

Prices for packaging and test services and wafer fabrication services have declined over time. We have been able to partially offset the effect of price declines by successfully developing and marketing new packages with higher prices, such as advanced leadframe and laminate packages, negotiating lower prices with our material vendors, and driving engineering and technological changes in our packaging and test processes which resulted in reduced manufacturing costs. We cannot assure you that we will be able to offset any such price declines in the future.

The weakness in the semiconductor industry is also adversely affecting the demand for the wafer output from ASI's foundry. Beginning in the fourth quarter and continuing into the first quarter of 2001, demand for wafers deteriorated as a result of the weakness in the semiconductor industry and uncertainty about end market demand. The capacity utilization of ASI's wafer foundry was approximately 47% in December 2000 as compared with a capacity utilization of approximately 89% for all of 2000. We expect our wafer fabrication services results and ASI's operating results will be adversely impacted in 2001. ASI's results impact us through our recording of our share of their results in accordance with the equity method of accounting.

OVERVIEW OF OUR HISTORICAL RESULTS

Historically we performed packaging and test services at our factories in the Philippines and subcontracted for additional services with ASI which operated four packaging and test facilities in Korea. In May 1999, we acquired K4, one of ASI's packaging and test facilities, and in May 2000 we acquired ASI's remaining packaging and test facilities, K1, K2 and K3. With the completion of our acquisition of K1, K2 and K3, we no longer depend upon ASI for packaging or test services, but we continue to market ASI's wafer fabrication services.

Historically, our cost of revenues has consisted principally of: (1) service charges paid to ASI for packaging and test services performed for us, (2) costs of materials and (3) labor and other costs at our factories. Service charges paid to ASI and our gross margins on sales of services performed by ASI were set in accordance with supply agreements with ASI, which provided for periodic pricing adjustments based on changes in forecasted demand, product mix, capacity utilization and fluctuations in exchange rates, as well as our mutual long-term strategic interests. Fluctuations in service charges we paid to ASI have historically had a significant effect on our gross margins. In addition, our gross margins on sales of services performed by ASI have generally been lower than our gross margins on sales of services performed by our factories in the Philippines, but we had not previously borne any of ASI's fixed costs. Effective with our May 2000 acquisition of K1, K2 and K3 and May 1999 acquisition of K4, we bear all of the costs associated with these factories, but we no longer pay service charges to ASI for packaging and test services. We will continue to incur costs of direct materials used in packages that we produce for our customers. Because a portion of our costs at our factories in the Philippines and Korea will remain fixed, increases or decreases in capacity utilization rates may continue to have a significant effect on our gross profit. The unit cost of packaging and test services generally decreases as fixed charges, such as depreciation expense on our equipment, are allocated over a larger number of units produced.

Ongoing Relationship with ASI

Under a wafer fabrication services supply agreement, we have the exclusive right to all of the wafer output of ASI's wafer fabrication facility. Currently we own 42% of ASI's outstanding voting stock. We will continue to report ASI's results in our financial statements through the equity method of accounting. For

more information concerning our relationship with ASI, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risk Factors that May Affect Future Operating Performance."

Financial Impact of Our Acquisition of K1, K2 and K3 and Investment in ASI on Our Results of Operations

Historically we were very dependent on ASI's packaging and test operations. Our dependence on ASI has decreased subsequent to our 1999 acquisition of the K4 factory, and with our May 2000 acquisition of the K1, K2 and K3 factories. Because we historically sold substantially all of the output of K1, K2 and K3, there was not and will not be a significant change in our revenues as a result of this acquisition. Our gross profits improved since the cost to operate the factories is less than the payments made to ASI under our previous supply agreement with ASI. For the period under our ownership, K1, K2 and K3 generated a combined gross margin comparable to other company owned factories. This represented a significant overall improvement in gross margins as compared with the historical gross margins of approximately 11% generated under the previous ASI assembly and test supply agreement.

The favorable increase in gross profits was offset by increased operating expenses related to the operations of K1, K2 and K3 and the amortization of $555.8 million of goodwill and acquired intangibles over a 10 year period. Our interest expense increased due to the total debt we incurred to finance the $950.0 million acquisition of K1, K2 and K3 and our $459.0 million investment in ASI.

Our overall effective tax rate decreased due to the 100% tax holiday that applies for seven years. We then will have a 50% tax holiday for three additional years.

Our earnings included equity in income of ASI for the year ended December 31, 2000 of $4.9 million excluding $24.9 million of amortization of the excess of the cost of our investment in ASI over our share of the underlying net assets.

RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net revenues	100.0%	100.0%	100.0%
Gross profit	25.3	18.3	16.6
Operating income	13.5	9.2	8.5
Income before income taxes, equity in income (loss) of investees and minority interest	8.3	5.5	6.4
Net income	6.5	4.0	4.8

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net Revenues. Net revenues increased $477.3 million, or 25.0%, to $2,387.3 million in 2000 from $1,910.0 million in 1999. Packaging and test net revenues increased 24.3% to $2,009.7 million in 2000 from $1,617.2 million in 1999. Wafer fabrication net revenues increased to $377.6 million in 2000 from $292.7 million in 1999.

The increase in packaging and test net revenues was primarily attributable to a significant increase in unit volumes. Overall unit volume increased approximately 30.3% in 2000 compared to 1999. This overall unit volume increase was driven by a 30.2% unit volume increase for advanced and laminate packages as a result of a broad based demand for such packages. Unit volumes in our traditional lead frame business increased 20.0%. In addition, changes in the mix of products we are selling, to more advanced and laminate packages, also

provided an offset to overall price erosion. Offsetting the growth in unit volumes and favorable changes in product mix was an erosion of the average selling prices across all product lines of approximately 7% for 2000 as compared to 1999. In addition, we believe revenues for the first half of 2000 were adversely effected by advanced wafer capacity limitations at some of our customer locations, a wafer production shift by one of our largest customers and the loss of business in our P3 factory due to a laminate contamination issue all of which occurred in the second quarter of 2000.

The increase in wafer fabrication net revenues represents the expanded capacity of ASI's wafer fabrication facility from 18,000 wafers per month at the end of 1999 to 26,600 wafers per month by the end of 2000. The capacity utilization of ASI's wafer foundry was approximately 47% in December 2000 as compared with a capacity utilization of approximately 89% for all of 2000.

Gross Profit. Gross profit increased $256.0 million, or 73.3%, to $605.1 million, or 25.3% of net revenues, in 2000 from $349.2 million, or 18.3% of net revenues, in 1999.

Gross margins were positively impacted by:

- Increasing unit volumes in 2000, which permitted better absorption of our factories' substantial fixed costs, resulting in a lower manufacturing cost per unit and improved gross margins; and

- Improved gross margin on revenues from the output of K1, K2 and K3 following our acquisition in May 2000 and the benefit of a full year of improved margin on revenues from the output of K4 following our May 1999 acquisition of K4.

The positive impact on gross margins was partially offset by:

- Average selling price erosion across our product lines; and

- Significant levels of capacity expansion and new product line introductions in the Philippines and Korea that have a tendency to lower the gross margins until a base level of customers are qualified.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $48.1 million, or 33.3%, to $192.6 million, or 8.1% of net revenues, in 2000 from $144.5 million, or 7.6% of net revenues, in 1999. The increase in these costs was due to:

- Increased costs related to our Korean factories primarily as a result of the assumption of the general and administrative expenses of K1, K2 and K3 following our acquisition in May 2000 as well as the assumption of a full year or such expenses for K4 which was acquired in May 1999; and

- Increased headcount and related personnel costs within our sales, engineering support and System-in-Package groups.

Research and Development. Research and development expenses increased $14.6 million to $26.1 million, or 1.1% of net revenues, in 2000 from $11.4 million, or 0.6% of net revenues, in 1999. Increased research and development expenses resulted from increased headcount and general development activities, primarily the expansion of our Chandler, Arizona-based research facility and the acquisition of the packaging and test research and development group within ASI related to the K1, K2 and K3 transaction. Our research and development efforts support our customers needs for smaller packages and increased functionality. We continue to invest our research and development resources to continue the development of our Flip Chip interconnection solutions, our System-in-Package technology, that uses both advanced packaging and traditional surface mount techniques to enable the combination of technologies in a single chip, and our Chip Scale packages that are nearly the size of the semiconductor die.

Amortization of Goodwill and Other Acquired Intangibles. Amortization of goodwill and other acquired intangibles increased $46.0 million to $63.1 million from $17.1 million in 1999. Increased amortization expense is a result of our May 2000 acquisition of K1, K2 and K3.

Other (Income) Expense. Other expenses increased $55.1 million, to $125.9

million, or 5.3% of net revenues, in 2000 from $70.8 million, or 3.7% of net revenues, in 1999. The net increase in other expenses was primarily a result of an increase in interest expense of $74.5 million. The increased interest expense resulted from the issuance of $258.8 million of convertible subordinated notes, $750.0 million of secured bank debt and an additional draw of $50.0 million from the revolving credit line to fund our May 2000 acquisition of K1, K2 and K3 and our investment in ASI. Additionally, the increased interest expense resulted from having a full year of interest expense in 2000 related to the May 1999 issuance of senior and senior subordinated notes to fund the K4 acquisition. During the fourth quarter of 1999 and continuing into 2000, we completed an early conversion of a portion of the debt outstanding under the 5.75% convertible subordinated notes due May 2003. Other expenses in 2000 and 1999 included a $0.3 million and $17.4 million non-cash charge, respectively, associated with the early conversion of that debt. Other expenses were favorably impacted by a savings of $3.1 million in accounts receivable securitization charges as a result of the termination of the agreement at the end of March 2000.

Income Taxes. Our effective tax rate in 2000 and 1999 was 11.3% and 25.3%, respectively. The decrease in the effective tax rate in 2000 was due to the higher operating profits at our factories that operate with tax holidays. The tax returns for open years are subject to changes upon final examination. Changes in the mix of income from our foreign subsidiaries, expiration of tax holidays and changes in tax laws and regulations could result in increased effective tax rates for us in the future.

Equity in Loss of Investees. Our earnings included equity in income of ASI in 2000 and 1999 of $4.9 million and $0.5 million, respectively, excluding the amortization of the excess of the cost of our investment above of our share of the underlying net assets of $24.9 million and $2.2 million in 2000 and 1999, respectively. Our investment in ASI increased to 41.6% as of October 2000 from 40.2% as of September 2000, 38.0% as of May 2000 and 18.0% as of October 1999.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Net Revenues. Net revenues increased $342.0 million, or 21.8%, to $1,910.0 million in 1999 from $1,568.0 million in 1998. Packaging and test net revenues increased 11.4% to $1,617.2 million in 1999 from $1,452.3 million in 1998. For the same one-year periods, wafer fabrication net revenues increased to $292.7 million from $115.7 million.

The increase in packaging and test net revenues was primarily attributable to a significant increase in unit volumes, which more than offset significant average selling price erosion across all product lines. The average selling price erosion was most severe in the second half of 1998 and has slowed during 1999 due to increases in product demand and decreases in excess factory capacity. Offsetting this erosion in average selling prices was an overall unit volume increase of approximately 30%. Growth in demand for our services was driven by our customers in the PC and telecommunications industries. Particularly strong was the demand for packages used in cellular phones and internet enabling equipment. In addition, changes in the mix of products we are selling, to more advanced and laminate packages, also provided an offset to overall price erosion. During 1999, advanced and laminate packages, which have higher average selling prices than traditional leadframe products, accounted for 60.2% of packaging and test net revenues compared to 53.8% in 1998.

The significant increase in wafer fabrication net revenues represents the production ramp-up of the wafer fabrication facility, which began operation in January 1998 and did not commence producing at near full installed capacity until the beginning of 1999. ASI plans to expand the capacity of the wafer fabrication facility from 18,000 wafers to 22,000 wafers per month by the end of the first quarter of 2000.

Gross Profit. Gross profit increased $88.3 million, or 33.9%, to $349.2 million, or 18.3% of net revenues, in 1999 from $260.8 million, or 16.6% of net revenues, in 1998.

Gross margins were positively impacted by:

- Improved gross margin on the output of K4 following our acquisition of K4 in May 1999; and

- Increasing unit volumes during the third and fourth quarter of 1999, which permitted better absorption of our factories' substantial fixed costs, resulting in a lower manufacturing cost per unit and improved gross margins.

The positive impact on gross margins was partially offset by:

- Increasing contribution to total revenues from our low margin wafer fabrication services business. In 1999 wafer fabrication services net revenues represented 15.3% of total net revenues compared to 7.4% of total net revenues in 1998. In addition, beginning in 1999, our contractual gross margin for this business under our supply agreement with ASI was reduced to 10% from 15% in 1998; and

- Significant average selling price erosion across all product lines.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $26.1 million, or 22.1%, to $144.5 million, or 7.6% of net revenues, in 1999 from $118.4 million, or 7.6% of net revenues, in 1998. The increase in these costs was due to:

- Increased headcount and related personnel costs at our marketing, sales and wafer fabrication departments;

- Increased headcount and related personnel costs at our P3 factory, which continued to increase production capacity; and

- Increased costs related to the consolidation of K4 factory operations during the second quarter of 1999 and general and administrative expenses, including fees paid to ASI under the transition services agreement.

Research and Development. Research and development expenses increased $3.2 million, or 38.6%, to $11.4 million, or 0.6% of net revenues, in 1999 from $8.3 million, or 0.5% of net revenues, in 1998. Increased research and development expenses resulted from increased headcount and general development activities, primarily the expansion of our Chandler, Arizona-based research facility.

Amortization of Goodwill and Other Acquired Intangibles. Amortization of goodwill and other acquired intangibles increased $15.7 million to $17.1 million from $1.5 million in 1998. Increased amortization expense is a result of our May 1999 acquisition of K4.

Other (Income) Expense. Other expenses increased $38.8 million, or 121.2%, to $70.8 million, or 3.7% of net revenues, in 1999 from $32.0 million, or 2.0% of net revenues, in 1998. The net increase in other expenses was primarily a result of:

- Increase in interest expense of $27.4 million. The increased interest expense resulted from the May 1999 issuance of senior and senior subordinated notes to fund the K4 acquisition, which more than offset the decrease in interest expense resulting from the application of the proceeds from our initial public offering in May 1998 against outstanding debt;

- Decrease in foreign exchange losses of $4.2 million resulting from the stabilization of the Philippine peso since the first quarter of 1998; and

- Increase in other expenses, which in 1999 included a $17.4 million non-cash charge associated with the early conversion of $153.6 million of our outstanding convertible subordinated notes in the fourth quarter.

Income Taxes. Our effective tax rate in 1999 and 1998 was 25.3% and 24.5%, respectively (29.0% in 1998 after giving effect to the pro forma adjustment for income taxes). The decrease in the effective tax rate in 1999 was due to the higher operating profits at our factories that operate with tax holidays.

Minority Interest. Minority interest represented ASI's ownership in the consolidated net income of Amkor/Anam Pilipinas, Inc. ("AAP"). Accordingly, until the second quarter of 1998, we recorded a minority interest expense in our

consolidated financial statements relating to the minority interest in the net income of AAP. In the second quarter of 1998, we purchased ASI's 40% interest in AAP and, as a result, we now own substantially all of the common stock of AAP. The acquisition of the minority interest resulted in the elimination of the minority interest liability and in additional goodwill amortization of approximately $2.5 million per year.

QUARTERLY RESULTS

The following table sets forth our unaudited consolidated financial data, including as a percentage of our net revenues, for the last eight fiscal quarters ended December 31, 2000. Our results of operations have varied and may continue to vary from quarter to quarter and are not necessarily indicative of the results of any future period. The results of the K4 packaging and test factory acquired from ASI in May 1999 and the K1, K2 and K3 packaging and test factories acquired from ASI in May 2000 are included in the consolidated financial data from the date of the acquisitions.

We believe that we have included in the amounts stated below all necessary adjustments, consisting only of normal recurring adjustments, for a fair presentation of our selected quarterly data. You should read our selected quarterly data in conjunction with our consolidated financial statements and the related notes, included elsewhere in this annual report.

Our net revenues, gross profit and operating income are generally lower in the first quarter of the year as compared to the fourth quarter of the preceding year primarily due to the combined effect of holidays in the U.S., the Philippines and Korea. Semiconductor companies in the U.S. generally reduce their production during the holidays at the end of December which results in a significant decrease in orders for packaging and test services during the first two weeks of January. In addition, we typically close our factories in the Philippines for holidays in January, and we and ASI close our factories in Korea for holidays in February.

We have presented amortization of goodwill and acquired intangibles as a separate line item below gross profit. Previously reported amounts have been reclassified from cost of revenues to conform with the current presentation.

	QUARTER ENDED							
	DEC. 31, 2000	SEPT. 30, 2000	JUNE 30, 2000	MARCH 31, 2000	DEC. 31, 1999	SEPT. 30, 1999	JUNE 30, 1999	MARCH 31, 1999
Net revenues	$636,871	$648,576	$547,036	$554,811	$538,274	$501,816	$449,925	$419,957
Cost of revenues -- including purchases from ASI	465,419	469,518	407,441	439,780	428,367	396,532	379,132	356,785
Gross profit	171,452	179,058	139,595	115,031	109,907	105,284	70,793	63,172
Operating expenses:								
Selling, general and administrative	53,759	50,083	46,884	41,897	39,559	40,202	34,844	29,933
Research and development	8,976	8,838	4,872	3,371	3,352	2,990	2,843	2,251
Amortization of goodwill and other acquired intangibles	20,925	20,353	15,440	6,362	4,163	7,969	4,203	770
Total operating expenses	83,660	79,274	67,196	51,630	47,074	51,161	41,890	32,954
Operating income	87,792	99,784	72,399	63,401	62,833	54,123	28,903	30,218
Net income	$ 40,890	$ 45,171	$ 30,936	$ 37,156	$ 20,186	$ 26,088	$ 11,520	$ 18,925
Basic net income per common share	$ .27	$ .30	$ .21	$ .28	$ 0.16	$ 0.22	$ 0.10	$ 0.16
Diluted net income per common share	$ .26	$ .28	$ .20	$ .27	$ 0.16	$ 0.21	$ 0.10	$ 0.16

	QUARTER ENDED							
	DEC. 31, 2000	SEPT. 30, 2000	JUNE 30, 2000	MARCH 31, 2000	DEC. 31, 1999	SEPT. 30, 1999	JUNE 30, 1999	MARCH 31, 1999

Net revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues -- including purchases from ASI	73.1	72.4	74.5	79.3	79.6	79.0	84.3	85.0
Gross profit	26.9	27.6	25.5	20.7	20.4	21.0	15.7	15.0
Operating expenses:								
Selling, general and administrative	8.4	7.7	8.6	7.6	7.3	8.0	7.7	7.1
Research and development	1.4	1.4	0.9	0.6	0.6	0.6	0.6	0.5
Amortization of goodwill and other acquired intangibles	3.3	3.1	2.8	1.1	0.7	1.6	1.0	0.2
Total operating expenses	13.1	12.2	12.3	9.3	8.6	10.2	9.3	7.8
Operating income	13.8	15.4	13.2	11.4	11.7	10.8	6.4	7.2
Net income	6.4%	7.0%	5.7%	6.7%	3.8%	5.2%	2.6%	4.5%

LIQUIDITY AND CAPITAL RESOURCES

Our ongoing primary cash needs are for equipment purchases, factory expansions, interest and principal payments on our debt and working capital, in addition to acquisitions and investments.

In February 2001, we sold $500.0 million principal amount of our 9.25% senior notes due 2008 in a private placement. We used $387.5 million of the $490.0 million of the net proceeds of this offering to repay amounts outstanding under our secured bank facilities, and the balance of the net proceeds was available to be used for general corporate and working capital purposes. In March 2001, we amended the secured bank facilities to relax certain of the covenants and to provide us with additional operating flexibility. As of December 31, 2000, our total debt outstanding was $1,659.1 million. The principal payments required under long-term debt borrowings on a pro forma basis as of December 31, 2000 to reflect the incurrence in February 2001 of $500.0 million 9.25% senior notes due 2008 and the application of the net proceeds to repay a portion of the amounts outstanding under the secured bank facilities are as follows: 2001 -- $3.6 million, 2002 -- $3.6 million, 2003 -- $53.7 million, 2004 -- $168.1 million, 2005 -- $168.9 million and thereafter -- $1,383.8 million.

In January 2001, we began operating a joint venture with Toshiba Corporation providing semiconductor packaging and test services in Japan. The joint venture has been named Amkor Iwate Corporation. We own 60% of the joint venture company. Within three years we are required to purchase the remaining 40% of the joint venture operation from Toshiba. The price will be determined based on the performance of the joint venture during the three-year period but cannot exceed 4 billion Japanese Yen (approximately $40 million subject to exchange rate fluctuations). The joint venture took over the operations of the existing packaging and test factory at a Toshiba facility and continues to provide packaging and test services for Toshiba under a long-term supply agreement.

On March 7, 2001, we announced that in separate transactions, that we will acquire Taiwan Semiconductor Corporation (TSTC) and Sampo Semiconductor Corporation (SSC) in Taiwan. Both TSTC and SSC signed letters of intent enabling negotiations to proceed. Both agreements are expected to be finalized in April 2001. The purchase price will be paid principally through the issuance of additional shares of our common stock.

In May 2000 we completed our purchase of ASI's remaining three packaging and test factories, known as K1, K2 and K3 for a purchase price of $950.0 million. In connection with our acquisition of K1, K2 and K3 we made an additional equity investment in ASI of $459.0 million and as of December 31, 2000 we owned 42% of ASI. We financed the acquisition and investment with the proceeds of a $258.8 million convertible subordinated notes offering, a $410.0 million private equity financing, $750.0 million of secured bank debt and approximately $103 million of cash on hand. The secured bank debt consists of a $900.0 million secured bank facility that includes a $200.0 million revolving credit line. As of December 31, 2000, $120.0 million was available under the revolving credit line. The secured bank debt provides for amortization of the drawn amount over a five to a five and one-half year period and quarterly principal and interest payments. In conjunction with the private equity financing, we issued 20.5 million shares of our common stock in the private

equity offering and granted warrants to purchase 3.9 million additional shares of our common stock at $27.50 per share.

In connection with the new secured bank debt, we terminated a trade receivables securitization agreement and repaid $71.5 million due under this facility. The securitization agreement represented a commitment by a commercial financial institution to purchase, with limited recourse, all right, title and interest in up to $100 million in eligible receivables. In addition, we repaid $11.4 million of additional secured term loans.

On May 17, 1999 we completed an asset purchase of ASI's newest and largest packaging and test factory, K4, excluding cash and cash equivalents, notes and accounts receivables, intercompany accounts and existing claims against third parties. The purchase price for K4 was $575 million, plus the assumption of approximately $7 million of employee benefit liabilities. In conjunction with our purchase of K4, we completed a private placement in May 1999 to raise $425 million in senior notes and $200 million in senior subordinated notes.

We have invested significant amounts of capital to increase our packaging and test services capacity. During the last three years we constructed our P4 facility in the Philippines, added capacity in our other factories in the Philippines and Korea and constructed a new research and development facility in the U.S. During 2000, 1999 and 1998, we made capital expenditures of $480.1 million, $242.4 million and $175.8 million, respectively. We expect to spend approximately $250 million in total capital expenditures in 2001, excluding any capital requirements of the companies we expect to acquire in 2001, primarily to support the development of our Flip Chip, System-in-Package, optic and high-end BGA capabilities, and to build out additional manufacturing capacity at our K4 complex in Korea.

Covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments and encumber or dispose of assets. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans. A default under one debt instrument may also trigger cross-defaults under our other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

Net cash provided by operating activities in 2000, 1999, and 1998 was $373.8 million, $293.3 million and $238.0 million, respectively. Net cash used in investing activities in 2000, 1999, and 1998 was $1,744.3 million, $996.7 million and $163.3 million, respectively. Net cash provided by financing activities in 2000, 1999 and 1998 was $1,365.9 million, $573.9 million and $62.0 million, respectively.

The weakness in demand expected in 2001 for packaging, test and wafer fabrication services will adversely affect our cash flow from operations. We believe that our existing cash balances, available credit lines, cash flow from operations and available equipment lease financing will be sufficient to meet our projected capital expenditures, debt service, working capital and other cash requirements for at least the next twelve months. We may require capital sooner than currently expected. We cannot assure you that additional financing will be available when we need it or, if available, that it will be available on satisfactory terms. In addition, the terms of the new secured bank facility, 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 our company.

MARKET RISK SENSITIVITY

Our company is 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.

Foreign Currency Risks

Our company's primary exposures to foreign currency fluctuations are associated with Philippine peso-based transactions and related peso-based assets

and liabilities, as well as Korean-won based transactions and related won-based assets and liabilities. The objective in managing this foreign currency exposure is to minimize the risk through minimizing the level of activity and financial instruments denominated in pesos and won.

At December 31, 2000, the peso-based financial instruments primarily consisted of cash, non-trade receivables, deferred tax assets and liabilities, non-trade payables, accrued payroll, taxes and other expenses. Based on the portfolio of peso-based assets and liabilities at December 31, 2000, a 20% increase in the Philippine peso to U.S. dollar exchange rate would result in a decrease of approximately $3.8 million, in peso-based net assets.

At December 31, 2000, the won-based financial instruments primarily consisted of cash, non-trade receivables, non-trade payables, accrued payroll, taxes and other expenses. Based on the portfolio of won-based assets and liabilities at December 31, 2000, a 20% increase in the Korean won to U.S. dollar exchange rate would result in a decrease of approximately $2.5 million, in won-based net assets.

Interest Rate Risks

Our company has interest rate risk with respect to our long-term debt. As of December 31, 2000, we had a total of $1,659.1 million debt of which 56% was fixed rate debt and 44% was variable rate debt. Our variable rate debt principally consisted of amounts outstanding under our secured bank facilities that included two term loans (Term A and Term B) and a $200.0 million revolving credit line of which $80.0 million was drawn as of December 31, 2000. The fixed rate debt consisted of senior notes, senior subordinated notes and convertible subordinated notes. In February 2001, we sold $500.0 million principal amount of our 9.25% senior notes due 2008 in a private placement. We used $387.5 million of the $490.0 million of the net proceeds to repay amounts outstanding under the Term A loans and revolving credit line. Assuming the incurrence of the 9.25% senior notes due 2008 and the application of a portion of the net proceeds to repay amounts outstanding under the Term A loans and the revolving credit line as of December 31, 2000, we would have had on a pro forma basis $1,781.7 million debt outstanding of which 80% would have been fixed 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 interest rates, maturities and fair value of our fixed and variable rate debt as of December 31, 2000.

	YEAR ENDING DECEMBER 31,							FAIR
	2001	2002	2003	2004	2005	THEREAFTER	TOTAL	VALUE
Long-term debt:								
Fixed rate debt.....	--	--	50,191	--	--	883,750	933,941	831,141
Average interest rate.....			5.75%			8.25%	7.63%	
Variable rate debt.....	73,586	73,551	73,556	238,113	266,375	--	725,181	725,181
Average interest rate.....	10.8%	10.8%	10.8%	10.8%	10.8%		10.8%	

Equity Price Risks

Our outstanding 5.75% and 5% convertible subordinated notes are convertible into common stock at $13.50 per share and $57.34 per share, respectively. As stated above, we intend to repay our convertible subordinated notes upon maturity, unless converted. If investors were to decide to convert their convertible subordinated notes to common stock, our future earnings would benefit from a reduction in interest expense and our earnings on a per share

basis would be diluted by the additional common stock issued. Additionally if such conversion were induced by us, our earnings could include an additional charge.

RISK FACTORS THAT MAY AFFECT FUTURE OPERATING PERFORMANCE

DEPENDENCE ON THE HIGHLY CYCLICAL SEMICONDUCTOR AND ELECTRONIC PRODUCTS INDUSTRIES -- WE OPERATE IN VOLATILE INDUSTRIES, AND INDUSTRY DOWNTURNS HARM OUR PERFORMANCE.

Our business is tied to market conditions in the semiconductor industry, which is highly cyclical. Because our business is, and will continue to be, dependent on the requirements of semiconductor companies for independent packaging, test and wafer fabrication services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as the personal computer and telecommunication devices industries could have a material adverse effect on our business.

CONDITIONS IN THE SEMICONDUCTOR INDUSTRY HAVE WEAKENED SIGNIFICANTLY AND COULD REMAIN WEAK OR WORSEN -- WE HAVE BEEN, AND MAY CONTINUE TO BE, AFFECTED BY THESE TRENDS.

The semiconductor industry has weakened significantly recently and conditions are expected to remain weak during 2001. The significant uncertainty throughout the industry related to market demand is hindering the visibility throughout the supply chain and that lack of visibility makes it difficult to forecast the end of the weakness in the semiconductor industry. We experienced a decline in die shipments during the fourth quarter

of 2000 relative to the third quarter of 2000. Industry conditions continue to deteriorate, resulting in a weakening of our customer forecasts across substantially all industries and products. There can be no assurance that overall industry conditions will not weaken further or last longer than we currently expect, or what impact such a further or prolonged weakening would have on our business.

FLUCTUATIONS IN OPERATING RESULTS -- OUR OPERATING RESULTS MAY VARY SIGNIFICANTLY AS A RESULT OF FACTORS THAT WE CANNOT CONTROL.

Our operating results have varied significantly from period to period. Many factors could materially and adversely affect our revenues, gross profit and operating income, or lead to significant variability of quarterly or annual operating results. These factors include, among others:

- the cyclical nature of both the semiconductor industry and the markets addressed by end-users of semiconductors,
- the short-term nature of our customers' commitments, timing and volume of orders relative to our production capacity,
- changes in our capacity utilization,
- evolutions in the life cycles of our customers' products,
- rescheduling and cancellation of large orders,
- erosion of packaging selling prices,
- fluctuations in wafer fabrication service charges paid to ASI,
- changes in costs, availability and delivery times of raw materials and components and changes in costs and availability of labor,
- fluctuations in manufacturing yields,
- changes in product mix,
- timing of expenditures in anticipation of future orders,
- availability and cost of financing for expansion,

- ability to develop and implement new technologies on a timely basis,

- competitive factors,

- changes in effective tax rates,

- loss of key personnel or the shortage of available skilled workers,

- international political or economic events,

- currency and interest rate fluctuations,

- environmental events, and

- intellectual property transactions and disputes.

DECLINING AVERAGE SELLING PRICES -- THE SEMICONDUCTOR INDUSTRY PLACES DOWNWARD PRESSURE ON THE PRICES OF OUR PRODUCTS.

Historically, prices for our packaging and test services and wafer fabrication services have declined over time. Beginning in 1997, a worldwide slowdown in demand for semiconductor devices led to excess capacity and increased competition. As a result, price declines in 1998 accelerated. We expect that average selling prices for our packaging and test services will continue to decline in the future. If we cannot reduce the cost of our packaging and test services and wafer fabrication services to offset a decline in average selling prices, our future operating results could suffer.

RELATIONSHIP WITH ASI -- OUR BUSINESS PERFORMANCE CAN BE ADVERSELY AFFECTED BY ASI'S FINANCIAL PERFORMANCE OR A DISRUPTION IN THE WAFER FABRICATION SERVICES ASI PROVIDES TO US.

We report ASI's financial results in our financial statements, and if ASI encounters financial difficulties, our financial performance could suffer. As of December 31, 2000 we owned approximately 42% of ASI's outstanding voting stock. Accordingly, we report ASI's financial results in our financial statements through the equity method of accounting. If ASI's results of operations are adversely affected for any reason (including as a result of losses at its consolidated subsidiaries and equity investees), our results of operations will suffer as well. Financial or other problems affecting ASI could also lead to a complete loss of our investment in ASI.

Our wafer fabrication business may suffer if ASI reduces its operations or if our relationship with ASI is disrupted. Our wafer fabrication business depends on ASI providing wafer fabrication services on a timely basis. If ASI were to significantly reduce or curtail its operations for any reason, or if our relationship with ASI were to be disrupted for any reason, our wafer fabrication business would be harmed. We may not be able to identify and qualify alternate suppliers of wafer fabrication services quickly, if at all. In addition, we currently have no other qualified third party suppliers of wafer fabrication services and do not have any plans to qualify additional third party suppliers.

Beginning in the fourth quarter and continuing into the first quarter of 2001, demand for wafers has deteriorated as a result of a broad based weakness in the semiconductor industry and uncertainty about end market demand. The capacity utilization of ASI's wafer foundry was approximately 47% in December 2000 as compared with a capacity utilization of approximately 89% for all of 2000. We expect our wafer fabrication service results and ASI's operating results will be adversely impacted in 2001. ASI's results impact us through our recording of our share of their results in accordance with the equity method of accounting. The significant uncertainty throughout the industry related to market demand is hindering the visibility throughout the supply chain and that lack of visibility makes it difficult to forecast the end of the weakness in the semiconductor industry.

ABSENCE OF BACKLOG -- WE MAY NOT BE ABLE TO ADJUST COSTS QUICKLY IF OUR CUSTOMERS' DEMAND FALLS SUDDENLY.

Our packaging and test business does not typically operate with any material backlog. We expect that in the future our packaging and test net revenues in any quarter will continue to be substantially dependent upon our customers' demand in that quarter. None of our customers has committed to

purchase any significant amount of packaging or test services or to provide us with binding forecasts of demand for packaging and test services for any future period. In addition, our customers could reduce, cancel or delay their purchases of packaging and test services. Because a large portion of our costs is fixed and our expense levels are based in part on our expectations of future revenues, we may be unable to adjust costs in a timely manner to compensate for any revenue shortfall.

CUSTOMER CONCENTRATION -- WE GENERATE A LARGE PERCENTAGE OF OUR NET REVENUES FROM A RELATIVELY SMALL GROUP OF CUSTOMERS WHO HAVE NO MINIMUM PURCHASE OBLIGATIONS.

We derive substantially all of our wafer fabrication revenues from Texas Instruments (TI). Total net revenues derived from TI accounted for 14.1% and 16.5% of net revenues in 2000 and 1999, respectively. Revenues for services provided to TI prior to 1999 were less than 10%. Intel Corporation, accounted for approximately 14.1% and 20.6% of net revenues in 1999 and 1998, respectively. Revenues for services provided to Intel for 2000 did not exceed 10%. Our company's five largest customers collectively accounted for 34.8%, 43.6% and 41.6% of net revenues in 2000, 1999 and 1998, respectively. The companies that constitute our five largest customers vary. For 2000, we had eleven customers that each represented greater than 3% of our net revenues and that group collectively accounted for 55.6% of our net revenues. Our ability to maintain close, satisfactory relationships with these customers is important to the ongoing success and profitability of our business. We expect that we will continue to be dependent upon a small number of customers for a significant portion of our revenues in the future.

RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS -- WE DEPEND ON OUR FACTORIES IN KOREA AND THE PHILIPPINES. MANY OF OUR CUSTOMERS' OPERATIONS ARE ALSO LOCATED OUTSIDE OF THE U.S.

We provide packaging and test services through our factories located in the Philippines and Korea. We also source wafer fabrication services from ASI's wafer fabrication facility in Korea. In addition, we have limited operations in Japan and are beginning operations in China. Moreover, many of our customers' operations are located outside the U.S. The following are some of the risks inherent in doing business internationally:

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

MANAGEMENT OF GROWTH -- WE FACE CHALLENGES AS WE INTEGRATE NEW AND DIVERSE OPERATIONS AND TRY TO ATTRACT QUALIFIED EMPLOYEES TO SUPPORT OUR EXPANSION PLANS.

We have experienced, and may continue to experience, growth in the scope and complexity of our operations and in the number of our employees. This growth has strained our managerial, financial, manufacturing and other resources. Future acquisitions may result in inefficiencies as we integrate new operations and manage geographically diverse operations.

In order to manage our growth, we must continue to implement additional operating and financial systems and controls. For example, we currently are in the process of implementing a new management enterprise resource planning system. If we fail to successfully implement such systems and controls in a timely and cost-effective manner as we grow, our business and financial performance could be materially adversely affected.

Our success depends to a significant extent upon the continued service of our key senior management and technical personnel, any of whom would be difficult to replace. In addition, in connection with our expansion plans, we will be required to increase the number of qualified engineers and other employees at our existing factories, as well as factories we may acquire. Competition for qualified employees is intense, and our business could be adversely affected by the loss of the services of any of our existing key personnel. We cannot assure you that we will continue to be successful in hiring and properly training sufficient numbers of qualified personnel and in effectively managing our growth. Our inability to attract, retain, motivate and train qualified new personnel could have a material adverse effect on our business.

RISKS ASSOCIATED WITH OUR WAFER FABRICATION BUSINESS -- OUR WAFER FABRICATION BUSINESS IS SUBSTANTIALLY DEPENDENT ON TEXAS INSTRUMENTS.

Our wafer fabrication business depends significantly upon Texas Instruments. An agreement with ASI and Texas Instruments requires Texas Instruments to purchase from us at least 40% of the capacity of ASI's wafer fabrication facility, and under certain circumstances, Texas Instruments has the right to purchase from us up to 70% of this capacity. From time to time, Texas Instruments has failed to meet its minimum purchase obligations, and we cannot assure you that Texas Instruments will meet its purchase obligations in the future. If Texas Instruments fails to meet its purchase obligations, our company's and ASI's businesses could be harmed. The capacity utilization of ASI's wafer foundry has decreased significantly in 2001 as a result of the weakness in the semiconductor industry. Texas Instruments as of the date of this filing was not meeting the minimum purchase commitment and we along with ASI are negotiating a resolution of the shortfall with Texas Instruments.

Texas Instruments has transferred certain of its complementary metal oxide silicon ("CMOS") process technology to ASI, and ASI is dependent upon Texas Instruments' assistance for developing other state-of-the-art wafer manufacturing processes. In addition, ASI's technology agreements with Texas Instruments only cover 0.25 micron and 0.18 micron CMOS process technology. Texas Instruments has not granted ASI a license under Texas Instruments' patents to manufacture semiconductor wafers for third parties. Moreover, Texas Instruments has no obligation to transfer any next-generation technology to ASI. Our company's and ASI's businesses could be harmed if ASI cannot obtain new technology on commercially reasonable terms or ASI's relationship with Texas Instruments is disrupted for any reason.

DEPENDENCE ON MATERIALS AND EQUIPMENT SUPPLIERS -- OUR BUSINESS MAY SUFFER IF THE COST OR SUPPLY OF MATERIALS OR EQUIPMENT CHANGES ADVERSELY.

We obtain from various vendors the materials and equipment required for the packaging and test services performed by our factories. We source most of our materials, including critical materials such as leadframes and laminate substrates, from a limited group of suppliers. Furthermore, we purchase all of our materials on a purchase order basis and have no long-term contracts with any of our suppliers. Our business may be harmed if we cannot obtain materials and other supplies from our vendors: (1) in a timely manner, (2) in sufficient quantities, (3) in acceptable quality and (4) at competitive prices.

RAPID TECHNOLOGICAL CHANGE -- OUR BUSINESS WILL SUFFER IF WE CANNOT KEEP UP WITH TECHNOLOGICAL ADVANCES IN OUR INDUSTRY.

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

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

COMPETITION -- WE COMPETE AGAINST LARGE AND ESTABLISHED COMPETITORS IN BOTH THE PACKAGING AND TEST BUSINESS AND THE WAFER FABRICATION BUSINESS.

The independent semiconductor packaging and test market is very competitive. This sector is comprised of 13 principal companies. We face substantial competition from established packaging and test service providers primarily located in Asia, including companies with significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities. These companies also have established relationships with many large semiconductor companies that are current or potential customers of our company. On a larger scale, we also compete with the internal semiconductor packaging and test capabilities of many of our customers.

The independent wafer fabrication business is also highly competitive. Our wafer fabrication services compete primarily with independent semiconductor wafer foundries, including those of Chartered Semiconductor Manufacturing, Inc., Taiwan Semiconductor Manufacturing Company, Ltd. and United Microelectronics Corporation. Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities and has been operating for some time. Many of these companies have also established relationships with many large semiconductor companies that

are current or potential customers of our company. If we cannot compete successfully in the future against existing or potential competitors, our operating results would suffer.

ENVIRONMENTAL REGULATIONS -- FUTURE ENVIRONMENTAL REGULATIONS COULD PLACE ADDITIONAL BURDENS ON OUR MANUFACTURING OPERATIONS.

The semiconductor packaging process uses chemicals and gases and generates byproducts that are subject to extensive governmental regulations. For example, we produce liquid waste when silicon wafers are diced into chips with the aid of diamond saws, then cooled with running water. Federal, state and local regulations in the United States, as well as environmental regulations in Korea and the Philippines, impose various controls on the storage, handling, discharge and disposal of chemicals used in our manufacturing processes and on the factories we occupy.

Increasingly, public attention has focused on the environmental impact of semiconductor manufacturing operations and the risk to neighbors of chemical releases from such operations. In the future, applicable land use and environmental regulations may: (1) impose upon us the need for additional capital equipment or other process requirements, (2) restrict our ability to expand our operations, (3) subject us to liability or (4) cause us to curtail our operations.

PROTECTION OF INTELLECTUAL PROPERTY -- WE MAY BECOME INVOLVED IN INTELLECTUAL PROPERTY LITIGATION.

As of February 2001, we held 88 U.S. patents, we had 206 pending patents and we were preparing an additional 55 patent applications for filing. In addition to the U.S. patents, we held 619 patents in foreign jurisdictions. We expect to continue to file patent applications when appropriate to protect our proprietary technologies, but we cannot assure you that we will receive patents from pending or future applications. In addition, any patents we obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us.

We may need to enforce our patents or other intellectual property rights or to defend our company against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources. If we fail to obtain necessary licenses or if we face litigation relating to patent infringement or other intellectual property matters, our business could suffer.

Although we are not currently a party to any material litigation, the semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. If any third party makes a valid claim against us, we could be required to:

- discontinue the use of certain processes;

- cease the manufacture, use, import and sale of infringing products;

- pay substantial damages;

- develop non-infringing technologies; or

- acquire licenses to the technology we had allegedly infringed.

Our business, financial condition and results of operations could be materially and adversely affected by any of these negative developments.

In addition, Texas Instruments has granted ASI very limited licenses under certain technology agreements, including a license under Texas Instruments' trade secret rights to use Texas Instruments' technology in connection with ASI's provision of wafer fabrication services. However, Texas Instruments has not granted ASI a license under Texas Instruments' patents to manufacture semiconductor wafers for third parties. Furthermore, Texas Instruments has reserved the right to bring infringement claims against our customers or customers of ASI with respect to semiconductor wafers purchased from us or ASI. Such customers and others could in turn subject us or ASI to litigation in connection with the sale of semiconductor wafers produced by ASI.

CONTINUED CONTROL BY EXISTING STOCKHOLDERS -- MR. JAMES KIM AND MEMBERS OF HIS FAMILY CAN DETERMINE THE OUTCOME OF ALL MATTERS REQUIRING STOCKHOLDER APPROVAL.

As of December 31, 2000, Mr. James Kim and members of his family beneficially owned approximately 51% of our outstanding common stock. Mr. James Kim's family, acting together, will effectively control all matters submitted for approval by our stockholders. These matters could include:

- the election of all of the members of our Board of Directors;

- proxy contests;

- approvals of transactions between our company and ASI or other entities in which Mr. James Kim and members of his family have an interest, including transactions which may involve a conflict of interest;

- mergers involving our company;

- tender offers; and

- open market purchase programs or other purchases of our common stock.

HIGH LEVERAGE AND RESTRICTIVE COVENANTS -- OUR SUBSTANTIAL INDEBTEDNESS COULD MATERIALLY RESTRICT OUR OPERATIONS AND ADVERSELY AFFECT OUR FINANCIAL CONDITION.

Substantial Leverage. We now have, and for the foreseeable future will have, a significant amount of indebtedness. In addition, despite current debt levels, the terms of the indentures governing our indebtedness do not prohibit us or our subsidiaries from incurring substantially more debt. If new debt is added to our consolidated debt level, the related risks that we now face could intensify.

Covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans. A default under one debt instrument may also trigger cross-defaults under our other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

Our substantial indebtedness could:

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements;

- require us to dedicate a substantial portion of our cash flow from operations to service payments on our debt;

- limit our flexibility to react to changes in our business and the industry in which we operate;

- place us at a competitive disadvantage to any of our competitors that have less debt; and

- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds.

STOCK PRICE VOLATILITY

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 in response to factors such as:

- actual or anticipated quarter-to-quarter variations in operating results;

- announcements of technological innovations or new products and services by Amkor or our competitors;

- general conditions in the semiconductor industry;

- changes in earnings estimates or recommendations by analysts;

- developments affecting ASI; and

- or other events or factors, many of which are out of our control.

In addition, the stock market in general, and the Nasdaq National Market and the markets for technology companies in particular, have experienced extreme price and volume fluctuations. This volatility has affected the market prices of securities of companies like ours for that have often been unrelated or disproportionate to the operating performance. These broad market fluctuations may adversely affect the market price of our common stock.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of information regarding quantitative and qualitative disclosures about market risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Market Risk Sensitivity."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

We present the information required by Item 8 of Form 10-K here in the following order:

In addition, pursuant to General Instruction G(1) of Form 10-K and Rule 12b-23 promulgated under the Securities Exchange Act of 1934, as amended, the following financial information of Anam Semiconductor, Inc. required to be included in this Report by Rule 3-09 of Regulation S-K is incorporated by reference from our Report on 8-K dated April 2, 2001:

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Shareholders of Amkor Technology, Inc.:

In our opinion, based on our audit and the report of another auditor, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Amkor Technology, Inc. and its subsidiaries at December 31, 2000, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Amkor Technology Philippines (P1/P2), Inc. and Amkor Technology Philippines (P3/P4), Inc. both wholly owned subsidiaries, collectively referred to herein as ATP, which combined financial statements reflect total assets and operating expenses (including cost of revenues) of 21% and 17%, respectively, of the related consolidated totals at December 31, 2000 and for the year then ended. The combined financial statements of ATP were audited by another auditor whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for ATP, is based solely on the report of the other auditor. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 2, 2001

AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF INCOME

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
NET REVENUES	$2,387,294	$1,909,972	$1,567,983
COST OF REVENUES -- including purchases from ASI	1,782,158	1,560,816	1,307,150
GROSS PROFIT	605,136	349,156	260,833
OPERATING EXPENSES:			
Selling, general and administrative	192,623	144,538	118,392
Research and development	26,057	11,436	8,251
Amortization of goodwill and other acquired intangibles	63,080	17,105	1,454
Total operating expenses	281,760	173,079	128,097
OPERATING INCOME	323,376	176,077	132,736
OTHER (INCOME) EXPENSE:			
Interest expense, net	119,840	45,364	18,005
Foreign currency losses	4,812	308	4,493
Other expense, net	1,295	25,117	9,503
Total other expense	125,947	70,789	32,001
INCOME BEFORE INCOME TAXES, EQUITY IN LOSS OF INVESTEES AND MINORITY INTEREST	197,429	105,288	100,735
PROVISION FOR INCOME TAXES	22,285	26,600	24,716
EQUITY IN LOSS OF INVESTEES	(20,991)	(1,969)	--
MINORITY INTEREST	--	--	559
NET INCOME	$ 154,153	$ 76,719	$ 75,460
Basic net income per common share	$ 1.06	$ 0.64	$ 0.71
Diluted net income per common share	$ 1.02	$ 0.63	$ 0.70
Shares used in computing net income per common share:			
Basic	145,806	119,341	106,221
Diluted	153,223	135,067	116,596
PRO FORMA DATA (UNAUDITED):			
Historical income before income taxes and minority interest			$ 100,735
Pro forma provision for income taxes			29,216
Pro forma income before minority interest			71,519
Historical minority interest			559
Pro forma net income			$ 70,960
Basic pro forma net income per common share			$ 0.67
Diluted pro forma net income per common share			$ 0.66

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 93,517	$ 98,045
Short-term investments	--	136,595
Accounts receivable:		
Trade, net of allowance for doubtful accounts of $2,426 and $2,443	301,915	157,281
Due from affiliates	1,634	6,278
Other	6,465	6,469
Inventories	108,613	91,465
Other current assets	36,873	11,117
Total current assets	549,017	507,250
PROPERTY, PLANT AND EQUIPMENT, net	1,478,510	859,768
INVESTMENTS	501,254	63,672
OTHER ASSETS:		
Due from affiliates	25,013	27,858
Goodwill and acquired intangibles, net	737,593	233,532
Other	101,897	63,009
	864,503	324,399
Total assets	$3,393,284	$1,755,089
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank overdraft	$ 25,731	$ 16,209
Short-term borrowings and current portion of long-term debt	73,586	6,465
Trade accounts payable	133,047	122,147
Due to affiliates	32,534	37,913
Accrued expenses	129,301	88,577
Accrued income taxes	52,232	41,587
Total current liabilities	446,431	312,898
LONG-TERM DEBT	1,585,536	687,456
OTHER NONCURRENT LIABILITIES	46,483	16,994
Total liabilities	2,078,450	1,017,348
COMMITMENTS AND CONTINGENCIES		
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 152,118 in 2000 and 130,660 in 1999	152	131
Additional paid-in capital	975,026	551,964
Retained earnings	343,886	189,733
Receivable from stockholder	(3,276)	(3,276)
Accumulated other comprehensive loss	(954)	(811)
Total stockholders' equity	1,314,834	737,741
Total liabilities and stockholders' equity	$3,393,284	$1,755,089

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	RECEIVABLE FROM	ACCUMULATED OTHER COMPREHENSIVE INCOME		COMPREHENSIVE
	SHARES	AMOUNT	CAPITAL	EARNINGS	STOCKHOLDER	(LOSS)	TOTAL	INCOME
				(IN THOUSANDS)				
BALANCE AT DECEMBER 31, 1997	82,610	$ 46	$ 20,871	$ 70,621	$ --	$(663)	$ 90,875	

Net income	--	--	--	75,460	--	--	75,460	$ 75,460
Unrealized losses on investments	--	--	--	--	--	(556)	(556)	(556)
Currency translation adjustments, reclassification for loss included in net income	--	--	--	--	--	663	663	663
Comprehensive income								$ 75,567
Distributions	--	--	--	(33,100)	--	--	(33,100)	
Issuance of 35.25 million common shares in public offering, net	35,250	35	360,228	--	--	--	360,263	
Acquisition of AKI	--	(1)	--	(3,243)	--	--	(3,244)	
Change in par value of stock in connection with a reorganization	--	38	(38)	--	--	--	--	
BALANCE AT DECEMBER 31, 1998	117,860	118	381,061	109,738	--	(556)	490,361	
Net income	--	--	--	76,719	--	--	76,719	$ 76,719
Unrealized losses on investments, net of tax	--	--	--	--	--	(255)	(255)	(255)
Comprehensive income								$ 76,464
Issuance of stock through employee stock purchase plan and stock options	664	--	3,875	--	--	--	3,875	
Receivable from stockholder	--	--	--	3,276	(3,276)	--	--	
Debt conversion	12,136	13	167,028	--	--	--	167,041	
BALANCE AT DECEMBER 31, 1999	130,660	131	551,964	189,733	(3,276)	(811)	737,741	
Net income	--	--	--	154,153	--	--	154,153	$154,153
Unrealized losses on investments, net of tax	--	--	--	--	--	(143)	(143)	(143)
Comprehensive income								$154,010
Issuance of 20.5 million common stock shares and 3.9 million common stock warrants	20,500	21	409,980	--	--	--	410,001	
Issuance of stock through employee stock purchase plan and stock options	710	--	9,622	--	--	--	9,622	
Debt conversion	248	--	3,460	--	--	--	3,460	
BALANCE AT DECEMBER 31, 2000	152,118	$152	$975,026	$343,886	$(3,276)	$(954)	$1,314,834	

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 154,153	$ 76,719	$ 75,460
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation and amortization	325,896	176,866	118,022
Amortization of deferred debt issuance costs	7,013	3,466	1,217
Debt conversion expense	272	17,381	--
Provision for accounts receivable	(17)	(3,500)	1,719
Provision for excess and obsolete inventory	10,000	6,573	7,200
Deferred income taxes	(8,255)	9,418	1,250
Equity in loss of investees	20,991	4,591	--
Loss on sale of fixed assets and investments	1,355	1,805	2,500
Minority interest	--	--	559
Changes in assets and liabilities excluding effects of acquisitions --			
Accounts receivable	(72,914)	(44,526)	4,742
Repurchase of accounts receivable and settlement of			

security agreement	(71,500)	(2,700)	(16,500)
Other receivables	2,884	(555)	(1,021)
Inventories	(23,871)	(12,063)	23,042
Due to/from affiliates, net	2,110	35,403	(11,117)
Other current assets	(17,977)	1,601	6,709
Other non-current assets	(19,582)	(15,088)	(8,061)
Accounts payable	12,953	27,474	(12,489)
Accrued expenses	32,561	13,117	33,489
Accrued income taxes	10,645	2,695	11,924
Other long-term liabilities	7,108	(5,380)	(685)
Net cash provided by operating activities	373,825	293,297	237,960
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(480,074)	(242,390)	(107,889)
Acquisition of K1, K2 and K3, net of cash acquired	(927,290)	--	--
Investment in ASI	(459,000)	(41,638)	--
Acquisition of Integra Technologies, LLC	(17,602)	--	--
Acquisition of K4	--	(575,000)	--
Acquisition of AAPMC	--	(2,109)	--
Acquisition of minority interest in AAP	--	--	(33,750)
Acquisition of AKI	--	--	(3,244)
Sale of property, plant and equipment	2,823	--	121
Proceeds from the sale (purchase) of investments	136,879	(135,595)	(18,550)
Net cash used in investing activities	(1,744,264)	(996,732)	(163,312)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in bank overdrafts and short-term borrowings	5,975	(24,264)	(173,565)
Net proceeds from issuance of long-term debt	1,027,479	603,569	203,170
Payments of long-term debt	(87,166)	(9,287)	(158,833)
Net proceeds from the issuance of 20.5 million common shares in a private equity offering	410,001		
Net proceeds from issuance of 35.25 million common shares in public offering	--	--	360,263
Proceeds from issuance of stock through employee stock purchase plan and stock options	9,622	3,875	--
Proceeds from issuance of Anam USA, Inc. debt	--	--	522,116
Payments of Anam USA, Inc. debt	--	--	(658,029)
Distributions to stockholders	--	--	(33,100)
Net cash provided by financing activities	1,365,911	573,893	62,022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,528)	(129,542)	136,670
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	98,045	227,587	90,917
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 93,517	$ 98,045	$ 227,587
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	$ 111,429	$ 45,500	$ 27,730
Income taxes	$ 18,092	$ 13,734	$ 12,908

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Amkor Technology, Inc. and its subsidiaries. All of the company's subsidiaries are wholly-owned except for a small number of shares of each of the Philippine subsidiaries which are required to be owned by directors of these companies pursuant to Philippine law. The consolidated financial statements reflect the elimination of all significant intercompany accounts and transactions. The investments in and the operating results of 20% to 50% owned companies are included in the consolidated financial statements using the equity method of accounting.

The preparation of financial statements in conformity with generally

accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain previously reported amounts have been reclassified to conform with the current presentation principally the presentation of the amortization of goodwill and other acquired intangibles.

Foreign Currency Translation

Substantially all of the foreign subsidiaries and investee companies use the U.S. dollar as their functional currency. Accordingly, monetary assets and liabilities which were originally denominated in a foreign currency are translated into U.S. dollars at month-end exchange rates. Non-monetary items which were originally denominated in foreign currencies are translated at historical rates. Gains and losses from such translation and from transactions denominated in foreign currencies are included in other (income) expense.

Concentrations of Credit Risk

Financial instruments, for which we are subject to credit risk, consist principally of accounts receivable, cash and cash equivalents and short-term investments. With respect to accounts receivable, we mitigate our credit risk by selling primarily to well established companies, performing ongoing credit evaluations and making frequent contact with customers. We have mitigated our credit risk with respect to cash and cash equivalents, as well as short-term investments, through diversification of our holdings into various money market accounts, U.S. treasury bonds, federal mortgage backed securities, high grade municipal bonds, commercial paper and preferred stocks.

Risks and Uncertainties

Our future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from historical results include, but are not limited to, dependence on the highly cyclical nature of the semiconductor industry, uncertainty as to the demand from our customers over both the long-and short-term, competitive pricing and declines in average selling prices we experience, our dependence on our relationship with Anam Semiconductor, Inc. (ASI) for all of our wafer fabrication output, our reliance on a relatively small group of principal customers, the timing and volume of orders relative to our production capacity, the absence of significant backlog in our business, availability of manufacturing capacity and fluctuations in manufacturing yields, the availability of financing, our high leverage and the restrictive covenants contained in the agreements governing our indebtedness, our competition, our dependence on international operations and sales, our dependence on raw material and equipment suppliers, exchange rate fluctuations, our dependence on key personnel, our difficulties managing our growth, the enforcement of intellectual property rights by or against us, our need to comply with existing and future environmental regulations and the results of ASI as it impacts our financial results.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

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

Property, Plant and Equipment

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

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

Cost and accumulated depreciation for property retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense was $262.0 million, $158.9 million and $116.4 million for 2000, 1999 and 1998, respectively.

Goodwill and Acquired Intangibles

Goodwill is recorded when there is an excess of the cost of an acquisition over the fair market value of the net tangible and identifiable intangible assets acquired. Acquired intangibles includes patents and workforce-in-place. Goodwill and acquired intangibles are amortized on a straight-line basis over a period of ten years. The unamortized balances recorded for goodwill and acquired intangibles are evaluated periodically for potential impairment based on the future estimated cash flows of the acquired businesses.

Other Noncurrent Assets

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

Other Noncurrent Liabilities

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

Income Taxes and Pro Forma Income Statement Data

Amkor Electronics, Inc. (AEI), which was merged into our company just prior to the initial public offering of our company in May 1998, elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code of 1986 and comparable state tax provisions. As a result, AEI did not recognize U.S. federal corporate income taxes. Instead, the stockholders of AEI were taxed on their proportionate share of AEI's taxable income. Accordingly, no provision for U.S. federal income taxes was recorded for AEI. The accompanying consolidated statements of income include an unaudited pro forma adjustment to reflect income taxes which would have been recorded if AEI had not been an S Corporation, based on the tax laws in effect during the respective periods. Just prior to the initial public offering, AEI terminated its S Corporation status at which point the profits of AEI became subject to federal and state income taxes at the corporate

level. The receivable from stockholder included in stockholders' equity represents the balance due from Mr. & Mrs. Kim and the Kim Family Trusts related to the finalization of AEI's tax returns.

Revenue Recognition and Risk of Loss

Our company does not take ownership of customer-supplied semiconductor wafers. Title and risk of loss remains with the customer for these materials at all times. Accordingly, the cost of the customer-supplied materials is not included in the consolidated financial statements. Revenues from packaging semiconductors and performing test services are recognized upon shipment or completion of the services. We record wafer fabrication services revenues upon shipment of completed wafers. Such policies are consistent with provisions in the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Research and Development Costs

Research and development costs are charged to expense as incurred.

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133, as amended by SFAS No. 137, is effective for fiscal years beginning after June 15, 2000. We will adopt this statement during the first quarter of 2001 and we believe that the impact of adoption on the financial statements will not be material.

2. RELATIONSHIP WITH ANAM SEMICONDUCTOR INC.

On May 1, 2000 we completed our purchase of ASI's three remaining packaging and test factories, known as K1, K2 and K3, for a purchase price of $950.0 million. In addition we made a commitment to a $459.0 million equity investment in ASI. Pursuant to the commitment we made an equity investment in ASI of $309.0 million on May 1, 2000. We fulfilled the remaining equity investment commitment of $150.0 million in three installments of which $30.0 million was invested on June 30, 2000, $60.0 million was invested on August 30, 2000 and October 27, 2000. We financed the acquisition and investment with the proceeds of a $258.8 million convertible subordinated notes offering, a $410.0 million private equity financing, $750.0 million of new secured bank debt and approximately $103 million from cash on hand. As of December 31, 2000, we had invested a total of $500.6 million in ASI including an equity investment of $41.6 million made on October 1999. We owned as of December 31, 2000 42% of the outstanding voting stock of ASI. We will continue to report ASI's results in our financial statements through the equity method of accounting.

The amount by which the cost of our investment exceeds our share of the underlying assets of ASI as of the date of our investment is being amortized on a straight-line basis over a five-year period. The amortization is included in our consolidated statement of income within equity in income of investees. As of December 31, 2000, the unamortized excess of the cost of our equity investment in ASI above our share of the underlying net assets is $154.1 million.

The acquisition of K1, K2 and K3 was accounted for as a purchase. Accordingly, the results of K1, K2 and K3 have been included in the accompanying consolidated financial statements since the date of acquisition. Goodwill and acquired intangibles as of the acquisition date were $555.8 million and are being amortized on a straight-line basis over a 10 year period. Acquired intangibles include the value of acquired patent rights and of a workforce-in-place. The fair value of the assets acquired and liabilities assumed was approximately $394 million for fixed assets, $9 million for inventory and other assets, and $9 million for assumed liabilities.

On May 17, 1999, we purchased ASI's packaging and test business known as K4. The purchase price for K4 was $575.0 million in cash plus the assumption of approximately $7.0 million of employee benefit liabilities. The acquisition was accounted for as a purchase. Accordingly, the results of K4 have been included in the accompanying consolidated financial statements since the date of acquisition. Goodwill and acquired intangibles as of the acquisition date were $222.9 million and are being amortized on a straight-line basis over a 10 year period. The fair value of the assets acquired and liabilities assumed was approximately $359 million for fixed assets and $7 million for assumed liabilities.

On July 1, 1999, we acquired the stock of Anam/Amkor Precision Machine Company (AAPMC) for $3.8 million, which was paid to ASI during June 1999. AAPMC

supplies machine tooling used by us at our Philippine operations. As an interim step to this acquisition, during April 1999, we assumed and repaid $5.7 million of AAPMC's debt. The acquisition was financed through available working capital and was accounted for as a purchase. Accordingly, the results of AAPMC have been included in the accompanying consolidated financial statements since the date of acquisition and goodwill of approximately $2.0 million was recorded as of the date of acquisition and is being amortized on a straight-line basis over a ten year period. The historical operating results of AAPMC are not material in relation to our operating results.

On June 1, 1998, we purchased ASI's 40% interest in Amkor/Anam Pilipinas, Inc. (AAP) for $33.8 million. The acquisition was accounted for using the purchase method of accounting which resulted in the elimination of the minority interest liability reflected on the consolidated balance sheet and the recording of approximately $23.9 million of goodwill which is being amortized over 10 years.

Pro Forma Financial Information for Amkor (unaudited)

The unaudited pro forma information below assumes that the May 2000 acquisition of K1, K2 and K3 occurred at the beginning of 2000 and 1999 and the May 1999 acquisition of K4 had occurred at the beginning of 1999. The pro forma adjustments include a provision for amortization of goodwill and other identified intangibles, an adjustment of depreciation expense based on the fair market value of the acquired assets, interest expense on debt issued to finance the acquisitions and income taxes related to the pro forma adjustments. The pro forma results are not necessarily indicative of the results we would actually have achieved if the acquisition had been completed as of the beginning of each of the periods presented, nor are they necessarily indicative of future consolidated results.

	FOR THE YEAR ENDED DECEMBER 31,	
	2000	1999
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	
Net revenues	$2,397,515	$1,941,109
Gross profit	675,172	574,265
Operating income	366,686	311,777
Income before income taxes and equity in income (loss) of investees	215,904	147,140
Net income	172,518	126,042
Earnings per share:		
Basic net income per common share	1.14	0.90
Diluted net income per common share	1.10	0.89
Depreciation expense	285,256	238,741
Amortization of goodwill and acquired intangibles	81,607	83,436

The pro forma adjustments exclude the effects of our investments in ASI. Had we included pro forma adjustments for the year ended December 31, 2000 and 1999 related to our investments in ASI, pro forma net income would have been $160.8 million and $64.9 million, respectively, and pro forma earnings per share on a diluted basis would have been $1.02 and $0.46, respectively.

Financial Information for ASI

The following summary of consolidated financial information was derived from the consolidated financial statements of ASI, reflecting ASI's packaging and test operations as discontinued operations within their results of operations. ASI's net income for the year ended December 31, 2000 includes a $434.2 million gain on sale of K1, K2 and K3, which was eliminated for purposes of calculating our equity in income of ASI.

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
SUMMARY INCOME STATEMENT INFORMATION FOR ASI			
Net revenues	$344,792	$285,925	$221,098
Gross profit	38,307	46,293	(9,380)
Loss from continuing operations	(19,703)	(169,759)	(957,165)
Net income	450,641	109,865	(847,533)

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(IN THOUSANDS)	
SUMMARY BALANCE SHEET INFORMATION FOR ASI		
Cash, including current portion of restricted cash and bank deposits	$215,008	$ 202,969
Property, plant and equipment, net	816,779	1,037,935
Current assets	303,486	311,866
Noncurrent assets (including property, plant and equipment)	966,387	1,175,603
Current liabilities	165,665	301,785
Total debt	294,004	1,447,975
Noncurrent liabilities (including debt)	342,882	1,483,434
Total stockholders' equity (deficit)	761,326	(297,750)

ASI's business had been severely affected by the economic crisis in Korea. ASI has traditionally operated with a significant amount of debt relative to its equity and has contractually guaranteed the debt obligations of certain affiliates and subsidiaries. ASI was part of the Korean financial restructuring program known as "Workout" beginning in October 1998. The Workout program was the result of an accord among Korean financial institutions to assist in the restructuring of Korean business enterprises. The process involved negotiation between the related banks and ASI, and did not involve the judicial system. The Workout process restructured the terms of ASI's bank debt, however, it did not impact debts outstanding with trade creditors, including indebtedness with our company. ASI's operations continued uninterrupted during the process. ASI was released from workout with its Korean creditor banks on July 18, 2000.

We have a long-standing relationship with ASI. ASI was founded in 1956 by Mr. H. S. Kim, the father of Mr. James Kim, our Chairman and Chief Executive Officer. Through our supply agreements with ASI, we historically have had a first right to substantially all of the packaging and test services capacity of ASI and the exclusive right to all of the wafer output of ASI's wafer fabrication facility. Beginning in May 2000 with our acquisition of K1, K2 and K3, we no longer receive packaging and test services from ASI. Under the wafer fabrication services supply agreement, we continue to have the exclusive right to all of the wafer output of ASI's wafer fabrication facility, and we expect to continue to purchase all of ASI's wafer fabrication services. Historically, we have had other relationships with ASI affiliated companies for financial services, construction services, materials and equipment. Total purchases from ASI and its affiliates included in cost of revenue for the years ended December 31, 2000, 1999 and 1998 were $499.8 million, $714.5 million and $573.8 million. Additionally, other services performed by ASI and its affiliates included in interest expense for the years ended December 31, 2000, 1999 and 1998 were $1.6 million, $1.4 million and $2.2 million. Construction services and equipment purchases received from ASI and its affiliates capitalized during the years ended December 31, 2000, 1999 and 1998 were $38.8 million, $18.4 million and $11.1 million.

3. ACCOUNTS RECEIVABLE SALE AGREEMENT

Effective July 1997 we entered into an agreement to sell receivables with certain banks. The transaction qualified as a sale under the provisions of SFAS No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Under the agreement, the participating banks committed to purchase, with limited recourse, all right, title and interest in selected accounts receivable, up to a maximum of $100.0 million. Losses on receivables sold under the agreement were approximately $1.1 million, $4.3 million and $4.7 million in 2000, 1999 and 1998, respectively, and are included in other expense, net. In March 2000, we terminated the agreement and repurchased approximately $71.5 million of accounts receivable.

4. INVENTORIES

Inventories consist of raw materials and purchased components that are used in the semiconductor packaging process. Inventories are located at our facilities in the Philippines and Korea. Components of inventories follow:

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
Raw materials and purchased components	$ 99,570	$81,379
Work-in-process	9,043	10,086
	$108,613	$91,465

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
Land	$ 80,048	$ 38,349
Buildings and improvements	445,785	303,077
Machinery and equipment	1,506,774	883,057
Furniture, fixtures and other equipment	79,691	52,866
Construction in progress	70,753	47,393
	2,183,051	1,324,742
Less -- Accumulated depreciation and amortization	(704,541)	(464,974)
	$1,478,510	$ 859,768

6. INVESTMENTS

Investments include equity investments in affiliated companies and noncurrent marketable securities as follows:

	DECEMBER 31,

	2000	1999
	(IN THOUSANDS)	
Equity investments under the equity method:		
ASI (ownership of 42% and 18%, respectively).....	$478,943	$39,927
Other equity investments (20% -- 50% owned)		
Taiwan Semiconductor Technology Corporation.....	17,488	18,456
Other.....	664	860
Total equity investments.....	497,095	59,243
Marketable securities classified as available for sale.....	4,159	4,429
	$501,254	$63,672

On October 21, 1998, we entered into a joint venture, Taiwan Semiconductor Technology Corporation ("TSTC"), with Taiwan Semiconductor Manufacturing Corporation, Acer Inc., United Test Center and Chinfon Semiconductor & Technology Company. TSTC, which commenced operations in 1999, provides packaging services primarily for the Taiwan market and Taiwan foundry output. We committed to invest an estimated total of $40.0 million in TSTC (See Note 16). As of December 31, 2000, we own a 25% interest in TSTC and the total investment we made was $20.0 million of which $10.0 million interest was acquired from ASI. Our investment in TSTC is accounted for using the equity method of accounting.

7. DEBT

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

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
Short-term borrowings.....	$ --	$ 3,386
$900.0 million secured bank facility:		
Term A loan, LIBOR plus 2.75% due March 2005.....	297,500	--
Term B loan, LIBOR plus 3% due September 2005.....	347,375	--
$200.0 million revolving line of credit, LIBOR plus 2.75% due March 2005.....	80,000	--
Senior notes, 9.25%, due May 2006.....	425,000	425,000
Senior subordinated notes, 10.5%, due May 2009.....	200,000	200,000
Convertible subordinated notes, 5.75%, due May 2003.....	50,191	53,435
Convertible subordinated notes, 5%, due March 2007.....	258,750	--
Note payable, interest at bank's prime, due in installments with balance due April 2004.....	--	11,472
Other, primarily capital lease obligations and other debt...	306	628
	1,659,122	693,921
Less -- Short-term borrowings and current portion of long-term debt.....	(73,586)	(6,465)
	$1,585,536	$687,456

In March 2000, we issued $258.8 million of convertible subordinated notes due March 2007. The notes accrue interest at a rate of 5% per annum and are convertible into Amkor common stock at any time at a conversion price of $57.34 per share. The 5.75% convertible subordinated notes due May 2003 are convertible into Amkor common stock at any time at a conversion price of $13.50 per share.

In May 2000, we incurred $750.0 million of secured bank debt related to our acquisition of K1, K2 and K3 and investment in ASI. The secured bank debt consists of a $900.0 million secured bank facility that includes a $200.0

million revolving credit line and two term loans with interest rates that vary with LIBOR. The secured bank debt provides for amortization of the drawn amount over a five to a five and one-half year period and quarterly principal and interest payments. Under the terms of the secured bank facility, we are required to make mandatory prepayments out of a portion of any excess cash flow, as defined in the agreement, as well as out of net proceeds of certain asset sales and the net proceeds of certain issuances of debt or equity securities, subject to certain exceptions. The bank facility is secured by our domestic assets, certain intercompany loans and our equity investment in ASI. The bank facility includes financial covenants, as well as covenants restricting our ability to incur debt, pay dividends, make certain investments and payments and encumber or dispose of assets. Such covenants have been amended in 2000 and January 2001 to provide for greater flexibility in making investments in acquisitions, joint ventures and capital expenditures. The senior notes and senior subordinated notes also contain restrictive covenants.

In connection with our issuance of the convertible notes due March 2007 and our secured bank facility during the year ended December 31, 2000, we incurred debt issuance costs of $9.3 million and $20.2 million. The debt issuance costs have been deferred and amortized over the life of the associated debt and are included, net of amortization, in other noncurrent assets in the consolidated balance sheet.

During the fourth quarter of 1999 and continuing into 2000, we completed an early conversion of the 5.75% convertible subordinated notes due May 2003. During the year ended December 31, 2000, we exchanged approximately 248,000 shares of our common stock for $3.2 million of the convertible subordinated

notes. During the year ended December 31, 1999, we exchanged 12.1 million shares of common stock for $153.6 million of convertible subordinated notes. The fair value of the shares of common stock issued in excess of the shares required for conversion of the notes was $0.3 million and $17.4 million for the year ended December 31, 2000 and 1999, respectively, and such amounts were expensed and are included in other expense in the accompanying consolidated statements of income.

At December 31, 1999, short-term borrowings consisted of various operating lines of credit and working capital facilities which were repaid in their entirety and no short-term facilities were outstanding as of December 31, 2000. For 1999, the weighted average interest rate on these borrowings was 11.7%.

Interest expense related to short-term borrowings and long-term debt is presented net of interest income of $14.2 million, $19.9 million and $9.1 million in 2000, 1999 and 1998, respectively, in the accompanying consolidated statements of income. The principal payments required under long-term debt borrowings at December 31, 2000 are as follows: 2001 -- $73.6 million, 2002 -- $73.6 million, 2003 -- $123.7 million, 2004 -- $238.1 million, 2005 -- $266.4 million and thereafter -- $883.8 million.

8. STOCKHOLDERS' EQUITY

In connection with a $410.0 million private equity offering in May 2000, we issued 20.5 million shares of our common stock and granted warrants that expire four years from issuance to purchase 3.9 million additional shares of our common stock at $27.50 per share. The estimated fair value of the stock warrants of $35.0 million is included in additional paid-in capital on our consolidated balance sheet.

9. EMPLOYEE BENEFIT PLANS

U.S. Defined Contribution Plan

Our company has a defined contribution benefit plan covering substantially all U.S. employees. Employees can contribute up to 13% of salary to the plan and the company matches 75% of the employee's contributions up to a defined maximum on an annual basis. The expense for this plan was $1.8 million, $1.8 million and $1.4 million in 2000, 1999 and 1998, respectively.

Philippine Pension Plan

Our Philippine subsidiaries sponsor a defined benefit plan that covers substantially all employees who are not covered by statutory plans. Charges to expense are based upon costs computed by independent actuaries.

The components of net periodic pension cost for the our Philippine defined benefit plan are as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Service cost of current period	$ 1,862	$ 2,153	$1,618
Interest cost on projected benefit obligation	1,468	1,563	1,209
Expected return on plan assets	(1,092)	(1,083)	(879)
Amortization of transition obligation and actuarial gains/losses	66	137	79
Total pension expense	$ 2,304	$ 2,770	$2,027

It is our policy to make contributions sufficient to meet the minimum contributions required by law and regulation. The following table sets forth the funded status of our Philippine defined benefit pension plan and the related changes in the projected benefit obligation and plan assets:

	2000	1999
	(IN THOUSANDS)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$15,384	$13,567
Service cost	1,862	2,153
Interest cost	1,468	1,563
Actuarial loss (gain)	1,598	(356)
Foreign exchange gain	(2,982)	(388)
Benefits paid	(745)	(1,155)
Projected benefit obligation at end of year	16,585	15,384
Change in plan assets:		
Fair value of plan assets at beginning of year	10,669	8,204
Actual return on plan assets	2,187	2,107
Employer contribution	1,542	1,748
Foreign exchange gain	(2,068)	(235)
Benefits paid	(745)	(1,155)
Fair value of plan assets at end of year	11,585	10,669
Funded status:		
Projected benefit obligation in excess of plan assets	5,000	4,715
Unrecognized actuarial loss	(1,369)	(1,011)
Unrecognized transition obligation	(601)	(826)
Accrued pension costs	$ 3,030	$ 2,878

The discount rate used in determining the projected benefit obligation was 12% as of December 31, 2000, 1999 and 1998. The rates of increase in future compensation levels was and 11% as of December 31, 2000, 1999 and 1998. The

expected long-term rate of return on plan assets was 12% as of December 31, 2000, 1999 and 1998. These rates reflect economic and market conditions in the Philippines. The fair value of plan assets include an investment in our common stock of approximately $1.6 million at December 31, 2000.

Korean Severance Plan

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 national pension fund made under the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities. Contributed amounts are

refunded from the National Pension Plan to employees on their retirement. Accrued severance benefits are as follows:

	DECEMBER 31, 2000
	(IN THOUSANDS)
Balance at December 31, 1999	$ 1,794
Increase resulting from the acquisition of K1, K2 and K3	23,195
Provision of severance benefits	12,276
Severance payments	(1,894)
Gain on foreign currency translation	(3,925)
	31,446
Payments remaining with the Korean National Pension Fund	(1,941)
Balance at December 31, 2000	$29,505

10. INCOME TAXES

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

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Current:			
Federal	$ 2,149	$ 9,928	$18,316
State	(159)	1,746	4,426
Foreign	28,550	5,508	724
	30,540	17,182	23,466
Deferred:			
Federal	(6,869)	532	282
Foreign	(1,386)	8,886	968
	(8,255)	9,418	1,250

Total provision	$22,285	$26,600	$24,716

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

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Federal statutory rate	$ 69,101	$ 36,162	$35,257
Deferred taxes established at termination of S Corp. status of AEI	--	--	(1,954)
Income of foreign subsidiaries subject to tax holiday	(43,367)	(14,860)	(9,129)
Foreign exchange (losses) gains recognized for income taxes	(382)	8,023	12,602
Change in valuation allowance	5,898	(11,084)	(8,079)
Difference in rates on foreign subsidiaries	(8,142)	(630)	(3,377)
State taxes, net of federal benefit	(661)	2,028	2,877
Goodwill and other permanent differences	(162)	6,961	1,019
S Corp. status of AEI through April 28, 1998	--	--	(4,500)
Total	$ 22,285	$ 26,600	$24,716

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

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Deferred tax assets (liabilities):			
Retirement benefits	$ 378	$ 463	$ 1,038
Other accrued liabilities	1,934	2,579	4,571
Receivables	517	523	1,717
Inventories	5,762	3,892	2,583
Property, plant and equipment	(3,607)	(2,539)	(2,139)
Unrealized foreign exchange losses	8,535	480	15,805
Unrealized foreign exchange gains	(2,013)	(2,175)	(3,530)
Loss on sale of investment in ASI	861	1,620	1,620
Net operating loss carryforward and carryback	6,457	--	3,646
Minimum corporate income tax	--	--	1,182
Equity in earnings of investees	943	1,148	--
Capital loss carryforward	568	--	--
Other	--	191	191
Net deferred tax asset	20,335	6,182	26,684
Valuation allowance	(8,735)	(2,837)	(13,921)
Net deferred tax asset	$11,600	$ 3,345	$ 12,763

As a result of our 2000 acquisition of K1, K2 and K3, we received the benefit of a 100% tax holiday that applies for seven years from the acquisition and then a 50% tax holiday for three additional years. During 2000 one of our Philippine subsidiaries received a partial tax holiday. The 2000 granted tax holidays are in addition to the previously granted holidays in Korea and the Philippines. The foreign exchange (losses) gains recognized for income taxes

relate to unrecognized net foreign exchange (losses) gains on U.S. dollar denominated monetary assets and liabilities. During 2000 our Philippine subsidiary realized net foreign exchange gains and losses for book purposes which are deferred for tax. Our ability to utilize these assets depends on the timing of the settlement of the related assets or liabilities and the amount of taxable income

recognized within the Philippine statutory carryforward limit of three years. During 2000, our Philippine subsidiary established a valuation allowance for a portion of the related deferred tax assets. During 2000 the company recognized certain reductions in its current liability through additional tax credits including a U.S. research and development credit and recognized certain reductions from prior year tax accruals.

Our company has U.S. net operating losses for tax purposes totaling $16.1 million and $1.8 million for 2000 and 1999, available for carryback up to 2 years and carryforward up to 20 years, expiring in 2019 and 2020. Non-U.S. income before taxes and minority interest was approximately $201 million, $74.0 million and $54.0 million in 2000, 1999 and 1998, respectively. At December 31, 2000, undistributed earnings of non-U.S. subsidiaries totaled approximately $313.5 million. Deferred tax liabilities have not been recognized for these undistributed earnings because it is our intention to reinvest such undistributed earning outside the U.S. An estimated $72.4 million in U.S. income and foreign withholding taxes would be due if these earnings were remitted as dividends.

At December 31, 2000 and 1999 current deferred tax assets of $13.5 million and $5.8 million, respectively, are included in other current assets and noncurrent deferred tax assets of $2.3 million and $2.3 million, respectively, are included in other assets in the consolidated balance sheet. The net deferred tax assets include amounts, which, in our opinion, are more likely than not to be realizable through future taxable income. In addition, at December 31, 2000 and 1999, noncurrent deferred tax liabilities of $4.2 million and $4.8 million, respectively, are included in other noncurrent liabilities in the consolidated balance sheet.

Our tax returns have been examined through 1994 in the Philippines and through 1996 in the U.S. The tax returns for open years are subject to changes upon final examination. 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.

11. EARNINGS PER SHARE

Statement of Financial Accounting Standards ("SFAS") of 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. The 5% convertible subordinated notes due 2007 and the warrants issued May 2000 are antidilutive for the periods presented and therefore are not included in the EPS calculation. The basic and diluted per share amounts for the years presented, including unaudited pro forma earnings per share for December 31, 1998, are calculated as follows:

	EARNINGS (NUMERATOR)	WEIGHTED AVERAGE SHARES (DENOMINATOR)	PER SHARE AMOUNT
		(IN THOUSANDS)	
Earnings per Share -- Year Ended December 31, 2000			
Basic earnings per share	$154,153	145,806	$1.06
Impact of convertible notes	2,414	3,744	
Dilutive effect of options	--	3,673	

Diluted earnings per share	$156,567	153,223	$1.02
Earnings per Share -- Year Ended December 31, 1999			
Basic earnings per share	$ 76,719	119,341	$0.64
Impact of convertible notes	8,249	14,228	
Dilutive effect of options	--	1,498	
Diluted earnings per share	$ 84,968	135,067	$0.63

	EARNINGS (NUMERATOR)	WEIGHTED AVERAGE SHARES (DENOMINATOR)	PER SHARE AMOUNT
		(IN THOUSANDS)	
Pro forma Earnings per Share -- Year Ended December 31, 1998 (unaudited):			
Basic pro forma earnings per share	$ 70,960	106,221	$0.67
Impact of convertible notes	5,672	10,334	
Dilutive effect of options	--	41	
Diluted pro forma earnings per share	$ 76,632	116,596	$0.66
Earnings per Share -- Year Ended December 31, 1998			
Basic earnings per share	$ 75,460	106,221	$0.71
Impact of convertible notes	5,672	10,334	
Dilutive effect of options	--	41	
Diluted earnings per share	$ 81,132	116,596	$0.70

12. STOCK COMPENSATION PLANS

1998 Director Option Plan. A total of 300,000 shares of common stock have been reserved for issuance under the Director Plan. The option grants under the Director Plan are automatic and non-discretionary. Generally, the Director Plan provides for an initial grant of options to purchase 15,000 shares of common stock to each new non-employee director of the company when such individual first becomes an Outside Director. In addition, each non-employee director will automatically be granted subsequent options to purchase 5,000 shares of common stock on each date on which such director is re-elected by the stockholders of the company, provided that as of such date such director has served on the Board of Directors for at least six months. The exercise price of the options is 100% of the fair market value of the common stock on the grant date. The term of each option is ten years and each option granted to an non-employee director vests over a three year period. The Director Plan will terminate in January 2008 unless sooner terminated by the Board of Directors.

1998 Stock Plan. The 1998 Stock Plan generally provides for the grant to employees, directors and consultants of stock options and stock purchase rights. Unless terminated sooner, the 1998 Plan will terminate automatically in January 2008. A total of 5,000,000 shares have been reserved for issuance under the 1998 Stock Plan with provision for an annual replenishment to bring the share reserved for issuance under the plan to 5,000,000 shares as of each January 1.

Unless determined otherwise by the Board of Directors or a committee appointed by the Board of Directors, options and stock purchase rights granted under the 1998 Plan are not transferable by the optionee. Generally, the exercise price of all stock options granted under the 1998 Plan must be at least equal to the fair market value of the shares on the date of grant. In general, the options granted will vest over a four year period and the term of the options granted under the 1998 Plan may not exceed ten years.

1998 Stock Option Plan for French Employees. Unless terminated sooner, the French Plan will continue in existence until 2003. The French Plan provides for the granting of options to employees of our French subsidiaries. A total of 250,000 shares of common stock have been reserved for issuance under the French Plan with provision for an annual replenishment to bring the share reserved for issuance under the plan to 250,000 shares as of each January 1. In general, stock options granted under the French Plan vest over a four year period, the exercise price for each option granted under the French Plan shall be 100% of the fair market value of the shares of common stock on the date the option is granted and the maximum term of the option must not exceed ten years. Shares subject to the options granted under the French Plan may not be

transferred, assigned or hypothecated in any manner other than by will or the laws of descent or distribution before the date which is five years after the date of grant.

A summary of the status of the stock option plans follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Balance at January 1, 1998	--	--
Granted	3,974,200	$10.01
Exercised	--	--
Cancelled	150,300	$11.00
Balance at December 31, 1998	3,823,900	$ 9.97
Granted	1,468,450	$10.62
Exercised	75,534	$10.49
Cancelled	151,268	$ 9.91
Balance at December 31, 1999	5,065,548	$10.15
Granted	5,168,950	$40.15
Exercised	418,388	$10.32
Cancelled	545,909	$33.87
Balance at December 31, 2000	9,270,201	$25.48
Options exercisable at:		
December 31, 1998	--	--
December 31, 1999	1,363,644	$ 9.82
December 31, 2000	2,827,380	$10.23

Significant option groups outstanding at December 31, 2000 and the related weighted average exercise price and remaining contractual life information are as follows:

	OUTSTANDING		EXERCISABLE		
	SHARES	WEIGHTED AVERAGE PRICE	SHARES	WEIGHTED AVERAGE PRICE	WEIGHTED AVERAGE REMAINING LIFE (YEARS)
Options with Exercise Price of:					
$50.438 - $62.75	99,150	$52.79	--	$ --	9.3
$33.563 - $49.50	3,760,800	$42.98	--	$ --	9.2
$22.125 - $32.31	621,100	$29.76	9,750	$28.04	9.5
$14.438 - $21.563	535,641	$17.83	64,142	$18.17	9.4
$9.06 - $13.375	3,585,620	$10.45	2,381,659	$10.65	7.6

$5.66 - $8.06.....	667,890	$ 5.69	371,829	$ 5.69	7.9
Options outstanding at December 31, 2000.....	9,270,201		2,827,380		

A summary of the weighted average fair value of options at grant date granted during the year ended December 31, 2000, 1999 and 1998 follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE GRANT DATE FAIR VALUES
Options granted during 2000:			
Options whose exercise price equals market price on grant date.....	5,168,950	$40.15	$22.46
Options granted during 1999:			
Options whose exercise price equals market price on grant date.....	1,468,450	$10.62	$ 6.33
Options granted during 1998:			
Options whose exercise price is greater than the market price on grant date.....	42,600	$11.00	$ 2.22
Options whose exercise price equals market price on grant date.....	3,901,600	$ 9.99	$ 4.31
Options whose exercise price is less than the market price on grant date.....	30,000	$10.34	$ 4.97

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

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Expected life (in years).....	4	4	4
Risk-free interest rate.....	6.8%	5.5%	5.4%
Volatility.....	66%	75%	47%
Dividend yield.....	--	--	--

1998 Employee Stock Purchase Plan. A total of 1,000,000 shares of common stock have been made available for sale under the Stock Purchase Plan and an annual increase is to be added on each anniversary date of the adoption of the Purchase Plan. Employees (including officers and employee directors of the company but excluding 5% or greater stockholders) are eligible to participate if they are customarily employed for at least 20 hours per week. The Stock Purchase Plan permits eligible employees to purchase common stock through payroll deductions, which may not exceed 15% of the compensation an employee receives on each payday. Each participant will be granted an option on the first day of a two year offering period, and shares of common stock will be purchased on four purchase dates within the offering period. The purchase price of the common stock under the Purchase Plan will be equal to 85% of the lesser of the fair market value per share of common stock on the start date of the offering period or on the purchase date. Employees may end their participation in an offering

period at any time, and participation ends automatically on termination of employment with the company. The Purchase Plan will terminate in January 2008, unless sooner terminated by the Board of Directors.

For the years ended December 31, 2000, 1999 and 1998, employees purchased common stock shares under the stock purchase plan of 263,498, 586,755 and 0, respectively. The average estimated fair values of the purchase rights granted during the years ended December 31 2000, 1999 and 1998 based on the Black-Scholes

option pricing model were $12.17, $5.65 and $1.38, respectively. The following weighted average assumptions were used:

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Expected life (in years)	0.5	0.5	0.6
Risk-free interest rate	6.8%	5.4%	5.5%
Volatility	66%	75%	47%
Dividend yield	--	--	--

We account for our stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and the Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB No. 25." Accordingly, compensation cost for stock-based plans is generally measured as the excess, if any, of the quoted market price of our company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Had we recorded compensation expense for our stock compensation plans, as provided by SFAS No. 123, "Accounting for Stock-Based Compensation," our reported net income and basic and diluted earnings per share, which reflects pro forma adjustments for income taxes for 1998, would have been reduced to the pro forma amounts indicated below:

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS EXCEPT PER SHARE)		
Net Income:			
As reported	$154,153	$76,719	$70,960
Pro forma	$127,581	$72,033	$69,313
Earnings per share:			
Basic:			
As reported	$ 1.06	$ 0.64	$ 0.67
Pro forma	$ 0.88	$ 0.60	$ 0.65
Diluted:			
As reported	$ 1.02	$ 0.63	$ 0.66
Pro forma	$ 0.85	$ 0.59	$ 0.64

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments has been determined using available market information and appropriate methodologies; however, considerable judgment is required in interpreting market data to develop the estimates for fair value. Accordingly, these estimates are not necessarily indicative of the amounts that we could realize in a current market exchange.

Certain of these financial instruments are with major financial institutions and expose us to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The creditworthiness of counterparties is continually reviewed, and full performance is anticipated.

The carrying amounts reported in the balance sheet for short-term investments, due from affiliates, other accounts receivable, due to affiliates, accrued expenses and accrued income taxes approximate fair value due

to the short-term nature of these instruments. The methods and assumptions used to estimate the fair value of other significant classes of financial instruments is set forth below:

Cash and Cash Equivalents. Cash and cash equivalents are due on demand or carry a maturity date of less than three months when purchased. The carrying amount of these financial instruments is a reasonable estimate of fair value.

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

Long-term debt. The carrying amount of our total long-term debt as December 31, 2000 was $1,586 million and the fair value based on available market quotes is estimated to be $1,483 million.

14. COMMITMENTS AND CONTINGENCIES

We are involved in various claims incidental to the conduct of our business. Based on consultation with legal counsel, management does not believe that any claims, either individually or in the aggregate, to which we are a party will have a material adverse effect on our financial condition or results of operations.

We are disputing certain amounts due under a technology license agreement with a third party. To date, this dispute has not involved the judicial systems. We have accrued our estimate of amounts due under this agreement. However, depending on the outcome of this dispute, the ultimate amount payable by us, as of December 31, 2000, could be up to $12.6 million.

Net future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year are:

	DECEMBER 31, 2000
	(IN THOUSANDS)
2001	$ 14,548
2002	12,627
2003	9,130
2004	5,935
2005	4,817
Thereafter	98,869
Total (net of minimum sublease income of $4,403)	$145,926

Rent expense amounted to $13.7 million, $10.4 million and $7.8 million for 2000, 1999 and 1998, respectively. We lease office space in West Chester, Pennsylvania from certain of our stockholders. The lease expires in 2006. We have the option to extend the lease for an additional 10 years through 2016. Amounts paid for this lease in 2000, 1999 and 1998 were $1.2 million, $1.1

million and $1.1 million, respectively.

We have various purchase commitments for materials, supplies and capital equipment incidental to the ordinary conduct of business. As of December 31, 2000 we had commitments for capital equipment of approximately $63 million. In the aggregate, such commitments are not at prices in excess of current market.

15. SEGMENT INFORMATION

In accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," we have two reportable segments, packaging and test services and wafer fabrication services.

These segments are managed separately because the services provided by each segment require different technology and marketing strategies.

Packaging and Test Services. Through our four factories located in the Philippines and our four factories located in Korea, we offer a complete and integrated set of packaging and test services including IC packaging design, leadframe and substrate design, IC package assembly, final testing, burn-in, reliability testing and thermal and electrical characterization.

Wafer Fabrication Services. Through our wafer fabrication services division, we provide marketing, engineering and support services of ASI's deep submicron CMOS foundry, under a long-term supply agreement.

We derive substantially all of our wafer fabrication revenues from Texas Instruments (TI). Total net revenues derived from TI accounted for 14.1% and 16.5% of net revenues in 2000 and 1999, respectively. Total net revenues for services provided to TI prior to 1999 were less than 10%. Intel Corporation, accounted for approximately 14.1% and 20.6% of net revenues in 1999 and 1998, respectively. Revenues for services provided to Intel for 2000 did not exceed 10%. Our company's five largest customers collectively accounted for 34.8%, 43.6% and 41.6% of net revenues in 2000, 1999 and 1998, respectively. The companies that constitute our five largest customers have varied from year to year.

The accounting policies for segment reporting are the same as those described in Note 1 of Notes to Consolidated Financial Statements. We evaluate our operating segments based on operating income. Summarized financial information concerning our reportable segments is shown in the following table. The "Other" column includes the elimination of inter-segment balances and corporate assets which include cash and cash equivalents, non-operating balances due from affiliates, investment in ASI and TSTC and other investments.

	PACKAGING AND TEST	WAFER FABRICATION	OTHER	TOTAL
		(IN THOUSANDS)		
2000				
Net revenues	$2,009,701	$377,593	$ --	$2,387,294
Gross profit	567,381	37,755	--	605,136
Operating income	299,101	24,275	--	323,376
Depreciation and amortization including debt issue costs	330,824	2,085	--	332,909
Capital expenditures including by acquisition	883,752	1,124	--	884,876
Total assets	2,732,733	46,231	614,320	3,393,284
1999				

Net revenues	$1,617,235	$292,737	$ --	$1,909,972
Gross profit	319,877	29,279	--	349,156
Operating income	158,283	17,794	--	176,077
Depreciation and amortization including debt issue costs	178,771	1,561	--	180,332
Capital expenditures including by acquisition	603,173	2,536	--	605,709
Total assets	1,391,105	37,011	326,973	1,755,089
1998				
Net revenues	$1,452,285	$115,698	$ --	$1,567,983
Gross profit	243,479	17,354	--	260,833
Operating income	124,462	8,274	--	132,736
Depreciation and amortization including debt issue costs	118,676	563	--	119,239
Capital expenditures	102,142	5,747	--	107,889
Total assets	655,695	65,941	281,961	1,003,597

The following table presents net revenues by country based on the location of the customer:

	NET REVENUES		
	2000	1999	1998
	(IN THOUSANDS)		
United States	$1,280,896	$1,316,147	$1,124,764
Foreign countries	1,106,398	593,825	443,219
Consolidated	$2,387,294	$1,909,972	$1,567,983

The following table presents property, plant and equipment based on the location of the asset:

	PROPERTY, PLANT AND EQUIPMENT		
	2000	1999	1998
	(IN THOUSANDS)		
United States	$ 84,351	$ 48,438	$ 48,851
Philippines	579,619	448,644	366,717
Korea	813,983	362,144	--
Other foreign countries	557	542	543
Consolidated	$1,478,510	$859,768	$416,111

The following supplementary information presents net revenues allocated by product family for the packaging and test segment:

	NET REVENUES		
	2000	1999	1998
	(IN THOUSANDS)		
Traditional leadframe	$ 647,872	$ 559,563	$ 603,222
Advanced leadframe	508,544	412,395	342,866
Laminates	719,576	561,181	438,034

Test and other	133,709	84,096	68,163
Consolidated	$2,009,701	$1,617,235	$1,452,285

16. SUBSEQUENT EVENT (UNAUDITED)

Joint Venture with Toshiba Corporation. In January 2001, we began operating a joint venture with Toshiba Corporation providing semiconductor assembly and test services in Japan. We own 60% of the joint venture company and will acquire the remaining 40% by the end of the third year of the joint venture operation for a price to be determined based on the performance of the joint venture during the three year period but at a purchase price which can not exceed approximately $40 million subject to exchange rate fluctuations. The joint venture took over the operations of the existing assembly facility at a Toshiba facility and continues to provide packaging and test services for Toshiba under a long-term agreement.

Offering of Senior Notes. In February 2001, we sold $500.0 million principal amount of our 9.25% senior notes due 2008 in a private placement. We used $387.5 million of the $490.0 million of the net proceeds of this offering to repay amounts outstanding under our secured bank facilities, and the balance of the net proceeds was available to be used for general corporate and working capital purposes. In March 2001, we amended the secured bank facilities to relax certain of the covenants and to provide us with additional operating flexibility.

Acquisitions in Taiwan. On March 7, 2001, we announced that in separate transactions, that we will acquire Taiwan Semiconductor Corporation (TSTC) and Sampo Semiconductor Corporation (SSC) in Taiwan. Both TSTC and SSC signed letters of intent enabling negotiations to proceed. Both agreements are expected to be finalized in April 2001. The purchase price will be paid principally through the issuance of additional shares of our common stock.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Stockholders and the Board of Directors
Amkor Technology Philippines (P1/P2), Inc. and
Amkor Technology Philippines (P3/P4), Inc.

We have audited the combined balance sheet of Amkor Technology Philippines (P1/P2), Inc. and Amkor Technology Philippines (P3/P4), Inc., (formerly Amkor/Anam Pilipinas, Inc. and Amkor/Anam Advanced Packaging, Inc., respectively, companies incorporated under the laws of the Republic of the Philippines and collectively referred to as the "Companies") as of December 31, 2000, and the related combined statements of income, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Amkor Technology Philippines (P1/P2), Inc. and Amkor Technology Philippines (P3/P4), Inc. as of December 31, 2000, and the combined results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ SYCIP GORRES VELAYO & CO.

Makati City, Philippines
January 18, 2001

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited the accompanying consolidated balance sheet of Amkor Technology, Inc. and its subsidiaries as of December 31, 1999, and the related consolidated statements of income, stockholders' equity and cash flows for the years ended December 31, 1998 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Anam Semiconductor, Inc. ("ASI") (See Note 2), the investment in which is reflected in the accompanying 1999 financial statements using the equity method of accounting. The investment in ASI represents 2% of total assets at December 31, 1999 and the equity in its net loss represents 2% of net income before the equity in loss of investees in 1999. In addition, we did not audit the financial statements of Amkor Technology Korea, Inc., ("ATK"), a wholly-owned subsidiary, which statements reflect total assets and total operating income of 35% and 6%, respectively, of the related consolidated totals in 1999. The statements of ASI and ATK were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to amounts included for ASI and ATK, is based solely on the reports of the other auditors.

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

In our opinion, based upon our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amkor Technology, Inc. and its subsidiaries as of December 31, 1999, and the results of their operations and their cash flows for the years ended December 31, 1998 and 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania
February 3, 2000

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholder and Board of Directors of
Amkor Technology Korea, Inc.

We have audited the accompanying balance sheet of Amkor Technology Korea, Inc. (the "Company") as of December 31, 1999, and the related statements of operations, stockholder's equity, and cash flows for the period from February 19 (date of incorporation) to December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amkor Technology Korea, Inc. as of December 31, 1999, and the results of its operations and its cash flows for the period from February 19 (date of incorporation) to December 31, 1999 in conformity with generally accepted accounting principles in the United States of America.

/s/ SAMIL ACCOUNTING CORPORATION

Seoul, Korea
January 15, 2000

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited in accordance with generally accepted auditing standards in the United States, the Consolidated Financial Statements of Amkor Technology, Inc. and its subsidiaries as of December 31, 1999 and for the years ended December 31, 1999 and 1998 included in this Form 10-K and have issued our report thereon dated February 3, 2000. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index above is the responsibility of the Company's management and is presented for the purpose of complying with the Securities an Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 1999 and 1998, and in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania
February 3, 2000

AMKOR TECHNOLOGY, INC. AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	WRITE-OFFS	OTHER	BALANCE AT END OF PERIOD
			(IN THOUSANDS)		
Year ended December 31, 1998:					
Allowance for doubtful accounts.....	$4,234	$ 1,720	$ (2)	--	$5,952
Year ended December 31, 1999:					
Allowance for doubtful accounts.....	$5,952	$(3,500)	$ (9)	--	$2,443
Year ended December 31, 2000:					
Allowance for doubtful accounts.....	$2,443	$ (17)	$ --	--	$2,426

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Reference is made to the information required by Item 304 of Regulation S-K and Item 9 of Form 10-K regarding our change in our certifying accountants filed in a Current Report on Form 8-K on September 18, 2000 dated September 11, 2000, which information is hereby incorporated by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

DIRECTORS AND EXECUTIVE OFFICERS

Reference is made to the information regarding our directors and officers under the heading "Directors and Officers" in our proxy statement to be delivered to stockholders in connection with the 2001 annual meeting of stockholders, which information is hereby incorporated by reference.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires a company's officers and directors, and persons who own more than ten percent of a registered class of the company's equity securities, to file reports of ownership on Form 3 and changes in ownership on Form 4 or 5 with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers, Inc. Such officers, directors and ten-percent stockholders are also required by SEC rules to furnish the company with copies of all forms that they file pursuant to Section 16(a). Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons that no other reports were required for such persons, we believe that all Section 16(a) filing requirements applicable to our officers, directors and ten-percent stockholders were complied with in a timely fashion.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information regarding executive compensation appearing under the heading "Executive Compensation" in our proxy statement to be delivered to stockholders in connection with the 2001 annual meeting of stockholders, which information is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Reference is made to the information regarding security ownership under the heading "Security Ownership of Certain Beneficial Owners and Management" in our proxy statement to be delivered to stockholders in connection with the 2001 annual meeting of stockholders, which information is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Reference is made to the information regarding relationships and related transactions under the heading "Certain Relationships and Related Transactions" in our proxy statement to be delivered to stockholders in connection with the 2001 annual meeting of stockholders, which information is hereby incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements and Financial Statement Schedules. The financial statements and schedule filed as part of this Annual Report on Form 10-K are listed in the index under Item 8.

(b) REPORTS ON FORM 8-K

We filed with the Securities and Exchange Commission the following report on Form 8-K during the fourth quarter of the fiscal year ended December 31, 2000:

Current Reports on Form 8-K/A dated May 2, 2000 (filed October 30, 2000) related to the acquisition of K1, K2 and K3 and our investment in Anam Semiconductor, Inc. and the financing transactions related to the acquisition and investment.

Current Report on Form 8-K dated October 31, 2000 (filed November 6, 2000)

related to a press release dated October 31, 2000 announcing our financial results for the third quarter ended September 30, 2000.

(c) EXHIBITS

2.1	Asset Purchase Agreement by and between Amkor Technology Korea, Inc. and Anam Semiconductor, Inc., dated January 14, 2000.(7)
2.2	Amendment to Asset Purchase Agreement by and between Amkor Technology Korea, Inc. and Anam Semiconductor, Inc., dated as of February 25, 2000.(7)
3.1	Certificate of Incorporation.(1)
3.2	Certificate of Correction to Certificate of Incorporation.(2)
3.3	Restated Bylaws.(2)
4.1	Specimen Common Stock Certificate.(1)
4.2	Convertible Subordinated Notes Indenture dated as of May 6, 1998 between the Registrant and State Street Bank and Trust Company, including form of 5 3/4% Convertible Subordinated Notes due 2003.(1)
4.3	Senior Notes Indenture dated as of May 6, 1999 between the Registrant and State Street Bank and Trust Company, including form of 9 1/4% Senior Note Due 2006.(4)
4.4	Senior Subordinated Notes Indenture dated as of May 6, 1999 between the Registrant and State Street Bank and Trust Company, including form of 10 1/2% Senior Subordinated Note Due 2009.(4)
4.5	Convertible Subordinated Notes Indenture dated as of March 22, 2000 between the Registrant and State Street Bank and Trust Company, including form of 5% Convertible Subordinated Notes due 2007.(6)
4.6	Registration Agreement between the Registrant and the Initial Purchasers named therein dated as of March 22, 2000.(1)
10.1	Form of Indemnification Agreement for directors and officers.(1)
10.2	1998 Stock Plan and form of agreement thereunder.(1)
10.3	Form of Tax Indemnification Agreement between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.(1)
10.4	Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D. and John T. Kim and Amkor Electronics, Inc., dated October 1, 1996.(1)
10.5	Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim and Amkor Electronics, Inc., dated June 14, 1996.(1)
10.6	Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.(1)
10.7	Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.(1)
10.8	Lease Contract between AAP Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.(1)
10.9	Immunity Agreement between Amkor Electronics, Inc. and Motorola, Inc., dated June 30, 1993.(1)
10.10	1998 Director Option Plan and form of agreement thereunder.(1)

10.11	1998 Employee Stock Purchase Plan.(1)
10.12	Foundry Services Agreement by and among Amkor Electronics, Inc., C.I.L. Limited, Anam Industries Co., Ltd. and Anam USA dated as of January 1, 1998.(1)
10.13	Technical Assistance Agreement by and between Texas Instruments Incorporated and Anam Industrial Co., Ltd. dated as of July 1, 2000.(8)+
10.14	Amended Manufacturing and Purchase Agreement by and between Texas Instruments Incorporated, Anam Industrial Co., Ltd. and Amkor Electronics, Inc., dated as of July 1, 2000.(8)+
10.15	1998 Stock Option Plan for French Employees.(1)
10.16	Loan Agreement between Amkor Electronics, Inc. and John Boruch dated January 30, 1998.(3)
10.17	Shareholders Agreement, dated April 10, 1998, by and among Amkor Electronics, Inc., Anam Industrial Co. Ltd., Scientek International Investment Co. Ltd., Chinfon Semiconductor & Technology Co., Ltd., Taiwan

Semiconductor Manufacturing Company Ltd., and Acer Incorporated.(6)+
10.18 Intellectual Property Transfer and License Agreement by and between Amkor Technology, Inc. and Anam Semiconductor, Inc.(5)
12.1 Calculation of Ratio of Earnings to Fixed Charges.
21.1 List of Subsidiaries of the Registrant.
23.1 Consent of PricewaterhouseCoopers LLP.
23.2 Consent of Sycip Gorres Velayo & Co.
23.3 Consent of Samil Accounting Corporation.
23.4 Consent of Arthur Andersen LLP.
23.5 Consent of Siana Carr & O'Connor, LLP.
23.6 Consent of Ahn Kwon & Company.

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(1) Incorporated by reference to the Company's Registration Statement on Form S-1 filed October 6, 1997, as amended (File No. 333-37235).

(2) Incorporated by reference to the Company's Registration Statement on Form S-1 filed August 26, 1998, as amended (File No. 333-49645).

(3) Incorporated by reference to the Company's Annual Report on Form 10-K filed March 31, 1999, as amended.

(4) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed May 17, 1999.

(5) Incorporated by reference to the Company's Report on Form 8-K dated October 26, 1999.

(6) Incorporated by reference to the Company's Annual Report on Form 10-K filed March 30, 2000, as amended.

(7) Incorporated by reference to the Company's Report on Form 8-K dated May 2, 2000, as amended.

(8) To be filed by amendment.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed, on its behalf by the undersigned, thereunto duly authorized.

AMKOR TECHNOLOGY, INC.

By: /s/ JAMES J. KIM

James J. Kim
Chairman and Chief Executive Officer

Date: March 30, 2001

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James J. Kim and Kenneth Joyce, and each of them, his attorneys-in-fact, and agents, each with the power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorneys-in-fact and agents of any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ JAMES J. KIM James J. Kim	Chief Executive Officer and Chairman	March 30, 2001
/s/ JOHN N. BORUCH John N. Boruch	President and Director	March 30, 2001
/s/ KENNETH JOYCE Kenneth Joyce	Chief Financial Officer (Principal Financial and Accounting Officer)	March 30, 2001
/s/ WINSTON J. CHURCHILL Winston J. Churchill	Director	March 30, 2001
/s/ THOMAS D. GEORGE Thomas D. George	Director	March 30, 2001

NAME	TITLE	DATE
/s/ GREGORY K. HINCKLEY Gregory K. Hinckley	Director	March 30, 2001
/s/ JOHN B. NEFF John B. Neff	Director	March 30, 2001
/s/ JURGEN KNORR Jurgen Knorr	Director	March 30, 2001

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
2.1	Asset Purchase Agreement by and between Amkor Technology Korea, Inc. and Anam Semiconductor, Inc., dated January 14, 2000.(7)
2.2	Amendment to Asset Purchase Agreement by and between Amkor Technology Korea, Inc. and Anam Semiconductor, Inc., dated as of February 25, 2000.(7)
3.1	Certificate of Incorporation.(1)
3.2	Certificate of Correction to Certificate of Incorporation.(2)
3.3	Restated Bylaws.(2)
4.1	Specimen Common Stock Certificate.(1)
4.2	Convertible Subordinated Notes Indenture dated as of May 6, 1998 between the Registrant and State Street Bank and Trust Company, including form of 5 3/4% Convertible Subordinated Notes due 2003.(1)
4.3	Senior Notes Indenture dated as of May 6, 1999 between the Registrant and State Street Bank and Trust Company, including form of 9 1/4% Senior Note Due 2006.(4)

4.4	Senior Subordinated Notes Indenture dated as of May 6, 1999 between the Registrant and State Street Bank and Trust Company, including form of 10 1/2% Senior Subordinated Note Due 2009.(4)
4.5	Convertible Subordinated Notes Indenture dated as of March 22, 2000 between the Registrant and State Street Bank and Trust Company, including form of 5% Convertible Subordinated Notes due 2007.(6)
4.6	Registration Agreement between the Registrant and the Initial Purchasers named therein dated as of March 22, 2000.(1)
10.1	Form of Indemnification Agreement for directors and officers.(1)
10.2	1998 Stock Plan and form of agreement thereunder.(1)
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(3) Incorporated by reference to the Company's Annual Report on Form 10-K filed March 31, 1999, as amended.

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(7) Incorporated by reference to the Company's Report on Form 8-K dated May 2, 2000, as amended.

(8) To be filed by amendment.

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EXHIBIT 12.1

AMKOR TECHNOLOGY, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	YEAR ENDED DECEMBER 31,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS EXCEPT RATIO DATA)				
Earnings					
Income before income taxes and equity in income (loss) of investees	$43,012	$ 61,006	$100,735	$105,288	$197,429
Interest expense	27,716	37,993	25,860	61,803	127,027
Amortization of debt issuance costs	--	--	1,217	3,466	7,013
Interest portion of rent	1,822	2,236	2,584	3,481	4,567
Less (earnings) loss of affiliates	(661)	(512)	--	2,622	--
	$71,889	$100,723	$130,396	$176,660	$336,036
Fixed Charges					
Interest expense	27,716	37,993	25,860	61,803	127,027
Amortization of debt issuance costs	--	--	1,217	3,466	7,013
Interest portion of rent	1,822	2,236	2,584	3,481	4,567
	$29,538	$ 40,229	$ 29,661	$ 68,750	$138,607
Ratio of earnings to fixed charges	2.4x	2.5x	4.4x	2.6x	2.4x

EXHIBIT 21.1

AMKOR TECHNOLOGY, INC.

LIST OF SUBSIDIARIES

A. Amkor Technology Hong Kong, Ltd. a limited liability corporation organized under the laws of Hong Kong (incorporated 11/01/00).

B. Wafer Fabrication Services SARL, a corporation organized under the laws of France.

C. 60% ownership in Amkor/Iwate, KK, a corporation incorporated under the laws of Japan.

D. Guardian Assets, Inc., a Delaware corporation, and its wholly owned subsidiaries:

1. Amkor Technology Euroservices SARL, a corporation organized under the laws of France.

2. Amkor Technology Japan, KK., A Corporation Organized under the laws of Japan (Incorporated 07/23/99).

3. Amkor International Holdings, a corporation organized under the laws of the British Cayman Islands, and its wholly owned subsidiary:

(a) First Amkor Caymans, Inc., a corporation organized under the laws of the British Cayman Islands, and its wholly owned subsidiaries:

(i) P-Four, Inc., a corporation organized under the laws of the Philippines and its subsidiary:

(A) 60% ownership of Amkor Technology Philippines (P3/P4), Inc., both of which are corporations organized under the laws of the Philippines (40% ownership by Amkor Technology Limited):

(1) Amkor Anam Precision Machine Corporation, a corporation organized under the laws of Philippines, effective 07/01/99.

(B) 60% ownership of Amkor Technology Philippines (P1/P2) Inc., organized under the laws of the Philippines (40% ownership by Amkor Technology, Limited).

(ii) Amkor Technology, Limited (100% wholly owned), a corporation organized under the laws of the British Cayman Islands; and its subsidiary:

(A) AT Korea (100% wholly owned), a corporation organized under the laws of the Republic of Korea.

(B) SemiSys Co., Ltd. (100% wholly owned), a corporation organized under the laws of the Republic of Korea.

(C) 40% ownership of Amkor Technology Philippines (P1/P2) Inc., organized under the laws of the Philippines (60% ownership by P-Four, Inc.).

(D) 40% ownership of Amkor Technology Philippines (P3/P4), Inc., incorporated organized under the laws of the Philippines:

(1) Amkor Anam Precision Machine Corporation, a corporation organized under the laws of the Philippines, effective 07/01/99.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (File # 333-39642) and Form S-8 filings (File # 333-62891 and File #333-86161) of Amkor Technology, Inc. of our report dated February 2, 2001 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 30, 2001

Exhibit 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (File #333-39642) and Form S-8 filings (File #333-62891 and File #333-86161) of Amkor Technology, Inc. of our report dated January 18, 2001 relating to the financial statements of Amkor Technology Philippines (P1/P2), Inc. and Amkor Technologies Philippines (P3/P4), Inc. (formerly Amkor/Anam Pilipinas, Inc. and Amkor/Advanced Packaging, Inc., respectively), which appears in this Form 10-K.

SyCip Gorres Velayo & Co.

Makati City, Philippines
March 29, 2001

EXHIBIT 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (File #333-39642) and Form S-8 filings (File #333-62891 and File #333-86161) of Amkor Technology, Inc. of our following reports:

- dated January 15, 2000 relating to the financial statements of Amkor Technology Korea, Inc., which appears in this Form 10-K

- dated January 19, 2001 relating to the consolidated financial statements of Anam Semiconductor, Inc. and its subsidiary which appears in this Current Report on Form 8-K.

Samil Accounting Corporation

Seoul, Korea
March 29, 2001

Exhibit 23.4

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.

As independent public accountants, we hereby consent to the inclusion in this Form 10-K of our reports dated February 3, 2000, and to the incorporation of our reports into the Company's previously filed Registration Statements on Form S-8 File No. 333-62891 and No. 333-86161 and on Form S-3 File No. 333-39642. It should be noted that we have not audited any financial statements or schedules of the Company subsequent to December 31, 1999 or performed any audit procedures subsequent to the date of our report.

/s/ ARTHUR ANDERSEN LLP

Arthur Andersen LLP

March 30, 2001

Exhibit 23.5

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of and incorporation by reference of our report and to all references to our Firm included in or made a part of this Amkor Technology, Inc. Form 10-K and into the Company's previously filed Form S-8 Registration Statements File Numbers 333-62891 and 333-86161 and Form S-3 Registration Statement File Number 333-39642.

Siana Carr and O'Connor, LLP

Paoli, PA
March 29, 2001

Exhibit 23.6

CONSENT OF INDEPENDENT ACCOUNTANTS

As independent public accountants, we hereby consent to the use of and incorporation by reference of our reports and to all references to our Firm included in or made a part of this Amkor Technology, Inc. Form 10-K and into the Company's previously filed Form S-8 Registration Statements File Numbers 333-62891 and 333-86161 and Form S-3 Registration Statement File Number 333-39642.

Ahn Kwon & Co.

Seoul, Korea
March 29, 2001