

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2004

or

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

Commission File Number 000-29472

AMKOR TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

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

1345 Enterprise Drive
West Chester, PA 19380
(610) 431-9600
(Address of principal executive offices and zip code)

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

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

The number of outstanding shares of the registrant's Common Stock as of August 2, 2004 was 175,717,875.

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SIGNATURES

Asset Purchase Agreement dated as of May 17, 2004; IBM Singapore Pte Ltd.

Asset Purchase Agreement dated as of May 17, 2004; IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.

Sales Contract of Commodity Premises...

Computation of Rati of Earnings to Fixed Charges.

Certification of James J. Kim, Chief Executive Officer.

Certification of Kenneth T. Joyce, Chief Financial Officer.

Certification of Kenneth T. Joyce, Chief Financial Officer; Pursuant to Rule 13a-14(a).

PART I. FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements

AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
Net revenues	\$ 492,536	\$ 377,947	\$ 957,182	\$ 721,078
Cost of revenues	397,761	303,686	750,559	600,248
Gross profit	94,775	74,261	206,623	120,830
Operating expenses:				
Selling, general and administrative	54,079	43,206	107,757	84,630
Research and development	9,900	7,185	18,877	14,793
Gain on disposal of fixed assets, net	(206)	(791)	(198)	(722)
Amortization of acquired intangibles	1,837	2,038	3,165	4,068
Total operating expenses	65,610	51,638	129,601	102,769
Operating income	29,165	2,623	77,022	18,061
Other expense (income):				
Interest expense, net	36,360	36,481	69,650	72,343
Foreign currency loss (gain)	2,635	737	2,710	(188)
Other expense (income), net	(25,345)	30,737	(23,556)	31,966
Total other expense	13,650	67,955	48,804	104,121
Income (loss) before income taxes, equity investment gains (losses), minority interest and discontinued operations	15,515	(45,332)	28,218	(86,060)
Equity investment gain (loss)	(10)	73	(10)	(3,555)
Minority interest	3	(475)	(355)	(326)
Income (loss) from continuing operations before income taxes	15,508	(45,734)	27,853	(89,941)
Provision for income taxes	5,528	5,013	6,963	836
Income (loss) from continuing operations	9,980	(50,747)	20,890	(90,777)
Discontinued operations (see Note 2):				
Income from wafer fabrication services business, net of tax	—	—	—	3,047
Gain on sale of wafer fabrication services business, net of tax	—	—	—	51,519
Income from discontinued operations	—	—	—	54,566
Net income (loss)	\$ 9,980	\$ (50,747)	\$ 20,890	\$ (36,211)
Per Share Data:				
Basic and diluted income (loss) per common share from continuing operations	\$ 0.06	\$ (0.31)	\$ 0.12	\$ (0.55)
Basic and diluted income per common share from discontinued operations	—	—	—	0.33
Basic and diluted net income (loss) per common share	\$ 0.06	\$ (0.31)	\$ 0.12	\$ (0.22)
Shares used in computing basic income (loss) per common share	175,304	165,852	174,961	165,504
Shares used in computing diluted income (loss) per common share	175,872	165,852	178,028	165,504

The accompanying notes are an integral part of these statements.

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

	June 30, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 294,595	\$ 313,259
Accounts receivable:		
Trade, net of allowance of \$5,299 in 2004 and \$6,514 in 2003	270,769	310,096
Other	5,992	4,413
Inventories	120,061	92,439
Other current assets	37,027	49,606
Total current assets	<u>728,444</u>	<u>769,813</u>
Property, plant and equipment, net	1,329,112	1,007,648
Investments	13,919	51,181
Other assets:		
Goodwill	626,017	629,850
Acquired intangibles	43,369	37,730
Other	76,665	67,697
	<u>746,051</u>	<u>735,277</u>
Total assets	<u>\$2,817,526</u>	<u>\$2,563,919</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Bank overdraft	\$ —	\$ 2,690
Short-term borrowings and current portion of long-term debt	143,693	28,665
Trade accounts payable	264,019	230,396
Accrued expenses	164,674	170,145
Total current liabilities	<u>572,386</u>	<u>431,896</u>
Long-term debt	1,733,114	1,650,707
Other noncurrent liabilities	91,168	78,974
Total liabilities	<u>2,396,668</u>	<u>2,161,577</u>
Commitments and contingencies		
Minority interest	1,561	1,338
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 175,700 in 2004 and 174,508 in 2003	176	175
Additional paid-in capital	1,322,889	1,317,164
Accumulated deficit	(910,646)	(931,536)
Accumulated other comprehensive income	6,878	15,201
Total stockholders' equity	<u>419,297</u>	<u>401,004</u>
Total liabilities and stockholders' equity	<u>\$2,817,526</u>	<u>\$2,563,919</u>

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Common Stock Shares	Common Stock Amount	Paid-In Capital	Accumulated Deficit	Receivable From Stockholders	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income (Loss)
Balance at December 31, 2002	165,156	\$ 166	\$1,170,227	\$ (933,734)	\$ (2,887)	\$ (2,405)	\$231,367	
Net loss	—	—	—	(36,211)	—	—	(36,211)	\$ (36,211)
Unrealized gain on investments, net of tax	—	—	—	—	—	12,956	12,956	12,956
Cumulative translation adjustment	—	—	—	—	—	1,058	1,058	1,058
Comprehensive income								\$ (22,197)
Issuance of stock through stock compensation plans	1,093	1	4,107	—	—	—	4,108	
Balance at June 30, 2003	<u>166,249</u>	<u>\$ 167</u>	<u>\$1,174,334</u>	<u>\$ (969,945)</u>	<u>\$ (2,887)</u>	<u>\$ 11,609</u>	<u>\$213,278</u>	
Balance at December 31, 2003	174,508	\$ 175	\$1,317,164	\$ (931,536)	\$ —	\$ 15,201	\$401,004	
Net income	—	—	—	20,890	—	—	20,890	\$ 20,890
Change in unrealized gain on investments, net of tax	—	—	—	—	—	(9,439)	(9,439)	(9,439)
Cumulative translation adjustment	—	—	—	—	—	1,116	1,116	1,116
Comprehensive income								\$ 12,567
Issuance of stock through stock compensation plans	1,192	1	5,725	—	—	—	5,726	
Balance at June 30, 2004	<u>175,700</u>	<u>\$ 176</u>	<u>\$1,322,889</u>	<u>\$ (910,646)</u>	<u>\$ —</u>	<u>\$ 6,878</u>	<u>\$419,297</u>	

The accompanying notes are an integral part of these statements.

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

	For the Six Months Ended June 30,	
	2004	2003
Cash flows from continuing operating activities:		
Income (loss) from continuing operations	\$ 20,890	\$ (90,777)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities—		
Depreciation and amortization	110,661	112,700
Amortization of deferred debt issuance costs and discounts	4,839	12,896
Provision for excess and obsolete inventory	3,546	2,657
Deferred income taxes	(362)	762
Equity in loss of investees	10	3,555
Other (gains) losses, net	(25,177)	1,386
Loss on debt redemption premium payment	1,687	19,656
Minority interest	355	326
Changes in assets and liabilities excluding effects of acquisition—		
Accounts receivable	39,714	(6,907)
Other receivables	(1,617)	2,865
Inventories	(31,185)	(7,880)
Other current assets	(6,036)	888
Other non-current assets	(9,237)	5,787
Accounts payable	34,530	(846)
Accrued expenses	6,130	(9,107)
Other long-term liabilities	11,409	6,147
Net cash provided by operating activities	<u>160,157</u>	<u>54,108</u>
Cash flows from continuing investing activities:		
Purchases of property, plant and equipment	(294,657)	(84,581)
Acquisition, net of cash acquired	(33,963)	—
Proceeds from the sale of property, plant and equipment and other	4,995	1,695
Proceeds from the sale of investments	49,409	25,094
Purchase of investments	—	(6,777)
Proceeds from note receivable	18,627	—
Net cash used in investing activities	<u>(255,589)</u>	<u>(64,569)</u>
Cash flows from continuing financing activities:		
Net change in bank overdrafts and short-term borrowings	(3,790)	(1,923)
Net proceeds from issuance of long-term debt	247,930	585,013
Payments of long-term debt, including redemption premium payment	(172,721)	(555,736)
Proceeds from issuance of stock through stock compensation plans	5,726	4,108
Net cash provided by financing activities	<u>77,145</u>	<u>31,462</u>
Effect of exchange rate fluctuations on cash and cash equivalents related to continuing operations	(488)	481
Cash flows from discontinued operations:		
Net cash provided by operating activities	111	11,161
Net cash provided by investing activities	—	2,412
Net cash used in financing activities	—	—
Net cash provided by discontinued operations	<u>111</u>	<u>13,573</u>
Net (decrease) increase in cash and cash equivalents	(18,664)	35,055
Cash and cash equivalents, beginning of period	313,259	311,249
Cash and cash equivalents, end of period	<u>\$ 294,595</u>	<u>\$ 346,304</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 61,602	\$ 75,764
Income taxes	\$ 14,451	\$ 4,523

The accompanying notes are an integral part of these statements.

**AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Interim Financial Statements

Basis of Presentation. The consolidated financial statements and related disclosures as of June 30, 2004 and for the three and six months ended June 30, 2004 and 2003 are unaudited, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the results for the interim periods. These financial statements should be read in conjunction with our latest annual report as of December 31, 2003 filed on Form 10-K with the Securities and Exchange Commission. The results of operations for the three and six months ended June 30, 2004 are not necessarily indicative of the results to be expected for the full year. Certain previously reported amounts have been reclassified to conform with the current presentation.

Risks and Uncertainties. Our future results of operations involve a number of risks and uncertainties. Factors that could affect future results and cause actual results to vary materially from historical results include, but are not limited to, dependence on the highly cyclical nature of the semiconductor industry, fluctuation in operating results, the decline in average selling prices, our high leverage, the absence of significant backlog in our business, our dependence on international operations and sales, difficulties integrating acquisitions, our dependence on materials and equipment suppliers, capital expenditure requirements, the increased litigation incident to our business, rapid technological change, competition, our need to comply with existing and future environmental regulations, the enforcement of intellectual property rights by or against us, continued control by existing stockholders and stock price volatility.

Consolidation of Variable Interest Entities. We have variable interests in certain Philippine realty corporations in which we have a 40% ownership and from whom we lease land and buildings in the Philippines. Beginning July 1, 2003, in accordance with FIN 46, we consolidated these Philippine realty corporations within our financial statements and have elected not to restate prior periods. There was no net effect to our consolidated statements of income as a result of the consolidation of the Philippine realty corporations as these entities were previously accounted for as equity investments with our proportionate share of gains and losses recorded in our historical consolidated statements of income. The creditors of the Philippine realty corporations have no recourse to the general credit of Amkor Technology, Inc., the primary beneficiary of these variable interest entities.

Recent Accounting Pronouncements. In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other postretirement plans. The statement does not change the measurement or recognition of pension plans and other postretirement benefit plans. For our plans, the new disclosures were effective for interim periods ending after December 15, 2003. The adoption of SFAS No. 132 (revised 2003) did not have a material effect on our financial position, results of operations, or cash flows.

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

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

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	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
(In thousands, except per share data)				
Net income (loss):				
Net income (loss), as reported	\$ 9,980	\$ (50,747)	\$ 20,890	\$ (36,211)
Deduct: Total stock-based employee compensation determined under fair value based method	7,700	7,066	15,457	14,325
Pro forma net income (loss)	\$ 2,280	\$ (57,813)	\$ 5,433	\$ (50,536)
Income (loss) per share:				
Basic and diluted:				
As reported	\$ 0.06	\$ (0.31)	\$ 0.12	\$ (0.22)
Pro forma	\$ 0.01	\$ (0.35)	\$ 0.03	\$ (0.31)

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

	For the Three and Six Months Ended June 30,	
	2004	2003
Expected life (in years)	4	4
Risk-free interest rate	3.6%	2.1%
Volatility	87%	53%
Dividend yield	—	—

2. Discontinued Operations

On February 28, 2003, we sold our wafer fabrication services business to ASI. Additionally, we obtained a release from Texas Instruments regarding our contractual obligations with respect to wafer fabrication services to be performed subsequent to the transfer of the business to ASI. Beginning with the first quarter of 2003, we reflect our wafer fabrication services segment as a discontinued operation and have restated our historical results. In connection with the disposition of our wafer fabrication business, we recorded, during the three months ended March 31, 2003, \$1.0 million in severance and other exit costs to close our wafer fabrication services operations in Boise, Idaho and Lyon, France. Also, during the three months ended March 31, 2003 we recognized a pre-tax gain on the disposition of our wafer fabrication services business of \$58.6 million (\$51.5 million, net of tax), which is reflected in income from discontinued operations. The carrying value of the sold net assets associated with the business as of February 28, 2003 was \$2.4 million. Assets of our discontinued operations at December 31, 2003 included \$0.1 million of accounts receivable.

A summary of the results from discontinued operations for both the three and six months ended June 30, 2003 are as follows:

	(In thousands)
Net sales	\$ 34,636
Gross profit	3,451
Operating income	3,455
Gain on sale of wafer fabrication services business	58,600
Interest	—
Other (income) expense	(11)
Tax expense (\$7.1 million associated with gain on sale of the business in 2003)	7,500
Net income from discontinued operations	\$ 54,566

3. Acquisitions

Acquisition of Minority Interest in Amkor Iwate Corporation

In January 2004, we acquired the remaining 40% ownership interest in Amkor Iwate Corporation (“AIC”) from Toshiba for \$12.9 million, bringing our total ownership percentage to 100%. AIC provides packaging and test services principally to Toshiba’s Iwate factory under a long-term supply agreement, which terminates in January 2006. The difference between the purchase price of \$12.9 million and the carrying value of the minority interest liability of \$11.9 million was recorded as an adjustment to the carrying values of the assets and liabilities of AIC. This step acquisition adjustment was recorded based on the proportion of the minority interest acquired as follows:

	(In millions)
Reduction of minority interest liability	\$ 11.9
Property, plant and equipment	2.4
Acquired intangible assets	3.3
Adjustment to previously existing goodwill	(4.1)
Deferred tax liability	(0.6)
Cash paid for minority interest acquisition	<u>\$ 12.9</u>

For the three and six months ended June 30, 2003, we recorded AIC minority interest expense of \$0.5 million and \$1.3 million, respectively, associated with Toshiba’s then existing ownership interest. The results of our acquisition have been included in the accompanying consolidated financial statements since the acquisition date.

Acquisition from International Business Machine Corp and Xin Development Co., Ltd.

In May 2004, we acquired certain assembly and test assets from International Business Machines Corp. (“IBM”) and Xin Development Co., Ltd. The acquired assets included a test operation located in Singapore (primarily test equipment and workforce), a 950,000 square foot partially completed facility and associated 50-year land use rights located in China, and other intangible assets. These assets were acquired for the purposes of increasing our assembly and test capacity. The results of our acquisition have been included in the accompanying consolidated financial statements since the acquisition date.

The purchase price was valued at approximately \$138.1 million, consisting of \$117.0 million of short-term notes payable (net of a \$4.6 million discount), \$20.0 million paid at closing and other acquisition costs of \$1.1 million. The short-term notes payable, and interest thereon of \$4.6 million, is expected to be paid on November 30, 2004. The preliminary purchase price allocation of \$138.1 million was as follows:

	(In millions)
Property, plant and equipment	\$132.6
Acquired intangible assets	<u>5.5</u>
	<u>\$138.1</u>

Acquisition of Unitive Semiconductor Taiwan Corporation

In July 2004, we completed agreements to acquire Unitive, Inc., based in North Carolina (“Unitive”), and to obtain approximately 60% of Taiwan-based Unitive Semiconductor Taiwan Corporation (“UST”), a joint venture between Unitive and various Taiwanese investors. Unitive and UST are providers of wafer level technologies and services for flip chip and wafer level packaging applications. The total purchase price is comprised of \$47.8 million, which includes cash consideration due at closing of \$32.3 million and \$15.5 million due one year after closing. In addition, we are assuming approximately \$23 million of debt. Both transactions include provisions for contingent, performance-based earn-outs which could increase the value of the transactions by an aggregate of \$57.0 million. The earn-outs will be paid approximately one year after closing, of which \$55.0 million may be paid in either cash or stock, at our option. In addition, we retain an option to acquire the remaining interest of approximately 40% of UST for \$18.0 million, which expires 18 months after closing. The transactions are expected to close in August 2004, although there can be not assurance of this.

4. Our Investment in Anam Semiconductor, Inc. (ASI)

At January 1, 2003, we owned 26.7 million shares, or 21%, of ASI voting common stock. The carrying value of our investment in ASI at January 1, 2003 was \$77.5 million, or \$2.90 per share. On March 24, 2003 we sold 7 million shares of

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ASI common stock. Beginning on this date we ceased accounting for our investment in ASI under the equity method of accounting and commenced accounting for our investment as an available for sale marketable security. Including this transaction, we have completed the following transactions to continue the liquidation of our investment in ASI during 2003 and 2004:

- On March 24, 2003, we consummated a series of transactions proposed by a financial institution. We irrevocably sold a block of 7 million shares of ASI common stock to the financial institution for approximately \$19.5 million, or \$2.81 per share. We also entered into a nondeliverable call option with the financial institution for \$6.8 million, the fair value of the option at that date plus the transaction costs. In May 2003, we exercised the nondeliverable call option realizing \$5.6 million of cash proceeds. Accordingly, during 2003 we recorded a loss of \$1.2 million related to this nondeliverable call option.
- On September 17, 2003, we sold 5 million shares of ASI common stock to the same financial institution for approximately \$18.5 million, or \$3.69 per share, and recorded an associated gain of \$4.7 million. We also entered into a nondeliverable call option with the financial institution for \$6.5 million, the fair value of the option at that date plus the transaction costs. In December 2003, we exercised the nondeliverable call option realizing \$2.0 million of cash proceeds. Accordingly, during 2003 we recorded a loss of \$4.5 million related to this nondeliverable call option. As a result of these transactions, we owned 14.7 million shares of ASI, or 12% of ASI's voting stock, at December 31, 2003.
- During April 2004, we sold 10.1 million shares of ASI common stock for approximately \$49.7 million, or \$4.91 per share, reducing our ownership to approximately 4%. The pre-tax gain related to this transaction is \$21.6 million, net of \$0.3 million of transaction costs, and was recorded as other expense (income) during the second quarter of 2004. The carrying value of our remaining 4.6 million ASI share investment at June 30, 2004, including an unrealized loss of \$0.5 million, was \$13.1 million, or \$2.85 per share.

5. Inventories

Inventories, net of reserves for excess and obsolete inventory of \$18.7 million at both June 30, 2004 and December 31, 2003 consist of raw materials and purchased components that are used in the semiconductor packaging process.

	June 30, 2004	December 31, 2003
	(In thousands)	
Raw materials and purchased components	\$ 97,758	\$ 77,775
Work-in-process	22,303	14,664
	<u>\$120,061</u>	<u>\$ 92,439</u>

6. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30, 2004	December 31, 2003
	(In thousands)	
Land	\$ 108,282	\$ 103,610
Buildings and improvements	593,577	556,106
Machinery and equipment	1,865,134	1,640,471
Furniture, fixtures and other equipment	155,555	155,719
Construction in progress	130,735	2,355
	2,853,283	2,458,261
Less—Accumulated depreciation and amortization	<u>(1,524,171)</u>	<u>(1,450,613)</u>
	<u>\$ 1,329,112</u>	<u>\$ 1,007,648</u>

Included in Construction in progress at June 30, 2004 is \$92.8 million and \$20.0 million related to the 950,000 square foot facility and associated land use rights, respectively, acquired in connection with our May 2004 business acquisition (see Note 3).

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7. Acquired Intangibles

Acquired intangibles consist of the following:

	June 30, 2004	December 31, 2003
	(In thousands)	
Patents and technology rights	\$ 66,042	\$ 62,899
Supply agreement	5,543	—
Less—Accumulated amortization	(28,216)	(25,169)
	<u>\$ 43,369</u>	<u>\$ 37,730</u>

Amortization expense was \$1.8 million and \$2.1 million for the three months ended June 30, 2004 and 2003, respectively. Amortization expense was \$3.1 million and \$4.1 million for the six months ended June 30, 2004 and 2003, respectively. The estimated annual amortization expense for 2004, 2005, 2006, 2007 and 2008 is \$6.6 million, \$7.1 million, \$7.1 million, \$7.1 million and \$6.7 million, respectively. The weighted average amortization period for the patents and technology rights is 7 years.

In connection with our May 2004 acquisition from IBM and Xin Development Co., Ltd., which is discussed in Note 3, we entered into a supply agreement with IBM to provide IBM certain assembly and test services. This supply agreement is recorded as an acquired intangible asset in our consolidated balance sheet at a cost of \$5.5 million. The supply agreement expires December 31, 2010 and is amortized on a straight-line basis.

8. Investments

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

	June 30, 2004	December 31, 2003
	(In thousands)	
Marketable securities classified as available for sale:		
ASI (ownership of 4% at June 30, 2004 and 12% at December 31, 2003) (see Note 4)	\$13,081	\$ 50,397
Other marketable securities classified as available for sale	734	677
Total marketable securities	13,815	51,074
Equity investments	104	107
	<u>\$13,919</u>	<u>\$ 51,181</u>

9. Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2004	December 31, 2003
	(In thousands)	
Accrued income taxes	\$ 33,839	\$ 39,779
Accrued interest	32,575	27,238
Accrued payroll	26,728	34,681
Other accrued expenses	71,532	68,447
	<u>\$164,674</u>	<u>\$ 170,145</u>

10. Restructuring Reserves

During 2002, we recorded \$28.6 million of charges related to the consolidation of our worldwide facilities to increase operational efficiency and reduce costs. The charges were comprised of \$20.8 million to write-off leasehold improvements and other long-lived assets and \$7.8 million for lease termination and other exit costs.

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Of the total \$28.6 million restructuring charges recorded in 2002, \$1.7 million and \$2.2 million remained outstanding as of June 30, 2004 and December 31, 2003, respectively, and is reflected in accrued expenses and other noncurrent liabilities. The outstanding liability is principally future lease payments of which \$0.5 million is expected to be paid during the remainder of 2004. The remaining lease payments are expected to be paid through 2007 unless the leases can be terminated earlier. During the six months ended June 30, 2004, the restructuring reserve was reduced by \$0.5 million for cash expenditures.

11. Debt

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

	June 30, 2004	December 31, 2003
(In thousands)		
Senior secured credit facilities:		
Term loan, LIBOR plus 4% due January 2006	\$ —	\$ 168,725
\$30.0 million revolving line of credit, LIBOR plus 3.5% due June 2007	—	—
9.25% Senior notes due February 2008	470,500	470,500
7.75% Senior notes due May 2013	425,000	425,000
7.125% Senior notes due March 2011, net of unamortized discount of \$1.6 million	248,359	—
10.5% Senior subordinated notes due May 2009	200,000	200,000
5.75% Convertible subordinated notes due June 2006, convertible at \$35.00 per share	233,000	233,000
5% Convertible subordinated notes due March 2007, convertible at \$57.34 per share	146,422	146,422
Notes payable, net of unamortized discount of \$3.8 million (see Note 3)	117,775	—
Other debt	35,751	35,725
	1,876,807	1,679,372
Less—Short-term borrowings and current portion of long-term debt	(143,693)	(28,665)
	<u>\$1,733,114</u>	<u>\$1,650,707</u>

In March 2004, we sold \$250.0 million of 7.125% senior notes due March 2011. The notes were priced at 99.321% of the \$250.0 million face value, yielding an effective interest rate of 7.25%. We sold these notes to qualified institutional investors, used the net proceeds of the issuance to satisfy in full our outstanding term loan due 2006 of \$168.7 million and used the remainder of the proceeds for general corporate purposes, including working capital and capital expenditures. The notes have a coupon rate of 7.125% annually and interest payments are due semi-annually. In connection with the satisfaction of the term loan, we recorded charges during the first quarter of 2004 of \$1.7 million for the associated premiums paid and \$1.0 million for the associated unamortized deferred debt issuance costs. In connection with the offering of these notes, we entered into a registration rights agreement with the purchasers. The registration rights agreement entitled the purchasers, within 210 days from the original issuance, to exchange their notes for registered notes with substantially identical terms as the original notes. We filed a registration statement with the Securities and Exchange Commission for the exchange of the notes, and the exchange was completed in July 2004.

In June 2004, we entered into a new \$30.0 million senior secured revolving credit facility (the "Facility"). The Facility, which is available through June 2007, replaced our prior \$30.0 million secured revolving line of credit which was scheduled to mature on October 31, 2005. The available funds will be used for general corporate purposes. The maximum annual capital expenditures, minimum EBITDA and minimum daily liquidity financial covenants that were conditions of the previous revolving credit facility have been eliminated under the Facility.

Other debt as of June 30, 2004 and December 31, 2003 includes our foreign debt principally related to our operations in Japan and Taiwan. Our foreign debt includes fixed and variable debt maturing between 2004 and 2010, with the majority due in 2004. As of June 30, 2004, the foreign debt has interest rates ranging from 1.0% to 8.18%. These debt instruments do not include significant financial covenants.

Interest expense related to short-term borrowings and long-term debt is presented net of interest income of \$0.7 million and \$1.9 million for the three months ended June 30, 2004 and 2003, respectively, in the accompanying consolidated statements of income. Interest expense related to short-term borrowings and long-term debt is presented net of interest income of \$1.4 million and \$3.7 million for the six months ended June 30, 2004 and 2003, respectively, in the accompanying consolidated statements of income.

12. Pension and Severance Plans

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
	(In thousands)			
Service cost of current period	\$ 556	\$ 608	\$ 1,108	\$ 1,209
Interest cost on projected benefit obligation	395	366	786	729
Expected return (loss) on plan assets	529	(1,345)	514	(1,405)
Amortization of transition obligation	15	15	30	30
Actuarial loss	(752)	1,166	(958)	1,048
Total pension expense	\$ 743	\$ 810	\$ 1,480	\$ 1,611

For the three and six months ended June 30, 2004, nothing was contributed to fund the Philippine pension plan. We presently anticipate contributing \$3.2 million in 2004 to fund the Philippine pension plan.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
	(In thousands)			
Service cost of current period	\$ 218	\$ 178	\$ 436	\$ 355
Interest cost on projected benefit obligation	21	19	42	39
Expected return on plan assets	(21)	(20)	(42)	(40)
Amortization of transition obligation	1	—	2	1
Actuarial gain	2	5	4	10
Total pension expense	\$ 221	\$ 182	\$ 442	\$ 365

For the six months ended June 30, 2004, \$0.4 million was contributed to fund the Taiwan pension plan. We presently anticipate contributing an additional \$0.5 million, for an estimated total of \$0.9 million in 2004, to fund the Taiwan pension plan.

The Japanese pension began during three months ended December 31, 2003. The components of net periodic pension cost for 2004 are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
	(In thousands)			
Service cost of current period	\$ 371	\$ —	\$ 749	\$ —
Interest cost on projected benefit obligation	3	—	7	—
Expected return on plan assets	—	—	—	—
Amortization of transition obligation	9	—	20	—
Total pension expense	\$ 383	\$ —	\$ 776	\$ —

No contributions have been made to the Japanese pension plan and no contributions are expected during 2004.

Our Korean subsidiary participates in an accrued severance plan that covers employees and directors with one year or more of service. Eligible plan participants are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. The contributions to the national pension fund made under the National Pension Plan of the Republic of Korea are deducted from accrued

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severance benefit liabilities. For the three months ended June 30, 2004 and 2003, the provision recorded for severance benefits was \$5.4 million and \$4.7 million, respectively. For the six months ended June 30, 2004 and 2003, the provision recorded for severance benefits was \$9.7 million and \$3.2 million, respectively. The balance recorded in long-term liabilities for accrued severance was \$75.1 million and \$65.3 million at June 30, 2004 and December 31, 2003, respectively.

13. Earnings Per Share

Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share," requires dual presentation of basic and diluted earnings per share on the face of the income statement. Basic EPS is computed using only the weighted average number of common shares outstanding for the period, while diluted EPS is computed assuming conversion of all dilutive securities, such as options, convertible debt and warrants. For the three and six months ended June 30, 2004, we included approximately 0.6 million shares and 3.1 million shares, respectively, of common stock equivalents for outstanding stock options in the computation of diluted earnings per share. As of June 30, 2004, total outstanding stock options were 15.7 million. As of June 30, 2004, potentially dilutive securities related to our convertible notes of 9.2 million were antidilutive and therefore excluded from the diluted earnings per share calculation. For the three and six months ended June 30, 2003, we excluded from the computation of diluted earnings per share potentially dilutive securities which would have an antidilutive effect on EPS. As of June 30, 2003, the total number of potentially dilutive securities outstanding was 16.8 million, 11.7 million and 3.9 million for outstanding options, convertible notes and warrants for common stock, respectively. The warrants expired in May 2004.

14. Commitments and Contingencies

In April 2002, we acquired the semiconductor packaging business of Citizen Watch Co., Ltd ("Citizen"). In connection with this acquisition, we were required to make certain additional payments one year from the closing. Pending the resolution of a controversy relating to patents acquired from Citizen, we are withholding payment of 1.4 billion yen (\$12.9 million based on the spot exchange rate at June 30, 2004). During March 2004, Citizen filed for arbitration of the matter. The arbitration is in its preliminary stages.

We are in the preliminary stages of a tax review regarding potential, additional customs taxes due in a jurisdiction outside of the United States. We do not believe that additional taxes are due and cannot reasonably estimate a related range of exposure. Accordingly, no amounts have been accrued for this tax review.

Indemnifications and Guarantees

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

Associated with our sale of ASI common stock to Dongbu Group ("Dongbu") during 2002, we and Dongbu agreed to use our best efforts to provide releases and indemnifications to the chairman, directors and officers of ASI, either past or incumbent, from any and all liabilities arising out of the performance of their duties at ASI between January 1, 1995 and December 31, 2001. The last provision would provide a release and indemnification for James Kim, our CEO and Chairman, and members of his family. We are not aware of any claims or other liabilities which these individuals would be released from or for which they would receive indemnification. The maximum amount of future payments is generally unlimited. Due to the nature of this indemnification, it is not possible to make a reasonable estimate of the maximum potential loss or range of loss. No assets are held as collateral and no specific recourse provisions exist related to this indemnification.

As of June 30, 2004, we have outstanding \$1.6 million of standby letters of credit. Such standby letters of credit are used in our ordinary course of business and are collateralized by our cash balances.

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

Litigation

We are currently a party to various legal proceedings, including those noted below. While we currently believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our financial position or overall trends in results of operations, litigation is subject to inherent uncertainties. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our net income in the period in which the ruling occurs. The estimate of the potential impact from the following legal proceedings on our financial position or overall results of operations could change in the future.

Epoxy Mold Compound Litigation

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

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

On April 16, 2002, we were served with a third-party complaint in an action entitled *Fujitsu Limited v. Cirrus Logic, Inc.*, No. 02-CV-01627 JW, pending in the United States District Court for the Northern District of California, San Jose Division. In this action, Fujitsu Limited (“Fujitsu”) alleges that semiconductor devices it purchased from Cirrus Logic, Inc. (“Cirrus Logic”) are defective in that a certain epoxy mold compound used in the manufacture of the chip causes a short circuit which renders Fujitsu disk drive products inoperable. Cirrus Logic, in response, denied the allegations of the complaint, counterclaimed against Fujitsu for unpaid invoices, and filed its third-party complaint against us alleging that any liability for chip defects should be assigned to us because we assembled the subject semiconductor devices. Upon receipt of Cirrus Logic’s third-party complaint, we filed an answer denying all liability, and our own third-party complaint against Sumitomo Bakelite. Sumitomo Bakelite filed an answer denying liability. In June 2003, Fujitsu amended its complaint and added direct claims against us. In response, we filed an answer denying all liability to Fujitsu and amended our cross-claims against Sumitomo Bakelite to reflect Fujitsu’s new claims against us. The parties engaged in extensive discovery activities. Fujitsu has indicated that it may seek damages in excess of \$100 million. In November 2003, Fujitsu filed an action against Cirrus Logic, Sumitomo Bakelite and us entitled *Fujitsu Limited v. Cirrus Logic, Inc., et al.*, Case No. 1-03-CV-009885, in the California Superior Court for the County of Santa Clara, based on facts and allegations substantially similar to those asserted in the Northern District Court of California. In December 2003, Cirrus Logic filed a cross-complaint against Sumitomo Bakelite and us in the Superior Court case, also based on facts and allegations substantially similar to those asserted in the Northern District Court case. By stipulation among the parties, the Northern District Court granted a stay of the action pending before it in favor of the action pending in the Santa Clara Superior Court, where discovery has continued. On March 29, 2004, we filed a motion to dismiss Fujitsu’s amended complaint in the Superior Court. On April 2, 2004, we also filed a motion to dismiss Cirrus Logic’s cross-complaint. The Superior Court held a hearing on our motions to dismiss on May 4, 2004 and granted dismissal of some of Fujitsu’s and Cirrus Logic’s claims against us. Fujitsu filed a second amended complaint in the Superior Court on or about June 18, 2004; Cirrus Logic filed a first amended cross-complaint on or about the same date. On July 19, 2004, we filed motions to dismiss both new complaints. Our motions are scheduled for a hearing before the Superior Court on August 24, 2004. Fact discovery is nearing completion, with expert discovery to follow through October 8, 2004. Dispositive pretrial motions must be filed by October 15, 2004 and heard by November 30, 2004. A trial in this matter is set to begin on January 31, 2005. We intend to deny all liability, defend ourselves vigorously, file cross-claims against Sumitomo Bakelite, and seek judgment in our favor in due course.

Seagate Technology LLC v. Atmel Corporation, et al.

In March 2003, we were served with a cross-complaint in an action between Seagate Technology LLC and Seagate Technology International (“Seagate”) and Atmel Corporation and Atmel Sarl (“Atmel”) in the Superior Court of California, Santa Clara County, Case No. 1-02-CV809883. Atmel’s cross-complaint seeks indemnification from us for any damages

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incurred from the claims by Seagate involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. We answered Atmel's cross-complaint, denying all liability, and filed a cross-complaint against Sumitomo Bakelite. Atmel later amended its cross-complaint, including adding ChipPAC Inc. ("ChipPAC") as a cross-defendant. ChipPAC filed a cross-complaint against Sumitomo Bakelite and us. On January 27, 2004, the Superior Court sustained Sumitomo Bakelite's motion to dismiss Atmel's amended cross-complaint and Atmel filed its Second Amended Cross-Complaint on or about March 12, 2004. On April 13, 2004, we filed an answer denying all liability to Atmel. We filed a motion to dismiss ChipPAC's cross-complaint on February 13, 2004 and, on or about June 7, 2004, ChipPAC filed a request for dismissal of its cross-complaint against us. All parties are currently conducting written and deposition discovery and no trial date has been set. We intend to defend ourselves vigorously.

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

In April 2003, we were served with a cross-complaint in an action between Maxtor Corporation ("Maxtor") and Koninklijke Philips Electronics ("Philips"), in the Superior Court of California, Santa Clara County, Case No. 1-02-CV-808650. Philips' cross-complaint sought indemnification from us for any damages incurred from the claims by Maxtor involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. Philips subsequently filed a cross-complaint directly against Sumitomo Bakelite, alleging, among other things, that Sumitomo Bakelite breached its contractual obligations to both us and Philips by supplying a defective mold compound resulting in the failure of certain Philips semiconductor devices. We denied all liability in this matter and also asserted a cross-complaint against Sumitomo Bakelite. Sumitomo Bakelite has denied any liability. The parties have completed fact discovery and most expert discovery. On March 30, 2004, the Court denied our motion for summary judgment against Philips' claims. Maxtor and Philips reached a settlement of Maxtor's claims against Philips on or about April 28, 2004 in which, reportedly, Philips agreed to pay Maxtor \$24.8 million. We, Philips and Sumitomo Bakelite thereafter appeared to reach resolution of Philips' claims against us on April 29, 2004, pursuant to which we agreed to pay Philips \$1.5 million plus a contingent amount ranging between \$0.0 and \$2.0 million based on the resolution of Philips' claims against Sumitomo Bakelite. For the three months ended March 31, 2004, we recorded a charge of \$1.5 million in Resolution of Legal Dispute in our consolidated statement of income associated with this resolution. However, the Court subsequently determined that Philips did not knowingly agree to the terms of the settlement that all three parties had affirmed in open court, set aside the settlement and ordered the parties to a further settlement conference that was held on July 9, 2004. This conference did not result in a renewed settlement, and the trial of Philips' claims against us and Sumitomo Bakelite and our cross-claims against Sumitomo Bakelite has been rescheduled to start on October 18, 2004. On July 16, 2004, we filed a petition for a writ of mandate to the California Court of Appeal, seeking to overturn the Superior Court's decision not to enforce the parties' settlement agreement of April 29, 2004. We deny all liability to Philips and intend to defend ourselves vigorously in the event our writ petition is unsuccessful.

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

In August 2003, we were served with a complaint filed by Maxim Integrated Products, Inc. ("Maxim") against us, Sumitomo Bakelite and Sumitomo Plastics America, Inc. ("Sumitomo Plastics") in the Superior Court of California, Santa Clara County, Case No. 1-03-CV-001310. The complaint seeks damages related to our use of Sumitomo Bakelite's epoxy mold compound in assembling Maxim's semiconductor packages. Both the Sumitomo defendants and we filed motions to dismiss Maxim's complaint in September 2003. In lieu of contesting those motions to dismiss, Maxim filed an amended pleading on or about April 26, 2004. We filed a motion to dismiss Maxim's amended complaint which the Court granted in full on July 6, 2004. Maxim is expected to file a further amended complaint by August 5, 2004. Upon receipt of Maxim's further amended complaint, we may file another motion to dismiss and otherwise intend to deny all liability to Maxim, defend ourselves vigorously and file cross-claims against Sumitomo Bakelite and/or Sumitomo Plastics. Discovery has not commenced and there is no trial date set.

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

In September 2003, we were served with an amended complaint filed by Fairchild Semiconductor Corporation ("Fairchild") against us, Sumitomo Bakelite, Sumitomo Plastics and Sumitomo Bakelite Singapore Pte. Ltd. in the Superior Court of California, Santa Clara County, Case No. 1-02-CV-810034. The amended complaint seeks damages related to our use of Sumitomo Bakelite's epoxy mold compound in assembling Fairchild's semiconductor packages. Both the Sumitomo defendants and we filed motions to dismiss Fairchild's amended complaint in October 2003. Fairchild filed a second amended complaint in January 2004 in lieu of opposing those motions to dismiss. On February 11, 2004, we filed a motion to dismiss Fairchild's second amended complaint. The Superior Court granted our motion to dismiss on March 16, 2004 and Fairchild filed a third amended complaint on or about April 15, 2004. We filed a motion to dismiss Fairchild's third

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amended pleading which the Court granted in part and denied in part on June 15, 2004. On or about July 15, 2004, Fairchild filed its Fourth Amended Complaint. We intend to file a motion to dismiss the new complaint by August 16, 2004, and otherwise intend to deny all liability, defend ourselves vigorously and file cross-claims against Sumitomo Bakelite and/or Sumitomo Plastics. Written discovery is ongoing and no trial date has been scheduled.

Other Litigation

Amkor Technology, Inc. v. Motorola, Inc.

On August 16, 2002, we filed a complaint against Motorola, Inc. in an action captioned Amkor Technology, Inc. v. Motorola, Inc., C.A. No. 02C-08-160 CHT, pending in the Superior Court of the State of Delaware in and for New Castle County. In this action, we were seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. (“Citizen”) to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the “License Agreement”) and concurrent assignment by Citizen to us of Citizen’s interest in U.S. Patents 5,241,133 and 5,216,278 (the “‘133 and ‘278 patents”); and (ii) our obligation to make certain payments pursuant to an immunity agreement (the “Immunity Agreement”) dated June 30, 1993 between us and Motorola.

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

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard on September 3, 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola’s motion for summary judgment. On October 22, 2003, Motorola filed an appeal in the Supreme Court of Delaware. The appeal was argued on March 9, 2004. On May 27, 2004, the Supreme Court reversed the Superior Court’s decision, and remanded for further development of the factual records. We believe we will prevail on the merits at the Superior Court level. In addition, should Motorola prevail, we believe we have recourse against Citizen. However, no assurance can be given that an adverse outcome in the case cannot occur, or that any adverse outcome would not have a material impact.

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

On November 5, 1999, we agreed to sell certain semiconductor parts to Alcatel Microelectronics, N.V. (“AME”), a subsidiary of Alcatel S.A. The parts were manufactured for us by Anam Semiconductor, Inc. (“ASI”). AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems (“ABS”), which incorporated the parts into cellular phone products. In early 2001, a dispute arose as to whether the parts sold by us were defective. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of 50 million Euros (approximately \$60.4 million based on the spot exchange rate at June 30, 2004). We have denied all liability and intend to vigorously defend ourselves. Additionally, we have entered into a written agreement with ASI whereby ASI has agreed to indemnify us fully against any and all loss related to the claims of AME, ABS and ABS’ insurer. The Paris Commercial Court commenced a special proceeding before a technical expert to report on the facts of the dispute. The report of the court-appointed expert was put forth on December 31, 2003. The report does not specifically allocate liability to any particular party. On May 18, 2004, the Paris Commercial Court of France declared that it did not have jurisdiction over the matter. The Court of Appeal of Paris will hear the appeal against that ruling on October 6, 2004.

In response to the French lawsuit, on May 22, 2002, we filed a petition to compel arbitration in the United States District Court for the Eastern District of Pennsylvania (the “Court”) against ABS, AME and ABS’ insurer, claiming that the dispute is subject to the arbitration clause of the November 5, 1999 agreement between us and AME. ABS and ABS’ insurer have refused to arbitrate. In August 2003, the Court denied the motion of ABS and its insurer to dismiss our petition for arbitration. The Court also subsequently denied a motion for reconsideration filed by ABS. The Court has not yet set a date for final disposition of our petition.

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

In November 2003, we filed complaints against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively “Carsem”) with the International Trade Commission (“ITC”) in Washington, D.C. and subsequently in the

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Northern District of California. The complaints allege infringement of our United States Patent Nos. 6,433,277, 6,455,356, and 6,630,728 (collectively the “Amkor Patents”). We allege that by making, using, selling, offering for sale, or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *MicroLeadFrame®* packaging technology claims in the Amkor Patents. The District Court action has been stayed pending resolution of the ITC case. The ITC action commenced trial in July 2004 and is ongoing.

Computer Software Dispute

During 2001, we filed a complaint against a computer software vendor and other parties in the Pennsylvania Court of Common Pleas for Chester County alleging claims of misrepresentation, negligent misrepresentation, breach of contract, and professional malpractice. The defendants later asserted a counterclaim for breach of contract against us. In June 2004, we reached agreement with the defendants to a full and final settlement of all issues in dispute. As a result of this settlement, we recorded a \$3.4 million net gain in other expense (income), net, for the three and six months ended June 30, 2004.

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

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

The following discussion contains forward-looking statements within the meaning of the federal securities laws, including but not limited to statements regarding: (1) the condition and growth of the industry in which we operate, including trends toward increased outsourcing, reductions in inventory and demand and selling prices for our services, (2) our anticipated capital expenditures and financing needs, (3) our belief as to our future capacity utilization rates, revenue, gross margins and operating performance and (4) other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the following discussion as well as in "Risk Factors that May Affect Future Operating Performance." The following discussion provides information and analysis of our results of operations for the three and six months ended June 30, 2004 and our liquidity and capital resources. You should read the following discussion in conjunction with our consolidated financial statements and the related notes, included elsewhere in this quarterly report as well as other reports we file with the Securities and Exchange Commission.

Company Overview

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

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

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

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

We historically marketed the output of fabricated semiconductor wafers provided by a wafer fabrication foundry owned and operated by Anam Semiconductor, Inc. ("ASI"). On February 28, 2003, we sold our wafer fabrication services business to ASI. We reflect our wafer fabrication services segment as a discontinued operation and have restated our historical results.

Our Expectations Regarding Future Business Conditions

Our business is tied to market conditions in the semiconductor industry, which is highly cyclical. Based on industry estimates, from 1981 through 2003, there were 12 years when semiconductor industry growth, measured by revenue dollars, was 10% or less and 11 years when growth was 16% or greater. Since 1981, the semiconductor industry declined in 1985, 1996, 1998 and 2001. The semiconductor industry declined an unprecedented 32% in 2001, experienced a 1% growth in 2002 as compared to 2001, and experienced 17% growth in 2003 as compared to 2002. The historical trends in the semiconductor industry are not necessarily indicative of the results of any future period. The strength of the semiconductor industry is dependent primarily upon the strength of the computer and communications systems markets as well as the strength of the worldwide economy. In addition to the historical trend in the semiconductor industry as a whole, the trend towards increased outsourcing of packaging and test services in the semiconductor industry has been a primary factor for our historical growth in revenues. We expect this trend to continue into the foreseeable future as we believe technological advances are driving our customers to outsource more of their packaging requirements.

Notwithstanding the above, our customers' aggregate forecasts have weakened considerably in connection with a greater level of uncertainty regarding end-market demand. This trend is materially hindering our visibility into second-half revenue, the mix of that revenue, capacity utilization and the pricing environment. On the basis of current forecasts, we expect third quarter of 2004 revenues to be flat (or zero growth) as compared to the second quarter of 2004. We expect third quarter 2004 gross margin to be approximately 19%. We do not presently expect to achieve positive earnings for the third quarter of 2004.

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

Results of Continuing Operations

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
	(unaudited)		(unaudited)	
Net revenues	100.0%	100.0%	100.0%	100.0%
Gross profit	19.2	19.6	21.6	16.8
Operating income	5.9	6.0	8.0	2.5
Income (loss) before income taxes, equity investment losses, minority interest and discontinued operations	3.2	(12.0)	2.9	(11.9)
Income (loss) from continuing operations	2.0	(13.4)	2.2	(12.6)

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

Net Revenues. Packaging and test net revenues increased 30.3% to \$492.5 million in the three months ended June 30, 2004 from \$377.9 million in the three months ended June 30, 2003. This increase in net revenues was principally attributed to an overall unit volume increase of 54.1%. This increase in volume was driven by a 48.3% increase for advanced packages and a

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61.3% increase in our traditional packages. Partially offsetting the volume increases, average selling prices for the three months ended June 30, 2004 declined approximately 7% as compared to average selling prices in the three months ended June 30, 2003. This decrease in overall average selling prices was driven by a 5% decrease in average selling prices for advanced packages and a 13% decrease in average selling prices for traditional packages.

Gross Profit. Gross profit increased \$20.5 million, to a gross profit of \$94.8 million in the three months ended June 30, 2003 from \$74.3 million in the three months ended June 30, 2003. Our cost of revenues consists principally of costs of materials, labor and depreciation.

Gross margin decreased to 19.2% in the three months ended June 30, 2004 from 19.6% in the three months ended June 30, 2003. Our decrease in margin of 40 basis points is primarily due to our 7% erosion in selling prices, unfavorable margin effects from product mix changes and higher factory labor costs more than offsetting our benefits from increased volumes.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$10.9 million, or 25.2%, to \$54.1 million, or 11.0% of net revenues, in the three months ended June 30, 2004 from \$43.2 million, or 11.4% of net revenues, in the three months ended June 30, 2003. During 2004, we experienced a significant increase in our litigation costs as a result of the mold compound litigation matter. Legal fees associated with this mold compound litigation matter were \$3.7 million during the three months ended June 30, 2004, as opposed to \$0.6 million in the comparable prior year period. In addition, approximately \$7.8 million of our increase in selling, general and administrative expenses is the result of increased headcount, compensation costs and general business activity to support our overall business growth, although selling, general and administrative expenses have decreased as a percentage of revenue over the prior year comparable period.

Research and Development. Research and development expenses increased \$2.7 million to \$9.9 million, or 2.0% of net revenues, in the three months ended June 30, 2004 from \$7.2 million, or 1.9% of net revenues, in the three months ended June 30, 2003. We continue to invest our research and development resources to further the development of flip chip interconnection solutions, chip scale packages that are nearly the size of the semiconductor die, MEMS devices used in a variety of end markets including automotive, industrial and personal entertainment, our stacked chip packages that stack as many as three semiconductor dies in a single package, and System-in-Package technology, that uses both advanced packaging and traditional surface mount techniques to enable the combination of technologies in a single chip.

Other Expense (Income). Other expense (income), net, decreased \$54.3 million, to \$13.7 million, or 2.8% of net revenues, in the three months ended June 30, 2004 from \$68.0 million, or 18.0% of net revenues, in the three months ended June 30, 2003. The net decrease, or favorable change, was primarily the result of \$30.5 million of debt retirement costs incurred during the three months ended June 30, 2003 which did not recur in the current quarter, a \$21.6 million gain on the sale of ASI shares and a \$3.4 million net legal settlement gain related to our claims against a software vendor during the three months ended June 30, 2004. Partially offsetting the aforementioned was an unfavorable change related to foreign currency of \$1.9 million.

Income Taxes. During the second quarter of 2004, we recorded income tax expense of \$5.5 million related to continuing operations, reflecting an effective tax rate of 35.6% as compared to an income tax expense of \$5.0 million tax expense recorded for the three months ended June 30, 2003. Our effective tax rate for the full year 2004 is currently projected to be 35%. Our actual effective tax rate for the three months ended June 30, 2004 is 54.8%. However, this tax rate was offset by a non-recurring \$2.8 million tax benefit as a result of a favorable ruling in a foreign jurisdiction. This adjustment resulted in a reported tax rate of 35.6% for the current quarter.

During 2002, we recorded valuation allowances against the majority of our deferred assets in certain jurisdictions. In 2003 and 2004, we again recorded valuation allowances against deferred assets in certain jurisdictions. We will resume the recognition of deferred tax assets when we return to sustained profitability in certain jurisdictions. As of June 30, 2004, we had U.S. net operating losses totaling \$420.0 million expiring between 2021 and 2024. Additionally, as of June 30, 2004, we had \$42.6 million of non-U.S. net operating losses available for carryforward expiring through 2013.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

Net Revenues. Packaging and test net revenues increased 32.7% to \$957.2 million in the six months ended June 30, 2004 from \$721.1 million in the six months ended June 30, 2003. This increase in net revenues was principally attributed to an overall unit volume increase of 55.3%. This increase in volume was driven by a 50.6% increase for advanced packages and a 61.2% increase in our traditional packages. Partially offsetting the volume increases, average selling prices for the six months

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ended June 30, 2004 declined approximately 9% as compared to average selling prices in the six months ended June 30, 2003. This decrease in overall average selling prices was driven by an 8% decrease in average selling prices for advanced packages and a 13% decrease in average selling prices for traditional packages.

Gross Profit. Gross profit increased \$85.8 million, to a gross profit of \$206.6 million in the six months ended June 30, 2003 from \$120.8 million in the six months ended June 30, 2003. Our cost of revenues consists principally of costs of materials, labor and depreciation.

Gross margin increased to 21.6% in the six months ended June 30, 2004 from 16.8% in the six months ended June 30, 2003. The improvement of 4.8% is principally a result of increased unit volumes, which contributed approximately 15 percentage points to the increase in gross margin. This positive impact on gross margin was partially offset by average selling price erosion across our product lines, which decreased gross margin by approximately 7 percentage points, and by unfavorable product mix changes, which decreased gross margin by approximately 3 percentage points.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$23.1 million, or 21.5%, to \$107.8 million, or 11.3% of net revenues, in the six months ended June 30, 2004 from \$84.6 million, or 11.7% of net revenues, in the six months ended June 30, 2003. During 2004, we experienced a significant increase in our litigation costs as a result of the mold compound litigation matter. Legal expenses associated with this mold compound litigation matter were \$10.0 million (including a \$1.5 million contingency charge recorded during the three months ended March 31, 2004) for the six months ended June 30, 2004, as opposed to \$0.8 million in the comparable prior year period. In addition, approximately \$14.0 million of our increase in selling, general and administrative expenses is the result of increased headcount, compensation costs and general business activity to support our overall business growth, although selling, general and administrative expenses have decreased as a percentage of revenue over the prior year comparable period.

Research and Development. Research and development expenses increased \$4.1 million to \$18.9 million, or 2.0% of net revenues, in the six months ended June 30, 2004 from \$14.8 million, or 2.1% of net revenues, in the six months ended June 30, 2003. Our increase in our research and development expenses were primarily related to overall increased spending and the establishment of a research and development center, during the three months ended March 31, 2004, located within our Amkor Iwate factory in Japan and increased activities related to our leading edge technologies. 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 further the development of flip chip interconnection solutions, chip scale packages that are nearly the size of the semiconductor die, MEMS devices used in a variety of end markets including automotive, industrial and personal entertainment, our stacked chip packages that stack as many as three semiconductor dies in a single package, and System-in-Package technology, that uses both advanced packaging and traditional surface mount techniques to enable the combination of technologies in a single chip.

Other Expense (Income). Other expenses (income), net, decreased \$55.3 million, to \$48.8 million, or 5.1% of net revenues, in the six months ended June 30, 2004 from \$104.1 million, or 14.4% of net revenues, in the six months ended June 30, 2003. The net decrease, or favorable change, was primarily the result of \$30.5 million of debt retirement costs incurred during the six months ended June 30, 2003 as compared to \$2.9 million of debt retirement costs for the six months ended June 30, 2004; a decrease of \$27.6 million. The remaining decrease is primarily due to a \$21.6 million gain on sale of ASI shares and a \$3.9 million legal settlement gain related to our claims against a software vendor, both incurred during the six months ended June 30, 2004, a decrease in interest expense of \$2.7 million related to our debt refinancing and debt repurchase activity during 2003 and 2004, and a \$2.2 million unrealized loss related to our then existing ASI call options incurred in the first quarter of 2003. These items were partially offset by an unfavorable change related to foreign currency of \$2.9 million.

Equity Investment Gain (Loss). For the six months ended June 30, 2004, we had less than \$0.1 million of loss related to our equity affiliates. For the prior year comparable period, our earnings included our share of losses in our equity affiliates of \$3.6 million, which principally related to our equity investment in ASI through March 24, 2003. On March 24, 2003, we divested 7 million shares of ASI, bringing our total voting share holdings to 16% of ASI, and on this date we ceased the equity method of accounting for our ASI investment.

Income Taxes. During the six months ended June 30, 2004, we recorded income tax expense of \$7.0 million related to continuing operations, reflecting an effective tax rate of 25.0%, as compared to an income tax expense of \$0.8 million tax recorded during the six months ended June 30, 2003. Our effective tax rate for the full year 2004 is currently projected to be 35%. Our actual effective tax rate for the six months ended June 30, 2004 is 35.2%. However, this tax rate was offset by a non-recurring \$2.8 million tax benefit as a result of a favorable ruling in a foreign jurisdiction. This adjustment resulted in a

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reported tax rate of 25.0% for the current quarter. For the six months ended June 30, 2003, tax expense reflected foreign tax expense of \$8.4 million, net of \$7.5 million current tax benefit related to the loss from continuing operations. The \$7.5 million tax benefit was offset by \$7.5 million of current tax expense from continuing operations.

Results of Discontinued Operations

On February 28, 2003, we sold our wafer fabrication services business to ASI for \$62 million. Additionally, we obtained a release from Texas Instruments regarding our contractual obligations with respect to wafer fabrication services to be performed subsequent to the transfer of the business to ASI. We reflect our wafer fabrication services segment as a discontinued operation and restated our historical results. In connection with the disposition of our wafer fabrication business, we have reflected \$1.0 million in severance and other exit costs to close our wafer fabrication services operations in Boise, Idaho and Lyon, France. Also, in the first quarter of 2003 we recognized a pre-tax gain on the disposition of our wafer fabrication services business of \$58.6 million (\$51.5 million, net of tax), which is reflected in income from discontinued operations. The carrying value of the sold net assets associated with the business as of February 28, 2003 was \$2.4 million.

Liquidity and Capital Resources

Our ongoing primary cash needs are for debt service (principally interest), equipment purchases and working capital. Our cash and cash equivalents balance as of June 30, 2004 was \$294.6 million, and we had \$28.4 million available under our \$30.0 million senior secured credit facility. The amount available under our senior secured credit facility at June 30, 2004 was reduced by \$1.6 million related to outstanding letters of credit. 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 and working capital requirements for at least the next twelve months. Although it is not our current intention to do so, in the event we decide to consummate additional business combinations, we may require additional cash and we cannot assure 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 senior notes and senior subordinated notes significantly reduce our ability to incur additional debt. Failure to obtain any such required additional financing could have a material adverse effect on us.

Cash flows

Net cash provided by (used in) operating, investing and financing activities from continuing operations and cash provided by discontinued operations for the six months ended June 30, 2004 and 2003 were as follows:

	For the Six Months Ended	
	June 30,	
	2004	2003
	(in thousands)	
Net cash provided by continuing operating activities	\$ 160,157	\$ 54,108
Net cash used in continuing investing activities	(255,589)	(64,569)
Net cash provided by continuing financing activities	77,145	31,462
Net cash provided by (used in) discontinued operations	111	13,573

Cash flows from continuing operating activities: Our cash flows from continuing operating activities for the six months ended June 30, 2004 increased \$106.1 million to \$160.2 million over the comparable prior year period. Our cash flows from continuing operating activities increased as a result of our improved operating performance, primarily driven by revenue increases, as well as cash generated from a reduction of our working capital.

The primary contributors to cash flow from continuing operations for the six months ended June 30, 2004 were \$116.5 million of cash flows provided by continuing operations (adjusted for non-cash and non-operating items), a \$34.5 million increase in trade payables associated with the increase in business activity and a decrease in accounts receivable of \$39.7 million. These sources were primarily offset by a \$31.2 million increase in inventory levels. We believe that our inventory increase is primarily due to an inventory build in the microelectronics supply chain, stemming from weaker than anticipated end market demand. Generally, we purchase raw materials in support of customer forecasts subject to contractual take-or-pay agreements.

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Cash flows from continuing investing activities: Our cash flows used in continuing investing activities for the six months ended June 30, 2004 increased by \$191.0 million over the comparable prior year period, to \$255.6 million, primarily due to a \$210.1 million increase in capital expenditures from \$84.6 million in the six months ended June 30, 2003 to \$294.7 million in the six months ended June 30, 2004. In addition to cash used for capital expenditures, we paid \$34.0 million in cash during the six months ended June 30, 2004 related to business acquisitions (see below). These cash outflows were offset by cash proceeds from the collection of \$18.6 million of notes receivable from Dongbu during the six months ended June 30, 2004 and an increase of proceeds from our net sales of investments and sales of fixed assets of \$34.4 million.

The following business acquisitions, which are more fully discussed below under Capital Expenditures and Acquisitions, occurred during the six months ended June 30, 2003:

- In January 2004, we acquired the remaining 40% ownership interest of Amkor Iwate from Toshiba for \$12.9 million. We now own 100% of Amkor Iwate.
- In May 2004, we acquired certain assembly and test assets from International Business Machines Corp. and Xin Development Co., Ltd. The purchase price was valued at approximately \$138.1 million, including \$117.0 million of short-term notes payable (net of a \$4.6 million discount).

During 2003 and 2004, we completed the following transactions to continue the liquidation of our investment in ASI:

- On March 24, 2003, we irrevocably sold a block of 7 million shares of ASI common stock to the financial institution for approximately \$19.5 million. We also entered into a nondeliverable call option for \$6.8 million. In May 2003, we exercised the nondeliverable call option realizing \$5.6 million of cash proceeds.
- On September 17, 2003, we sold an additional 5 million shares of ASI common stock for approximately \$18.5 million. We also entered into a nondeliverable call option for \$6.5 million. In December 2003, we exercised the nondeliverable call option realizing \$2.0 million of cash proceeds.
- In April 2004, we sold 10.1 million shares of ASI common stock for approximately \$49.7 million, reducing our ownership in ASI to approximately 4%, or 4.6 million shares.

Cash flows from continuing financing activities: Our net cash inflows from continuing financing activities for the six months ended June 30, 2004 were \$77.1 million, an increase of \$45.6 million, as compared to \$31.5 million of inflows for the six months ended June 30, 2003. In March 2004, we sold \$250.0 million of senior notes due 2011. The net proceeds to us were \$245.2 million, net of related discounts and debt acquisition costs, and these proceeds were used to repay the balance outstanding under our senior secured term loan of \$168.7 million. Overall, our debt borrowing activity, net of debt payments, increased \$44.1 million during the six months ended June 30, 2004 from the prior year period, accounting for the majority of our increase in cash inflows from continuing financing activities for the six months ended June 30, 2004.

Debt Instruments and Related Covenants

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

	June 30, 2004	December 31, 2003
(In thousands)		
Senior secured credit facilities:		
Term loan, LIBOR plus 4% due January 2006	\$ —	\$ 168,725
\$30.0 million revolving line of credit, LIBOR plus 3.5% due June 2007	—	—
9.25% Senior notes due February 2008	470,500	470,500
7.75% Senior notes due May 2013	425,000	425,000
7.125% Senior notes due March 2011, net of unamortized discount of \$1.6 million	248,359	—
10.5% Senior subordinated notes due May 2009	200,000	200,000
5.75% Convertible subordinated notes due June 2006, convertible at \$35.00 per share	233,000	233,000
5% Convertible subordinated notes due March 2007, convertible at \$57.34 per share	146,422	146,422
Notes payable, net of unamortized discount of \$3.8 million	117,775	—
Other debt	35,751	35,725
	1,876,807	1,679,372
Less—Short-term borrowings and current portion of long-term debt	(143,693)	(28,665)
	<u>\$1,733,114</u>	<u>\$1,650,707</u>

We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to service payments on our debt, with such payments principally for interest. For the six months ended 2004, interest expense payable in cash was \$68.2 million.

Our business strategy has been, in part, to enhance our financial flexibility. During 2003 and 2004, we refinanced or repurchased various debt instruments, including our term loan and various senior notes, thereby lowering our effective interest rate and increasing our maturity dates. Our debt covenants permit the repurchase or redemption of any senior notes, senior subordinated notes or convertible notes with the net cash proceeds of equity offerings, and the annual basket for repurchases or redemptions of senior notes from cash can be rolled over (to the extent unused) from year to year up to an aggregate amount of \$300 million, of which up to \$25 million may alternatively be used to repurchase or redeem senior subordinated notes or convertible notes.

In March 2004, we sold \$250.0 million of 7.125% senior notes due March 2011. The notes were priced at 99.321% of the \$250.0 million face value, yielding an effective interest rate of 7.25%. We sold these notes to qualified institutional investors, used the net proceeds of the issuance to satisfy in full our outstanding term loan due 2006 of \$168.7 million and used the remainder of the proceeds for general corporate purposes, including working capital and capital expenditures. The notes have a coupon rate of 7.125 % annually and interest payments are due semi-annually. In connection with the satisfaction of the term loan, we recorded charges during the first quarter of 2004 of \$1.7 million for the associated premiums paid and \$1.0 million for the associated unamortized deferred debt issuance costs. In connection with the offering of these notes, we entered into a registration rights agreement with the purchasers. The registration rights agreement entitled the purchasers, within 210 days from the original issuance, to exchange their notes for registered notes with substantially identical terms as the original notes. We filed a registration statement with the Securities and Exchange Commission for the exchange of the notes, and the exchange was completed in July 2004.

In June 2004, we entered into a new \$30.0 million senior secured revolving credit facility (the "Facility"). The Facility, which is available through June 2007, replaced our prior \$30.0 million secured revolving line of credit which was scheduled to mature on October 31, 2005. The available funds will be used for general corporate purposes. The maximum annual capital expenditures, minimum EBITDA and minimum daily liquidity financial covenants that were conditions of the previous revolving credit facility have been eliminated under this new Facility.

Other debt as of June 30, 2004 and December 31, 2003 includes our foreign debt principally related to our operations in Japan and Taiwan. Our foreign debt includes fixed and variable debt maturing between 2004 and 2010, with the majority maturing in 2004. As of June 30, 2004, the foreign debt has interest rates ranging from 1.0% to 8.18%. These debt instruments do not include significant financial covenants.

Capital Expenditures and Acquisitions

Our first and second quarter 2004 capital expenditures were \$170.8 million and \$123.8 million, respectively, and we have budgeted capital expenditures of \$80 million for the second half of 2004.

In January 2001, Amkor Iwate Corporation commenced operations and acquired from Toshiba a packaging and test facility located in the Iwate prefecture in Japan. At that time, we owned 60% of Amkor Iwate and Toshiba owned the balance of the outstanding shares. In January 2004, we acquired the remaining 40% ownership interest of Amkor Iwate from Toshiba for \$12.9 million. We now own 100% of Amkor Iwate. Also in January 2004, we paid to Toshiba 220.0 million Japanese yen (or approximately \$2.0 million, which was included as a special charge during the three months ended December 31, 2003) to terminate our commitment to purchase a tract of land adjacent to the Amkor Iwate facility. Amkor Iwate provides packaging and test services principally to Toshiba's Iwate factory under a long-term supply agreement that provided for services to be performed on a cost plus basis through December 2003 and then at market based rates beginning January 2004. This long-term supply agreement with Toshiba's Iwate factory terminates January 2006.

In May 2004, we acquired certain assembly and test assets from International Business Machines Corp. and Waigaoqiao Free Trade Zone Xin Development Co., Ltd. The acquired assets included a test operation located in Singapore (primarily test equipment and workforce), a 950,000 square foot partially completed facility and associated 50-year land use rights located in China, and other intangible assets. These assets were acquired for the purposes of increasing our assembly and test capacity. The purchase price was valued at approximately \$138.1 million, including \$117.0 million of short-term notes payable (net of a \$4.6 million discount). The short-term notes payable, and interest thereon of \$4.6 million, is expected to be paid on November 30, 2004.

Subsequent to the second quarter of 2004, we completed agreements to acquire Unitive, Inc., based in North Carolina ("Unitive"), and to obtain a majority interest of approximately 60% in Taiwan-based Unitive Semiconductor Taiwan Corporation ("UST"), a joint venture between Unitive and various Taiwanese investors. Unitive and UST are providers of wafer level technologies and services for flip chip and wafer level packaging applications. The total purchase price is comprised of \$47.8 million, which includes cash consideration due at closing of \$32.3 million and \$15.5 million due one year after closing. In addition, we are assuming approximately \$23 million of debt. Both transactions include provisions for contingent, performance-based earn-outs which could increase the value of the transactions by an aggregate of \$57.0 million. The earn-outs will be paid approximately one year after closing, of which \$55.0 million is payable in either cash or stock, at our option. In addition, we retain an option to acquire the remaining interest of approximately 40% of UST for \$18.0 million. The transactions are expected to close in August 2004, although there can be no assurance of this.

Off-Balance Sheet Arrangements

We had no off-balance sheet guarantees or other off-balance sheet arrangements as of June 30, 2004.

Contingency Related to Acquisition of Citizen Watch Co., Ltd.

In April 2002, we acquired the semiconductor packaging business of Citizen Watch Co., Ltd ("Citizen"). In connection with this acquisition, we were required to make certain additional payments one year from the closing. Pending the resolution of a controversy relating to patents acquired from Citizen, we are withholding payment of 1.4 billion yen (\$12.9 million based on the spot exchange rate at June 30, 2004). During March 2004, Citizen filed for arbitration of the matter. The arbitration is in its preliminary stages.

Critical Accounting Policies

Our preparation of this report on Form 10-Q, and related consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America, requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates. We base our estimates and judgments on historical experience, current economic and industry conditions and on various other factors that we believe reasonable under the circumstances. This forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or

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conditions. We have identified the accounting policies below as critical to our business operations and the understanding of our results of operations.

- revenue recognition and risk of loss,
- provision for income taxes
- valuation of long-lived assets,
- legal contingencies,
- valuation of inventory.

During the six months ended June 30, 2004, there have been no significant changes in our critical accounting policies. Other than a \$1.5 million charge related to our mold compound litigation with Koninklijke Philips Electronics N.V. (see Item I – Legal Proceedings for further discussion), there have been no significant changes in the judgments and estimates inherent in these critical accounting policies. We refer you to our December 31, 2003 Annual Report on Form 10-K and for a full discussion of our critical accounting policies.

RISK FACTORS THAT MAY AFFECT FUTURE OPERATING PERFORMANCE

Our future results of operations involve a number of risks and uncertainties. Factors that could affect future results and cause actual results to vary materially from historical results include, but are not limited to, dependence on the highly cyclical nature of the semiconductor industry, the level of demand for our products and services by our customers and end-market customers, fluctuation in operating results, the decline in average selling prices, our high leverage and the restrictive covenants contained in the agreements governing our indebtedness, our investment in ASI, the absence of significant backlog in our business, our dependence on international operations and sales, difficulties integrating acquisitions, our dependence on materials and equipment suppliers, capital expenditure requirements, the increased litigation incident to our business, rapid technological change, competition, our need to comply with existing and future environmental regulations, the enforcement of intellectual property rights by or against us, continued control by existing stockholders and stock price volatility.

Beginning in the second half of 2003, visibility and customer demand improved. As discussed previously under Our Expectations Regarding Future Business Conditions, our visibility into the second half of 2004 diminished. If industry conditions deteriorate, we could sustain significant losses in the future, which could materially impact our business, including our liquidity.

Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events contemplated by the risks above will not occur. If they do, our business, financial condition or results of operations could be materially adversely affected. In addition to the current update above regarding our visibility into the second half of 2003, you should refer to Risk Factors That May Affect Future Operating Performance in our 2003 Annual Report on Form 10-K and in our Form 8-K filed March 12, 2004 for a more detailed discussion of known material risks facing our company.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk Sensitivity

We are exposed to market risks, primarily related to foreign currency and interest rate fluctuations. In the normal course of business, we employ established policies and procedures to manage the exposure to fluctuations in foreign currency values and changes in interest rates. Our use of derivatives instruments, including forward exchange contracts, has been insignificant throughout 2004 and 2003, and it is expected that our use of derivative instruments will continue to be minimal.

Foreign Currency Risks

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

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For an entity with various financial instruments denominated in a foreign currency in a net asset position, an increase in the exchange rate would result in less net assets when converted to U.S. dollars. Conversely, for an entity with various financial instruments denominated in a foreign currency in a net liability position, a decrease in the exchange rate would result in more net liabilities when converted to U.S. dollars. Based on our portfolio of foreign currency based financial instruments at June 30, 2004 and December 31, 2003, a 20% increase (decrease) in the foreign currency to U.S. dollar spot exchange rate would result in the following foreign currency risk for our entities in a net asset (liability) position:

	Chart of Foreign Currency Risk				
	Philippine Peso	Korea Won	Taiwanese Dollar	Japanese Yen	Chinese Renminbi
	(In thousands)				
As of June 30, 2004	\$ (4,208)	\$ 2,807	\$ 1,746	\$ 499	\$ (318)
As of December 31, 2003	\$ (3,269)	\$ 3,954	\$ (2,041)	\$ 3,718	\$ 315

Interest Rate Risks

Our company has interest rate risk with respect to our debt. As of June 30, 2004, we had a total of \$1,876.8 million of debt of which 98.5% was fixed rate debt and 1.5% was variable rate debt. Our variable rate debt principally consists of short-term borrowings and amounts outstanding under our \$30.0 million revolving line of credit; of which no amounts were drawn as of June 30, 2004, but which had been reduced by \$1.6 million related to outstanding letters of credit at June 30, 2004. The fixed rate debt consists of senior notes, senior subordinated notes, convertible subordinated notes and foreign debt. As of December 31, 2003, we had a total of \$1,679.4 million of debt of which 88.1% was fixed rate debt and 11.9% was variable rate debt. Changes in interest rates have different impacts on our fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the fair value of the instrument but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not impact the fair value of the instrument. The fair value of the convertible subordinated notes is also impacted by the market price of our common stock.

The table below presents the interest rates, maturities and fair value of our fixed and variable rate debt as of June 30, 2004.

	June 30,						Fair Value
	2004	2005	(In thousands) 2006	2007	2008	Thereafter	Total
Long-term debt:							
Fixed rate debt	\$ 121,524	\$ 1,593	\$ 235,662	\$ 146,649	\$ 470,500	\$ 873,359	\$ 1,849,287
Average interest rate	7.9%	3.6%	5.7%	5.0%	9.3%	8.2%	7.9%
Variable rate debt	\$ 22,168	\$ 1,028	\$ 2,056	\$ 824	\$ 577	\$ 866	\$ 27,519
Average interest rate	1.2%	2.6%	2.6%	2.6%	2.6%	2.7%	1.5%

Equity Price Risks

Our outstanding 5.75% convertible subordinated notes due 2006 and 5.0% convertible subordinated notes due 2007 are convertible into common stock at \$35.00 per share and \$57.34 per share, respectively. During the fourth quarter of 2003, we repurchased \$112.3 million of our 5.0% convertible notes due 2007 and \$17.0 million of our 5.75% convertible notes due 2006. We currently intend to repay our remaining convertible subordinated notes upon maturity, unless converted. If investors were to decide to convert their notes to common stock, our future earnings would benefit from a reduction in interest expense and our common stock outstanding would be increased. If we paid a premium to induce such conversion, our earnings could include an additional charge.

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

Item 4. Controls and Procedures

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During the second quarter of 2004, Amkor management, including the principal executive officer and principal financial officer, evaluated Amkor's disclosure controls and procedures related to the recording, processing, summarization and reporting of information in its periodic reports that Amkor files with the SEC. These disclosure controls and procedures have been designed to ensure that (a) material information relating to Amkor, including its consolidated subsidiaries, is made known to Amkor's management, including these officers, by other employees of Amkor and its subsidiaries, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people. Amkor's controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

Accordingly, as of June 30, 2004, these officers (principal executive officer and principal financial officer) concluded that Amkor's disclosure controls and procedures were effective to accomplish their objectives. Amkor continually strives to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There was no change in our internal control over financial reporting that occurred during the period covered by this Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are currently a party to various legal proceedings, including those noted below. While we currently believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our financial position or overall trends in results of operations, litigation is subject to inherent uncertainties. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our net income in the period in which the ruling occurs. The estimate of the potential impact from the following legal proceedings on our financial position or overall results of operations could change in the future.

Epoxy Mold Compound Litigation

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

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

On April 16, 2002, we were served with a third-party complaint in an action entitled Fujitsu Limited v. Cirrus Logic, Inc., No. 02-CV-01627 JW, pending in the United States District Court for the Northern District of California, San Jose Division. In this action, Fujitsu Limited ("Fujitsu") alleges that semiconductor devices it purchased from Cirrus Logic, Inc. ("Cirrus Logic") are defective in that a certain epoxy mold compound used in the manufacture of the chip causes a short circuit which renders Fujitsu disk drive products inoperable. Cirrus Logic, in response, denied the allegations of the complaint, counterclaimed against Fujitsu for unpaid invoices, and filed its third-party complaint against us alleging that any liability for chip defects should be assigned to us because we assembled the subject semiconductor devices. Upon receipt of Cirrus Logic's third-party complaint, we filed an answer denying all liability, and our own third-party complaint against Sumitomo Bakelite. Sumitomo Bakelite filed an answer denying liability. In June 2003, Fujitsu amended its complaint and added direct claims against us. In response, we filed an answer denying all liability to Fujitsu and amended our cross-claims against Sumitomo Bakelite to reflect Fujitsu's new claims against us. The parties engaged in extensive discovery activities. Fujitsu has indicated that it may seek damages in excess of \$100 million. In November 2003, Fujitsu filed an action against Cirrus Logic, Sumitomo Bakelite and us entitled Fujitsu Limited v. Cirrus Logic, Inc., et al., Case No. 1-03-CV-009885, in the California Superior Court for the County of Santa Clara, based on facts and allegations substantially similar to those

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asserted in the Northern District Court of California. In December 2003, Cirrus Logic filed a cross-complaint against Sumitomo Bakelite and us in the Superior Court case, also based on facts and allegations substantially similar to those asserted in the Northern District Court case. By stipulation among the parties, the Northern District Court granted a stay of the action pending before it in favor of the action pending in the Santa Clara Superior Court, where discovery has continued. On March 29, 2004, we filed a motion to dismiss Fujitsu's amended complaint in the Superior Court. On April 2, 2004, we also filed a motion to dismiss Cirrus Logic's cross-complaint. The Superior Court held a hearing on our motions to dismiss on May 4, 2004 and granted dismissal of some of Fujitsu's and Cirrus Logic's claims against us. Fujitsu filed a second amended complaint in the Superior Court on or about June 18, 2004; Cirrus Logic filed a first amended cross-complaint on or about the same date. On July 19, 2004, we filed motions to dismiss both new complaints. Our motions are scheduled for a hearing before the Superior Court on August 24, 2004. Fact discovery is nearing completion, with expert discovery to follow through October 8, 2004. Dispositive pretrial motions must be filed by October 15, 2004 and heard by November 30, 2004. A trial in this matter is set to begin on January 31, 2005. We intend to deny all liability, defend ourselves vigorously, file cross-claims against Sumitomo Bakelite, and seek judgment in our favor in due course.

Seagate Technology LLC v. Atmel Corporation, et al.

In March 2003, we were served with a cross-complaint in an action between Seagate Technology LLC and Seagate Technology International ("Seagate") and Atmel Corporation and Atmel Sarl ("Atmel") in the Superior Court of California, Santa Clara County, Case No. 1-02-CV809883. Atmel's cross-complaint seeks indemnification from us for any damages incurred from the claims by Seagate involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. We answered Atmel's cross-complaint, denying all liability, and filed a cross-complaint against Sumitomo Bakelite. Atmel later amended its cross-complaint, including adding ChipPAC Inc. ("ChipPAC") as a cross-defendant. ChipPAC filed a cross-complaint against Sumitomo Bakelite and us. On January 27, 2004, the Superior Court sustained Sumitomo Bakelite's motion to dismiss Atmel's amended cross-complaint and Atmel filed its Second Amended Cross-Complaint on or about March 12, 2004. On April 13, 2004, we filed an answer denying all liability to Atmel. We filed a motion to dismiss ChipPAC's cross-complaint on February 13, 2004 and, on or about June 7, 2004, ChipPAC filed a request for dismissal of its cross-complaint against us. All parties are currently conducting written and deposition discovery and no trial date has been set. We intend to defend ourselves vigorously.

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

In April 2003, we were served with a cross-complaint in an action between Maxtor Corporation ("Maxtor") and Koninklijke Philips Electronics ("Philips"), in the Superior Court of California, Santa Clara County, Case No. 1-02-CV-808650. Philips' cross-complaint sought indemnification from us for any damages incurred from the claims by Maxtor involving the allegedly defective epoxy mold compound manufactured by Sumitomo Bakelite. Philips subsequently filed a cross-complaint directly against Sumitomo Bakelite, alleging, among other things, that Sumitomo Bakelite breached its contractual obligations to both us and Philips by supplying a defective mold compound resulting in the failure of certain Philips semiconductor devices. We denied all liability in this matter and also asserted a cross-complaint against Sumitomo Bakelite. Sumitomo Bakelite has denied any liability. The parties have completed fact discovery and most expert discovery. On March 30, 2004, the Court denied our motion for summary judgment against Philips' claims. Maxtor and Philips reached a settlement of Maxtor's claims against Philips on or about April 28, 2004 in which, reportedly, Philips agreed to pay Maxtor \$24.8 million. We, Philips and Sumitomo Bakelite thereafter appeared to reach resolution of Philips' claims against us on April 29, 2004, pursuant to which we agreed to pay Philips \$1.5 million plus a contingent amount ranging between \$0.0 and \$2.0 million based on the resolution of Philips' claims against Sumitomo Bakelite. For the three months ended March 31, 2004, we recorded a charge of \$1.5 million in Resolution of Legal Dispute in our consolidated statement of income associated with this resolution. However, the Court subsequently determined that Philips did not knowingly agree to the terms of the settlement that all three parties had affirmed in open court, set aside the settlement and ordered the parties to a further settlement conference that was held on July 9, 2004. This conference did not result in a renewed settlement, and the trial of Philips' claims against us and Sumitomo Bakelite and our cross-claims against Sumitomo Bakelite has been rescheduled to start on October 18, 2004. It is estimated that the trial will last 20 court days. On July 16, 2004, we filed a petition for a writ of mandate to the California Court of Appeal, seeking to overturn the Superior Court's decision not to enforce the parties' settlement agreement of April 29, 2004. We deny all liability to Philips and intend to defend ourselves vigorously in the event our writ petition is unsuccessful.

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

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In August 2003, we were served with a complaint filed by Maxim Integrated Products, Inc. (“Maxim”) against us, Sumitomo Bakelite and Sumitomo Plastics America, Inc. (“Sumitomo Plastics”) in the Superior Court of California, Santa Clara County, Case No. 1-03-CV-001310. The complaint seeks damages related to our use of Sumitomo Bakelite’s epoxy mold compound in assembling Maxim’s semiconductor packages. Both the Sumitomo defendants and we filed motions to dismiss Maxim’s complaint in September 2003. In lieu of contesting those motions to dismiss, Maxim filed an amended pleading on or about April 26, 2004. We filed a motion to dismiss Maxim’s amended complaint which the Court granted in full on July 6, 2004. Maxim is expected to file a further amended complaint by August 5, 2004. Upon receipt of Maxim’s further amended complaint, we may file another motion to dismiss and otherwise intend to deny all liability to Maxim, defend ourselves vigorously and file cross-claims against Sumitomo Bakelite and/or Sumitomo Plastics. Discovery has not commenced and there is no trial date set.

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

In September 2003, we were served with an amended complaint filed by Fairchild Semiconductor Corporation (“Fairchild”) against us, Sumitomo Bakelite, Sumitomo Plastics and Sumitomo Bakelite Singapore Pte. Ltd. in the Superior Court of California, Santa Clara County, Case No. 1-02-CV-810034. The amended complaint seeks damages related to our use of Sumitomo Bakelite’s epoxy mold compound in assembling Fairchild’s semiconductor packages. Both the Sumitomo defendants and we filed motions to dismiss Fairchild’s amended complaint in October 2003. Fairchild filed a second amended complaint in January 2004 in lieu of opposing those motions to dismiss. On February 11, 2004, we filed a motion to dismiss Fairchild’s second amended complaint. The Superior Court granted our motion to dismiss on March 16, 2004 and Fairchild filed a third amended complaint on or about April 15, 2004. We filed a motion to dismiss Fairchild’s third amended pleading which the Court granted in part and denied in part on June 15, 2004. On or about July 15, 2004, Fairchild filed its Fourth Amended Complaint. We intend to file a motion to dismiss the new complaint by August 16, 2004, and otherwise intend to deny all liability, defend ourselves vigorously and file cross-claims against Sumitomo Bakelite and/or Sumitomo Plastics. Written discovery is ongoing and no trial date has been scheduled.

Other Litigation

Amkor Technology, Inc. v. Motorola, Inc.

On August 16, 2002, we filed a complaint against Motorola, Inc. in an action captioned Amkor Technology, Inc. v. Motorola, Inc., C.A. No. 02C-08-160 CHT, pending in the Superior Court of the State of Delaware in and for New Castle County. In this action, we were seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. (“Citizen”) to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the “License Agreement”) and concurrent assignment by Citizen to us of Citizen’s interest in U.S. Patents 5,241,133 and 5,216,278 (the “’133 and ‘278 patents”); and (ii) our obligation to make certain payments pursuant to an immunity agreement (the “Immunity Agreement”) dated June 30, 1993 between us and Motorola.

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

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard on September 3, 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola’s motion for summary judgment. On October 22, 2003, Motorola filed an appeal in the Supreme Court of Delaware. The appeal was argued on March 9, 2004. On May 27, 2004, the Supreme Court reversed the Superior Court’s decision, and remanded for further development of the factual records. We believe we will prevail on the merits at the Superior Court level. In addition, should Motorola prevail, we believe we have recourse against Citizen. However, no assurance can be given that an adverse outcome in the case cannot occur, or that any adverse outcome would not have a material impact.

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

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

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products. In early 2001, a dispute arose as to whether the parts sold by us were defective. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of 50 million Euros (approximately \$60.4 million based on the spot exchange rate at June 30, 2004). We have denied all liability and intend to vigorously defend ourselves. Additionally, we have entered into a written agreement with ASI whereby ASI has agreed to indemnify us fully against any and all loss related to the claims of AME, ABS and ABS' insurer. The Paris Commercial Court commenced a special proceeding before a technical expert to report on the facts of the dispute. The report of the court-appointed expert was put forth on December 31, 2003. The report does not specifically allocate liability to any particular party. On May 18, 2004, the Paris Commercial Court of France declared that it did not have jurisdiction over the matter. The Court of Appeal of Paris will hear the appeal against that ruling on October 6, 2004.

In response to the French lawsuit, on May 22, 2002, we filed a petition to compel arbitration in the United States District Court for the Eastern District of Pennsylvania (the "Court") against ABS, AME and ABS' insurer, claiming that the dispute is subject to the arbitration clause of the November 5, 1999 agreement between us and AME. ABS and ABS' insurer have refused to arbitrate. In August 2003, the Court denied the motion of ABS and its insurer to dismiss our petition for arbitration. The Court also subsequently denied a motion for reconsideration filed by ABS. The Court has not yet set a date for final disposition of our petition.

Item 2. Changes in securities and use of proceeds

None.

Item 3. Defaults upon senior securities

None.

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

None.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
2.1	Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Technology Singapore Pte. Ltd. and IBM Singapore Pte Ltd.
2.2	Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.
2.3	Sales Contract of Commodity Premises between Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. dated May 7, 2004.
10.1	\$30,000,000 Credit Agreement, dated as of June 29, 2004, among Amkor Technology, Inc., as borrower, the Lenders and Issuers parties thereto and Citicorp North America, Inc., as agent for the Lenders and the Issuers. (1)
10.2	Guaranty, dated as of June 29, 2004, by Guardian Assets, Inc. (1)
10.3	Pledge and Security Agreement, dated as of June 29, 2004, among Amkor Technology, Inc. and Guardian Assets, Inc., in favor of Citicorp North America, Inc., as agent. (1)
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., Pursuant to Rule 13a – 14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Kenneth T. Joyce, Chief Financial Officer of Amkor Technology, Inc., Pursuant to Rule 13a – 14(a) under the Securities Exchange Act of 1934.

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Company's report on Form 8-K filed July 9, 2004.

(b) Reports on Form 8-K

We filed or furnished the following reports on Form 8-K with the Securities and Exchange Commission during the quarterly period ended June 30, 2004:

Current Report on Form 8-K dated April 27, 2004 (filed April 27, 2004) related to a press release dated April 27, 2004 announcing our financial results for the quarter ended March 31, 2004.

Current Report on Form 8-K/A filed on May 5, 2004 amending the Current Report on Form 8-K dated and filed on April 27, 2004.

Current Report on Form 8-K dated May 17, 2004 (filed May 19, 2004) related to a press release dated May 17, 2004 announcing our strategic long-term agreement with International Business Machines Corp.

SIGNATURES

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

AMKOR TECHNOLOGY, INC.

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

Date: August 6, 2004

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "AGREEMENT"), dated as of May 17, 2004, by and among Amkor Technology Singapore Pte. Ltd., a Singapore corporation ("BUYER"), and IBM Singapore Pte Ltd, a Singapore corporation ("SELLER"; "IBM").

W I T N E S S E T H:

WHEREAS, Seller wishes to sell certain semiconductor module test assets; and

WHEREAS, Buyer wishes to purchase from Seller, and Seller wishes to sell to Buyer, the Transferred Assets (as defined below) for the purchase price and subject to the terms and conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the premises set forth above and the respective covenants, agreements, representations and warranties hereinafter set forth, Buyer and Seller hereby agree as follows:

DEFINITIONS.

CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the meanings specified below:

"AFFILIATE" shall mean, as to any Person, any other Person or entity that is controlling, controlled by or under common control with such Person or entity.

"ALLOCATION STATEMENTS" shall have the meaning set forth in Section 3.1.

"ASSUMED LIABILITIES" shall have the meaning set forth in Section 1.4.

"ASSUMPTION AGREEMENT" shall mean the Assignment and Assumption Agreement in the form set out in Exhibit A to be entered into by the Parties on the Closing Date and by which Buyer assumes the Assumed Liabilities.

"BUSINESS DAY" shall mean a day (other than Saturday or Sunday or a gazetted public holiday in Singapore and New York) on which commercial banks are open for business in Singapore and New York.

"BURDENSOME CONDITION" shall mean any action taken, or credibly threatened, by or before any Governmental Authority or other Person to challenge the legality of the transactions contemplated by the Operative Agreements or that would otherwise deprive a Party of the material benefit of any such transaction, including (i) the pendency of an investigation by a Governmental Authority (formal or informal), (ii) the institution of any litigation, or threat thereof, (iii) an order by a Governmental Authority of competent jurisdiction preventing consummation of the transactions contemplated by

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the Operative Agreements or placing material conditions or limitations upon such consummation, or (iv) the issuance of any subpoena, civil investigative demand or other request for documents or information relating to such transactions that is unreasonably burdensome in the reasonable judgment of the applicable Person.

"CONTRACT" shall mean any written and signed agreement, contract, commitment, instrument, document, certificate or other written and signed binding arrangement or understanding (each, including all amendments thereto).

"CLOSING" shall have the meaning set forth in Section 2.1.

"CLOSING DATE" shall have the meaning set forth in Section 2.1.

"CLOSING STATEMENT" shall have the meaning set forth in Section 2.3.

"CODE" shall have the meaning set forth in Section 3.1.

"CONFIDENTIALITY AGREEMENT" shall mean the confidentiality agreement between Amkor Technology, Inc. and International Business Machines Corporation, dated October 17, 2003.

"DATE OF EXECUTION" shall mean the date this Agreement and the other Operative Agreements identified for signature on that date are signed.

"DISCLOSURE SCHEDULE" shall have the meaning set forth in Article VI hereto.

"EMPLOYEES" shall have the meaning set forth in Section 4.2.

"EXCLUDED ASSETS" shall mean (i) such items of tangible personal property as are listed on the sub-schedules to Schedule 1.2, subject to the Closing Statement adjustments described in Section 2.3, as the same may be depleted or augmented prior to the Closing Date while being managed in the ordinary course of business, (ii) all Contracts among Seller and/or its Affiliates, (iii) all customer Contracts (other than customer Contracts, if any, which form part of the Assumed Liabilities), (iv) all software and intangible property (other than any software transferred pursuant to Section 4.3), (v) all interests of Seller in real property, (vi) all accounts receivable in respect of goods or services to the extent shipped or provided by Seller or Seller's Affiliates, directly or indirectly, prior to the end of the Closing Date, and (vii) such tangible personal property that is deemed to be an Excluded Asset pursuant to the procedure set forth in Section 1.2A.

"FIXED TERM HIRES" shall have the meaning set forth in Section 4.2.

"GOVERNMENTAL ACTIONS" shall mean any authorizations, consents, approvals, waivers, exceptions, variances, franchises, permissions, permits, and licenses of, and filings and declarations with, Governmental Authorities.

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1.2. EXCLUDED ASSETS. Notwithstanding anything to the contrary in this Agreement, the Excluded Assets will be retained by Seller and are excluded from the Transferred Assets. All intellectual property matters are addressed exclusively in the Intellectual Property Agreements, and no intellectual property matters are included in the subject matter of this Agreement, other than the shrink-wrap and other software as set forth in Section 4.3.

1.2A. OTHER TANGIBLE PERSONAL PROPERTY; CONTRACTS. If, within fifteen (15) months after the Closing Date, the Parties discover tangible personal property at the Premises that is not contained on Schedule 1.1 or Schedule 1.2, respectively or mutually determine that certain material Contracts (other than any Contracts regarding intellectual property matters) were mistakenly omitted from Schedule 1.4 (and such tangible personal property or material Contracts do not otherwise constitute Excluded Assets or Assumed Liabilities, respectively), then the Parties shall work in good faith to resolve such omission. With respect to tangible personal property, if the Parties cannot resolve such matter, it shall be resolved as follows: (1) If, prior to the Closing Date, such property was primarily utilized by the module test activities at the Premises, then such property shall be a Transferred Asset; and (2) If, prior to the Closing Date, such property was not primarily utilized by the module test activities at the Premises, then such property shall be an Excluded Asset. Following the date that is fifteen (15) months after the Closing Date, any tangible personal property not contained on Schedule 1.1 or Schedule 1.2, or allocated as described in the preceding sentence, shall be assumed to be a Transferred Asset if in the possession of Buyer and an Excluded Asset if in possession of Seller.

1.3. CONSIDERATION, (a) The Purchase Price to be paid by Buyer to Seller for the Transferred Assets and the Assumed Liabilities (the "PURCHASE PRICE") shall be twenty-three million United States Dollars (US\$23,000,000). Therefore, on or before November 30, 2004, Buyer shall pay to Seller such amount by electronic funds transfer, in immediately available funds in U.S. Dollars, to the following account:

Account : IBM Singapore Pte Ltd
Bank : Citibank N.A., Singapore
Account # : 0-011237-053
SWIFT : CITISGSG
Bank Address : 3 Temasek Avenue
#14-00 Centennial Tower
Singapore 039190

1.4. ASSUMED LIABILITIES. Upon the terms and subject to the conditions hereof, as of the Closing, Seller or Seller's Affiliates, if applicable, will assign and transfer to Buyer, and Buyer will assume the commitments, liabilities and obligations of Seller listed on Schedule 1.4, (together the "ASSUMED LIABILITIES") including listed Contracts and the liabilities set forth on Schedules 1.4 A and 1.4.B pursuant to an Assumption Agreement in the form attached as Exhibit A. Unless described on Schedule 1.4B, Buyer is not assuming and undertaking, and Seller shall remain liable for, any obligations or liabilities of Seller, contingent or otherwise, whenever asserted, relating to periods on or prior to

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the Closing Date, or work performed during such periods and such obligations and liabilities are specifically excluded from the Assumed Liabilities. Without limiting the generality of the foregoing, except for the Assumed Liabilities or as provided in the Operative Agreements, Buyer is not assuming or undertaking any obligations or liabilities of Seller to any assets or Contracts which are not included in the Transferred Assets or the Assumed Liabilities. Notwithstanding anything to the contrary, the Assumed Liabilities do not include Excluded Assets or any obligations or liabilities relating to or in respect of any Excluded Assets. In addition, except as set forth in the Operative Agreements, Buyer shall not assume any liabilities of Seller whether accrued, absolute or contingent, recorded or unrecorded or otherwise, and the Seller shall be responsible for, all accounts due and payable, accrued expenses, and taxes that relate to the period on or prior to the Closing Date, including, but not limited to the foregoing and all liabilities and obligations of Seller with respect to current or former employees, directors and independent contractors of Seller on or prior to the Closing Date.

ARTICLE II. CLOSING.

2.1. CLOSING DATE. Subject to the conditions set forth in Articles VII and VIII, the closing of the transaction provided for in this Agreement (the "CLOSING") shall take place at the East Fishkill offices of Seller's Affiliate, International Business Machines Corporation, within five (5) Business Days after the satisfaction or waiver of the conditions set forth in Articles VII and VIII occurs, or at such other time or on such other day as may be agreed by Seller and Buyer (the "CLOSING DATE"). The Parties intend that the Closing Date be on or before May 31, 2004. All transactions provided for herein are to occur on and as of the Closing Date and shall be deemed to have occurred simultaneously and the Closing shall be deemed complete at 11:59:59 pm Singapore time on the Closing Date. In the event that Closing shall not take place due to any failure to satisfy any or all the conditions precedent mentioned in Article VII or Article VIII, this Agreement shall ipso facto cease and all parties hereto shall have no claims against each other.

2.2. CLOSING. (a) On Closing, Seller shall (i) make the Transferred Assets available to Buyer at the Premises and (ii) execute such conveyances, transfers, assignments, and documents of title that are listed and attached as Schedule 2.2(a)1 or as the Parties may otherwise agree and such consents and licenses that are listed and attached as Schedule 2.2(a)2 or as the Parties may otherwise agree. Title to the Transferred Assets shall pass to Buyer and Buyer's assumption of the Assumed Liabilities shall occur at the Closing;

(b) At 11:59:59 pm Singapore time on the Closing Date, and to the extent that they are transferable by Seller, Seller hereby assigns any and all manufacturer's warranties, conditions, guarantees or indemnities relating to the Transferred Assets, provided that such warranties, conditions, guarantees or indemnities are transferable hereunder without further expenditure by Seller and without additional assistance by Seller. For the avoidance of doubt, no such transfer shall constitute a transfer of any of

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Seller's obligations or liabilities under any relevant Seller Contracts unless such Seller Contracts are Assumed Liabilities.

2.3. CLOSING STATEMENT. At the Closing, Seller will prepare and deliver to Buyer a closing statement for the physical assets that constitute the Transferred Assets (the "CLOSING STATEMENT"), as of the Closing Date. The purpose of the Closing Statement is to correctly reflect any changes in the listing of the physical assets that constitute the Transferred Assets, between the Date of Execution and the Closing which occurred in the ordinary course of business. The Closing Statement shall become final and binding upon the Parties unless Buyer gives written notice of its disagreement of such items included on or excluded from the Closing Statement within fifteen (15) days following Buyer's receipt of the Closing Statement. Any such notice shall specify in reasonable detail the nature of any disagreement so asserted.

ARTICLE III. TAX MATTERS.

3.1. ALLOCATION OF PURCHASE PRICE. Within thirty (30) days of the Closing Date, Buyer shall prepare an allocation of the Purchase Price, allocating the total of the Purchase Price (and other payments properly treated as additional Purchase Price for Tax purposes) to the different Transferred Assets and the Assumed Liabilities pursuant to Section 1060 of the United States Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations promulgated thereunder (hereinafter, the "CODE") (the "ALLOCATION STATEMENTS") and provide Seller with the Allocation Statements and all supporting documentation for Seller's review and consent, which will not be unreasonably withheld.

Buyer and Seller shall each file all income, franchise and other Tax Returns (as defined below), and execute such other documents as may be required by any Governmental Authority, in a manner consistent with the Allocation Statements. Buyer shall prepare the Form 8594 under Section 1060 of the Code based on the Allocation Statements and deliver such form and all documentation used in the preparation and support of such Allocation Statements and form (including, but not limited to, appraisals) to the Seller within 30 days after finalizing of the Allocation Statements. The Buyer and the Seller agree to file such form with each relevant taxing authority and to refrain from taking any position inconsistent with such form or Allocation Statements.

3.2. FILING OF RETURNS AND PAYMENT OF TAXES. Seller shall prepare and file, or cause to be prepared and filed, with the appropriate authorities all Tax returns, reports and forms (herein "TAX RETURNS") and shall pay, or cause to be paid, when due all Taxes relating to the Transferred Assets and the Assumed Liabilities attributable to any taxable period which ends on or prior to the Closing Date (herein "PRE-CLOSING TAX PERIOD"). Buyer shall prepare and file, or cause to be prepared and filed, with the appropriate authorities all Tax Returns, and shall pay, or cause to be paid, when due all Taxes relating to the Transferred Assets and the Assumed Liabilities attributable to taxable periods which are not part of the Pre-Closing Tax Period. If, in order to properly prepare its Tax Returns required to be filed with Governmental Authorities, it is necessary that a party be

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furnished with additional information, documents or records relating to the Transferred Assets and the Assumed Liabilities, both Seller and Buyer agree to use reasonable efforts to furnish or make available such existing, non-privileged information at the recipient's request, cost and expense provided, however, that no party shall be entitled to review or examine the Tax Returns of any other party.

For purposes of this Section 3.2, in the case of any Taxable period that includes (but does not end on) the Closing Date (a "STRADDLE PERIOD"), the Taxes for the Pre-Closing Tax Period shall be computed as if the Pre-Closing Tax Period ended as of the close of business on the Closing Date and the amount of

Taxes for taxable periods that are not part of the Pre-Closing Tax Period shall be the excess, if any, of (x) the Taxes for the Straddle Period over (y) the Taxes for the Pre-Closing Tax Period.

3.3. REFUNDS AND CREDITS. Any refunds and credits attributable to the Pre-Closing Tax Period shall be for the account of the Seller.

3.4. TRANSFER TAXES. All transfer, documentary, sales, use, registration, value-added, stamp duty, goods and services, real estate transfer, and any similar taxes and related fees (including interest, penalties and additions to tax) incurred in connection with this Agreement, the other Operative Agreements and the transactions contemplated hereby and thereby shall be borne by Buyer, in addition to the consideration provided for in Section 1.3. To the extent permitted by applicable law, Buyer and Seller shall cooperate with each other to obtain exemptions from such taxes, provided that neither party shall be obligated to seek any exemption that could reasonably be expected to result in any governmental audit of its books and records.

3.5. TAX DEFINITIONS. For purposes of this Agreement, "TAX" or "TAXES" shall mean all taxes, imposts, duties, withholdings, charges, fees, levies, or other assessments imposed by any governmental or taxing authority, whether domestic or foreign, (including but not limited to, income, excise, property, sales, use, transfer, conveyance, payroll or other employment related tax, license, registration, ad valorem, value added, withholding, social security, national insurance (or other similar contributions or payments), franchise, estimated severance, stamp taxes, taxes based upon or measured by capital stock, net worth or gross receipts and other taxes) together with all interest, fines, penalties and additions attributable to or imposed with respect to such amounts and any obligations under any agreement or arrangements with any Person with respect to such amounts.

ARTICLE IV ADDITIONAL AGREEMENTS.

4.1. CONSENTS, NOVATIONS AND SUBCONTRACTED WORK. Buyer and Seller shall use reasonable efforts to obtain, as soon as practicable, all requisite consents to transfers, assignments and novations, as the case may be, of all of the Transferred Assets and the Assumed Liabilities. Buyer shall cooperate with Seller (including, where necessary, entering into appropriate instruments of assumption as shall be agreed upon) to have Seller released from all liability (other than any liabilities arising prior to the Closing

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Date) to third parties with respect to the Assumed Liabilities, and the Parties will each solicit such releases concurrently, in a manner acceptable to the Parties, with the solicitation of consents from third parties to the transfer, assignment and novation of the Transferred Assets and the Assumed Liabilities; provided, that neither Party shall be required to grant any additional consideration to any third party in order to obtain any such consent, novation, assumption or release. With respect to any Assumed Liabilities for which Seller has any secondary liability to third parties, Buyer shall provide Seller reasonable access and information in order for Seller to ascertain continuing compliance by Buyer with all contract terms and conditions applicable thereto. The material consents to assignments or novations identified by the Parties as of the Date of Execution, if any, are listed on Schedule 4.1. If any such required consents and novations cannot be secured without the incurring of any significant additional costs, where additional action is deemed necessary by the Parties, the Parties hereby agree to proceed with respect to the underlying rights and obligations as shall permit Buyer to perform the obligations of Seller thereunder, as a subcontractor or otherwise, and Buyer to obtain the benefit thereof and to the use of the Transferred Assets (the "SUBCONTRACTED WORK"); and until the requisite consents and novations are obtained, such obligations will not be deemed to be included in the Assumed Liabilities and nothing contained herein will be deemed to constitute a breach of the contract underlying such rights and obligations. Buyer agrees to diligently perform and discharge the obligations of Seller in connection with the Subcontracted Work directly, or indirectly through Seller, as applicable; and to the extent that consents to assignment and novation are obtained after the Closing, the Parties agree that such obligations will no longer be considered to be Subcontracted Work at such time, but will instead be deemed to be Assumed Liabilities for all purposes of this Agreement.

4.2. EMPLOYEES AND EMPLOYEE BENEFITS, (a) Schedule 4.2.(a)(1) contains a list of the regular employees employed by Seller as of the date hereof in connection with the Transferred Assets (including active employees and employees who are on leave of absence or sick leave) (the "REGULAR EMPLOYEES") and Schedule 4.2.(a)(2) contains a list of the fixed term hires temporarily employed by Seller as of the date hereof in connection with the Transferred Assets (the "FIXED TERM HIRES", and together with the Regular Employees, the "EMPLOYEES"). These schedules will be updated immediately prior to the Closing to reflect changes in that population occurring in the ordinary course between the Date of Execution and the Closing. Buyer shall make employment offers to the Regular Employees in accordance with section 4.2(b). The Regular Employees who shall have received employment offers from Buyer and who begin their employment with Buyer shall be employed by Buyer in accordance with the terms and conditions set forth in subsections 4.2(b), 4.2(c), 4.2(d) and 4.2(e) below. Fixed Term Hires who receive employment offers from Buyer and who begin their employment with Buyer shall be employed by Buyer in accordance with the terms and conditions set forth in subsection 4.2(h) below.

(b) Effective upon the Closing, Buyer agrees that it will employ the Regular Employees in the same positions and at the same salaries and variable pay earnings opportunity and substantially the same terms and conditions, including benefit plans, as

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those in effect immediately prior to the Closing. In addition, Buyer shall grant stock options to Employees in amounts that Buyer and Seller deem commercially reasonable. Prior periods of employment with the Seller (herein "SERVICE CREDIT") will be considered as employment with the Buyer for all employment purposes with the Buyer including the calculation of severance pay, seniority and benefits eligibility. Vacation service credit with the Seller will be counted as vacation service credit with the Buyer. Buyer has summarized its planned employment terms and benefit plans for the Regular Employees in Schedule 4.2(b). Buyer shall implement the following severance pay practice for the Regular Employees: if, within the first twelve (12) months after Closing, a Regular Employee is involuntarily severed without cause from full time employment with Buyer, such Regular Employee shall receive from Buyer one (1) month of severance pay for each one (1) year of service, provided that the Regular Employee has three (3) or more years service, with a maximum of six (6) month's severance pay. Regular Employees with less than three (3) years of service, shall receive from Buyer a flat severance payment of (2) weeks of base salary. As applicable, each month of severance pay will be an amount equal to the Regular Employee's monthly base salary and each week of severance pay will be an amount equal to the Regular Employee's weekly base salary. For one year from the Closing Date, Buyer agrees that it will not change this severance pay practice as applied to the Regular Employees. Buyer agrees to use reasonable efforts to obtain a general release from such severed Regular Employees which includes Seller and its Subsidiaries and Affiliates, as a condition of such severance pay. Nothing contained in this Agreement shall be construed to in any way limit or prevent Buyer from terminating any Regular Employee at any time for cause or for reasons related to poor performance or conditions of employment. For the purposes of this paragraph, "CAUSE" shall mean the determinations of the applicable courts, under the applicable common law and statutes, as 'cause' in such employment termination cases.

(c) Seller shall be responsible for all liabilities, salaries, employer benefit plan contributions and similar employer obligations for the pre-Closing period for all Employees. Buyer shall be responsible as of Closing for all liabilities, salaries, employer benefit plan contributions and similar employer obligations for the post-Closing period for all Regular Employees. Upon separation from Seller, Employees will be paid by Seller for vacation accrued, plus previously deferred vacation, less vacation taken.

(d) Buyer shall be responsible for liabilities with respect to the termination of any Regular Employees by Buyer after the Closing, including without limitation, health care continuation coverage with respect to plans established or maintained by Buyer after the Closing, and damages or settlements arising out of any claims of wrongful or illegal termination, and for complying with the requirements of all applicable laws with respect to any such termination.

(e) Buyer agrees that, for a period of two years from the Closing Date, it will not, directly or indirectly, solicit for employment any employee, other than Employees, of Seller in Singapore or with whom Buyer had contact in connection with this transaction (so long as such person is employed by Seller).

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(f) Seller agrees that, for a period of two years from the Closing Date, it will not, directly or indirectly, solicit for employment any employee listed on Schedule 4.2(a)(1) and Schedule 4.2(a)(2) (so long as such person is employed by Buyer).

(g) Nothing in Section 4.2(e) or Section 4.2(f) above shall restrict general solicitations for employment or the right of any employee of one Party, on that employee's own initiative or in response to general solicitations, to seek employment from the other Party.

(h) Effective upon the Closing, Buyer will employ each Fixed Term Hire as either a temporary or regular employee of Buyer, or will enter into a contractor relationship with any such Fixed Term Hire, in each instance as Buyer may determine in its own discretion. The terms and conditions of any such relationship between Buyer and a Fixed Term Hire shall be as determined by Buyer. Prior periods of a Fixed Term Hire's employment with Seller will not be considered as employment with Buyer for any purpose. Buyer shall have no responsibility for any liabilities, salaries, benefits, or similar employer obligations accruing to the Fixed Term Hires as a result of their employment with Seller. Nothing contained in this Agreement shall be construed in any way to limit or prevent Buyer from terminating any Fixed Term Hire at any time for any reason.

(i) For ninety (90) days from the Date of Execution, Seller shall, to the extent it deems commercially reasonable, assist Buyer in making applications for work permits or employment passes for Employees, including providing any information reasonably requested by Buyer or any relevant government or other authorities.

(j) After the Closing, Seller shall, to the extent permitted by applicable law and subject to any confidentiality obligations, provide to the Buyer such information regarding the Employees that is contained in the Seller's records and is relevant to the period of Employees' employment with Seller.

4.3. SHRINK-WRAP AND OTHER SOFTWARE. Seller shall transfer at Closing, to the extent it has the legal right to do so and subject to the applicable license agreements with the licensors, its royalty-free usage rights to the shrink-wrap personal computer software (also known as conditions-of-use software) being used in its ordinary course of business as of the Date of Execution on the personal computers that are Transferred Assets. Seller further agrees to transfer at Closing, to the extent it has the legal right to do so and subject to the applicable license agreements with the licensors, its royalty-free usage rights to all upgrades and updates to the shrink-wrap personal computer software that are in Seller's possession and being used on the personal computers that are Transferred Assets as of the Closing Date. If such software copyrights are owned by Seller, Seller's license terms and conditions continue to apply. However, no software rights are being transferred under this Agreement that relate to public domain software or freeware.

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Seller shall transfer at Closing, to the extent it has the legal right to do so and subject to the applicable license agreements with the licensors, its royalty-free usage rights to the other software being used in its ordinary course of business as of the Date of Execution on the Transferred Assets, provided that such other software is not also used otherwise by Seller or its Affiliates. Seller further agrees to transfer at Closing, to the extent it has the legal right to do so and subject to the applicable license agreements with the licensors, its royalty-free usage rights to all upgrades and updates to such

other software that are in Seller's possession and being used on the Transferred Assets as of the Closing Date. If such software copyrights are owned by Seller, Seller's license terms and conditions continue to apply. However, no software rights are being transferred under this Agreement that relate to public domain software or freeware.

Notwithstanding anything else in this Agreement, Buyer acknowledges that certain licenses for shrink-wrap personal computer software and other software used on, or contained within, Transferred Assets are not assignable by Seller and that Buyer may have to independently obtain licenses for such software. Buyer further acknowledges that additional software license fees may be required for Buyer's use of such software if such software copyrights are owned by third parties or Affiliates of Seller and Buyer agrees to bear such fees.

4.4. FURTHER ACTION. Each of the Parties agrees to execute and deliver, or, if applicable, to cause its Affiliates to execute and deliver, after the Closing Date such other documents, certificates, agreements and other writings and to take such other commercially reasonable actions as may be necessary or desirable, in the opinion of both Parties' counsel, in order to consummate or implement expeditiously the transactions contemplated under this Agreement.

4.5. DISCHARGE OF ASSUMED LIABILITIES. Buyer shall discharge the Assumed Liabilities on a timely basis and in accordance with their terms and Buyer agrees that Seller shall have no liability for any failure of Buyer to discharge the Assumed Liabilities in accordance with their terms.

4.6. POST-CLOSING PAYMENTS. The Parties acknowledge that, after the Closing Date, Seller may make payments to third parties on behalf of Buyer associated with certain Transferred Assets and Assumed Liabilities. Buyer agrees to reimburse Seller for such payments, to the extent that they relate to the period after the Closing, promptly upon receipt of an invoice from Seller. Seller shall invoice Buyer monthly on the fifteenth (15th) day of each month. If Buyer disputes such invoice on the basis that such payment did not relate to the Transferred Assets or the Assumed Liabilities for any period after the Closing, Buyer shall, within fourteen (14) calendar days of receiving such invoice, give notice to Seller of such dispute and the Parties shall act in good faith to immediately resolve such dispute. All amounts payable by Buyer to Seller pursuant to this Section 4.6, shall be paid in immediately available funds in U.S. dollars to Seller's account set forth in Section 1.3.

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4.7. LICENSES AND PERMITS. Buyer must seek a regulatory or other permitted transfer of, or obtain through separate application for itself, any applicable licenses and permits, including environmental licenses and permits, which are required for Buyer's operation or ownership of the Transferred Assets. For ninety (90) days from the Date of Execution, Seller will, to the extent that Seller deems commercially reasonable, assist Buyer in such matters.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF BUYER

As of the Date of Execution and as of the Closing Date, Buyer hereby represents and warrants to Seller as follows:

5.1. INCORPORATION. Buyer is a corporation duly organized and validly existing in good standing under the laws of Singapore, with all requisite corporate power and authority to own its properties and conduct its business as now being conducted, and is duly qualified in each jurisdiction in which its ownership of property requires such qualification except where the failure to so qualify would not have a material adverse effect on Buyer.

5.2. BINDING EFFECT, AUTHORIZATION; VALIDITY OF AGREEMENT. Buyer has the requisite corporate power and authority to execute and deliver each of the Operative Agreements and to perform its obligations under each of the foregoing. Each of the Operative Agreements has been duly and validly authorized, executed and delivered by Buyer and constitutes the legal, valid and binding obligations of Buyer in accordance with its respective terms. No other corporate actions or proceedings on the part of Buyer are necessary to authorize the Operative Agreements and the transactions contemplated by any of the foregoing.

5.3. NO CONFLICT. The execution and delivery by Buyer of this Agreement

and the other Operative Agreements does not, and the performance by Buyer of its obligations hereunder and thereunder do not and will not:

(a) conflict with, or result in a breach of, any of the provisions of its Memorandum and Articles of Association;

(b) breach, violate or contravene any Governmental Rule, or create any right of termination or acceleration or Lien, that, individually or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform any of its obligations under this Agreement or the other Operative Agreements or (ii) accept transfer and assignment of the Transferred Assets and the Assumed Liabilities; or

(c) conflict in any respect with, or result in a breach of or default under, any Contract, license, franchise, permit or any other agreement or instrument to which Buyer or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of its or their properties may be affected or bound that, individually or in the aggregate, would

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have a material adverse effect on (i) its authority or ability to perform its obligations under this Agreement or the other Operative Agreements or (ii) the Assumed Liabilities (except for agreements and instruments that require the consent or approval of a third party after the Date of Execution and on or before Closing, or such other date as the Parties may agree, for the transactions contemplated by this Agreement).

5.4. NO BROKER. Neither Buyer nor any of its Subsidiaries has engaged any corporation, firm or other Person who is entitled to any fee or commission as a finder or a broker in connection with the negotiation of this Agreement or the other Operative Agreements or the consummation of the transactions contemplated hereby and thereby, and Buyer shall be responsible for all liabilities and claims (including costs and expenses of defending against same) arising in connection with any claim by a finder or broker that it acted on behalf of Buyer or any of its Subsidiaries in connection with the transactions contemplated hereby and thereby.

5.5. ACTIONS AND PROCEEDINGS. There are no (a) outstanding judgments, orders, writs, injunctions or decrees of any court, Governmental Authority or arbitration tribunal that have a material adverse effect on the Buyer's ability to perform its obligations under the Operative Agreements; or (b) actions, suits, claims or legal, administrative or arbitration proceedings pending or, to the knowledge of Buyer, threatened against Buyer that have a material adverse effect on the Buyer's ability to perform its obligations under the Operative Agreements.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES OF SELLER

As of the Date of Execution and as of the Closing Date and except as set forth on the disclosure schedule delivered by the Seller to Buyer (the "DISCLOSURE SCHEDULE"), Seller hereby represents and warrants to Buyer as follows:

6.1. INCORPORATION. Seller is a duly incorporated and validly existing corporation in good standing under the laws of Singapore, with all requisite corporate power and authority to own its properties and conduct its business, and is duly qualified in each jurisdiction in which its ownership of property requires such qualification except where the failure to so qualify would not have a material adverse effect upon the Transferred Assets.

6.2. BINDING EFFECT; AUTHORIZATION; VALIDITY OF AGREEMENT. Seller has the requisite corporate power and authority to execute and deliver the Operative Agreements and to perform its obligations under each of the foregoing. Each of the Operative Agreements has been duly and validly authorized, executed and delivered by Seller and constitutes the legal, valid and binding obligations of Seller in accordance with its respective terms. No other corporate actions or proceedings on the part of Seller are necessary to authorize the Operative Agreements and the transactions contemplated by any of the foregoing.

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6.3. NO CONFLICT. The execution and delivery by Seller of this Agreement and the other Operative Agreements does not, and the performance by Seller of its obligations hereunder and thereunder do not and will not:

(a) conflict with, or result in a breach of, any of the provisions of its Memorandum and Articles of Association;

(b) breach, violate or contravene any Governmental Rule or create any right of termination or acceleration or Liens, that, individually or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under the Operative Agreements, or (ii) the Transferred Assets; or

(c) conflict in any respect with, or result in a breach of or default under, any Contract, license, franchise, permit or any other agreement or instrument to which Seller or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of its or their properties may be affected or bound that, individually or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under this Agreement or the other Operative Agreements, or (ii) the Transferred Assets (except for agreements and instruments that require the consent or approval of a third party after the Date of Execution and on or before Closing, or such other date as the Parties may agree, for the transactions contemplated by this Agreement).

6.4. NO BROKER. Seller has engaged no corporation, firm or other Person who is entitled to any fee or commission as a finder or a broker in connection with the negotiation of this Agreement or the other Operative Agreements or the consummation of the transactions contemplated hereby and thereby, and Seller shall be responsible for all liabilities and claims (including costs and expenses of defending against same) arising in connection with any claim by a finder or broker that it acted on behalf of Seller in connection with the transactions contemplated hereby.

6.5. TITLE TO THE TRANSFERRED ASSETS. Seller or a Seller Affiliate has good and marketable title to the Transferred Assets listed on Schedule 1.1 hereto, free and clear of any Liens, other than Permitted Liens. At Closing, all of the Transferred Assets shall be transferred by Seller to the Buyer free and clear of any and all Liens (other than Permitted Liens), together with any and all consents of third parties required to transfer the Transferred Assets to the Buyer, except where the failure to obtain such consent would not have a material adverse effect on the Transferred Assets collectively.

6.6. ACTIONS AND PROCEEDINGS. There are no (a) outstanding judgments, orders, writs, injunctions or decrees of any court, Governmental Authority or arbitration tribunal that have a material adverse effect on the Seller's ability to perform its obligations under the Operative Agreements; or (b) actions, suits, claims or legal, administrative or arbitration proceedings pending or, to the knowledge of Seller, threatened against Seller that have a material adverse effect on the Seller's ability to perform its obligations under the Operative Agreements.

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6.7. NO RIGHTS IN OTHERS TO TRANSFERRED ASSETS. Neither Seller nor any Affiliate of Seller is party to any outstanding Contracts giving any Person any present or future right to require Seller to transfer to any Person any ownership or possessory interest in, or to grant any lien on, any of the Transferred Assets, other than pursuant to this Agreement.

6.8. CONTRACTS. Schedule 1.4 contains a true and complete list of all material contracts included in the Transferred Assets and Assumed Liabilities. Seller has performed or is performing all material obligations required to be performed by it under such Contracts and is not (with or without notice, lapse of time or both) in breach or default in any material respect thereunder; and, to the knowledge of Seller, no other party to any of such Contracts is (with or

without notice or lapse of time or both) in breach or default in any material respect thereunder.

To the Seller's knowledge, each contract set forth on Schedule 1.4 is in full force and effect and there exists no (i) event of default under such contract by either Seller or any other party to any such contract or (ii) event, occurrence, condition or act (including the consummation of the transactions contemplated hereby) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become an event of default under such contract by either Seller or any other party thereto.

6.9. LICENSES AND PERMITS. Seller has all licenses and permits and other governmental authorizations and approvals which are material to the operation of the Transferred Assets and which are required for Seller's operation of the Transferred Assets, except where the failure to have such licenses and permits would not have a material adverse effect on Seller's ability to operate the Transferred Assets.

6.10. LABOR MATTERS. Seller is not bound by any collective bargaining or any other type of collective labor or union agreement with respect to the Employees and the Transferred Assets. No strike, labor suit or proceeding or labor administrative proceeding is pending or, to Seller's knowledge, threatened respecting the Employees.

6.11 SELLER'S USE OF TRANSFERRED ASSETS PRIOR TO CLOSING. From the date of this Agreement until the Closing Date, Seller will use the Transferred Assets in the ordinary course of its module test activities at the Premises.

6.12. WARRANTIES. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY SELLER IN THIS ARTICLE VI, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE TRANSFERRED ASSETS AND ASSUMED LIABILITIES, IT BEING SPECIFICALLY UNDERSTOOD BY BUYER THAT, EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE VI, THE TRANSFERRED ASSETS AND ASSUMED LIABILITIES ARE BEING SOLD AND TRANSFERRED "AS IS" IN ALL RESPECTS. SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR SUITABILITY OR FITNESS FOR ANY PARTICULAR

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PURPOSE OF BUYER'S, WHETHER OR NOT SELLER HAS BEEN MADE AWARE OF ANY SUCH PURPOSE.

6.13 TAX MATTERS. Seller has timely filed within the time period for filing or any extension granted with respect thereto, all Tax returns which it is required to file relating or pertaining to any and all Taxes attributable to or levied upon the Transferred Assets with respect to the Pre-Closing Tax Period and has paid any and all Taxes it is required to pay in connection with the taxable period to which such Tax returns relate. There are (and as of immediately following the Closing there will be) no liens for Taxes on the Transferred Assets, other than Permitted Liens, and no action, proceeding or, to the knowledge of Seller, investigation has been instituted against Seller which would give rise to any such lien, other than Permitted Liens. Seller has no knowledge of any claims asserted or threatened with respect to any Taxes.

6.14. COMPLIANCE WITH APPLICABLE LAWS. Except as disclosed in the Disclosure Schedule, Seller is conducting its business relating to the Transferred Assets and the Assumed Liabilities in material compliance with applicable statutes, laws, ordinances, rules, orders and regulations of all Governmental Authorities.

ARTICLE VII. CONDITIONS OF BUYER'S OBLIGATIONS

The obligation of Buyer to consummate the transactions contemplated herein is subject to the satisfaction (or waiver by Buyer) of the conditions set forth below in this Article.

7.1. REPRESENTATIONS AND WARRANTIES. The representations and warranties of Seller made in this Agreement and the other Operative Agreements shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date with the same effect as if made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an

earlier time in which case such representations and warranties shall be true and correct in all material respects as of such earlier time. Seller shall have performed or complied with in all material respects its respective covenants, agreements and undertakings contained in this Agreement and the other Operative Agreements required to be performed at or prior to the Closing.

7.2. CONSENTS, APPROVALS, AND INJUNCTIONS. Seller shall have obtained or made all consents, approvals, orders, licenses, permits and authorizations of, and registrations, declarations and filings with, any Governmental Authority or any other Person required to be obtained or made by or with respect to the transfer and sale of the Transferred Assets in connection with the execution and delivery of this Agreement and the other Operative Agreements and the consummation of the transactions contemplated hereby and thereby (including without limitation, the transfer and assignment of the Transferred Assets and the Assumed Liabilities).

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7.3. CONSENTS, GOVERNMENTAL ACTIONS, PERMITS; BURDENSOME CONDITIONS.

(a) All Governmental Actions set forth on Schedule 7.3(a), if any, including the issuance or transfer of all permits or other consents of Governmental Authorities necessary for Seller to transfer the Transferred Assets shall (i) have been taken, given or obtained, (ii) be in full force and effect, and (iii) not be subject to any pending proceedings or appeals, administrative, judicial or otherwise (and the time for appeal shall have expired or, if an appeal shall have been taken, it shall have been dismissed).

(b) No Burdensome Condition shall exist with respect to Buyer in connection with the transactions contemplated by the Operative Agreements.

7.4. GOVERNMENTAL RULE. No Governmental Rule shall have been instituted, issued or proposed to restrain, enjoin or prevent the consummation of the transactions contemplated by this Agreement and the other Operative Agreements or to invalidate, suspend or require modification of any material provision of any Operative Agreement.

7.5. OPERATIVE AGREEMENTS AND OTHER AGREEMENTS. Seller shall have entered into each of the Operative Agreements to be executed by it and each such Operative Agreement shall be in full force and effect without breach thereunder by Seller. International Business Machines Corporation and Amkor Technology, Inc. shall have entered into the Intellectual Property Agreements, "Goods Agreement" and related "Statement of Work" and "Attachments" to such "Statement of Work", and each such agreement shall be in full force and effect without breach thereunder by International Business Machines Corporation. IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. shall have entered into the "Asset Purchase Agreement", including its related "Assignment and Assumption Agreement", and each such agreement shall be in full force and effect without breach thereunder by IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. Shanghai Waigaoqiao Free Trade Zone, Xin Development Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. shall have entered into a real estate sales contract with respect to the premises leased by IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. and such agreement shall be in full force and effect without breach thereunder by Shanghai Waigaoqiao Free Trade Zone, Xin Development Co., Ltd. Shanghai Waigaoqiao Free Trade Zone, Xin Development Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. shall have entered into the "Lease Modification and Termination Agreement" and such agreement shall be in full force and effect without breach thereunder by either party thereto. Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. shall have entered into the "Real Estate Property and License Agreement" (including attached form of sublease) and such agreement shall be in full force and effect without breach thereunder by IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. Buyer and Seller shall have entered into the "Transition Services Agreement" and such agreement shall be in full force and effect without breach thereunder by Seller.

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7.6. INJUNCTIONS, ORDERS. (a) No injunction, order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the Closing, which would restrain, prohibit or make unlawful the transfer to, and the ownership and operation by Buyer of the Transferred Assets or the assumption by Buyer of the Assumed Liabilities or invalidate or suspend any provision of the Operative Agreements in any material respect.

(b) No action or proceeding challenging the transactions or any provision of this Agreement or the other Operative Agreements in any material respect shall be pending or threatened against any party.

7.7. CLOSING DOCUMENTS. Seller shall have delivered to Buyer the following documents:

(a) a certificate of a duly authorized officer of Seller, dated as of the Closing Date, to the effect that the representations and warranties of Seller in this Agreement are true and correct in all material respects (save as disclosed or qualified in the Disclosure Schedule) and that all actions required to be taken by Seller prior to the Closing have been duly taken;

(b) a certificate of a director or the secretary or assistant secretary of Seller, dated the Closing Date, as to the continued existence of Seller and certifying the authorization of the execution of the certificate described in Section 7.7(a) and the execution, delivery and performance of the Operative Agreements; and

(c) Copies of such Seller Benefit Plan's applicable to the Regular Employees (or, where applicable, a description thereof) as Buyer requests.

7.8. NO MATERIAL ADVERSE CHANGE. There shall have been no material adverse change to the Transferred Assets since the Date of Execution.

7.9 CONDITION OF ASSETS. To a material extent, the Transferred Assets shall not have been damaged or destroyed, prior to the Closing Date, by fire or other casualty, whether or not fully covered by insurance.

ARTICLE VIII. CONDITIONS TO SELLER'S OBLIGATIONS.

The obligations of Seller to consummate the transactions contemplated herein shall be subject to the satisfaction (or waiver by Seller) of the conditions set forth below in this Article.

8.1 RECEIPT OF PARENT GUARANTY FOR THE PURCHASE PRICE AND SECURITY FOR THE PURCHASE PRICE The receipt by Seller of (i) a parent guaranty, in a form satisfactory

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to Seller, issued by Amkor Technology, Inc. ("Buyer's Parent") for the Purchase Price, and (ii) a debenture, in a form satisfactory to the Seller, executed by Buyer and relating to the Transferred Assets, as security for Buyer's obligation under Section 1.3 (Consideration) ("Debenture"), and compliance by Buyer's Parent and Buyer, as applicable, with the conditions to Closing set out in the parent guaranty and the Debenture.

8.2. REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer made in this Agreement and the other Operative Agreements shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date with the same effect as if made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier time in which case such representations and warranties shall be true and correct in all material respects as of such earlier time. Buyer shall have performed or complied with in all material respects its respective covenants, agreements and undertakings contained in this Agreement and the other Operative Agreements required to be performed at or prior to the Closing.

8.3. CONSENTS, APPROVALS AND INJUNCTIONS. (a) Buyer shall have obtained or made all consents, orders, approvals, licenses, permits and authorizations of, and registrations, declarations and filings with, any Governmental Authority or any other Person required to be obtained or made by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Operative Agreements, and the consummation of the transactions contemplated hereby and thereby (including without limitation, the ownership and operation of the Transferred Assets and the assumption of the Assumed Liabilities).

8.4. CONSENTS, GOVERNMENTAL ACTIONS, PERMITS; BURDENSOME CONDITIONS.

(a) All Governmental Actions set forth on Schedule 7.3(a), if any, including the issuance or transfer of all permits or other consents of Governmental Authorities necessary for Buyer to receive the Transferred Assets shall (i) have been taken, given or obtained, (ii) be in full force and effect, and (iii) not be subject to any pending proceedings or appeals, administrative, judicial or otherwise (and the time for appeal shall have expired or, if an appeal shall have been taken, it shall have been dismissed).

(b) No Burdensome Condition shall exist with respect to Seller in connection with the transactions contemplated by the Operative Agreements.

8.5. GOVERNMENTAL RULE. No Governmental Rule shall have been instituted, issued or proposed to restrain, enjoin or prevent the consummation of the transactions contemplated by this Agreement and the other Operative Agreements or to invalidate, suspend or require modification of any material provision of any Operative Agreement.

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8.6. OPERATIVE AGREEMENTS AND OTHER AGREEMENTS. Buyer shall have entered into each of the Operative Agreements to be executed by it and each such Operative Agreement shall be in full force and effect without breach thereunder by Buyer.

Amkor Technology, Inc. and International Business Machines Corporation shall have entered into the Intellectual Property Agreements, "Goods Agreement" and related "Statement of Work" and "Attachments" to such "Statement of Work", and each such agreement shall be in full force and effect without breach thereunder by Amkor Technology, Inc. Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. shall have entered into the "Asset Purchase Agreement", including its related "Assignment and Assumption Agreement", and each such agreement shall be in full force and effect without breach thereunder by Amkor Assembly & Test (Shanghai) Co., Ltd. Shanghai Waigaoqiao Free Trade Zone, Xin Development Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. shall have entered into a real estate sales contract with respect to the premises leased by IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. and such agreement shall be in full force and effect without breach thereunder by either party thereto. Shanghai Waigaoqiao Free Trade Zone, Xin Development Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. shall have entered into the "Lease Modification and Termination Agreement" and such agreement shall be in full force and effect without breach thereunder by Shanghai Waigaoqiao Free Trade Zone, Xin Development Co., Ltd. Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd. shall have entered into the "Real Estate Property and License Agreement" (including attached form of sublease) and such agreement shall be in full force and effect without breach thereunder by Amkor Assembly & Test (Shanghai) Co., Ltd. Buyer and Seller shall have entered into the "Transition Services Agreement" and such agreement shall be in full force and effect without breach thereunder by Buyer.

8.7. Injunctions, Orders. No injunction, order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the Closing, which would restrain, prohibit or make unlawful the transfer to Buyer, or the ownership and operation by Buyer, of the Transferred Assets, or the assumption by Buyer of the Assumed Liabilities, or invalidate or suspend any provision of any Operative Agreement.

8.8. CLOSING DOCUMENTS. Buyer shall have delivered to Seller the following documents:

(a) a certificate of a duly authorized officer of Buyer, dated the Closing Date, to the effect that Buyer's representations and warranties in this Agreement are true and correct and that all actions required to be taken by Buyer have been duly taken, as of the Closing Date; and

(b) a certificate of a director or the secretary or assistant secretary of Buyer, dated the Closing Date, as to the continued existence of Buyer, certifying the

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authorization of the execution of the certificate described in Section 8.8(a) and the execution, delivery and performance of the Operative Agreements as of the Closing Date.

8.9. EMPLOYEES. Buyer shall have arranged to employ, effective upon and contingent upon the Closing and consistent with the terms and conditions of this Agreement, all of the Regular Employees and, in this connection all Governmental Actions shall have been taken or obtained by Buyer, in respect of the employment of the Regular Employees.

ARTICLE IX. TERMINATION AND ABANDONMENT

9.1 METHODS OF TERMINATION. This Agreement may be terminated and the transactions herein contemplated may be abandoned at any time:

(a) by mutual written consent of Buyer and Seller;

(b) by Buyer or Seller if this Agreement is not consummated on or before June 15, 2004;

(c) by Buyer if as of the Closing Date any of the conditions specified in Article VII hereof have not been satisfied; or

(d) by Seller if as of the Closing Date any of the conditions specified in Article VIII hereof have not been satisfied.

9.2 PROCEDURE FOR AND UPON TERMINATION. The Party exercising any termination right in Section 9.1 must first give at least 30 days' prior written notice of such termination to the other Party. Such notice shall contain the date that termination and abandonment will become effective. The other Party may then cure any event creating such termination right if such event can be cured. If there is no cure during such notice period, then termination and abandonment shall become effective on the date set forth in the notice of termination. In the event of termination and abandonment pursuant to Section 9.1(b)-(d), this Agreement shall terminate and shall be abandoned, without further action by any Party. If this Agreement is terminated as provided herein, each Party shall either destroy or redeliver all documents and other material of the other Party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the other Party.

ARTICLE X. GENERAL MATTERS.

10.1. SURVIVAL.

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(a) Notwithstanding any investigation by the Parties, all representations, and warranties made by the Parties under this Agreement or in any schedule, document, certificate or other instrument delivered by or on behalf of the Parties pursuant to this Agreement shall be made and relate only to the Date of Execution and the Closing Date, but any claim for breach thereof shall continue in full force and effect after the Date of Execution and after the Closing Date for a period of twelve (12) months after the Closing Date, after which time they shall cease; provided, however, that all representations and warranties relating to the Assumed Liabilities shall survive the Closing Date until the expiration

of the applicable statute of limitation with respect thereto. For clarification, any claim for breach of a representation or warranty that is filed with a court having jurisdiction over both Parties and such subject matter within twelve (12) months after the Closing Date (or within the applicable statute of limitation period if such claim is for breach of a representation or warranty relating to the Assumed Liabilities) shall survive until final judicial disposition of such claim.

(b) Notwithstanding anything to the contrary herein, any provision of this Agreement, including, but not limited to Sections 1.3 (Consideration), 10.1 (Survival), and 10.2 (Indemnification), which by its terms explicitly contemplates the existence of a right or performance of an obligation for a period of time beyond the Closing and/or termination of this Agreement, will survive Closing and/or termination of the Agreement for such specified period. In addition to the foregoing, the provisions of Sections 10.3 (Limitation of Liability), 10.9 (Modification and Waiver), 10.10 (Governing Law), 10.12 (Assignment), 10.14 (No Third Party Beneficiaries), and 10.15 (Entire Agreement) shall survive indefinitely.

10.2. INDEMNIFICATION.

(a) Indemnification by Seller: From the Closing Date until the third anniversary of the Closing Date only, Seller shall fully indemnify, defend and hold harmless Buyer and Buyer's Affiliates, and their respective officers, directors, employees, representatives and agents (each, a "BUYER INDEMNIFIED PARTY" and collectively, the "BUYER INDEMNIFIED PARTIES") from and against any and all claims, liens, demands, actions, judgments, proceedings, liabilities (whether accrued, absolute, contingent or otherwise) and reasonable associated expenses (including reasonable attorney's fees) ("Claims"), provided that such Claims (i) are brought by third parties against a Buyer Indemnified Party (or Buyer Indemnified Parties), and (ii) directly arise from and relate to the time period prior to the Closing, including, in cases of environmental claims, that the basis for the claim is a Hazardous Substance existing on or under the Premises prior to the Closing, and (iii) directly arise from and relate to a violation of a Singapore Governmental Rule in effect on the Closing Date or any other obligation of Seller on or prior to the Closing Date, and (iv) directly arise from and relate to either (a) Seller's ownership or use of the Transferred Assets, (b) Seller's performance of the Assumed Liabilities, (c) Seller's leasing or use of the Premises, and/or (d) Seller's employment of any Employee, (individually referred to as a "THIRD PARTY CLAIM AGAINST BUYER" and collectively as, "THIRD PARTY CLAIMS AGAINST BUYER"). "HAZARDOUS SUBSTANCES" means, without regard to amount and/or concentration, petroleum, petroleum distillates, petroleum products, pesticides,

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radioactive materials and substances, friable asbestos as of Closing, polychlorinated biphenyls ("PCBs"), polyurethane foam insulation, radon and any materials or substances which are regulated under or defined as, or otherwise included in the definition, of "hazardous substances", "hazardous wastes", or "toxic substances" in any applicable Environmental Law, and constituents and degradation products of any of the foregoing. "ENVIRONMENTAL LAW" shall mean, as may be amended, any Singapore law, statute, ordinance, code, rule or regulation relating to protection of the environment and/or governing the use, handling, generation, treatment, recycling, storage, manufacture, transportation or disposal of Hazardous Substances.

(b) Indemnification by Buyer: Until the third anniversary of the date on which Seller knew or should have known about specific third party claims or environmental matters, Buyer shall fully indemnify, defend and hold harmless Seller and Seller's Affiliates, and their respective officers, directors, employees, representatives and agents (each, a "SELLER INDEMNIFIED PARTY" and collectively, the "SELLER INDEMNIFIED PARTIES") from and against any and all Claims that (i) are brought by third parties against a Seller Indemnified Party (or Seller Indemnified Parties), and (ii) directly arise from and relate to the time period after the Closing, including, in cases of environmental claims, that the basis for the claim is a Hazardous Substance existing on or under the Premises after the Closing, and (iii) directly arise from and relate to a violation of a Singapore Governmental Rule in effect after the Closing Date or any other obligation of Buyer on or after the Closing Date, and (iv) directly arise from and relate to either (a) Buyer's ownership or use of the Transferred

Assets, (b) Buyer's performance of the Assumed Liabilities, (c) Buyer's leasing or use of the Premises, and/or (d) Buyer's employment of any Employee, (individually referred to as a "THIRD PARTY CLAIM AGAINST SELLER" and collectively as, "THIRD PARTY CLAIMS AGAINST SELLER").

(c) Procedure for Third Party Claim Indemnification.

(1) Promptly after receipt by an indemnified party of notice of a claim or the commencement of any proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice in writing to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnified party's failure to give such notice.

(2) The indemnifying party will be entitled to participate in such Claim and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such proceeding and provide indemnification with respect to such proceeding), to assume, by written notice thereof within ten (10) days of transmittal of the notice of the Claim by the indemnified

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party, the defense of such proceeding with counsel satisfactory to the indemnified party, provided, however, that the indemnifying party may not so assume the defense if such Claim (A) may result in criminal proceedings, injunctions or other equitable remedies in respect of the indemnified party or its business; (B) may result in liabilities which, taken with other then existing Claims under this Section 10.2, would not be fully indemnified hereunder; (C) may have a material adverse effect on the business or financial condition of the indemnified party after the Closing Date; (D) is for an alleged amount of less than \$25,000; or (E) upon petition by the indemnified party, if an appropriate court rules that the indemnifying party failed or is failing to vigorously prosecute or defend such Claim, in which events the indemnified party shall assume the defense. If the indemnifying party assumes the defense of a Claim by a third party, (i) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of any legal requirement or any violation of the rights of any person and no effect on any other claims that may be made against the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such Claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Claim or proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such proceeding, the indemnifying party will be bound by any determination made in such proceeding or any compromise or settlement effected by the indemnified party. A Claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

10.3. LIMITATION OF LIABILITY. Notwithstanding anything to the contrary set forth in the Operative Agreements, unless this section is specifically and expressly excluded from application to a specific Operative Agreement or provision in an Operative Agreement, neither Seller nor Buyer shall be liable to the other Party for any amounts with respect to the breach of an Operative Agreement(s) unless and until such amounts shall exceed in the aggregate one hundred thousand U.S. dollars (US\$100,000) (the "LIMITATION AMOUNT") (in which case Seller or Buyer, as applicable, shall only be liable to the other Party with respect to the excess over the Limitation Amount); provided, however that such limitation shall not be applicable with respect to Buyer's obligation to pay to Seller the Purchase Price. There shall be no Seller or Buyer liability to the other Party with respect to any such matter for individual amounts of less than Twenty-Five Thousand U.S. Dollars (US\$25,000) and such amounts shall not be taken into account in determining whether the Limitation Amount has been

exceeded. Notwithstanding anything to the contrary set forth in the Operative Agreements, unless this section is specifically and expressly excluded from application to a specific Operative Agreement or a specific provision in an Operative Agreement, (a) in no event shall Seller's cumulative liability to Buyer, or Buyer's cumulative liability to Seller, exceed three million United States Dollars (US\$3,000,000) in the aggregate, provided, however that such limitation shall not be applicable with respect to either (i) Buyer's obligation to pay to Seller the Purchase Price or (ii) Seller's obligation to transfer to Buyer good and

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marketable title of the Transferred Assets, free and clear of any and all Liens (other than Permitted Liens), in accordance with this Agreement, and (b) neither Seller nor Buyer shall be responsible for any indirect, incidental, punitive, special or consequential damages whatsoever, including loss of profits or goodwill, business interruptions or claims of customers, even if advised of the possibility of such damages.

10.4. PUBLIC ANNOUNCEMENTS. The Confidentiality Agreement is hereby incorporated by reference and its provisions shall be deemed to apply to this Agreement and the other Operative Agreements such that the existence of such agreements and any information disclosed under such agreements shall be subject to the provisions of the Confidentiality Agreement. For six (6) months after the Closing Date, all public announcements relating to this Agreement or the transactions contemplated hereby shall be made only after consultation between the Parties, except for disclosures by either Party that in the opinion of counsel for such Party are required by law, rule or regulation. Any disclosures to customers in connection with commercial relationships shall not reveal the Purchase Price of this Agreement. Notwithstanding the foregoing, either Party shall have the right, in its sole discretion, to make such disclosures as it may deem necessary or advisable to any Governmental Authority. In the event of a breach or anticipatory breach of this Section 10.4. by either Party, the other Party shall be entitled, in addition to any and all other remedies available at law or in equity, to preliminary and permanent injunctive relief and specific performance without proving damages.

10.5. COSTS. Each Party shall be responsible for the costs and expenses incurred by it in the negotiation, execution and delivery of the Operative Agreements and, except as otherwise provided elsewhere in such agreements, the consummation of the transactions contemplated hereby and thereby.

10.6. DUE DILIGENCE. Buyer has engaged in the entire due diligence effort it deemed appropriate prior to executing this Agreement. The sale of the Transferred Assets is based solely upon the results of that due diligence and there has been no reliance upon the representations or statements of Seller, other than as set forth in Article VI.

10.7. DISCHARGE OF ASSUMED LIABILITIES. Prior to the Closing, Seller shall discharge the Assumed Liabilities in accordance with their terms and Seller agrees that Buyer shall have no liability for any failure of Seller to so discharge the Assumed Liabilities in accordance with their terms. Following the Closing, Buyer shall discharge the Assumed Liabilities in accordance with their terms and Buyer agrees that Seller shall have no liability for any failure of Buyer to so discharge the Assumed Liabilities in accordance with their terms.

10.8. ACCESS TO BOOKS, RECORDS AND EMPLOYEES. After the Closing Date, Buyer shall permit Seller reasonable access to any books, records, and employees relating to the period prior to the Closing and transferred by Seller to Buyer pursuant to this Agreement. Such access shall be during normal business hours or as the Buyer and Seller may otherwise agree. Prior to such access, Seller shall provide Buyer at least 2 Business Days' advance notice.

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10.9. MODIFICATION AND WAIVER. No modification or waiver of any provision

of this Agreement and no consent by either Party to any departure therefrom shall be effective unless in a writing referencing the particular section of this Agreement to be modified or waived and signed by a duly authorized signatory of each Party, and the same will only then be effective for the period and on the conditions and for the specific instances and purposes specified in such writing.

10.10. GOVERNING LAW. This Agreement has been delivered at and shall be deemed to have been made in Singapore, and all matters arising from or relating in any manner to the subject matter of this Agreement shall be interpreted and construed, and the rights and liabilities of the Parties determined, in accordance with the laws of Singapore applicable to agreements executed, delivered and performed within Singapore, without regard to the principles of conflicts of laws thereof. As part of the consideration for value received, each of the Parties hereby consents to the exclusive jurisdiction of any court located within Singapore with respect to all matters arising from or relating in any manner to the subject matter of this Agreement. With respect to all matters arising from or relating in any manner to the subject matter of this Agreement, each of the Parties hereby: (i) waives trial by jury, (ii) waives any objection to Singapore venue of any action instituted hereunder (whether on the basis of forum non conveniens or otherwise), and (iii) consents to the granting of such legal or equitable relief as is deemed appropriate by any aforementioned court. Any legal or other action related to a breach of this Agreement must be commenced no later than one (1) year from the date on which the complaining Party first became aware, or reasonably should have become aware, of the facts or circumstances giving rise to the action.

10.11. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given and shall be effective (a) when delivered by messenger or courier, or (b) five days after deposit for mailing by registered or certified mail, postage prepaid, return receipt requested, or (c) within one Business Day when transmitted by telecopy, provided that sender has a report showing transmission of such telecopy, as follows:

(a) if to Seller, to:

IBM Singapore Pte Ltd
9 Changi Business Park Central 1
Singapore 486048

Attention: General Manager

Telecopy: (65) 6418-2000

with a copy at the same address to:

Attention: General Counsel ASEAN/SA

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Telecopy: (65) 64182000

(b) if to Buyer, to:

Amkor Technology Singapore Pte. Ltd.
1 Kaki Bukit View, Techview
Singapore, 415941

Attention: To be provided

Telecopy: To be provided

with a copy to:

Amkor Technology, Inc.
1345 Enterprise Drive
West Chester, PA 19380
Attention: General Counsel
Fax: (610) 431-7189

or to such Person or address as either of the Parties shall hereafter designate to the other from time to time by similar written notice.

10.12. ASSIGNMENT. This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the successors and assigns of the Parties; provided, that a Party may not assign its rights hereunder without the written consent of the other Party.

10.13. COUNTERPARTS. This Agreement may be executed by the Parties hereto in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. Each counterpart may be signed and executed by the Parties and transmitted by facsimile and shall be as valid and effectual as if executed as an original. In the case of execution by way of counterparts, this Agreement shall not be deemed to be concluded until the last of such counterparts shall have been executed.

10.14. NO THIRD PARTY BENEFICIARIES. This Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties and such permitted successors and assigns, any legal or equitable rights hereunder. Accordingly, the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore shall not under any circumstances apply to this Agreement and any person who is not a party to this Agreement (whether or not such person shall be named, referred to, or otherwise identified, or form part of a class of persons so named, referred to or identified, in this Agreement) shall have no right whatsoever under the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore to enforce this Agreement or any of its terms.

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10.15. ENTIRE AGREEMENT. This Agreement, together with the other Operative Agreements comprise the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all other contemporaneous agreements and all prior agreements, understandings and representations, oral or written, between Buyer and Seller relating hereto or thereto.

10.16 TIME OF THE ESSENCE. Any time, date or period mentioned in any provision of this Agreement may be extended by mutual agreement between the Parties but as regards any time, date or period originally fixed and not extended or any time, date or period so extended as aforesaid, time shall be of the essence.

10.17 BUSINESS CAPACITY. The Parties agree and acknowledge that they have entered into this Agreement, and will undertake the transactions contemplated herein, as part of, or in the course of, their business activity, and not as consumers (including for purposes of the Consumer Protection (Fair Trading) Act of Singapore).

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized signatories as of the date and year first above written.

IBM SINGAPORE PTE LTD

By: /s/ Patricia Yim

Name: PATRICIA YIM
Title: MANAGING DIRECTOR

AMKOR TECHNOLOGY SINGAPORE PTE. LTD.

By: /s/ Oleg Khaykin

Name: OLEG KHAYKIN
Title: ATTORNEY IN FACT

[Signature page to Asset Purchase Agreement-Singapore]

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Exhibit to Asset Purchase Agreement

Exhibit A: Assignment and Assumption Agreement

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Exhibit A

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of _____, 2004 (this "AGREEMENT"), between Amkor Technology Singapore Pte. Ltd., a Singapore corporation ("BUYER"), and IBM Singapore Pte Ltd, a Singapore corporation ("SELLER")

W I T N E S S E T H:

WHEREAS Buyer and Seller have entered into an Asset Purchase Agreement dated as of May 17, 2004 (the "ASSET PURCHASE AGREEMENT"), providing for, among other things, the purchase by Buyer of the Transferred Assets from Seller; and

WHEREAS, in conjunction with such purchase, Seller desires to sell, transfer, convey, assign and deliver to Buyer all of Seller's rights, title and interest in and to the Assumed Liabilities.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

1. Defined Terms. Terms defined in the text of this Agreement shall have such meaning throughout this Agreement.

2. Other Terms. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Asset Purchase Agreement. Nothing contained herein shall be deemed to alter or amend the terms and provisions of the Asset Purchase Agreement, and in the event of any conflict between the terms and provisions of this Agreement and the Asset Purchase Agreement, the terms and provisions of the Asset Purchase Agreement shall be deemed to govern and be controlling in all circumstances.

3. Assignment. Seller hereby irrevocably sells, transfers, conveys, assigns and delivers to Buyer all of its rights, title and interest in and to the Assumed Liabilities.

4. Assumption. Buyer does hereby accept such sale, transfer, conveyance, assignment and delivery of all of Seller's right, title and interest in and to the Assumed Liabilities by Seller and assumes all obligations and liabilities arising thereunder following the Closing.

5. Effective time. The assignment by Seller, and the acceptance thereof by Buyer, of the Assumed Liabilities, pursuant to this Agreement, shall be effective as of the date hereof.

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6. Non contravention. Certain of the Assumed Liabilities may require the consent of third parties to any assignment. Such assignments to Buyer are made subject to the obtaining of such consents and shall be effective as of the date of such consent. The execution of this Agreement shall not be interpreted, and is not intended to be interpreted, as any action taken by Seller that would be contrary to the terms and conditions of any contract requiring the consent of any third party to such assignment. Buyer and Seller shall fully cooperate with each other in an attempt to obtain such consents, as set forth in the Asset

Purchase Agreement.

7. Notices. All notices and other communications hereunder shall be as set forth in the Asset Purchase Agreement.

8. Amendment. This Agreement may be amended, modified or supplemented, and any provision hereof may be waived, only by written agreement of the parties hereto signed by an authorized representative of each party.

9. Waivers. Any failure of a party to comply with any obligation, agreement or condition herein may be waived by the other party; provided, that any such waiver may be made only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure; and provided further that no waiver by a party hereto of any breach or default by the other party under this Agreement shall be deemed a waiver of any other previous breach or default or any thereafter occurring.

10. Entire Agreement. This Agreement, together with the Asset Purchase Agreement (including any exhibits and schedules), embody the entire understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all contemporaneous and prior agreements and understandings between the parties with respect to such subject matter.

11. Headings. The headings contained in this Agreement are for reference purposes only and shall not limit or otherwise affect the meaning or interpretation of this Agreement.

12. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of Singapore without reference to its principles of conflict of law.

13. Severability. If any one or more provisions contained in this Agreement, or the application of such provision to any person or circumstance, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

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14. Third Party Actions. Seller and Buyer hereby agree to cooperate in defending or prosecuting any claims or litigation relating to the transfer of title as provided herein, and to make available and furnish appropriate documents and testimony in connection therewith.

15. Seller's Obligations. Seller hereby covenants and agrees to execute and deliver all such other further instruments of conveyance, assignment and transfer and all such other notices, releases, acquittance, powers of attorney and other documents, and do all such other acts and things as may be necessary to more fully convey and assign to Buyer, or its successors or assigns, all right, title and interest in and to the Assumed Liabilities conveyed, assigned and transferred to or acquired by Buyer pursuant to this Agreement, including, without limitation, filings with any governmental entity, authority or instrumentality, domestic or foreign.

16. No Third-Party Beneficiaries. This Agreement is not intended and shall not be deemed to confer upon or give any person except the parties hereto and the parties to any assigned Contracts in the Assumed Liabilities and their respective successors and permitted assigns any remedy, claim, liability, reimbursement, cause of action or other right under or by reason of this Agreement and a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B to enforce any term of this Agreement.

17. Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by either party hereto without the prior written consent of the other party, such consent not to be unreasonably withheld. Any purported assignment of this Agreement other than in accordance with this paragraph 17 shall be null and void and of no force or effect.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become a binding Agreement when one or more of the counterparts have been signed by each of the parties and delivered to the other party.

[remainder of page left blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AMKOR TECHNOLOGY SINGAPORE PTE. LTD.

By: _____

Name: _____

Title: _____

IBM SINGAPORE PTE LTD

By: _____

Name: _____

Title: _____

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Schedule of Disclosure and Exceptions
to the Asset Purchase Agreement
by and among Amkor Technology Singapore Pte Ltd and
IBM Singapore Pte Ltd

This is the Schedule of Disclosure and Exceptions (including the Schedules, Sub-schedules, and Exhibits hereto, the "Disclosure Schedule") being provided in conjunction with the Asset Purchase Agreement dated as of May 17, 2004 by and among Buyer and Seller, to which this Disclosure Schedule is attached and constitutes formal disclosure to Buyer by Seller for the purposes of the said agreement of the facts and circumstances which are or may be inconsistent with or constitute exceptions to the representations, warranties, undertakings and covenants referred to in the agreement (collectively the "WARRANTIES") or which otherwise give or may give rise to a claim under the agreement by Buyer. Such facts and circumstances will be deemed to qualify the Warranties accordingly. Unless otherwise indicated, all capitalized terms used in this Disclosure Schedule shall have the meaning provided in the above referenced Asset Purchase Agreement.

References in this Disclosure Schedule to paragraphs, headings and numbers shall, unless the context otherwise requires, be to those headings and numbered paragraphs in the agreement and shall be for convenience only and shall not alter the construction of this Disclosure Schedule nor in any way limit the effect of any of the disclosures, all of which are made against the Warranties as a whole. The contents of all documents annexed to this Disclosure Schedule or referred to herein shall, in the event of any inconsistency, prevail over any summaries of such documents contained in this Disclosure Schedule. For convenience only, certain disclosures have been made by reference to specified Warranties. However, each such disclosure shall be taken to qualify all the Warranties to which it is capable of relating. Each such disclosure is given without prejudice to the generality or effectiveness of any other disclosure.

Where brief particulars only of a matter are set out or referred to in this Disclosure Schedule, or a document is referred to but not attached, full particulars of the matter and the full contents of the document are deemed to be disclosed and it is assumed that Buyer does not require any further particulars. Buyer confirms that all matters disclosed in this Disclosure Schedule have been

raised in advance and that Buyer has been given the opportunity for further enquiry and that Buyer has carried out such further enquiries to its satisfaction. Accordingly, Seller is deemed to have adequately disclosed all the matters raised or referred to in this Disclosure Schedule and shall not be in breach of any of the Warranties insofar as it relates to the matters so disclosed.

In this Disclosure Schedule, unless specified otherwise: (a) the rule known as the ejusdem generis rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of fact that they are preceded by words indicating a particular class of acts, matters or things; and (b) general words

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shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

By way of general disclosure, the following matters are disclosed or deemed disclosed to Buyer and Buyer is deemed aware of each and every matter disclosed or referred to in the following:

- (a) The contents of the Operative Agreements and all transactions referred to therein.
- (b) All matters which would be apparent from an inspection of the Transferred Assets by a prudent purchaser and/or its professional advisors.
- (c) The contents and enclosures of all documents which are annexed hereto and all other documents that have been made available to Buyer or Buyer's professional advisors.
- (d) The contents of all correspondence between the Parties' respective counsels.

Any disclosures made under the headings of one section of this Disclosure Schedule may apply to or qualify as disclosures made under one or more of the other sections if such disclosures could reasonably be read to be in response to such other sections. Nothing in this Disclosure Schedule shall constitute an admission of any liability or obligation of Seller to any third party nor an admission against Seller's interest.

Those schedules which by their nature must be updated to reflect the facts as of the Closing Date will be updated by the Seller to reflect changed circumstances between the Date of Execution and the Closing Date.

This Disclosure Schedule may contain statements which are not statements of historical facts but statements relating to the expected performance and prospects in relation to the Transferred Assets and the business related thereto (including statements as to revenue and profitability, expected growth in demand, expected industry trends, anticipated completion or start-up dates for expansion projects), and are qualified by or containing words such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "could" and similar words ("FORWARD LOOKING STATEMENTS").

Forward Looking Statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Transferred Assets (and the business related thereto) to be materially different from any future results, performance or achievements expressed or implied by these Forward Looking Statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore, the region and elsewhere;

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- (b) changes in currency exchange rates;
- (c) anticipated growth strategies and expected internal growth;
- (d) changes in fees for services;
- (e) changes in the availability and prices of products needed to operate the Transferred Assets (and the business related thereto);
- (f) changes in customer preferences, competitive conditions and the ability to compete under these conditions;
- (g) changes in future capital needs and the availability of financing and capital to fund these needs;
- (h) business risks; and
- (i) other factors beyond Buyer's/Seller's control.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Transferred Assets (and the business related thereto) to be materially different from that expected, expressed or implied by the Forward Looking Statements provided to Buyer (including buyer's professional advisers), Seller is not representing or warranting that the actual future results, performance or achievements of the Transferred Assets (and the business related thereto) will be as indicated in the Forward Looking Statements. Further, there is no obligation of Seller to update any of the Forward Looking Statements to reflect future developments, events or circumstances.

Without prejudice to the generality of the foregoing, Seller discloses the matters set out in Appendix A hereto.

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SCHEDULES TO THE ASSET PURCHASE AGREEMENT

Disclosure Schedule

Schedule A Additional Permitted Liens

Schedule 1.1. Transferred Asset Listing

Sub Schedule 1.1.A. Property, Plant and Equipment

Sub Schedule 1.1.B. Inventory and Work in Process

Sub Schedule 1.1.C. Other Transferred Assets

Schedule 1.2. Excluded Assets

Schedule 1.4. Assumed Liabilities

Sub Schedule 1.4.A. Contracts to be Assumed Liabilities

Sub Schedule 1.4.B. Other Assumed Liabilities

Schedule 2.2(a)1 Conveyances, Transfers, Assignments, and Documents of Title

Schedule 2.2(a)2 Consents and Licenses

Schedule 3.1 Allocation Statement

Schedule 4.1.A. Seller's Required Consents to Assignment, if any

Schedule 4.1.B. Seller's Required Consents to Novation, if any

Schedule 4.2.a.1. Listing of Regular Employees

Schedule 4.2.a.2. Listing of Fixed Term Hires

Schedule 4.2.(b). Summary of Buyer's Planned Employment Terms and
Benefit Plans

Schedule 7.3(a) Governmental Actions

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "AGREEMENT"), dated as Of May 17, 2004, by and among Amkor Assembly & Test (Shanghai) Co., Ltd., a wholly-foreign owned enterprise established under the law of the People's Republic of China ("BUYER"), and IBM interconnect Packaging Solutions (Shanghai) Co., Ltd., a wholly-foreign owned enterprise established under the law of the People's Republic of China ("SELLER"; "IBM")

W I T N E S S E T H:

WHEREAS, Seller wishes to sell certain assets; and

WHEREAS, Buyer wishes to purchase from Seller, and Seller wishes to sell to Buyer; the Transferred Assets (as defined below) for the purchase price and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises set forth above and the respective covenants, agreements, representations and warranties hereinafter set forth, Buyer and Seller hereby agree as follows:

DEFINITIONS.

CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the meaning specified below:

"AFFILIATE" shall mean, as to any Person, any other Person or entity that is controlling, controlled by or under common control with such Person or entity.

"ALLOCATION STATEMENTS" shall have the meaning set forth in Section 3.1.

"ASSUMED LIABILITIES" shall have the meaning set forth in Section 1.4.

"ASSUMPTION AGREEMENT" shall mean the Assignment and Assumption Agreement in the form set out in Exhibit A to be entered into by the Parties on the Closing Date and by which Buyer assumes the Assumed Liabilities.

"BUSINESS DAY" shall mean a day (other than Saturday or Sunday or a Public holiday in China) in which banks are open for business in China.

"BURDENSOME CONDITION" shall mean any action taken, or credibly threatened, by or before any Governmental Authority or other Person to challenge the legality of the transactions contemplated by the Operative Agreements or that would otherwise deprive a Party of the material benefit of any such transaction, including, (i) the pendency of an investigation by a Governmental Authority (formal or informal), (ii) the institution of any litigation, or threat thereof, (iii) an order by a Governmental Authority

of competent jurisdiction preventing consummation of the transactions contemplated by the Operative Agreements or placing material conditions or limitations upon such consummation, or (iv) the issuance of any subpoena, civil investigative demand or other request for documents or information relating to such transactions that is unreasonably burdensome in the reasonable judgment of the applicable Person.

"CONTRACT(S)" shall mean any written and signed agreement, contract, commitment, instrument, document, certificate or other written and signed binding arrangement or understanding (each, including all amendments thereto).

"CLOSING" shall have the meaning set forth in Section 2.1.

"CLOSING DATE" shall have the meaning set forth in Section 2.1.

"CLOSING STATEMENT" shall have the meaning set forth in Section 2.3.

"CODE" shall have the meaning set forth in Section 3.1.

"CONFIDENTIALITY AGREEMENT" shall mean the confidentiality agreement between Amkor Technology, Inc. and International Business Machines Corporation, dated October 17, 2003.

"DATE OF EXECUTION" shall mean the date this Agreement and the other Operative Agreements identified for signature on that date are signed.

"DISCLOSURE SCHEDULE" shall have the meaning set forth in Article VI hereto.

"EXCLUDED ASSETS" shall mean (i) such items of tangible personal property as are listed on the sub-schedules to Schedule 1.2, (ii) all contracts among Seller and/or its Affiliates, (iii) all software and intellectual property of any kind not associated with the Premises, (iv) all interests of Seller in real property (except for Seller's rights and interests related to the Transferred Assets set forth in Schedule 1.1) and, (v) such tangible property that is deemed to be an Excluded Asset pursuant to the procedure set forth in Section 1.2A.

"GOVERNMENTAL ACTIONS" shall mean any authorizations, consents, approvals, waivers, exceptions, variances, franchises, permissions, permits, and licenses of, filings and declarations with, Governmental Authorities.

"GOVERNMENTAL AUTHORITY" shall mean any court, governmental or administrative agency or commission or other governmental agency, authority, instrumentality or regulatory body, domestic or foreign.

"GOVERNMENTAL RULE" shall mean any statute, law, rule, code, ordinance, regulation, notice, circular, standard, or order of any Governmental Authority or any

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judgment, decree, injunction, writ, order or like action of any court, arbitrator or other judicial tribunal of competent jurisdiction, domestic or foreign.

"INTELLECTUAL PROPERTY AGREEMENT" shall mean the agreements entitled "Patent License Agreement" and "Intellectual Property Agreement", each between Amkor Technology, Inc, and International Business Machines Corporation entered into on the Date of Execution.

"LIENS" shall mean pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever.

"LIMITATION AMOUNT" Shall have the meaning set forth in Section 10.3.

"OPERATIVE AGREEMENT" shall mean this Agreement, the Assumption Agreement, and the Real Estate Property and License Agreement.

"PARTIES" shall mean Buyer and Seller.

"PARTY" shall mean Buyer or Seller.

"PERMITTED LIENS" shall mean: (i) Liens for Taxes either not due and payable or due but for which notice of assessment has not been given, or which may thereafter be paid without penalty; (ii) all encumbrances, covenants, easements, and restrictions of record application to the Premises; (iii) any Liens described on Schedule A; and (iv) Liens arising by operation of law.

"PERSON" shall mean any individual, firm, corporation, partnership, joint stock company, unincorporated association, limited liability company, trust, joint venture, Governmental Authority or other entity, and shall include any successor (by merger or otherwise) of such entity.

"PRC" OR "CHINA" means the People's Republic of China, but for the purpose of this Agreement, shall exclude the Hong Kong Special Administrative

Region, the Macao Special Administrative Region and Taiwan.

"PRE-CLOSING TAX PERIOD" shall have the meaning set forth in Section 3.2

"PREMISES" shall mean the land, buildings and other ancillary structures, facilities, utilities, permanent infrastructure and other fixed assets located on the land, identified as Lot CSC4 and Lot GSC5 located No. 111 Ying Lun Road, Waigaoqiao free trade Zone, Shanghai, the People's Republic of China.

"PURCHASE PRICE" shall have this meaning specified in Section 1.3.

"REAL ESTATE PROPERTY AND LICENSE AGREEMENT" shall mean the real estate property and license Agreement between Seller and Buyer dated the date hereof.

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "AGREEMENT"), dated as of May 17, 2004, by and among Amkor Assembly & Test (Shanghai) Co., Ltd., a wholly-foreign owned enterprise established under the law of the People's Republic of China ("BUYER"), and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd., a wholly-foreign enterprise established under the law of the People's Republic of China ("SELLER"; "IBM").

WITNESSETH:

WHEREAS, Seller wishes to sell certain assets; and

WHEREAS, Buyers wishes to purchase from Seller, and Seller wishes to sell to Buyer, the Transferred Assets (as defined below) for the purchase price and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises set forth above and the respective covenants, agreements, representations and warranties hereinafter set forth, Buyer and Seller hereby agrees as follows:

DEFINITIONS.

CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the meaning specified below:

"AFFILIATE" shall mean, as to any Person, any other Person or entity that is controlling, controlled by or under common control with such Person or entity.

"ALLOCATION STATEMENTS" shall have the meaning set forth in Section 3.1.

"ASSUMED LIABILITIES" shall have the meaning set forth in Section 1.4.

"ASSUMPTION AGREEMENT" shall mean the Assignment and Assumption Agreement in the form set out in Exhibit A to be entered into by the Parties on the Closing Date and by which Buyer assumes the Assumed Liabilities.

"BUSINESS DAY" shall mean a day (other than Saturday or Sunday or a public holiday in China) in which banks are open for business in China.

"BURDENSOME CONDITION" shall mean any action taken, or credibly threatened, by or before any Government Authority or other Person to challenge the legality of the transactions contemplated by the Operative Agreements or that would otherwise deprive a Party of the material benefit of any such transaction including (i) the pendency of an investigation by a Governmental Authority (formal or informal), (ii) the institution of any litigation, or threat thereof, (iii) an order by a Government Authority

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of competent jurisdiction preventing consummation of the transactions contemplated by the Operative Agreements or placing material conditions or limitations upon such consummation, or (iv) the issuance of any subpoena, civil investigative demand or other request for documents or information relating to such transactions that is unreasonably burdensome in the reasonable judgment of the applicable Person.

"CONTRACT(S)" shall mean any written and signed agreement, contract, commitment, instrument, documents, certificate or other written and signed binding arrangement or understanding (each, including all amendments thereto).

"CLOSING" shall have the meaning set forth in Section 2.1.

"CLOSING DATE" shall have the meaning set forth in Section 2.1.

"CLOSING STATEMENT" shall have the meaning set forth in Section 2.3.

"CODE" shall have the meaning set forth in Section 3.1.

"CONFIDENTIALITY AGREEMENT" shall mean the confidentiality agreement between Amkor Technology, Inc, and International Business Machines Corporation, dated October 17,2003.

"DATE OF EXECUTION" shall mean the date this Agreement and the other Operative agreement identified for signature on that date are signed.

"DISCLOSURE SCHEDULE" shall have the meaning set forth in Article VI hereto.

"EXCLUDED ASSETS" shall mean (i) such items of tangible personal property as are listed on the sub-schedules to Schedule 1.2. (ii) all contracts among Seller and/or its Affiliates, (iii) all software and intellectual property of any kind not associated with the Premises, (iv) all interests of Seller in real property (except for Seller's rights and interests related to the Transferred assets set forth in Schedule 1.1) and, (v) such tangible property that is deemed to be an Excluded Asset pursuant to the procedure set forth in Section 1.2A.

"GOVERNMENT ACTIONS" shall mean any authorizations, consents, approvals, waivers, exceptions, variances, franchises, permissions, permits, and licenses of, and filings and declarations with, Government Authorities.

"GOVERNMENT AUTHORITY" shall mean any court, governmental or administrative agency or commission or other governmental agency, authority, instrumentality or regulatory body, domestic or foreign.

"GOVERNMENT RULE" shall mean any statute, law, rule, code, ordinance, regulation, notice, circular, standard, or order of any Government Authority or any

judgment, decree, injunction, writ, order or like action of any court, arbitrator or other judicial tribunal of competent jurisdiction, domestic or foreign.

"INTELLECTUAL PROPERTY AGREEMENTS" shall mean the agreements entitled " Patent License Agreement" and "Intellectual Property Agreement", each between Amkor Technology, Inc, and International Business Machines Corporation, entered into on the Date of Execution.

"LIENS" shall mean pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever.

"LIMITATION AMOUNT" shall have the meaning set forth in Section 10.3.

"OPERATING AGREEMENTS" shall mean this Agreement, the Assumption Agreement, and the Real Estate Property and License Agreement.

"PARTIES" shall mean Buyer and seller.

"PARTY" shall mean Buyer or seller.

"PERMITTED LIENS" shall mean; (i) Liens for Taxes either not due and payable or due but for which notice of assessment has not been given, or which may thereafter be paid without penalty; (ii) all encumbrances, covenants, easements, and restrictions of record applicable to the premises; (iii) any Liens described on Schedule A; and (iv) Liens arising by operation of law.

"PERSON" shall mean any individual, firm, corporation, partnership, joint stock company, unincorporated association, limited liability company, trust, joint venture, Governmental Authority or other entity, and shall include any successor (by merger or otherwise) of such entity.

"PRC" OR "CHINA" means the People's Republic of China, but for the Purpose of this Agreement, shall exclude the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

"PRE-CLOSING TAX PERIOD" shall have the meaning set forth in section 3.2.

"PREMISES" shall mean the land, buildings and other ancillary structures, facilities, utilities, permanent infrastructure and other fixed assets located on the land, identified as Lot GSC4 and Lot GSC5 located at No 111 Ying Lun Road, Waigaoqiao Free Trade Zone, Shanghai, the People's Republic of China.

"PURCHASE PRICE" shall have the meaning specified in Section 1.3.

"REAL ESTATE PROPERTY AND LICENSE AGREEMENT" shall mean the real estate property and license agreement between Seller and Buyer dated the date hereof.

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"STRADDLE PERIOD" shall have the meaning set forth in Section 3.2.

"SUBCONTRACTED WORK" shall have the meaning set forth in Section 4.1.

"SUBSIDIARY" of any Person shall mean a corporation, company, or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, limited liability company, joint venture or unincorporated association), but more than 50% of whose ownership interest representing the right to make decisions for such entity is, now or hereafter owned or controlled, directly or indirectly, by such Person, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

"TAX" OR "TAXES" shall have the meaning set forth in Section 3.5.

"TAX RETURNS" shall have the meaning set forth in Section 3.2.

"TRANSFERRED ASSETS" shall mean such items of tangible property and documentation (in hard or soft format) related to the Premises, including but not limited to discs, drawings, designs, specifications and reports, and all rights and interests of Seller under the Contracts related to such property and as are listed on Schedule 1.1 to this Agreement Transferred Assets shall also include such tangible property that is deemed to be a Transferred Assets pursuant to the procedure set forth in Section 1.2A, Notwithstanding anything to the contrary, Transferred Assets shall no include any Excluded Assets.

"XIN" means Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd, a limited liability company established under the PRC law.

ARTICLE I. PURCHASE AND SALE OF ASSETS.

1.1 TRANSFERRED ASSETS. Upon the terms and subject to the conditions hereof, as of the Closing Date, Seller as beneficial owner hereby sells, transfers, conveys, assigns and delivers to Buyers, and Buyer hereby purchases and accepts from Seller, all right, title and interest or Seller in and to the Transferred Assets. The Transferred Assets will be made available on the Closing Date, at the Premises.

1.2 EXCLUDED ASSETS. Notwithstanding anything to the contrary in this Agreement, the Excluded Assets will be returned by Seller and are excluded from the Transferred Assets. All intellectual property matters are addressed exclusively in the Intellectual Property Agreements, and no intellectual property matters are included in the subject matter of this Agreement.

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1.2A. OTHER TANGIBLE PROPERTY; CONTRACTS. If within fifteen (15) months after the Closing Date, the Parties discover tangible property at the Premises that is not contained on Schedule 1.1 or Schedule 1.2, respectively or mutually determine that certain material Contracts (other than contracts regarding intellectual property matters) were mistakenly omitted from Schedule 1.4 (and such tangible property or material Contracts do not otherwise constitute Excluded Assets or Assumed Liabilities, respectively), then the Parties shall work in good faith to resolve such omission. With respect to tangible property located in, on or attached to the Premises, if the Parties cannot resolve such matter, it shall be resolved as follows: (1) if, prior to the Closing Date, such property was not primarily utilized in the day-to-day activities of the Seller employees located at the Premises, then such property shall be a Transferred Asset; and (2) If, prior to the Closing Date, such property was primarily utilized in the day-to-day activities of the Seller employees located at the Premises, then such property shall be an Excluded Asset. Following the date that is fifteen (15) months after the Closing Date, any tangible property not contained on Schedule 1.1 or Schedule 1.2 or tangible property that is the subject or the Assumed Liabilities in Schedule 1.4A or 1.4B, or allocated as described in the preceding sentence, shall be assumed to be a Transferred Asset if in the Possession of Buyer and an Excluded Asset if in possession of Seller.

1.3. CONSIDERATION. (a) The Purchase Price to be paid by Buyer to Seller for the Transferred Assets and the Assumed Liabilities (the "PURCHASE PRICE") shall be thirty-two million U.S. Dollars (US\$32,000,000), which shall be payable in two installments: twenty million U.S. Dollars (US\$20,000,000) payable on the Closing Date and twelve million U.S. Dollars (US\$12,000,000) payable on or before November 30, 2004. Buyers shall pay to Seller such installments by electronic funds transfer, in immediately available funds in U.S. Dollars, to the following account:

ACCOUNT NAME: IBM Interconnect Packaging Solutions(Shanghai) Co. Ltd.
BANK: Bank of China, Shanghai Waigaoqiao Free Trade Zone Sub-Branch
ACCOUNT NUMBER: 06-148250378891
REFERENCE BANK ADDRESS: No. 355 Fute Road Waigaoqiao Free Trade Zone
ABA ROUTING NUMBER: 026003269
BANK CONTACT: Zhao Yi/Tel. 86-21-58662908

1.4. ASSUMED LIABILITIES.

Upon the terms and subject to the conditions hereof, as of the Closing, Seller or Seller's Affiliates, if applicable, will assign and transfer to Buyer, and Buyer will assume the commitments, liabilities and obligations of Seller under the Contracts listed on Schedule 1.4A, (together the "ASSUMED LIABILITIES") pursuant to an Assumption Agreement in the form attached as Exhibit A. Unless described on schedule 1.4B, Buyer is not assuming and undertaking, and Seller shall remain liable for, any obligations or liabilities of Seller, contingent or otherwise, whenever asserted, relating to periods on or prior to the Closing Date, or work performed during such periods and such obligations and liabilities are specifically excluded from the Assumed Liabilities. Without limiting the generality of the foregoing, except for the Assumed Liabilities or as provided in the

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Operative Agreement. Buyer is not assuming or undertaking any obligations or liabilities of Seller to any assets or Contracts which are not included in the Transferred Assets or the Assumed Liabilities. Notwithstanding anything to the contrary, the Assumed Liabilities do not include Excluded Assets or any obligations or liabilities relating to or in respect of any Excluded Assets. In addition, except as set forth in the Operative Agreements, Buyer shall not assume any liabilities of Seller whether accrued, absolute or contingent, recorded or unrecorded or otherwise, and the seller shall be responsible for all accounts due and payable, accrued expenses, and Taxes that relate to the period on or prior to the Closing Date, including, but not limited to the foregoing and all liabilities and obligations of Seller with respect to current or former employees, directors and independent contractors of Seller on or prior to the Closing Date.

ARTICLE II. CLOSING.

2.1. CLOSING DATE. Subject to the conditions set forth in Articles VII and VIII, the closing of the transaction provided for in this Agreement (the "CLOSING") shall take place at the East Fishkill offices of Seller's Affiliate, International Business Machines Corporation, within five(5) Business Days after the satisfaction or waiver of the conditions set forth in Articles VII and VIII occurs, or at such other time or on such other day as may be agreed by Seller and Buyer (the "CLOSING DATE"). The Parties intend that the Closing Date be on or before May 31, 2004. All transaction provided for herein are to occur on and as of the Closing date and shall be deemed to have occurred simultaneously and the Closing shall be deemed complete at 11:59:59 pm China time on the Closing Date. In the event that Closing shall not take place due to any failure to satisfy any or all the conditions precedent mentioned in Article VII or Article VIII, this Agreement shall ipso facto cease and all parties hereto shall have no claims against each other.

2.2. CLOSING. (a) On Closing, seller shall (i) make the Transferred Assets available to Buyer at the Premises, (ii) execute such conveyances, transfers, assignments, and documents of title that are listed and attached as Schedule 2.2(a)1 or as the Parties may otherwise agree and (iii) procures such consents with respect to the Assumed Liabilities or as the Parties may otherwise agree. Title to the "Transferred Assets shall pass to Buyer and Buyer's assumption of the Assumed Liabilities shall occur at the Closing.

(b) At 11:59:59 pm China time on the Closing Date and to the extent that they are transferable by Seller, Seller hereby assigns any and all manufacturer's warranties, conditions, guarantees or indemnities are transferable hereunder without further expenditure by Seller and without additional assistance by Seller. For the avoidance of doubt, no such transfer shall constitute a transfer of any of Seller's obligations or liabilities under any relevant Seller Contracts unless such Seller Contracts are Assumed Liabilities.

2.3. CLOSING STATEMENT. At the Closing Seller will prepare and deliver to Buyer a closing statement for the physical assets that constitute Transferred Assets

(The "CLOSING STATEMENT"), as of the Closing Date. The purpose of the Closing Statement is to correctly reflect any changes in the listing of the physical assets that constitute the Transferred Assets, between the Date of Execution and the Closing which occurred in the ordinary course of business. The Closing Statement shall become final and binding upon the Parties unless Buyer gives written notice of its disagreement of such items included on or excluded from the Closing Statement within fifteen (15) days following Buyer's receipt of the Closing Statement. Any such notice shall specify in reasonable detail the nature of any disagreement so asserted.

ARTICLE III. TAX MATTERS.

3.1 ALLOCATION OF PURCHASE PRICE. Within thirty (30) days of the Closing Date, Buyer shall prepare an allocation of the Purchase Price, allocating the total of the Purchase Price (and other payments properly treated as additional

Purchase Price for Tax purposes) to the different Transferred Assets and the Assumed Liabilities pursuant to Section 1000 of the United States Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations promulgated thereunder (hereinafter the "CODE") (the "ALLOCATION STATEMENTS") and provide Seller with the Allocation Statements and all supporting documentation for Seller's review and consent, which will not be unreasonably withheld.

Buyer and Seller shall each file all income, franchise and other Tax Returns (as defined below), and execute such other documents as may be required by any Governmental Authority, in a manner consistent with the Allocation Statements. Buyer shall prepare the Form 8594 under Section 1060 of the Code based on the Allocation Statements and deliver such form and all documentation used in the preparation and support of such Allocation Statements and Form (including, but not limited to, appraisals) to the Seller within 30 days after finalizing of the Allocation Statements. The Buyer and the Seller agree to file such form with each relevant taxing authority and to refrain from taking any position inconsistent with such form or Allocation Statements.

3.2. FILLING OF RETURNS AND PAYMENT OF TAXES. Seller shall prepare and file, or cause to be prepared and filed, with the appropriate authorities all Tax returns, reports and forms (herein "TAX RETURNS") and shall pay, or cause to be paid, when due all Taxes relating to the Transferred Assets and the Assumed Liabilities attributable to any taxable period which ends on or prior to the Closing Date (herein "PRE-CLOSING TAX PERIOD"). Buyer shall prepare and file, or cause to be prepared and filed, with the appropriate authorities all Tax Returns, and shall pay, or cause to be paid, when due all Taxes relating to the Transferred Assets and Assumed Liabilities attributable to taxable periods which are not part of the Pre-Closing Tax Period. If, in order to properly prepare its Tax Returns required to be filed with Governmental Authorities, it is necessary that a party be furnished with additional information, documents or records relating to the Transferred Assets and the Assumed Liabilities, both Seller and Buyer agree to use reasonable efforts to furnish or make available such existing, non-privileged information at the recipient's request, cost and expense provided, however, that no party shall be entitled to review or examine the Tax Returns of any other party.

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For purpose of this Section 3.2, in the case of any Taxable period that includes (but does not end on) the Closing Date (a "STRADDLE PERIOD"), the Taxes for the Pre-Closing Tax Periods shall be computed as if the Pre-Closing Tax Period ended as of the close of business on the Closing Date and the amount of Taxes for taxable periods that are not part of the Pre-Closing Tax Period shall be the excess, if any, of (x) the Taxes for the Straddle Period over (y) the Taxes for the Pre-Closing Tax Period.

3.3 REFUNDS AND CREDITS. Any refunds and credits attributable to the Pre-Closing Tax Period shall be for the amount of the Seller.

3.4 TRANSFER TAXES. Except as provided in Section 9.3, all transfer, documentary, sales, use, registration, value-added, stamp duty, goods and services, real estate transfer, and any similar taxes and related fees (including interest, penalties and additions to tax) incurred in connection with this Agreement, the other Operative Agreements and the transactions contemplated, hereby and thereby shall be borne by Buyer, in addition to the consideration provided for in Section 1.3. To the extent permitted by applicable law, Buyer and Seller shall cooperate with each other to obtain exemptions from such taxes, provided that neither party shall be obligated to seek any exemption that could reasonable be expected to result in any government audit of its books and records.

3.5 TAX DEFINITIONS. For purposes of this Agreement, "TAX" or "TAXES" shall mean all taxes, imports, duties, withholdings, charges, fees, levies, or other assessments imposed by any governmental or taxing authority, whether domestic or foreign, (including but not limited to, income, excise, property, sales, use, transfer, conveyance, payroll, or other employment related tax, license, registration, ad valorem, value added, withholding, social security, national insurance (or other similar contributions or payments), franchise, estimated severance, stamp taxes, taxes based upon or measured by capital stock, net worth or gross receipts and other taxes) together with all interest, fines, penalties and additions attributable to or imposed with respect to such amounts

and any obligations under any agreement or arrangements with any Person with respect to such amounts.

ARTICLE IV ADDITIONAL AGREEMENTS.

4.1 CONSENTS, NOVATIONS AND SUBCONTRACTED WORK. Buyer and Seller shall use reasonable efforts to obtain, as soon as practicable, all requisite consents to transfers, assignments and novations, as the case may be, of all of the Transferred Assets and the Assumed Liabilities. Buyer shall cooperate with Seller (including where necessary, entering into appropriate instruments of assumption as shall be agreed upon) to have Seller released from all liability (other than any liabilities arising prior to the Closing Date) to third parties with respect to the Assumed Liabilities and the Parties will each solicit such releases concurrently, in a manner acceptable to the Parties, with the solicitation of consents from third parties to the transfer, assignment and novation of the Transferred Assets and the Assumed Liabilities, provided, that neither Party shall be

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required to grant any additional consideration to any third party in order to obtain any such consent, novation, assumption or release. With respect to any Assumed Liabilities for which Seller has any secondary liability to third parties. Buyer shall provide Seller reasonable access and information in order for Seller to ascertain continuing compliance by Buyer with all contract terms and conditions applicable thereto. The material consents to assignments or novations identified by the Parties as of the Date of Execution, if any, are listed on Schedule 4.1. If any such required consents and novations cannot be secured without the incurring of any significant additional costs, where additional action is deemed necessary by the Parties, the Parties hereby agree to proceed with respect to the underlying rights and obligations as shall permit Buyer to perform the obligations of Seller thereunder, as a subcontractor or otherwise, and Buyer to obtain the benefit thereof and to the use of the Transferred Assets (the "SUBCONTRACTED WORK"); and until the requisite consents and novations are obtained, such obligations will not be deemed to be included in the Assumed Liabilities and nothing contained herein will be deemed to constitute a breach of the contract underlying such rights and obligations. Buyer agrees to diligently perform and discharge the obligations of Seller in connection with the Subcontracted Work directly, or indirectly through Seller, as applicable; and to the extent that consents to assignment and novation are obtained after the Closing, the Parties agree that such obligations will no longer be considered to be Subcontracted Work at such time, but will instead be deemed to be Assumed Liabilities for all purpose of its Agreement.

4.2 REAL ESTATE PROPERTY AND LICENSE AGREEMENT. The Real Estate Property and License Agreement entered into by the Parties dated the date hereof contains certain agreements between the Parties related to the Premises.

4.3. FURTHER ACTION. Each of the Parties agrees to execute and deliver, or, if applicable, to cause its Affiliates to execute and deliver, after the Closing Date such other documents, certificates, agreements and other writings and to take such other commercially reasonable actions as may be necessary or desirable, in the opinion of both Parties' counsel, in order to consummate or implement expeditiously the transactions contemplated under this Agreement.

4.4. DISCHARGE OF ASSUMED LIABILITIES. Prior to the closing, Seller shall discharge the Assumed Liabilities on a timely basis and in accordance with their terms and Seller agrees that Buyer shall have no liability for any failure of Seller to so discharge the Assumed Liabilities in accordance with their terms. Following the Closing, Buyer shall discharge the Assumed Liabilities on a timely basis and in accordance with their terms and Buyer agrees that Seller shall have no liability for any failure of Buyer to so discharge the Assumed Liabilities in accordance with their terms.

4.5. POST-CLOSING PAYMENTS. The Parties acknowledge that, after the Closing Date, Seller may make payments to third parties on behalf of Buyer associated with certain Transferred Assets and Assumed Liabilities. Buyer agrees to reimburse Seller for such payments, to the extent that they relate to the period after the Closing, promptly upon receipt of an invoice from Seller. Seller shall invoice Buyer monthly on the fifteenth (15th) day of each month. If Buyer disputes such invoice on the basis that

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such payment did not relate to the Transferred Assets or the Assumed Liabilities for any period after the Closing, Buyer shall, within fourteen (14) calendar days of receiving such invoice, give notice to Seller of such dispute and the Parties shall set in good faith to immediately resolve such dispute. All amounts payable by Buyer to Seller pursuant to this Section 4.5, shall be paid in immediately available funds in U.S. Dollars to Seller's account set forth in Section 1.3.

4.6. LICENSE AND PERMITS. Buyer must seek a regulatory or other permitted transfer of, or obtain through separate application for itself, any applicable licenses and permits, including environmental licenses and permits, which are required for Buyer's operation or ownership of the Transferred Assets. For ninety (90) days from the Date of Execution, Seller will, to the extent that Seller deems commercially reasonable, assist Buyer in such matters.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF BUYER

As of the Date of Execution and as of the Closing Date, Buyer hereby represents and warrants to Seller as follows:

5.1. INCORPORATION. Buyer is a corporation duly organized and validly existing in good standing under the laws of the People's Republic of China, with all requisite corporate power and authority to own its properties and conduct its business as now being conducted, and is duly qualified in each jurisdiction in which its ownership of property requires such qualification except where the failure to [ILLEGIBLE] qualify would not have a material adverse effect on Buyer.

5.2. BINDING EFFECT, AUTHORIZATION; VALIDITY TO AGREEMENT. Buyer has the requisite corporate power and authority to execute and deliver each of the Operative Agreements and to perform its obligations under each of the foregoing. Each of the Operative Agreements has been duly and validly authorized, executed and delivered by Buyer and constitutes the legal, valid and binding obligations of Buyer in accordance with its respective terms. No other corporate actions or proceeding on the part of Buyer are necessary to authorize the Operative Agreement and the transactions contemplated by any of the foregoing.

5.3. NO CONFLICT. The Execution and delivery by Buyer of this Agreement and the other Operative Agreement does not, and the performance by Buyer of its obligations hereunder and thereunder do not and will not:

(a) conflict with or result in a breach of any of the provisions of its Articles of Association;

(b) breach, violate or contravene any Governmental Rule, or create any right of termination or acceleration or Lien, that individually or in the aggregate, would have [ILLEGIBLE] material adverse effect on (i) its authority or ability to perform any of its obligations.

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under this Agreement or the other Operative Agreements or (ii) accept transfer and assignment of the Transferred Assets and the Assumed Liabilities, or

(c) conflict in any respect with, or result in a breach of or default under, any Contract, license, franchise, permit or any other agreement or instrument to which Buyer or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of its or their properties may be affected or bound that, individually or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under this Agreement or the other Operative Agreements or (ii) the Assumed Liabilities (except for agreements and instruments that required the consent or approval of a third party after the Date of Execution and on or before Closing, or such other date as the Parties may agree, for the transactions contemplated by this Agreement).

5.4. NO BROKER. Neither Buyer nor any of its Subsidiaries has engaged any corporation, firm or other Person who is entitled to any fee or commission as a finder or a broker in connection with the negotiation or this Agreement or the other Operative Agreements or the consummation of the transactions contemplated hereby and thereby, and Buyer shall be responsible for all liabilities and claims (including costs and expenses of defending against same) arising in connection with any claim by a finder or broker that it acted on behalf of Buyer or any of its Subsidiaries in connection with the transactions contemplated hereby and thereby.

5.5. ACTIONS AND PROCEEDINGS. There are no (a) outstanding judgments, orders, writs, injunctions or decrees of any court, Governmental Authority or arbitration tribunal that have a material adverse effect on the Buyer's ability to perform its obligations under the Operative Agreements, or (b) actions, suits, claims or legal, administrative or arbitration proceedings pending or, to the knowledge of Buyer, threatened against Buyer that have a material adverse effect on the Buyer's ability to perform its obligations under the Operative Agreements.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES OF SELLER

As of the Date of Execution and as of the Closing Date and except as set forth on the disclosure schedule delivered by the Seller to Buyer (the "DISCLOSURE SCHEDULE"), Seller hereby represents and warrants to Buyer as follows.

6.1. INCORPORATION. Seller is a duly incorporated and validly existing corporation in good standing under the laws of the People's Republic of China, with all requisite corporate power and authority to own its properties and conduct its business, and is duly qualified in each jurisdiction in which its ownership of property requires such qualification except where the failure to so qualify would not have a material adverse effect upon the Transferred Assets.

6.2. BINDING EFFECT; AUTHORIZATION; VALIDITY OF AGREEMENT. Seller has the requisite corporate power and authority to execute and deliver the Operative Agreements and to perform its obligations under each of the foregoing. Each of the Operative Agreement has been duly and validly authorized, executed and delivered by Seller and

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constitutes the legal, valid and binding obligations of Seller in accordance with its respective terms. No other corporate actions or proceedings on the part of Seller are necessary to authorize the Operative Agreement and the transactions contemplated by any of the foregoing.

6.3. NO CONFLICT. The execution and delivery by Seller of this Agreement and the other Operative Agreement does not, and the performance by Seller of its obligations hereunder and thereunder do not and will not:

(a) conflict with, or result in a breach of, any of the provisions of its Articles of Association;

(b) breach, violate or contravene any Governmental Rule or create any right of termination or acceleration or Liens, that, individually or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under the Operative Agreements, or (ii) the Transferred Assets, or

(c) conflict in any respect with, or result in a breach of or default under, any Contract, license, franchise, permit or any other agreement or instrument to which Seller or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of its or their properties may be affected or bound that, individually or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under this Agreement or the other Operative Agreements, or (ii) the Transferred Assets (except for agreements and instruments that require the consent or approval of a third party after the Date of Execution and on or before Closing, or such other date as the Parties may agree, for the transactions contemplated by this Agreement).

6.4. NO BROKER. Seller has engaged no corporation, firm or other Person

who is entitled to any fee or commission as a finder or a broker in connection with the negotiation of this Agreement or the other Operative Agreements or the consummation of the transactions contemplated hereby and thereby, and Seller shall be responsible for all liabilities and claims (including costs and expenses of defending against same) arising in connection with any claim by a finder or broker that it acted on behalf of Seller in connection with the transactions contemplated hereby.

6.5. TITLE TO THE TRANSFERRED ASSETS. Seller or a Seller Affiliate has good and marketable title to the Transferred Assets listed on Schedule 1.1 and the tangible property that is the subject of the Assumed Liabilities in Schedule 1.4A hereto, free and clear of any Liens, other than Permitted Liens. At Closing, all of the Transferred Assets shall be transferred by Seller to the Buyer free and clear of any and all Lien (other than Permitted Liens), together with any and all consents of third parties required to transfer the Transferred Assets to the Buyer, except where the failure to obtain such consent would not have a material adverse effect on the Transferred Assets collectively.

6.6. ACTIONS AND PROCEEDING. There are no (a) outstanding judgments, orders writs, injunctions or decrees of any court, Governmental Authority or arbitration tribunal

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that have a material adverse effect on the Seller's ability to perform its obligations under the Operative Agreements; or (b) actions, suits, claims or legal, administrative or arbitration proceedings pending or, to the knowledge of Seller, threatened against Seller that have a material adverse effect on the Seller's ability to perform its obligations under the Operative Agreements.

6.7. NO RIGHTS IN OTHERS TO TRANSFERRED ASSETS. Neither Seller nor any Affiliate of Seller is party to any outstanding Contracts giving any Person any present or future right to require Seller to transfer to any Person any ownership or possessory interest in, or to grant any lien on, any of the Transferred Assets, other than pursuant to this Agreement.

6.8. CONTRACTS. Schedule 1.1 and 1.4 together contain a true and complete list of material contracts related to the Premises and included in the Transferred Assets and Assumed Liabilities. Seller has performed or is performing all material obligations required to be performed by it under such Contracts and is not (with or without notice, lapse of time or both) in breach or default in any material respect thereunder; and, to the knowledge of Seller, no other party to any of such Contracts is (with or without notice or lapse of time or both) in breach or default in any material respect thereunder. All the Contracts relating to the Transferred Assets have been either completed, ongoing, terminated or suspended as specified in the "remarks" column of the table attached hereto as Schedule 1.1 and that all Contracts regarding the Assumed Liabilities, listed on Schedule 1.4, and marked "suspended" may be resumed at the sole option of Seller and/or assigned by Seller in Buyer without penalties.

Each Contract regarding the Assumed Liabilities and set forth on Schedule 1.4A is in full force and effect and there exists no (i) event of default under such contract by either Seller or any other party to any such Contract or (ii) event, occurrence, condition or act (including the consummation of the transactions contemplated hereby) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become an event of default under such Contract by either Seller or any other party thereto. With the exception of retention payments disclosed to Buyer, Seller does not have any outstanding liability or obligation under any such Contract and Seller will fully discharge all of its obligations and liabilities in accordance with its terms, and has or will pay all its contractors and all fees in respect of the construction and commissioning of the Premises (including, but not limited to, administrative charges, fees for engineering works, registration fee and survey fees, etc.).

6.9. SELLER'S USE OF TRANSFERRED ASSETS PRIOR TO CLOSING. From the date of this Agreement until the Closing Date, except as contemplated under the Real Estate Property and License Agreement, Seller will not use the Transferred Assets in any material way whatsoever, and will refrain from taking any actions (including omissions to do anything), which would materially cause harm to or adversely affect the value of the Transferred Assets.

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6.10. WARRANTIES. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY SELLER IN THIS ARTICLE VI, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE TRANSFERRED ASSETS AND ASSUMED LIABILITIES, IT BEING SPECIFICALLY UNDERSTOOD BY BUYER THAT, EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE VI, THE TRANSFERRED ASSETS AND ASSUMED LIABILITIES ARE BEING SOLD AND TRANSFERRED "AS IS" IN ALL RESPECTS, SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF BUYER'S, WHETHER OR NOT SELLER HAS BEEN MADE AWARE OF ANY SUCH PURPOSE.

6.11. TAX MATTERS. Seller has timely filed within the time period for filing or any extension granted with respect thereto, all Tax returns which it is required to file relating or pertaining to any all Taxes attributable to or levied upon the Transferred Assets with respect to the Pre-Closing Tax Period and has paid any and all Taxes it is required to pay in connection with the taxable period to which such Tax returns relate. There are (and as or immediately following the Closing there will be) no liens for taxes on the Transferred Assets, other than Permitted Liens, and no action, proceeding or, to use Knowledge of sellers, investigation has been instituted against Seller which would give rise to any such lien, other than Permitted liens. Seller has no knowledge of any claims asserted or threatened with respect to any Taxes.

6.12. COMPLIANCE WITH APPLICABLE LAWS. Except the disclosed in the Disclosure Schedule, Seller is conducting its business and activities relating to the Transferred Assets and the Assumed Liabilities in a material compliance with applicable statutes, laws, ordinances, rules, orders and regulations of all Governmental Authorities.

ARTICLE VII. CONDITIONS OF BUYER'S OBLIGATIONS

The Obligation of Buyer to consummate the transactions contemplated herein is subject to the satisfaction (or waiver by Buyer) of the conditions set forth below in this Article.

7.1. REPRESENTATIONS AND WARRANTIES. The representations and warranties of Seller made in this Agreement and the other Operative Agreements shall be true and correct in all material respects as of the Date of Execution and as of the Closing Date with the same effect as if made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to and earlier time in which case such representations and warranties shall be true and correct in all material respects as of such earlier time. Seller shall have performed or complied with in all material respects its respective covenants, agreements and undertakings contained in this Agreement and the other Operative Agreements required to be performed at or prior to the Closing.

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7.2. CONSENTS, APPROVALS, AND INJUNCTIONS. Seller shall have obtained or made all consents, approvals, orders, licenses, permits and authorizations of, and registrations, declarations and filings with any Governmental Authority of any other Person required to be obtained or made by or with respect to the transfer and sale of the Transferred Assets in connection with the execution and delivery of this Agreement and the other Operative Agreements and the consummation of the transactions contemplated hereby and thereby (including without limitation, the transfer and assignment of the Transferred Assets and the Assumed Liabilities).

7.3. CONSENTS, GOVERNMENTAL ACTIONS, PERMITS; BURDENSOME CONDITIONS.

(a) All Governmental Actions set forth on Schedule 7.3(a), if any, including the issuance or transfer of all permits or other consents of Governmental Authorities necessary for Seller to transfer the Transferred Assets shall (i) have been taken, given or obtained, (ii) be in full force and effect, and (iii) not be subject to any pending proceedings or appeals, administrative, judicial or otherwise (and the time for appeal shall have expired of, if an

appeal shall have been taken, it shall have been dismissed).

(b) No burdensome Condition shall exist with report to Buyer in connection with the transactions contemplated by the Operative Agreements.

7.4. GOVERNMENTAL RATE. No Governmental Rule shall have been instituted, issued or proposed to restrain, enjoin or prevent the consummation of the transactions contemplated by this Agreement and the other Operative Agreements or to invalidate, suspend or require modification of any material provision of any Operative Agreement.

7.5. OPERATIVE AGREEMENTS AND OTHER AGREEMENTS. Seller shall have entered into each of the Operative Agreements to be executed by it and each such Operative Agreement shall be in full force and effect without breach thereunder by Seller, International Business Machines Corporation and Amkor Technology, Inc, shall have entered into the Intellectual Property Agreements, "Goods Agreement" and related "Statement of Work" and " Attachments" to such "Statement of Work", and each such agreement shall be in full force and effect without breach thereunder by International Business Machines Corporation. IBM Singapore Pte Ltd and Amkor Technology Singapore Pte. Ltd. shall have entered into the "Transition Services Agreement", the "Asset Purchase Agreement", Including its related "Assignment and Assumption Agreement", as well as a related "Real Estate Lease Assignment Agreement", and each such Agreement shall be in full force and effect without breach thereunder by IBM Singapore pte Ltd.

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Xin and Buyer shall have entered into a "Sales Contract of Commodity Premises" for the Transfer of the Premises and such agreement shall be in full force and effect without breach thereunder by Xin. Xin and Seller shall have entered into the "Lease Modification and Termination Agreement" and such agreement shall be in full force and effect without breach thereunder by either party thereto.

7.6. INJUNCTION, ORDERS. (a) No injunction order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the Closing, which would restrain, prohibit or make unlawful the transfer to, and the ownership and operation by Buyer of the Transferred Assets or the assumption by Buyer of the Assumed liabilities or invalidate or suspend any provision of the Operative Agreements in any material respect.

(b) No action or proceeding challenging the transactions or any provision of this Agreement or the other Operative Agreements in any material respect shall be pending or threatened against any party.

7.7. CLOSING DOCUMENTS. Seller shall have delivered to Buyer the following documents.

(a) a certificate of a duly authorized officer of Seller, dated as of the Closing Date, to the effect that the representations and warranties of Seller in this Agreement are true and correct in all material respects (save as disclosed or qualified in the Disclosure Schedule) and that all actions required to be taken by seller prior to the Closing have been duly taken;

(b) a certificate of a director or the secretary or assistant secretary of Seller, dated the Closing Date, as to the continued existence of Seller and certifying the authorization of the execution of the certificate described in Section 7.7(a) and the execution, delivery and performance of the Operative Agreements; and

(c) Seller shall have delivered to Buyer each of the documents referred to in Section 2.2(a).

7.8. NO MATERIAL ADVERSE CHANGE. There shall have been no material adverse change to the Transferred Assets since the Date of Execution.

7.9. CONDITION OF ASSETS. To a material extent, the Transferred Assets shall not have been damaged or destroyed, prior to the Closing Date, by fire or other casuality, whether or not fully covered by insurance.

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ARTICLE VIII. CONDITIONS TO SELLER'S OBLIGATIONS.

The obligations of Seller ??? the transactions contemplated herein shall be subject to the satisfaction (or waiver by seller) of the conditions set forth below in this Article.

8.1 PAYMENT OF PURCHASE PRICE AND RECEIPT OF PARENT GUARANTY FOR THE SECOND INSTALLMENT OF THE PURCHASE PRICE.

- (a) The payment of the first installment of the Purchase Price, at Closing, in the manner specified in Section 1.3.
- (b) The receipt by Seller of a parent guaranty, in a form satisfactory to seller, issued by Amkor Technology, Inc. ("Buyer's Parent") for the second installment of the Purchase Price (twelve million U.S. Dollars (US\$ 12,000,000)), and compliance by Buyer's parent with the conditions to Closing set out in such parent guaranty.

8.2 REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer made in this Agreement and the other Operative Agreements shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date with the same effect as if made at and as of the Closing Date, except to the extent such representation and warranties expressly relate to an earlier time in which case such representations and warranties shall be true and correct in all material respects as of such earlier time. Buyer shall have performed or complied with in all material respects its respective covenants, agreements and undertakings contained in this Agreement and the other Operative Agreements required to be performed at or prior to the Closing.

8.3 CONSENTS, APPROVALS AND INJUNCTIONS. (a) Buyer shall have obtained or made all consents, orders, approvals, licenses, permits and authorizations of, and registrations, declarations and filings with, any Governmental Authority or any other Person required to be obtained or made by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Operative Agreements, and the consummation of the transactions contemplated hereby and thereby (including without limitation, the ownership and operation of the Transferred Assets and the assumption of the Assumed Liabilities).

8.4 CONSENTS, GOVERNMENTAL ACTIONS, PERMITS; BURDENSOME CONDITIONS.

(a) All Governmental Actions set forth on Schedule 7.3 (a), if any, including the issuance or transfer of all permits or other consents of Governmental Authorities necessary for Buyer to receive the Transferred Assets shall (i) have been taken, given or obtained, (ii) be in full force and effect, and (iii) not be subject to any pending proceedings or appeal, administrative, judicial or otherwise (and the time for appeal shall have expired or, if an appeal shall have been taken, it shall have been dismissed)

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(b) No Burdensome Condition shall exist with respect to Seller in connection with the transactions contemplated by the Operative Agreements.

8.5. GOVERNMENTAL RULE. No Governmental Rule shall have been instituted, issued or proposed to restrain, enjoin or prevent the consummation of the transactions contemplated by this Agreement, and the other Operative Agreements or to invalidate, suspend or require modification of any material provision of any Operative Agreement.

8.6. OPERATIVE AGREEMENTS AND OTHER AGREEMENTS. Buyer shall have entered into each of the Operative Agreements to be executed by it and each such Operative Agreement shall be in full force and effect without breach thereunder by Buyer.

Amkor Technology, Inc. and International Business Machines Corporation shall have entered into the Intellectual Property Agreements, "Goods Agreement" and related "Statement of Work" and "Attachments" to such "Statement of Work", and each such agreement shall be in full force and effect without breach thereunder by Amkor Technology, Inc. IBM Singapore Pte Ltd and Amkor Technology, Singapore Pte. Ltd. shall have entered into the "Transition Services Agreement", the "Asset Purchase Agreement", including its related "Assignment and Assumption Agreement", as well as a related "Real Estate Lease Assignment Agreement", and each agreement shall be in full force and effect without breach thereunder by Amkor Technology, Singapore Pte. Ltd. Xin and Buyer shall have entered into a "Sales Contract of Commodity Premises" for the transfer of the Premises and such Agreement shall be in full force and effect without breach thereunder by either party thereto. Xin and Seller shall have entered into the "Lease Modification and Termination Agreement" and such agreement shall be in full force and effect without breach thereunder by Xin.

8.7. INJUNCTIONS, ORDERS. No injunction, order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the Closing, which would restrain, prohibit or make unlawful the transfer to Buyer, or the ownership and operation by Buyer, of the Transferred Assets, or the assumption by Buyer of the Assumed Liabilities, or invalidate or suspend any provision of any Operative Agreement.

8.8. CLOSING DOCUMENTS. Buyer shall have delivered to Seller the following documents:

(a) a certificate of a duly authorized officer of Buyer, dated the Closing Date, to the effect that Buyer's representations and warranties in this Agreement are true and correct and that all actions required to be taken by Buyer have been duly taken, as of the Closing Date; and

(b) a certificate of a director or the secretary or assistant secretary of Buyer, dated the Closing Date, as to the continued existence of Buyer, certifying the

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authorization of the execution of the certificate described in Section 8.8(a) and the execution, delivery and performance of the Operative Agreements as of the closing Date.

ARTICLE IX. TERMINATION AND ABANDONMENT; RETURN OF

PURCHASE PRICE

9.1 METHODS OF TERMINATION. This Agreement may be terminated and the transactions herein contemplated may be abandoned at any time:

- (a) by mutual written consent of Buyer and Seller;
- (b) by Buyer or seller if this Agreement is not consummated on or before June 15, 2004;
- (c) by Buyer if as of the Closing Date any of the conditions specified in Article VII hereof have not been satisfied; or
- (d) by Seller if as of the Closing Date any of the conditions specified in Article VIII hereof have not been satisfied.

9.2 PROCEDURE FOR AND UPON TERMINATION. The Party exercising any termination right in Section 9.1 must first give at least 30 days' prior written notice of such termination to the other Party. Such notice shall contain the date that termination and abandonment will become effective. The other party may then cure any event creating such termination right if such event can be cured. If there is no cure during such notice period, then termination and abandonment shall become effective on the date set forth in the notice of termination. In the event of termination and abandonment pursuant to Section 9.1(b)-(d), this Agreement shall terminate and shall be abandoned, without further action by any Party. If this Agreement is terminated as provided herein, each Party shall either destroy or redeliver all documents and other material of the other Party relating to the transaction contemplated hereby, whether obtained before or

after the execution hereof, to the other Party.

9.3 RETURN OF PURCHASE PRICE

If subsequent to Closing, Buyer is entitled to require Seller to refund such portions of the Purchase Price previously paid by Buyer pursuant to section 6.5 of the Real Estate Property and License Agreement, then, notwithstanding any provision under this Agreement, Buyer shall be entitled to declare that Closing of the sale and purchase of the Transferred Assets hereunder be null and void by giving ten (10) days prior written notice to seller. In such case, Seller shall immediately refund to Buyer such portions of the Purchase Price Previously paid by Buyer. Such refund shall be by electronic funds transfer, in immediately available funds in U.S. Dollars to an account to be specified by Buyer.

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Notwithstanding anything to the contrary hereunder, all transfer, documentary, sales, use registration, value-added, stamp duty, goods and service, real estate transfer, and any similar taxes and related fees (including interest, penalties and additions to tax) incurred under this section 9.3 shall be equally borne by the parties. Further, Buyer's entitlement to require Seller to refund the Purchase Price as described above and Seller's obligation to so refund the Purchase Price shall survive Closing or any termination of this Agreement until May 1, 2005, Promptly after Buyer's actual receipt of such refund of the Purchase Price, Buyer shall transfer, assign and novate, and Seller shall so accept, Buyer's rights, interests to the Transferred Assets and Buyer's rights, interests, obligations and liabilities with respect to the Assumed Liabilities in such state and condition, as is, as of the time of the notice given by Buyer to Seller under this Section 9.3 but free and clear of all Liens except Permitted Liens. The provisions of this Section 9.3 shall be without prejudice to the Parties' respective indemnification rights and other remedies hereunder or under any of the Operative Agreements.

ARTICLE X. GENERAL MATTERS.

10.1. SURVIVAL.

(a) Notwithstanding any investigation by the Parties, all representations, and warranties made by the Parties under this Agreement or in any schedule, document, certificate or other instrument delivered by or on behalf of the Parties pursuant to this Agreement shall be made and relate only to the Date of Execution and the Closing Date, but any claim for breach thereof shall continue in full force and effect after the Date of Execution and after the Closing Date for a period of twelve (12) months after the Closing Date, after which time they shall cease; provided, however, that all representations and warranties relating to the Assumed Liabilities shall survive the Closing Date until the expiration of the applicable statute of limitation with respect thereto. For clarification, any claim for breach of a representation or warranty that is filed with a court having jurisdiction over both Parties and such subject matter within twelve (12) months after the Closing Date (or within the applicable statute of limitation period if such claim is for breach of a representation or warranty relating to the Assumed Liabilities) shall survive until final judicial disposition of such claim.

(b) Notwithstanding anything to the contrary herein, any provision of this Agreement, including, but not limited to Section 1.3 (Consideration), 9.3 (Return of Purchase Price), 10.1 (Survival), and 10.2 (indemnification), which by its terms explicitly contemplates the existence of a right or performance of an obligation for a period of time beyond the Closing and/or termination of this Agreement, will survive Closing and/or termination of the Agreement for such specified period. In addition to the foregoing, the provisions of Sections 10.3 (Limitation of Liability), 4.4 (Discharge of Assumed Liabilities), 10.9 (Modifications and Waiver), 10.10 (Governing Law), 10.11 (Dispute Resolutions), 10.13 (Assignment), 10.15 (No Third Party Beneficiaries), and 10.16 (Entire Agreement) shall survive indefinitely.

10.2. INDEMNIFICATION.

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(a) Indemnification by Seller: From the Closing Date until the fourth anniversary of the Closing Date only. Seller shall fully indemnify, defend and hold harmless Buyer and Buyer's Affiliates, and their respective officers, directors, employees, representatives and agents (each, a "BUYER INDEMNIFIED PARTY" and collectively, the "BUYER INDEMNIFIED PARTIES") from and against any and all claims, liens, demands, actions, judgments, proceedings, liabilities (whether accrued, absolute, contingent or otherwise) and reasonable associated expenses (including reasonable attorney's fees) ("Claims"), provided that such Claims (i) are brought by third parties against a Buyer Indemnified Party (or Buyer Indemnified Parties), and (ii) directly arise from and relate to the time period prior to the Closing, including, in cases of environmental claims, that the basis for the claim is a Hazardous Substance existing on or under the Premises prior to the Closing, and (iii) directly arise from and relate to a violation of a China Governmental Rule in effect on the Closing Date or any other obligation of Seller on or prior to the Closing Date, and (iv) directly arise from and relate to either (a) Seller's ownership or use of the Transferred Assets, (b) Seller's performance of the Assumed Liabilities, and/or (c) Seller's leasing or use of the Premises, (individually referred to as a "THIRD PARTY CLAIM AGAINST BUYER" and collectively as, "THIRD PARTY CLAIMS AGAINST BUYER"). "HAZARDOUS SUBSTANCES" means, without regard to amount and/or concentration, petroleum, petroleum distillates, petroleum products, pesticides, radioactive materials and substances, friable asbestos as of Closing, polychlorinated biphenyls ("PCBs"), polyurethane foam insulation, radon and any materials or substances which are regulated under or defined as, or otherwise included in the definition, of "hazardous substances", "hazardous wastes", or "TOXIC SUBSTANCES" in any applicable Environmental Law, and constituents and degradation products of any of the foregoing. "ENVIRONMENTAL LAW" shall mean, as may be amended, any China law, statute, ordinance, code, rule or regulation relating to protection of the environment and/or governing the use, handling, generation, treatment, recycling, storage, manufacture, transportation or disposal of Hazardous Substances.

(b) Indemnification by Buyer: Until the fourth anniversary of the date on which Seller knew or should have known about specific third party claims or environments matters, Buyer shall fully indemnify, defend and hold harmless Seller and seller's Affiliates, and their respective officers, directors, employees, representatives and agents (each, a "SELLER INDEMNIFIED PARTY" and collectively, the "SELLER INDEMNIFIED PARTIES") from and against any and all Claims that (i) are brought by third parties against a Seller Indemnified Party (or Seller Indemnified Parties), and (ii) directly arise from and relate to the time period after the Closing, including, in cases of environmental claims, that the basis for the claim is a Hazardous Substance existing on or under the Premises after the Closing, and (iii) directly arise from and relate to a violation of a China Governmental Rule in effect after the Closing Date or any other obligation of Buyer on or after the Closing Date and (iv) directly arise from and relate to either (a) Buyer's ownership or use of the Transferred Assets, (b) Buyer's performance of the Assumed Liabilities, and/or (c) Buyer's leasing or use of the Premises, (individually referred to as a "THIRD PARTY CLAIM AGAINST SELLER" and collectively as, "THIRD PARTY CLAIMS AGAINST SELLER").

(c) Procedure for Third Party Claim Indemnification.

(1) Promptly after receipt by an indemnified party of notice of a claim or the commencement of any proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice in writing to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnified party's failure to give such notice.

(2) The indemnifying party will be entitled to participate in such Claim and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such proceeding and provide indemnification with

respect to such proceeding), to assume, by written notice thereof within ten (10) days of transmittal of the notice of the Claim by the indemnified party, the defense of such proceeding with counsel satisfactory to the indemnified party, provided, however, that the indemnifying party may not so assume the defense if such Claim (A) may result in criminal proceedings, injunctions or other equitable remedies in respect of the indemnified party or its business; (B) may result in liabilities which, taken with other then existing Claims under this Section 10.2, would not be fully indemnified hereunder; (C) may have a material adverse effect on the business or financial condition of the indemnified party after the Closing Date; (D) is for an alleged amount of less than \$25,000; or (E) upon petition by the indemnified party, if an appropriate court rules that the indemnifying party failed or is failing to vigorously prosecute or defend such Claim, in which events the indemnified party shall assume the defense. If the indemnifying party assumes the defense of a Claim by a third party, (i) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of any legal requirement or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such Claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Claim or proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnifying party of its election to assume the defense of such proceeding, the indemnified party will be bound by any determination made in such proceeding or any compromise or settlement effected by the indemnified party. A Claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

10.3. LIMITATION OF LIABILITY. Notwithstanding anything to the contrary set forth in the Operative Agreements, unless this section is specifically and expressly excluded from application to a specific Operative Agreement provision in an Operative Agreement,

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- (a) neither Seller nor Buyer shall be liable to the other Party for any amounts with respect to the branch of an Operative Agreement(s) unless and until such amounts shall exceed in the aggregate one hundred thousand U.S. dollars (US\$ 100,000) (the "LIMITATION AMOUNT") (in which case Seller or Buyer, as applicable, shall only be liable to the other Party with respect to the excess over the Limitation Amount);
- (b) there shall be no Seller or Buyer liability to the other Party with respect to any such matter for individual amounts of less than Twenty-Five Thousand U.S. Dollars (US\$25,000) and such amounts shall not be taken into account in determining whether the Limitation Amount has been exceeded;
- (c) except with respect to Buyer's obligation to pay to Seller the Purchase Price, Seller's obligation to return such portion of the Purchase Price previously paid by Buyer under the circumstances described in Section 9.3, Buyer's payment and reimbursement obligations pursuant to sections 2.1, 5.3 and 6.2 of the Real Estate Property and License Agreement, and Seller's obligation to transfer to Buyer good and marketable title of the Transferred Assets, free and clean of any and all Liens (other than Permitted Liens), in accordance with this Agreement, in no event shall Seller's cumulative liability to Buyer in the aggregate, or Buyer's cumulative liability to Seller in the aggregate, exceed eleven million, five hundred thousand United States Dollars (US\$11,500,000), provide, however, that the final one million, five hundred thousand United States Dollars (US\$1,500,000) of such amount shall apply only if entitled to such sum under section 1.5 and 1.6 in Appendix 4 of the Real Estate Property and License Agreement; and
- (d) neither Seller nor Buyer shall be responsible with respect to any Operative Agreement or otherwise for any indirect, incidental,

punitive, special or consequential damages whatsoever, including loss of profits or goodwill, business interruptions or claims of customer, even if advised of the possibility of such damages.

10.4. PUBLIC ANNOUNCEMENTS. The Confidentiality Agreement is hereby incorporated by reference and its provisions shall be deemed to apply to this Agreement and the other Operative Agreements such that the existence of such agreements and any information disclosed under such agreements shall be subject to the provisions of the Confidentiality Agreement. For six (6) months after the Closing Date, all public announcements relating to this Agreement or the transactions contemplated hereby shall be made only after consultation between the Parties, except for disclosures by either Party that in the opinion of counsel for such Party are required by law, rule or regulation. Any disclosures to customers in connection with commercial relationships shall not reveal the Purchase Price of this Agreement. Notwithstanding the foregoing, either Party shall have the right, in its sole discretion, to make such disclosures as it may deem necessary or advisable to any Governmental Authority. In the event of a breach or anticipatory breach

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of this Section 10.4 by either Party, the other Party shall be entitled, in addition to any and all other remedies available at law or in equity, to preliminary and permanent injunctive relief and specific performance without proving damages.

10.5. COSTS. Each Party shall be responsible for the costs and expenses incurred by it in the negotiation, execution and delivery of the Operative Agreements and, except as otherwise provided elsewhere in such agreements, the consummation of the transactions contemplated hereby and thereby.

10.6. DUE DILIGENCE. Buyer has engaged in the entire due diligence effort it deemed appropriate prior to executing this Agreement. The sale of the Transferred Assets is based solely upon the results of that due diligence and there has been no reliance upon the representations or statements of Seller, other than as set forth in Article VI.

10.7. RELEASES AND WAIVERS. The Parties acknowledge and agree that Seller has, prior to Closing, delivered to Buyer signed releases and waivers in the form acceptable by Buyer with respect to certain of the Contracts (Contract Nos. A-05, M-02, M-03, M-04, M-08, M-11 and M-12).

10.8. ACCESS TO BOOKS, RECORDS AND EMPLOYEES. For a period of fifteen (15) months immediately after the Closing Date, Buyer shall permit Seller reasonable access to any books and records relating to the period prior to the Closing and transferred by Seller to Buyer pursuant to this Agreement. Such access shall be during normal business hours or as the Buyer and Seller may otherwise agree. Prior to such access, Seller shall provide Buyer at least 2 Business Day's advance written notice.

10.9. MODIFICATION AND WAIVER. No modification or waiver of any provision of this Agreement and no consent by either Party to any departure therefrom shall be effective unless in a writing referencing the particular section of this Agreement to be modified or waived and signed by a duly authorized signatory of each Party, and the same will only then be effective for the period and on the conditions and for the specific instances and purposes specified in such writing.

10.10. GOVERNING LAW. This Agreement has been delivered at and shall be deemed to have been made in China, and all matters arising from or relating in any manner to the subject matter of this Agreement shall be interpreted and construed, and the rights and liabilities of the Parties determined, in accordance with the published laws of China applicable to agreements executed, delivered and performed within China, without regard to the principles of conflicts of laws thereof.

10.11. DISPUTE RESOLUTION. Any dispute arising from or in connection with this Agreement shall be submitted to China International Economic and Trade Arbitration Commission for arbitration which shall be conducted in accordance with the Commission's arbitration rules in effect at the time of applying for arbitration. The arbitral award is final and binding upon the parties of the

arbitration, and any Party may

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apply to a court of competent jurisdiction for enforcement of such award. The arbitration fee shall be borne by the losing Party.

Unless it is required otherwise by law, any such arbitration must be commenced no later than one (1) year from the date on which the complaining Party first became aware, or reasonably should have become aware, of the facts or circumstances giving rise to the dispute.

Within fifteen (15) calendar days after a request for arbitration is submitted, each Party shall designate in writing one (1) arbitrator to resolve the dispute who shall, in turn, jointly select a third arbitrator within fifteen (15) calendar days after their designation. The third arbitrator is to be selected in accordance with the procedure established by China International Economic and Trade Arbitration Commission under its arbitration rules then in effect. If a Party does not designate an arbitrator within fifteen (15) calendar days after such written notice is served, the relevant designation shall be made by the Chairman of China International Economic and Trade Arbitration Commission. In the event at the third arbitrator is not selected within fifteen (15) calendar days of the designation of the initial two arbitrator, the Chairman of China International Economic and Trade Arbitration Commission shall select the third arbitrator. The arbitrators so designated or selected shall each be designated or selected from the prescribed list of arbitrators of China International Economic and Trade Arbitration Commission.

In order to preserve its rights and remedies, any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction or other temporary relief from such a court, pending the final decision or award of the court of competent jurisdiction.

During the period when a dispute is being resolved, except for the matter being disputed, the Parties shall in all other respects continue their implementation of this Agreement.

10.12. NOTICES. All notices and other communication hereunder shall be in writing and shall be deemed to have been duly given and shall be effective (a) when delivered by messenger or courier, or (b) five days after deposit for mailing by registered or certified mail, postage prepared, return receipt requested, or (c) within one Business Day when transmitted by telecopy, provided that sender as a report showing transmission of such telecopy, as follows;

(a) If to Seller, to:

IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.,
No. 11 South Ri Ying Road, Wai Gao Qiao Free Trade Zone
Shanghai 200131, China

Attention: General Manager
Telecopy: (021) 5048 0300

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with a copy at the following address to:

IBM China Company Limited
Address: 24/F, IBM Tower, Pacific Century Place
Beijing 100027, China
Attention: General Counsel, Greater China Group
Telecopy: (10) 6539 1188

(b) if to Buyer, to:

Amkor Assembly & Test (Shanghai) Co., Ltd.
Building No.2,52 Fasai Road,
Wai Gao Qiao Free Trade Zone,

Shanghai 200131
People's Republic of China
Attention: General Manager
Fax: (8621) 50644592

with a copy to:

Amkor Technology, Inc.
1345 Enterprise Drive
West Chogtor, PA 19380
Attention: General Counsel
Fax: (610) 431-7189

or to such person or address as either of the parties shall here after designate to the other from time to time by similar written notice.

10.13. ASSIGNMENT. This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the successors and assigns of the parties; provided, that a Party may not assign its rights hereunder without the written consent of the other Party.

10.14. COUNTERPARTS. This Agreement may be executed by the Parties hereto in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. Each counterpart may be signed and executed by the Parties and transmitted by facsimile and shall be as valid and effectual as if executed as an original. In the case of execution by way of counterparts, this Agreement shall not be deemed to be concluded until the last of such counterparts shall have been executed.

10.15. NO THIRD PARTY BENEFICIARIES. This Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties and such permitted successors and assigns, any legal or equitable rights hereunder. Accordingly, any Person who is not a party to this Agreement (whether or not such person shall be

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named, referred to, or otherwise identified, or form part of a class of persons so named, referred to or identified, in this Agreement) shall have no right to enforce this Agreement or any of its terms.

10.16. ENTIRE AGREEMENT. This Agreement (including its Schedules and Exhibits), together with the other Operative Agreements comprise the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all other contemporaneous agreements and all prior agreements, understandings and representations, oral or written, between Buyer and Seller relating hereto or thereto. The Schedules and Exhibits form integral part of this Agreement.

10.17. TIME OF THE ESSENCE. Any time, date or period mentioned in any provision of this Agreement may be extended by mutual agreement between the Parties but as regards any time, date or period originally fixed and not extended or any time, date or period so extended as aforesaid, time shall be of the essence.

10.18. BUSINESS CAPACITY. The Parties agree and acknowledge that they have entered into this Agreement, and will undertake the transactions contemplated herein, as part of, or in the course of, their business activity, and not as consumers.

10.19. HEADINGS AND REFERENCES. In this Agreement (including the Schedules and Exhibits), unless the context otherwise requires:

- (a) headings are included for convenience only and shall not affect the interpretation of this Agreement;
- (b) words importing the singular include the plural and vice versa;
- (c) references to Sections, and Schedules or Exhibits are to sections of, and schedules or exhibits to this Agreement, and

references to Sections or paragraphs of the Schedules or Exhibits are to sections or paragraphs of the Schedules or Exhibits (as applicable); and

- (d) a reference to a document or this Agreement includes any amendment or supplement to, or restatement, replacement or novation of, that document or this Agreement from time to time, but disregarding any amendment, supplement, restatement, replacement or novation made in breach of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized signatories as of the date and year first above written.

12 May 2004

IBM INTERCONNECT PACKAGING SOLUTIONS (SHANGHAI) CO. LTD.

By: /s/ Alejo Yao

Name: ALEJO YAO
Title: Gen. Mgr. (SEAL)

AMKOR ASSEMBLY & TEST (SHANGHAI) CO.LTD.

By: -----

Name: ----- (SEAL)

Title: -----

[Signature page to Asset Purchase Agreement-China]

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IBM INTERCONNECT PACKAGING SOLUTIONS (SHANGHAI) CO. LTD

(seal)

By: -----

Name: -----

Title: -----

AMKOR ASSEMBLY & TEST (SHANGHAI) CO. LTD

(seal)

By: /s/ Brian J. Marcucci

Name: BRIAN J. MARCUCCI
Title: ATTORNEY IN FACT.

[Signature page to Asset Purchase Agreement-China]

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Exhibit A

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of May 31, 2004 (this "AGREEMENT"), between Amkor Assembly & Test (Shanghai) Co., Ltd., a wholly-foreign owned enterprise established under the law of the People's Republic of China ("BUYER"), and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd., a wholly-foreign owned enterprise established under the law of the People's Republic of China ("SELLER")

W I T N E S S E T H:

WHEREAS Buyer and Seller have entered into an assets Purchase Agreement dated as of May 17, 2004 (the "ASSETS PURCHASE AGREEMENT"), providing for, among other things, the purchase by Buyer of the Transferred Assets from Seller; and

WHEREAS, in conjunction with such purchase, Seller desires to sell, transfer, convey, assign and deliver to Buyer all of Seller's rights, title and interest in and to the Assumed Liabilities.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

1. Defined Terms. Terms defined in the text of this Agreement shall have such meaning throughout this Agreement.

2. Other Terms. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Asset Purchase Agreement. Nothing contained herein shall be deemed to alter or amend the terms and provisions of the Asset Purchase Agreement, and in the event of any conflict between the terms and provisions of this Agreement and the Asset Purchase Agreement, the terms and provisions of the Asset Purchase Agreement shall be deemed to govern and be controlling in all circumstances.

3. Assignment. Seller hereby irrevocably sells, transfers, conveys, assigns and delivers to Buyer all of its rights, title and interest in and to the Assumed Liabilities.

4. Assumption. Buyer does hereby accept such sale, transfer, conveyance, assignment and delivery of all of Seller's right, title and interest in and to the Assumed Liabilities by Seller and assumes all obligations and liabilities arising thereunder following the Closing.

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5. Effective time. The assignment by Seller, and the acceptance thereof by Buyer, of the Assumed Liabilities, pursuant to this Agreement, shall be effective as of the date hereof.

6. Non contravention. Certain of the Assumed Liabilities may require the consent of third parties to any assignment. Such assignment to Buyer are made subject to the obtaining of such consents and shall be effective as of the date of such consent. The execution of this Agreement shall not be interpreted, and is not intended to be interpreted, as any action taken by Seller that would be contrary to the terms and conditions of any contract requiring the consent of any third party to such assignment. Buyer and Seller shall fully cooperate with each other in an attempt to obtain such consents, as set forth in the Asset Purchase Agreement.

7. Notices. All notices and other communications hereunder shall be as set forth in the Asset Purchase Agreement.

8. Amendment. This Agreement may be amended, modified or supplemented, and any provision hereof may be waived, only by written agreement of the parties hereto signed by an authorized representative of each party hereto.

9. Waivers. Any failure of a party hereto to comply with any obligation, agreement or condition herein may be waived by the other party hereto; provided,

that any such waiver may be made only by a written instrument signed by the party granting such waiver, but such waiver of failure to insist upon strict compliance with such obligation, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure; and provided further that no waiver by a party hereto of any breach or default by the other party under this Agreement shall be deemed a waiver of any other previous breach or default or any thereafter occurring.

10. Entire Agreement. This Agreement, together with the Asset Purchase Agreement (including any exhibits and schedules attached hereto and thereto), embody the entire understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all contemporaneous and prior agreements and understandings between the parties with respect to such subject matter.

11. Headings. The headings contained in this Agreement are for reference purposes only and shall not limit or otherwise affect the meaning or interpretation of this Agreement.

12. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the published laws of China without reference to its principles of conflict of law.

13. Severability. If any one or more provisions contained in this Agreement, or the application of such provision to any Person or circumstance, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity,

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illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Third Party Actions. Seller and Buyer hereby agree to cooperate in defending or prosecuting any claims or litigation relating to the transfer of title as provided herein, and to make available and furnish appropriate documents and testimony in connection therewith.

15. Seller's Obligations. Seller hereby covenants and agrees to execute and deliver all such other further instruments of conveyance, assignment and transfer and all such other notices, releases, acquittance, powers of attorney and other documents, and do all such other acts and things as may be necessary to more fully convey and assign to Buyer, or its successors or assigns, all right, title and interest in and to the Assumed Liabilities conveyed, assigned and transferred to or acquired by Buyer pursuant to this Agreement, including, without limitation, filings with any governmental entity, authority or instrumentality, domestic or foreign.

16. No Third-Party Beneficiaries. This Agreement is not intended and shall not be deemed to confer upon or give any Person except the parties hereto and the parties to any assigned Contracts in the Assumed Liabilities and their respective successors and permitted assigns any remedy, claim, liability, reimbursement, cause of action or other right under or by reason of this Agreement and a Person who is not a party to this Agreement has no right to enforce this Agreement or any of its terms.

17. Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by either party hereto without the prior written consent of the other party hereto, such consent not to be unreasonably withheld. Any purported assignment of this Agreement other than in accordance with this paragraph 17 shall be null and void and of no force or effect.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become a binding Agreement when one or more of the counterparts have been signed by each of the parties hereto and delivered to the other party hereto.

[remainder of page left blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AMKOR ASSEMBLY & TEST (SHANGHAI) CO. LTD.

By: /s/ Brian J. Marcucci

Name: Brian J. Marcucci
Title: Attorney in Fact

IBM INTERCONNECT PACKAGING SOLUTIONS (SHANGHAI) CO. LTD.

By: /s/ Alejd Yao

Name: ALEJD YAO
Title: GENERAL MANAGER

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Schedule of Disclosure and Exceptions
to the Asset Purchase Agreement
by and among Amkor Assembly & Test (Shanghai) Co., Ltd, and
IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.

This is the Schedule of Disclosure and Exceptions (including the Schedules, Sub-schedules, and Exhibits hereto, the "Disclosure Schedule") being provided in conjunction with the Asset Purchase Agreement dated as of May 17, 2004 by and among Buyer and Seller, to which this Disclosure Schedule is attached and constitutes formal disclosure to Buyer by Seller for the purposes of the said agreement of the facts and circumstances which are or may be inconsistent with or constitute exceptions to the representations, warranties, undertakings and covenants referred to in the agreement (collectively the "WARRANTIES") or which otherwise give or may give rise to a claim under the agreement by Buyer. Such facts and circumstances will be deemed to qualify the Warranties accordingly. Unless otherwise indicated, all capitalized terms used in this Disclosure Schedule shall have the meaning provided in the above referenced Asset Purchase Agreement.

References in this Disclosure Schedule to paragraphs, headings numbers shall, unless the context otherwise requires, be to those headings and numbered paragraphs in the agreement and shall be for convenience only and shall not alter the construction of this Disclosure Schedule not in any way limit the effect in any of the disclosures, all of which are made against the Warranties as a whole. The contents of all documents annexed to this Disclosure Schedule or referred to herein shall, in the event of any inconsistency prevail over any summaries of such documents contained in this Disclosure Schedule. For convenience only, certain disclosures have been made by reference to specified Warranties. However, each such disclosure shall be taken to qualify all the Warranties to which it is capable of relating. Each such disclosure is given without prejudice to the generality or effectiveness of any other disclosure.

Where brief particulars only of a matter are set out or referred to in this Disclosure Schedule, or a document is referred to but not attached, full particulars of the matter and the full contents of the document are deemed to be disclosed and it is assumed that Buyer does not require any further particulars. Buyer confirms that all matters disclosed in this Disclosure Schedule have been used in advance and the Buyer has been given the opportunity for further enquiry and that Buyer has carried out such further enquiries to its satisfaction. Accordingly, Seller is deemed to have adequately disclosed all the matters raised or referred to in this Disclosure Schedule and shall not be in breach of any of the Warranties insofar as it relates to the matter so disclosed.

In this Disclosure Schedule, unless specified otherwise (a) the rule known as the [??] generis rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of fact

that they are preceded by words indicating a particular class of acts, matter or things; and (b) general words

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shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

By way of general disclosure, the following matters are disclosed or deemed disclosed to Buyer and Buyer is deemed aware of each and every matter disclosed or referred to in the following:

- (a) The contents of the Operative Agreements and all transactions referred to therein.
- (b) All matters which would be apparent from an inspection of the Transferred Assets by a prudent purchaser and/or its professional advisors.
- (c) The contents and enclosures of all documents which are annexed hereto and all other documents that have been made available to Buyer or Buyer's professional advisors.
- (d) The contents of all correspondence between the Parties' respective counsels.

Any disclosures made under the headings of one section of this Disclosure Schedule may apply to or qualify to disclosures made under one or more of the other sections if such disclosures could reasonably be read to be in response to such other sections. Nothing in this Disclosure Schedule shall constitute an admission of any liability or obligation of Seller to any third party nor an admission against Seller's interest.

Those schedules which by their nature must be updated to reflect the facts as of the Closing Date will be updated by the Seller to reflect changed circumstances between the Date of Exception and the Closing Date.

This Disclosure Schedule may contain statements which are not statements of historical facts but statements relating to the expected performance and prospects in relation to the Transferred Assets and the business related thereto (including statements as to revenue and profitability, expected growth, in demand, expected industry needs, anticipated completion or start-up dates for expansion projects) and are qualified by or containing words such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "could" and similar words ("FORWARD LOOKING STATEMENTS").

Forward Looking Statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Transferred Assets (and the business related thereto) to be materially different from any future results, performance or achievements expressed or implied by these Forward Looking Statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore, the region and elsewhere;

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- (b) changes in currency exchange rates;
- (c) anticipated growth strategies and expected internal growth;
- (d) changes in fees for services;
- (e) changes in the availability and prices of products needed to operate the Transferred Assets (and the business related thereto);
- (f) changes in customer preferences, competitive conditions and the ability

to complete under these conditions;

- (g) changes in future capital needs and the availability of financing and capital to fund these needs;
- (h) business risks; and
- (i) other factors beyond Buyer's/Seller's control.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Transferred Assets (and the business related thereto) to be materially different from that expected, expressed or implied by the Forward Looking Statements provided to Buyer (including buyer's professional advisers), seller is not representing or warranting that the actual future results, performance or achievements of the Transferred Assets (and the business related thereto) will be as indicated in the Forward Looking Statements. Further, there is no obligation of Seller to update any of the Forward Looking Statements to reflect future developments, events or circumstances.

Without Prejudice to the generality of the foregoing, Seller discloses the matters set out in Appendix A hereto.

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SCHEDULES TO THE ASSET PURCHASE AGREEMENT

Disclosure Schedule

Schedule A Additional Permitted Liens

Schedule 1.1. Transferred Asset Listing

Schedule 1.2. Excluded Assets

Schedule 1.4. Assumed Liabilities

Sub Schedule 1.4.A. Assumed Liabilities under Contracts to be Assigned

Sub Schedule 1.4.B. Assumed Liabilities Relating to Periods Prior to Closing for which Buyer will be Responsible

Schedule 2.2(a)1 Conveyance, Transfers, Assignments, and Documents of Title

Schedule 4.1 Seller's Required Consents to Assignment Novations

Schedule 7.3(a) Governmental Actions

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SCHEDULES TO THE ASSET PURCHASE AGREEMENT (CHINA INPAC)

Disclosure Schedule:

[None]

Schedule A: Additional Permitted Liens

[None]

Schedule 1.1 Transferred Asset Listing

CONTRACT/PO	TITLE	REMARKS
-----	-----	-----

	SERVICES	
A.05	CLEAN ROOM DESIGN	Terminated
E.01	ELECTRICAL INSTALLATION (???)	Suspended
E.07	35 KV INSTALLATION	Suspended
M.02	PROCESS PIPE	Terminated
M.03	DL WATER	Terminated
M.04	IWWT	Terminated
M.05	NATURAL GAS SUPPLY	Terminated
M.11	PROCESS EXHAUST	Terminated
M-12	JANITORIAL VACUUM	Terminated
G-17	York Maintenance	On Closing
G-18	Electrical Maintenance	On Closing
G-19	Elevator Maintenance	On Closing
G-20	Mechanical Maintenance	On Closing
G-21	US FILTER MAINTENANCE	On Closing
G-31	Site Security	On Closing
	PHYSICAL ASSETS	
PO-E-001A	35KV Switchgear	Completed
PO-E-001B	6.0KV Switchgear	Completed
PO-E-002	400V Switchgear and Transformer	Completed
PO-E-003	MCC's	Completed
PO-E-005	UPS	Completed
PO-E-007	Specialty Light Fixture	Completed
PO-E-008A	Switchboard Power Panels	Completed
PO-E-008B	ATS	Completed
PO-A-MCVD-M040	Janitorial Vacuum System Equipment	Completed
None	Bechtel CM services	Completed
None	IDCC Design Service	

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Schedule 1.2 Excluded Assets

Miscellaneous items relating Primarily to the InPac employees:
Printers, computers, office furniture, office equipment and supplies
(including but limited to pencils)

Schedule 1.4 Assumed Liabilities

Sub Schedule 1.4.A Assumed Liabilities under Contracts to be Assigned

CONTRACT	TITLE	REMARKS
-----	-----	-----
E-01	Electrical Installation	Suspended
E-07	35 KV Installation	Suspended
G-17	York Maintenance	On Going
G-18	Electrical Maintenance	On Going
G-19	Elevator Maintenance	On Going
G-20	Mechanical Maintenance	On Going
G-21	US Filter Maintenance	On Going
G-01	Site Security	On Going

Sub Schedule 1.4.B Assumed Liabilities Relating to Periods Prior to Closing for which Buyer will be Responsible

Construction work under Contract E-01 for the grounding and lighting protection systems currently underway as required to complete the Base Building Work pursuant to the Real Estate Property and License Agreement.

Schedule 2.2(a)1 Conveyance, Transfers, Assignments, and Documents of Title

CUSTOM HANDBOOK

Schedule 3.1 Allocation Statement:

To be provided by Amkor within 30 days of Closing.

Schedule 4.1 Seller's required Consents to Assignment/Novation, if any:

All Contracts listed in Schedule 1.4A

Schedule 4.2 Premises License

Schedule 7.3(a) Government Actions

[None]

May , 2004

SHANGHAI WAIGAOQIAO FREE TRADE ZONE XIN DEVELOPMENT CO., LTD.

and

AMKOR ASSEMBLY & TEST (SHANGHAI) CO., LTD.

SALES CONTRACT OF COMMODITY PREMISES

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SALES CONTRACT OF COMMODITY PREMISES

THIS CONTRACT is made on May ,2004

BETWEEN

SHANGHAI WAIGAOQIAO FREE TRADE ZONE XIN DEVELOPMENT CO., LTD. a limited liability company duly formed and existing under the Laws and Regulations, with its legal address at 2005 Yang Gao Bei Road, Pudong, Shanghai, P.R. China; (hereinafter referred to as "XIN")

AND

AMKOR ASSEMBLY & TEST (SHANGHAI) CO., LTD. a wholly foreign-owned enterprise duly formed and existing under the Laws and Regulations, with its legal address at Building No. 2, 52 Fasai Road, Waigaoqiao Free Trade Zone, Shanghai, P.R. China; (hereinafter referred to as "AMKOR")

(XIN and AMKOR individually as 'A PARTY' and collectively as 'THE PARTIES').

WHEREAS, AMKOR wishes to purchase from XIN the Premises as defined in this Contract;

WHEREAS, XIN is willing to sell to AMKOR the Premises as defined in this Contract;

WHEREAS, INPAC agrees to waive its right of first refusal under the lease contract and amendments thereof entered into between INPAC and XIN (hereinafter referred to as "LEASE CONTRACT").

NOW THEREFORE, the Parties hereto agree as follows through friendly consultation;

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.01 DEFINITIONS

Wherever used in this Contract, and unless the context otherwise requires, the terms defined in this Contract have the respective meanings herein set forth.

"AMKOR TITLE" means the real estate ownership certificate to be issued by the Shanghai Real Estate Registry to AMKOR certify AMKOR's title to the Premises, including the granted land use rights for value and for a fixed term of Fifty (50) years for the Site, commencing from the date of issuance of the Initial Title.

"AMKOR TITLE DEADLINE" means the date of December 1, 2004.

"ASSIGNED CONTRACTS" means these contracts listed in ANNEX 6 this Contract, which may be assigned based on the consultations between the relevant parties.

"BECHTEL" means China, Inc.

"BUSINESS DAY" means a day except Saturdays, Sundays and public holidays, on which banks are open for business in China.

"DELIVERY AND ACCEPTANCE CERTIFICATE" means the Certificate listed as Annex 4, which shall be executed by the Parties here to pursuant to Article 5.04 of this Contract.

"DELIVERY AND ACCEPTANCE DATE" means the latest date of the day when the Parties execute the Delivery and Acceptance Certificate according to Article 5.04 hereof, the Delivery and Acceptance Period (as defined in Article 5.04) expires of the date of issuance of the Initial Title according to Article 5.04(o).

"ENCUMBRANCE" means mortgage, lien or any other arrangement with the nature of security under the Laws and Regulations, and any administrative actions on or in relation to the Premises.

"ENVIRONMENTAL POLLUTION" means any environmental contamination which is recognized by the final adjudication of the competent environmental authorities of Shanghai or the People's Courts in accordance with the provisions of Laws and Regulations pertaining to environment.

"IBM EQUIPMENT AND FACILITIES" means the equipment and facilities that have been or will be put in place by INPAC inside the Premises.

"INCOMPLETE PROJECT" means the projects listed in Annex 7 of this Contract.

"INITIAL TITLE" means the real estate ownership certificate to be issued by the Shanghai Real Estate Registry to XIN certifying XIN's title to the Premises, including the granted land use rights for value and for a fixed term of Fifty(50) years for the Site commencing from the date of issuance of such real estate ownership certificate, a copy of which shall be attached as Annex 2 of this Contract.

"INPAC" means IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.

"INSPECTION AUTHORITIES" means specialized departments in charge of inspection of the completion of the Premises, including but not limited to construction quality, planning, fire protection, environment and sanitation departments, pursuant to the provisions of applicable Laws and Regulations.

"LAWS AND REGULATIONS" means laws, rules, regulations and judicial interpretations of the People's Republic of China.

"LAND USE CONDITIONS" means the land use conditions, set out in Annex 8, with respect to the use of the Site as approved by the Shanghai planning authority and the land authority.

"LETTER OF CREDIT" means the irrevocable standby letter of credit to be issued by XIN's Bank in accordance with Article 3.03, and substantially in the same form as attached hereto in Annex 9 incorporating the terms set out therein.

"MAIN INSPECTION CERTIFICATE" means the official and valid certificate to be issued by Inspection Authorities to XIN certifying the completion of all the inspection of the Premises as required under the Laws and Regulations Pursuant to the Provisions of Articles 5.01 and 5.03.

"MAINTENANCE FEE" means the fees needed to maintain the Permanent Infrastructure

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as well as the relevant fees resulting from the placement of labor force.

"MATERIALS TO BE PROVIDED BY XIN" means the materials listed in Annex 3 of this Contract, which XIN shall provide according to Laws and Regulations for the purpose of applying for and obtaining AMKOR Title.

"PERMANENT INFRASTRUCTURE" means all public utilities and infrastructure relating to the Site, the capacity and specification of which are set forth in Annex 1 hereto, constructed and surrounding the redlined boundary of the Site. XIN will be responsible for maintaining such public utilities and infrastructure for Fifty (50) years, commencing from the date of issuance of the Initial Title.

"PLANNING INDEXES" means the specifications listed in Annex 8 of this Contract, as approved by the Shanghai planning authority for the Premises.

"PREMISES" means the industrial factory building as depicted in Annex 1 of this Contract, as well as land-use rights for value and for a fixed term for the Site at which the factory building is located. The term of the land-use rights for the Site is Fifty(50) years, commencing from the date of issuance of the initial Title.

"PRE-TITLE TRANSFER CLOSING LETTERS" means the letters to be issued by XIN and AMKOR in form and substance as described in Annex 3.

"REIMBURSEMENTS" means the reimbursements set out in Annex 5.

"SHANGHAI REAL ESTATE REGISTRY" means the competent authority in charge of registration and issuance of real estate title.

"SITE" means the land (Lot No. GSM1-1) with an area of approximately One Hundred Seventy One Thousand Three Hundred Forty Seven (171,347) square meters known by the street address of No. 11 Ying Lun Road, Walgaoqiao Free Trade Zone. Shanghai, as more particularly delineated by the redlined map to be attached to this Contract.

"XIN'S BANK" means the Bank of China, (Shanghai Branch), unless expressly designated by XIN in writing to AMKOR.

"XIN TITLE DEADLINE" means the date of October 15, 2004, provided that the completion and main Inspection of the Premises take on or before June 15, 2004.

1.02 INTERPRETATION

In this Contract, unless the context otherwise requires;

- (a) headings are for convenience only and do not affect the interpretation of this Contract;
- (b) words importing the singular include the plural and vice versa;
- (c) a reference to a person includes any company, partnership, trust, joint venture association, corporation or other body corporate and any governmental authority or agency;

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- (d) a reference to a Section, Article, Annex or Party in a reference to that Section or Article of, or that Annex or party to this Contract;
- (e) a reference to a document includes an amendment or supplement to, or restatement, replacement or novation of, that document but disregarding any amendment, supplement, restatement, replacement or novation made in breach of this Contract.
- (f) "day" refer to a calendar day, and
- (g) a reference to a party to any document includes that party's successors and permitted assigns.

ARTICLE 2 SUBJECT TO BE SOLD AND PURCHASED

2.01 SALE AND PURCHASE

Subject to the terms and conditions of this Contract. XIN agrees to sell to AMKOR and AMKOR agrees to purchase from XIN the Premises.

ARTICLE 3 PREMISES PRICE, MAINTENANCE FEE AND PAYMENT METHODS

3.01 PREMISES PRICE AND MAINTENANCE FEE

The total amount of the price for the purchase of the Premises payable by AMKOR to XIN is US\$ Seventy Two Million Fifty Seven Thousand Seven Hundred Eighty Eight Point Forty One (US\$ 72,057,788.41) ("PREMISES PRICE").

The total amount of the Maintenance Fee payable by AMKOR to XIN is US\$ Three Million Nine Hundred Ninety Thousand Eight Hundred Eighty Eight (US\$ 3,990,888), Such amount being the maintenance of the Permanent Infrastructure for Six(6) years, commencing from the Delivery and Acceptance Date, however, XIN shall not charge AMKOR for any further fees for the maintenance of the Permanent Infrastructure for the remaining years of the land-use rights of the Site.

For the avoidance of doubt, unless otherwise provided for herein, the Premises Price And Maintenance Fee shall not include any further payment obligations by AMKOR for (1) any other liabilities of XIN or (2) any other liabilities to third parties including the Assigned Contracts or the Reimbursements.

3.02 PAYMENT OF PREMISES PRICE AND MAINTENANCE FEE

AMKOR shall, on a lump sum basis, effect to XIN via wire transfer the total amount of Premises Price and Maintenance Fee to a XIN bank account to be provided, in accordance with Article 3.03 and Article 8.01 of this Contract. AMKOR's payment of the Premises Price and The Maintenance Fee shall be deemed to have been received by XIN, when XIN's Bank acknowledges receipt of the Premises Price and Maintenance Fee, or payment of the Premises Price and the Maintenance Fee shall be deemed to have been effected by AMKOR if (1) AMKOR can show documentation that AMKOR's designated bank has already effected the transfer of the Premises Price and Maintenance Fee to the bank account designated by XIN in accordance with this Contract and without any mistake or fault; and (2) XIN's Bank has acknowledged its receipt of the Premise Price and Maintenance Fee.

3.03 LETTER OF CREDIT

Within Five (5) Business Days after the issuance of the Initial Title. XIN shall cause XIN'S Bank to issue to AMKOR the Letter of credit, substantially in the same form attached hereto as Annex 9 incorporating the terms set out therein, XIN shall provide AMKOR with an original of the Letter of credit and a copy of the receipt issued by XIN's Bank confirming the amount and payment of the fees and financing costs for the issuance of the Letter of credit (collectively the "ISSUANCE FEE"). AMKOR shall review the Letter of credit and the payment receipt and if there is no manifest error in any of the foregoing documents, AMKOR shall within Three (3) Business Days initiate a wire transfer to reimburse XIN for the issuance Fee subject to the lower amount of One Hundred Twenty Thousand US Dollars (Us\$120,000) or the actual amount of the Issuance Fee. The Letter of Credit will become effective once XIN's Bank formally confirms its receipt of AMKOR's telegraphic transfer of the Premise Price and the Maintenance Fee (the "L/C DATE") and shall be valid for a term of Seventy-Seven (77) days commencing from the L/C Date.

AMKOR agrees that the Letter of Credit shall not be used by it for any financing purposes, which shall be reflected in the Letter of Credit.

3.04 PRECONDITIONS TO WITHDRAW MONIES FROM THE LETTER OF CREDIT

From the Seventieth (70th) days after the L/C Date to the end of business on the seventy seventh (77th) day of the L/C Date, both parties hereto agree AMKOR shall be entitled to drawdown the Premises Price and the Maintenance Fee from the Letter of Credit, provided that (1) if XIN's Bank has not received an authentic, notarized letter from XIN confirming that AMKOR Title has been issued to AMKOR by the seventieth (70th) day of the L/C Date, an (2) AMKOR issues a letter to XIN,s Bank confirming that it has not been issued with the AMKOR Title by the seventieth (70th) day of the L/C Date.

3.05 NO SET-OFF

Unless specified in this Contract, all payments payable under this Contract shall be made in full without set-off or counterclaim or any restriction or conditions and free and clear of all Encumbrances. If any deduction or withholding is required to be made from any payment, the party requiring to make any such payment shall, in addition to the original payment, pay to the Party entitled to receive any such payment such additional amount necessary to ensure that the receiving Party receives the full amount due.

ARTICLE 4 TAX AND FEES

4.01 TAX AND FEES

Each Party shall bear and pay its own tax and fee respectively, in accordance with the then applicable Laws and Regulations in connection with or arising from the transfer of the ownership of the Premises.

For the avoidance of doubt, AMKOR shall bear and pay the following amounts for obtaining the AMKOR Title, unless otherwise required by the relevant authority in accordance with the then applicable Large and Regulations;

(a) fee of RMB300 (in words: RMB Three Hundred only) for the issuance of the

AMKOR Title Certificate;

(b) deed tax at 3% of the Premises Price;

(c) stamp duty at 0.05% of the Premises Price; and

(d) other tax and fee if so required by then applicable Laws and Regulations.

4.02 OTHER FEES

The following fees and expenses shall be borne equally by XIN and AMKOR:

- (a) The notarization fee for the execution of this Contract payable to the Shanghai Notary Office; and
- (b) The fee payable to the Shanghai Notary Office pursuant to Article 8.01(4).

ARTICLE 5 QUALITY CRITERIA, COMPLETION INSPECTION AND DELIVERY

5.01 CRITERIA OF QUALITY AND INSPECTION

The basic criteria of completion inspection of the Premises shall be solely based on the applicable Laws and Regulations and the implementation rules set by the Inspection Authorities.

5.02 JOINT EXAMINATION AFTER COMPLETION BUT BEFORE COMPLETION INSPECTION

- (a) After the formal completion of the Premises construction but before completion inspection, XIN shall give written notice to AMKOR, inviting AMKOR to conduct a joint examination of the Premises. AMKOR shall, within three(3) Business Days of receipt of XIN's written notification (hereinafter referred to as "JOINT EXAMINATION PERIOD") conduct such joint examination together with XIN and INPAC. The joint examination shall be carried out in accordance with the criteria of quality and inspection set forth in Article 5.01.
- (b) During the joint examination, quality defects found shall be placed on record in writing, which shall be signed and confirmed by all the parties participating in the joint examination. XIN shall cause INPAC to instruct BECHTEL to take all necessary remedies to remove or eliminate such defects as quickly as possible. XIN shall provide necessary assistance in the removal or elimination of such defects.
- (c) After the joint examination or upon expiry of the Joint Examination Period (if AMKOR does not conduct a joint examination with XIN pursuant to the provisions of this Article). XIN shall without any delay apply to each of the Inspection Authorities for completion inspection as required under the Laws and Regulations.

5.03 COMPLETION INSPECTION

- (a) During the completion inspection quality defects identified by any of the Inspection Authorities shall be recorded in writing. XIN shall cause INPAC to instruct BECHTEL to take all necessary remedies to remove or eliminate such defects in accordance with the time line set by the Inspection Authorities; if there is no time line set by the Inspection Authorities. XIN shall cause INPAC to instruct BECHTEL

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to or take corrective measures to rectify the defects as soon as possible.

- (b) Notwithstanding the provisions of subparagraph (a) of this Article, the Premises shall be deemed as having been in compliance with the quality criteria set by Article 5.01 above, if the Premises has passed the completion inspection by each of the Inspection Authorities and the Main Inspection Certificate has been granted to XIN.
- (c) If some of the Inspection Authorities do not require part of the Incomplete Project to go through the completion inspection at the time of the completion inspection of the Premises, provided the non-performance of the completion inspection of such part of the incomplete Project does not prejudice XIN's right to apply for and obtain the Initial Title, the completion inspection by each of the Inspection Authorities shall still be deemed to have passed when the Main Inspection Certificate has been granted to XIN. However, XIN shall be responsible to assist AMKOR in going through such inspection when the inspection Authorities so require.

5.04 DELIVERY

- (a) After the Inspection Authorities grant the Main Inspection Certificate to XIN, XIN shall, without delay inform AMKOR in writing to proceed with the procedures of the delivery of the Premises, provided that, if AMKOR notifies XIN that it does not wish to take up and use the Premises, the

delivery may be delayed by AMKOR to as late as the date of initial title and in such case the date of issuance of the initial Title shall be deemed to be the Delivery and Acceptance Date.

- (b) Subject to Article 5.04(a), AMKOR shall within Three (3) Business Days (hereinafter referred to as "DELIVERY AND ACCEPTANCE PERIOD") of receipt of XIN's written notification (hereinafter referred to as "DELIVERY NOTIFICATION"), conduct a pre-acceptance check and execute the Delivery and Acceptance Certificate.
- (c) Subject to Article 5.04(a), if AMKOR fails to respond upon receipt of the Delivery Notification, or fails to execute the Delivery and Acceptance Certificate before the expiry of the Delivery and Acceptance Period, then the Premises shall be deemed to have been delivered to AMKOR on the expiry date of the Delivery and Acceptance Period.
- (d) Assuming that the completion inspection pursuant to this Article 5.04 can be completed on or before June 15, 2004, XIN will use its best efforts to obtain Initial Title by the XIN Title Deadline.
- (e) On the Delivery and Acceptance Date, XIN will deliver to AMKOR or provide AMKOR with control and access to all documentation (in hard or soft format) in XIN's possession or under XIN's control related to the construction of the Premises, including but not limited to permits, approvals, survey reports, design drawings, construction plans and other relevant documents, except for those that XIN is required to retain, pursuant to the applicable Laws and Regulations (if any) and in such case, XIN shall provide AMKOR with access to and copies of such documents.

ARTICLE 6 TRANSFER OF RISK

6.01 TRANSFER OF RISK

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Risks of loss of or damage to the Premises shall be transferred from XIN to AMKOR commencing from Initial Title.

ARTICLE 7 WARRANTY AND ENVIRONMENTAL POLLUTION

7.01 WARRANTY

AMKOR and XIN acknowledge that the Premises is designed, built and managed by INPAC notwithstanding that XIN legally owns the Premises. In consideration of that AMKOR hereby agrees that it shall irrevocably waive any and all rights claims or actions against XIN in respect of quality warranty of the Premises; that it shall settle directly with INPAC for any and all quality defects found on the Premises and XIN shall not be held liable for any and all quality defects found on the Premises.

7.02 ENVIRONMENTAL POLLUTION

- (1) If Environmental Pollution is found in existence after the Delivery and Acceptance Date and such pollution is proved by the relevant final adjudicative body as having existed before the date that XIN delivered to INPAC the Site on which the Premises is located (the "LAND DELIVERY DATE"), AMKOR shall, without any delay inform XIN in writing and XIN shall within Twenty(20) Business Days ("NOTICE PERIOD") work closely with AMKOR to take corrective measures by itself or through a third party designated by XIN to eliminate such environmental pollution with minimum disturbance to AMKOR's operations on the Premises. If XIN fails to take corrective measures within the Notice Period then AMKOR may undertake its own corrective measures on a reasonable cost basis. XIN shall reimburse AMKOR's costs incurred with the presentation of the official documents evidencing the occurrence of such costs.
- (2) AMKOR has the duty to assist XIN or its designated third party ,but shall not assume any liability in eliminating such Environmental Pollution and shall upon reasonable request to the extent it is reasonable and within AMKOR's ability, allocate personnel and facilities at XIN's or its designated third party's disposal.
- (3) For the avoidance of doubt the Parties hereto hereby acknowledge and

confirm that XIN shall not be held liable for Environmental Pollution not caused by XIN after the Land Delivery Date.

- (4) The remedies provided for in this Article are the exclusive remedies available to AMKOR for Environmental Pollution.
- (5) At the Delivery and Acceptance Date, XIN will give an environmental evaluation baseline report to AMKOR which shall be conducted by an independent and qualified professional Institute under the joint entrustment of XIN and INPAC.

ARTICLE 8 TITLE, PURPOSE OF USE AND INDUSTRIAL POLICY

8.01 DEALING WITH INITIAL TITLE AND AMKOR TITLE

- (1) Promptly after the completion inspection is completed, XIN shall take all steps and prepare all documents needed to apply to the Shanghai Real Estate Registry for the issuance of the Initial Title. If so requested, XIN will inform AMKOR of the status of applying for the Initial Title.

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- (2) Within Five (5) Business Days after XIN has obtained the Initial Title, XIN shall deliver to AMKOR:
 - (a) All of the Materials to be Provided by XIN as specified in Annex 3 attached hereto;
 - (b) The Pre-Title Transfer Closing Letter without qualification; and
 - (c) Letter of Credit in accordance with Article 3.03.AMKOR shall at the same time, provide XIN with its Pre-Title Transfer Closing Letter without qualification.
- (3) After XIN has delivered all the documents referred to in Article 8.01(2), AMKOR shall review such documents and inform XIN in writing of any manifest error or discrepancy, AMKOR may at this stage elect to delay submission and provide notice of delay to XIN, and in case such delay extends for more than Twenty(20) days(the "STANDSTILL PERIOD"), XIN shall be entitled to require AMKOR to pay the Payment Penalty as described in Article 10.01(3).
- (4) Unless there is a delay as per provided directly in Article 8.01(3) above, within Three(3) Business Days after AMKOR has received all the documents referred to in Article 8.01(2) (a) (the "SUBMISSION PERIOD") both Parties shall submit all such documents to the Shanghai Notary Public Office for confirmation that all such documents shall be sufficient under the Laws and Regulations for XIN to transfer its ownership in the Premises. Upon expiry of the Submission Period, XIN may unilaterally submit all the documents to the Shanghai Notary Public Office and request it to issue its confirmation, if AMKOR fails to conduct the joint submission as mentioned above.
- (5) After the Shanghai Notary Public Office issues its confirmation that all the documents referred to in Article 8.01(2) (a) shall be sufficient as required under the Laws and Regulations for XIN to transfer to AMKOR its ownership in the Premises, XIN shall provide an original of such confirmation to AMKOR. Upon provision by XIN of such confirmation, XIN shall be regarded or deemed as having delivered Materials to Be Provided by XIN to AMKOR.
- (6) Within one (1) Business Day after AMKOR received from XIN an original confirmation issued by the Shanghai Notary Public Office pursuant to Article 8.01(5), AMKOR shall pay the Premises Price and the Maintenance Fee in accordance with the provisions in Article 3.

Within One (1) Business Day after the L/C Date, but no later than Fourteen (14) days after the L/C Date, AMKOR shall duly complete its documents and deliver them to XIN for submission to the Shanghai Real Estate Registry to effect the transfer of the ownership of the Premises to AMKOR. In connection with the application, the Parties shall jointly execute all documents (e.g. entrustment letter with a valid duration of Sixty (60)

days as requested by the Shanghai Real Estate Registry for the transfer of title aforesaid, including, without limitation, the following documents:

- (i) A standard form Sale and Purchase of Commodity Property Contract published by the Shanghai Real Estate Administration Bureau incorporating a supplemental provision that this Contract shall be supplemental to any form part of the standard form contract and that the provisions herein shall prevail

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in any event; and

- (ii) The Application Form for the Transfer, Change of Ownership and Registration of Real Estate for the transfer of the ownership of the Premises from XIN to AMKOR.
- (7) Upon AMKOR's finalization of the above documents as provided for in Article 8.01(6), XIN shall assume responsibility for submitting the documentation to the Shanghai Real Estate Registry and upon XIN's receipt of the Premises Price and the Maintenance Fee, XIN shall issue a valid official tax invoice confirming AMKOR's payment of the Premises Price and a valid official tax invoice confirming AMKOR's payment of the Maintenance Fee. A copy of the entire documentation application shall be given to AMKOR. In the event that AMKOR fails to deliver such documents to XIN, within Fourteen (14) days of the L/C Date and such failure is not the fault of XIN, XIN shall have the right to claim the Payment Penalty as described in Article 10.01(3).
- (8) Within One (1) Business Day after AMKOR has delivered its finalized documents to XIN, under XIN's direction the Parties shall jointly attend to the Shanghai Real Estate Registry to submit an application for the transfer of the ownership of the Premises free and clear of Encumbrances from XIN to AMKOR. If AMKOR fails to jointly attend to the Shanghai Real Estate Registry, XIN may proceed with the submission of documentation on its own. The issuance date of AMKOR title by the Shanghai Real Estate Registry shall be regarded or deemed that AMKOR has obtained the AMKOR Title.

8.02 PURPOSE OF USE

In reliance on the Planning Indexes and Land Use Conditions, AMKOR shall use the Premises only for industrial use. Without the written consent of XIN and the written approval of the competent authorities. AMKOR shall not alter or change the structure and purpose of use of the Premises unless otherwise approved by the relevant government authority. For the avoidance of doubt, AMKOR shall have the right to carry out construction work on or to the Premises according to the approved design of the Premises.

8.03 INDUSTRIAL POLICY

AMKOR shall conduct its production and operation within the Premises in line with the industry planning and administration rule formulated by the competent authorities or its authorized development company from time to time unless otherwise approved by the relevant government authority.

8.04 PLANNING INDEXES

In reliance on the Planning Indexes and Land Use Conditions, AMKOR shall ensure that planning indexes listed in Annex B of this Contract will be complied with all the time unless otherwise approved by the relevant government authority.

8.05 TITLE DEFECTS

Without prejudice to any other provisions herein if at any time after the AMKOR Title there is any title defect to the Premises, XIN shall use best efforts, upon written notice by AMKOR, to assist AMKOR to cure such title defect. AMKOR will bear any and all expenses for the rectification of the title defect of the Premises aforesaid, save for any

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title defect the cause of which is attributable to XIN.

ARTICLE 9 REPRESENTATIONS AND WARRANTIES

9.01 XIN'S REPRESENTATIONS AND WARRANTIES

XIN hereby represents and warrants:

- (a) it was formed and is validly existing under the Laws and Regulations;
- (b) it has been authorized and has the power to execute and perform this Contract;
- (c) the execution and performance of this Contract by it does not violate the Laws and Regulations, any judgment by the court and award by the arbitration tribunal applicable to it; and does not violate its articles of association as well as any agreements and contracts to which it is a party;
- (d) Materials to be Provided by XIN to be delivered by XIN will, in all material respects, meet the requirements of Shanghai Real Estate Registry, as well as those of the applicable Laws and Regulations;
- (e) it will deliver and transfer the Premises to AMKOR in accordance with the provisions of this Contract;
- (f) the Premises is free and clear of any and all Encumbrances at the time of the Initial Title;
- (g) as of Delivery and Acceptance Date, the premises will comply with the Planning indexes and Land Use Conditions as referred to in Annex 8 of this Contract;
- (h) as from the date XIN obtains the initial Title and before the date that AMKOR obtains the AMKOR Title, XIN possesses good and marketable title to the Premises and as from the date of issuance of the AMKOR Title, AMKOR will possess good and marketable title to the Premises;
- (i) all permits, approval and licenses in connection with the sale and construction of the Premises, which were obtained or will be obtained by XIN in XIN's name, are true, valid, complete and legal in all material respects.
- (j) the Premises is free and clear of any Environmental Pollution up to the Land Delivery Date; to the best knowledge of XIN, after the Land Delivery Date but before the Delivery and Acceptance Date, the Premises is free and clear of any Environmental Pollution.
- (k) The description of the Premises as set forth in Annex 1 is true and correct in all material aspects as of the date of this Contract and the date of issuance of the AMKOR Title;
- (l) To the best of its knowledge, the Premises is not subject to administrative investigation or order by the planning authority, the construction authority or the land authority;
- (m) To the best of its knowledge, (i) as of the time of the AMKOR Title, there is no

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litigation pending or on-going with respect to the Premises, and(ii) during the period of two years after the time of the AMKOR Title, there will be no litigation with respect to the Premises pending or on-going the causes of which are attributable to circumstances in existence or happening on or before the time of the AMKOR Title.

9.02 AMKOR'S REPRESENTATIONS AND WARRANTIES

AMKOR hereby represents and Warrants;

- (a) it was formed and is validly existing under the Laws and Regulations;
- (b) it has been authorized and has the power to execute and perform this Contract;

- (c) the execution and performance of this Contract by it does not violate the Laws and Regulations, any judgment by the court and award by the arbitration tribunal applicable to it; and does not violate its articles of association as well as any agreements and contracts to which it is a party; and
- (d) it will have the financial resources to fulfill its financial obligations under this Contract.

ARTICLE 10 TERM AND TERMINATION OF CONTRACT

10.1 TERMINATION OF CONTRACT

- (1) If a Party ("DEFAULTING PARTY") materially breaches the provisions of this Contract, and fails to take corrective measures Ninety (90) days after receipt of the written notice given by the other Party ('NON-DEFAULTING PARTY'), the Non-defaulting Party shall be entitled to terminate this Contract immediately.
- (2) AMKOR may terminate this Contract unilaterally if the Shanghai Real Estate Registry fails to issue the AMKOR Title to AMKOR upon expiry of the AMKOR Title Date. XIN shall return to AMKOR Fifteen (15) Business Days upon receipt of AMKOR's written notification.
- (3) In the event of (i) AMKOR failing to submit the documents at the expiration of the Standstill Period set forth in Article 8.01(3), or (ii) AMKOR failing to complete its Documentation and to deliver the same as set forth in Article 8.01(7) (and such failure is not the result of XIN's result) or (iii) within any termination of this Contract by XIN as a result of AMKOR failing to submit the documents at the expiration of the Standstill Period, or (iv) any termination by AMKOR, without cause, prior to AMKOR receiving AMKOR Title, XIN shall be entitled to (x) require AMKOR to immediately pay a default penalty of US\$ Three Million((US\$3,000,000) in cash.(y) retain any interest accrued from AMKOR's payment of the Premises Price and the Maintenance Fee; if any,and(z) reimburse XIN for the Issuance Fee,if not yet paid; or retain the issuance Fee if already paid for by AMKOR (collectively "PAYMENT PENALTY").
- (4) Termination by AMKOR
 - (a) If at any time after the issuance of the AMKOR Title,if for fault solely attributable to XIN. AMKOR Title is revoked or invalidated. AMKOR may

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unilaterally terminate this Contract by carving XIN with written notice of termination. Within Fifteen (15) days after AMKOR's issuance of the notice of termination, XIN shall return to AMKOR (i) the amount of the Premises Price is full; and (ii) the Maintenance Fee after deduction of the Use Fee(as defined in subparagraph(c) of this Article 01.01(4). XIN shall also reimburse AMKOR's direct losses up to the General Limitation of Liability as defined in Article 11.01 below.

- (b) Pursuant to the termination of this Contract under subparagraph(a) of this Article 10.01(4). AMKOR shall be entitled, at its sole direction, to enter into an irrevocable lease with XIN("AMKOR LEASE SCENARIO 1") upon the following terms and conditions:
 - (i) subject to the provisions of this Article, the quarterly rent shall be the same as is in the Lease Contract and the other terms of the AMKOR Lease Scenario 1 shall not be less favorable (with respect to both XIN and AMKOR) than the existing terms and conditions of the Lease Contract as of the date hereof;
 - (ii) the terms of the AMKOR lease Scenario 1 shall be equal to the term of the Lease Contract that would have been remaining as from the date on which this Contract is terminated; and
 - (iii) if the revocation of the AMKOR Title is due to any cause attributable to XIN, the rent under the AMKOR Lease Scenario 1 shall be payable quarterly in advance.

- (c) AMKOR hereby agrees that under (a) or (b) of Article 10.01(4). It shall pay to XIN a use fee of the Premises calculated on a pro rata basis according to the number of days of use or control by AMKOR of the Premises commencing from the initial Title (the "USE FEE"), notwithstanding that the termination by AMKOR of this contract is due to XIN's fault. The Use Fee shall be computed as follows: the Use Fee shall be equal to the daily use fee (converted from the quarterly rental payable by INPAC to XIN under the Lease Contract) multiplied by the number of days of use or control by AMKOR of the Premises (commencing from the initial Title). AMKOR further agrees that XIN shall be entitled to deduct the Use Fee directly from the Premises Price and the Maintenance Fee payable by XIN to AMKOR pursuant to subparagraph (a) of this Article 10.01(4).
- (d) Notwithstanding subparagraphs (a), (b) and (c) of this Article 10.01(4). If at any time after the issuance of the AMKOR Title, AMKOR Title is revoked or invalidated for fault solely attributable to INPAC or jointly attributable to both XIN and INPAC, AMKOR may unilaterally terminate this Contract by serving XIN with a written notice of termination. In such case, the Parties, respective rights and remedies (with respect to each other) shall be as follows; if within Fifteen (15) days of AMKOR's issuance of the notice of termination, XIN fails to reinstate the Lease Contract with INPAC for any reason, AMKOR shall enter into an irrevocable lease with XIN (the "AMKOR LEASE SCENARIO 2"). The AMKOR Lease Scenario 2 shall be on such terms and conditions no less favorable (with respect to both XIN and AMKOR) than the existing terms and conditions of the Lease Contract as of the date hereof, except only that (aa) the term of such AMKOR LEASE SCENARIO 2 shall be for the then entire remaining terms of the Fifty (50), year granted land use rights for the site (the said remaining term shall commence from the date of such notice of

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termination); (bb) AMKOR shall be entitled to freely sublease any or all of the Premises under the AMKOR Lease Scenario 2; and (cc) XIN shall be entitled to retain the Premises Price and the Maintenance Fee previously paid by AMKOR in full which shall be the payment of all the rent under such AMKOR Lease Scenario 2, including Maintenance Fee, for the whole term of the AMKOR Lease Scenario 2. For the avoidance of doubt, the rent paid under the AMKOR Lease Scenario 2 shall be characterized in the following manner; (xx) 20% of the total rent in the form of rental deposit; and (yy) 80% of the total rent in the form of anticipated profit. If AMKOR terminates the AMKOR Lease Scenario 2 prematurely not due to XIN's fault XIN shall be entitled to confiscate all sums of rental deposit and anticipated profit and AMKOR shall irrevocably waive any and all rights to take back the rental deposit and anticipated profit from XIN, even if the court having jurisdiction adjudicates that AMKOR is entitled to claim back the rental deposit and/or anticipated profit.

- (5) The term of this Contract shall commence upon its effective date in accordance with Article 12.19 and shall continue in full force and effect until the expiration of the Fifty (50) year term of the granted land use rights of the Site commencing from the date of issuance of the initial Title.

ARTICLE 11 LIABILITY

11.01 XIN'S LIMITATION OF LIABILITY OF XIN

- (a) Any liability of XIN in respect of personnel injury or death shall be subject in and governed by the applicable Laws and Regulations.
- (b) Except for the circumstances set forth by the compulsory provision of Laws and Regulations, in no event shall XIN's liability under this Contract exceed US\$ One Million Five Hundred thousand or as otherwise stipulated in this Contract (US\$ 1,500,000) (the "GENERAL LIMITATION OF LIABILITY") and such liability shall cease at the end of the minimum warranty period provided for in Laws and Regulation unless otherwise stipulated in this Contract.
- (c) In no event shall XIN be liable for any indirect or consequential loss

(including but not limited to loss of use, production, profit, interest, revenues, loss of information or data), with the exception of the circumstances set forth in Article 7.02 hereof.

- (d) For the avoidance of doubt, the limitation of XIN's liability pursuant to subparagraphs (a), (b) and (c) of Article 11.01 shall not apply to XIN's responsibility under Article 12.04 of this Contract.

11.02 LIMITATION OF LIABILITY OF AMKOR

- (a) With exception of this Article 11.02(b) below and except for the circumstances set forth by the compulsory provisions of the Laws and Regulation, the total liability of AMKOR for any end all losses and damages suffered by XIN arising out of any cause whatsoever (whether such cause is based on AMKOR's breach of any provisions, including the representation or warranties, herein or AMKOR's failure to perform any and all of its obligations hereunder, including its failure to complete the purchase of the Premises for any reason) shall in no event exceed Three Million.

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U.S. dollars (US\$3,000,000) in case. In no event shall AMKOR be liable for incidental or consequential, damages including , but not limited to, loss of use, production, profit, Interest, revenues and loss information or data.

- (b) Except for the circumstances set forth by the compulsory provisions of the Laws and Regulations:
- (i) after Initial Title but prior to AMKOR Title, in the event of any damage to the Premises (based on the state of the Premises as of the Delivery and Acceptance Date but excluding any and all damage to any improvements made to the Premises thereafter), the causes of which are not attributable to XIN, up to the replacement cost of repairing such damage.
 - (ii) After AMKOR Title, for any damage to the Premises (based on the state of the Premises as of the Delivery and Acceptance Date but excluding any and all damage to any improvements made to the Premises thereafter), the causes of which are not attributable to XIN, up to the replacement cost of repairing such damage in the event that this Contract is terminated for any reason and the Premises and the title to the Premises are returned to XIN.
 - (iii) Any Environmental Pollution caused by AMKOR under the Laws and Regulations.

ARTICLE 12 MISCELLANEOUS

12.01 INCOMPLETE PROJECT

XIN shall urge INPAC to continue to complete the Incomplete Project in accordance with the Lease Contract. During the construction of the Incomplete Project. XIN agrees to provide necessary assistance and shall urge INPAC be liable towards quality of time schedule for and environmental pollution arising from the Incomplete Project. AMKOR shall pay all lees and expenditures associated with the Incomplete Project directly to contractors or suppliers. For the avoidance of doubt, XIN shall not bear such fees and expenditures.

12.02 CONTRACTS RELATED TO THE PREMISES

The Parties acknowledge that there are Three (3) categories contracts related to the construction of the Premises and the transfer of title of AMKOR: (i) Assigned Contracts, (ii) Contracts with Outstanding Warranties and (iii) Excluded Contracts. A list of these contracts shall be set forth in Annex 6. For each category of contracts, XIN will use its best efforts to obtain an appropriate release and waiver. For the avoidance of doubt, unless otherwise agreed to by the Parties, the above contracts and outstanding payments and/or Reimbursements shall be excluded from the Premises Price and the maintenance Price.

- (a) Assigned Contracts

XIN will use its best efforts to obtain consents needed to assign such contracts

to AMKOR. XIN shall, based on the consultation with AMKOR, decide on the appropriate time for the Assigned Contracts to be assigned. AMKOR shall be responsible for the payment of all fees and costs related to such assignment whether by way of direct payment or reimbursement to XIN. In the event XIN is unable to secure assignment of such contracts, XIN will continue performing the obligations of those of the Assigned

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Contracts and will actively exercise the rights of those of the Assigned Contracts. Upon presentation by BECHTEL directly (or XIN if not BECHTEL) to AMKOR of invoices related to those Assigned Contracts which are not successfully assigned. AMKOR shall make payment of such invoices with the vendors. In the event XIN pays or is required to pay such invoices, AMKOR shall reimburse XIN in full upon presentation of such invoices immediately. XIN will retain such contracts and make such contracts available to AMKOR: provided that AMKOR shall make payments under such contracts (or reimburse XIN if such payments cannot be made directly). In the event of termination of the Contract as described in Article 10 for any reason. AMKOR shall re-assign the Assigned Contracts book to XIN, provided that i) XIN shall only assume the original liabilities or responsibilities of the Assigned Contracts; and ii) AMKOR undertakes to assume any new liabilities or responsibilities which AMKOR may have added or caused to be modified to the scope of the Assigned Contracts.

(b) Excluded Contracts

All such contracts shall be terminated by XIN and shall be the responsibility of XIN including as per Article 12.04.

(c) Contracts with Outstanding Warranty

For those contracts with outstanding warranty, XIN will use best efforts to procure the signing of an appropriate release and waiver such that the benefits of such warranties shall be assigned to AMKOR. The costs of such assignment, if any, shall be borne by AMKOR.

12.03 INSURANCE

XIN shall, at its own cost, take out insurance strictly in accordance with the Lease Contract up to the Delivery and Acceptance Date. After the Delivery and Acceptance Date, based on the joint decision of XIN and AMKOR XIN shall purchase the insurance, AMKOR shall be responsible for the payment of full insurance premiums and each of XIN and INPAC (to the extent and in the same amounts that INPAC enjoyed insurance coverage prior to the Delivery and Acceptance Date) shall be named beneficiaries under the policy. Upon Initial Title, AMKOR shall be the named beneficiary and shall responsible for the purchase(if possible, and if not, by XIN) and payment of insurance for the Premises.

12.04 LIABILITIES FOR CONSTRUCTION OF THE PREMISES, LAND GRANT PREMIUM AND NEW CONTRACTS

- (a) XIN shall assume all liability and shall settle all claims, to which XIN is liable, incurred prior to the Delivery and Acceptance Date pertaining to the construction of the Premises, subject to a maximum liability of not exceeding Sixty-five Million United States Dollars (US\$65,000,000).
- (b) XIN shall be held liable to settle the Payment of the land grant premiums for the site.
- (c) From the date hereof, XIN shall not create any Encumbrances, any security interest or any third party right or interest with respect to the Premises or enter into any contract, or agreement(oral or written), other than this Contract and the Lease Contact, for the granting or disposition of any right or interest in or to the Premises to any third party.

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12.05 PARTY ACKNOWLEDGEMENTS

- (1) AMKOR acknowledges the following:

- (a) it is aware at the time of conclusion of this Contract that the Premises has not been completed in accordance with the approved design and construction plans pursuant to the Lease Contract;
- (b) it is aware at the time of conclusion of this Contract that there exists the Lease Contract between XIN and INPAC;
- (c) it is aware at the time of conclusion that IBM Equipment and Facilities have been already placed within placed within the Premises and XIN has no custody obligation over IBM Equipment and Facilities; and
- (d) it has been notified that certain construction facilities in the Premises were imported on a bonded basis and remain bonded.

(2) XIN acknowledges the following;

- (a) Based on INPAC's written acknowledgment, XIN is not aware that the Premises has been in breach of the Planning Indexes in Annex B attached hereto, XIN shall not assume any liability in this regard.

12.06 NOTICES

Any notice, request or other communication to be given or made under this Contract shall be in writing. Any notice, request or other communication from one party (the 'SENDER') shall be effective upon receipt by the receiving party (the "RECEIVER"), or when deemed to be received by the Receiver (a) in the case of delivery by hand, by airmail or by established courier service, upon refusal to accept delivery when delivered to the Receiver during normal business hours, or (b) in the case of delivery by facsimile. on the day it is transmitted, provided that transmission is proved by the appearance of the Receiver's facsimile number on the facsimile transmission report of the Sender's facsimile machine.

FOR XIN:

Victor Lu

Shanghai waigaoqiao Free Trade Zone Xin Development Co., Ltd.
2005 Yang Gao Bei Road, Pudong, Shanghai 200131

FOR AMKOR:

Amkor Technology, Inc.
1345 Enterprise Drive
West Chester, PA 19380
USA

Attention: General Counsel
Fax: (610) 431-7189

with a copy to:
White & Case, Shanghai

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220 Shanghai Bund No. 12 Building
12 Zhongshan Dong YI Road
Shanghai 200002, P.R.C.

Attention: Victor Ho
Fax: (86-21) 6323-9252

12.07 GOVERNING LAW

The validity, interpretation and implementation of, and disputes in relation to this Contract shall be governed by the Laws and Regulations.

12.08 SETTLEMENT OF DISPUTES

- (a) Any differences or disputes arising from this Contract regarding its performance shall be settled by an amicable effort on the part of the Parties to this Contract. An attempt to arrive at a settlement shall be

deemed to have failed as soon as one of the Parties to this Contract so notifies the other Party.

- (b) After the attempt to arrive at a settlement fails, any Party shall, for trial, submit the disputes to the competent People's Court with jurisdiction over the matter in dispute or where the Premises is located.

12.09 SEVERABILITY

Should an individual provision or clause of this Contract be held invalid or unenforceable, the remainder of this Contract shall remain in force, and the Parties shall use their best efforts to arrive at a new provision or clause which, in terms of its economic result, corresponds to the invalid provision.

12.10 LANGUAGES

This contract and its Annexes are written in both Chinese and English. The English and Chinese versions of this Contract are equally authentic, but in the event of any irreconcilable conflict or uncertainty of meaning, the Chinese one shall prevail.

12.11 WAIVER OF RIGHTS

Waiver by a Party of any particular default by Party shall not affect or impair the Party's right with respect to any subsequent default, nor shall any delay or omission of a Party in exercising any right arising from a default affect or impair that Party's rights resulting from the same or any future default.

12.12 ASSIGNMENT OF RIGHTS AND OBLIGATIONS

Any Party, without prior written consent of the other Party, shall not assign its rights and/or obligations under this Contract to third parties.

12.13 WRITTEN FORM

Alterations, modifications and amendments to this Contract shall only be valid if made in writing. This requirement of written form can only be waived in writing. Any declaration or notice by a Party shall be valid and binding only if confirmed in writing by that Party's authorized officers or representatives.

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12.14 SOLE AGREEMENT

This Contract and its Annexes constitute the sole and entire agreement and understanding between the Parties concerning the subject matter hereof and supersede all prior agreements, understandings and draft contracts between the Parties.

12.15 CONFIDENTIALITY

Unless it is necessary for the performance of this Contract one Party shall keep the contents of this Contract as well as the Confidential Information received from the other Party confidential. In this Article, "Confidential Information" means those information and materials which the disclosing Party requires orally or in writing to keep confidential.

12.16 EXECUTION

This Contract shall be established upon: 1) being signed by the authorized representatives of both Parties; and 2) being affixed by their corporate seals. To the extent that the execution of this Contract may be notarized by the Shanghai Notary Office, the authorized representatives of the Parties shall jointly attend to the Shanghai Notary Public Office, for the notarization of this Contract. The notarization fee shall be borne equally by either or the Parties hereto.

12.17 EXECUTION COPIES

This Contract has been written in Chinese and English in Four(4) original each, all of which constitute one the same agreement. Each Party shall hold One (1) set of Chinese and English originals. The remaining shall be filed with the Shanghai Real Estate Registry and the Shanghai Notary Public Office,

respectively.

12.18 REGISTRATION

XIN agrees that upon execution of this Contract, it will try its best to register this Contract with the Shanghai Real Estate Registry, so long as the applicable Laws and Regulations so allow.

12.19 EFFECTIVENESS

This Contract shall become effective immediately upon the signatures of the duly authorized representatives of the Parties hereto, unless otherwise stipulated by the applicable Laws and Regulations.

As witness this Contract is entered into by the Parties, acting through their duly authorized representatives, and is affixed by their respective corporate seals as of the date first above written.

[NO CONTENTS BELOW]

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[EXECUTION PAGE]

SHANGHAI WAIGAOQIAO FREE TRADE ZONE XIN DEVELOPMENT CO., LTD
(CORPORATE SEAL)
Authorized Representative

/s/ Authorized Representative (In Chinese)

Name:
Title:

AMKOR ASSEMBLY & TEST (SHANGHAI) CO., LTD. (CORPORATE SEAL)
Authorized Representative

/s/ Laura Liu Chenyang

Name: LAURA LIU CHENYANG.
Title: VP of Fin & HR, AATS

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ANNEX 1 FLOOR PLAN, CONSTRUCTION STRUCTURE AND FACILITIES AND PERMANENT INFRASTRUCTURE OF THE PREMISES

1. Description of the Premises
2. Floor Plan
3. Description of Permanent Infrastructure surrounding the Redline of Premises

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ANNEX 2 INITIAL TITLE TO THE PREMISES

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ANNEX 3 MATERIALS TO BE PROVIDED BY XIN

XIN shall, at the time of delivery of Materials to be Provided by XIN, give AMKOR a letter stating that 1) XIN's representations and warranties under this Contract are true, valid and enforceable under the Laws and Regulations; 2) XIN has complied and will comply with the relevant provisions of this Contract.

AMKOR shall, at the time of acceptance of Materials to be Provided by XIN, give XIN a letter stating that 1) AMKOR's representations and warranties under this Contract are true, valid and enforceable under the Laws and Regulations; 2) AMKOR has complied and will comply with the relevant provisions of this Contract.

ANNEX 4 DELIVERY AND ACCEPTANCE CERTIFICATE

This Certificate hereby certifies that:

- 1. XIN has delivered and AMKOR has accepted the Premises under this Contract on ____, ____, 2004.
- 2. XIN has delivered the premises in accordance with the relevant provisions and annexes of this Contract, unless otherwise stated in this Certificate.
- 3. AMKOR has accepted the Premises and acknowledged that the Premises has met the criteria or requirements set by the relevant provisions of this Contract.

XIN:

By: _____

Date: _____

AMKOR:

By: _____

Date: _____

ANNEX 5 REIMBURSEMENTS

ANNEX 6 CONTRACTS

ANNEX 7 INCOMPLETE PROJECT

ANNEX 8 PLANNING INDEXES AND LAND USE CONDITIONS

ANNEX 9 STANDBY LETTER OF CREDIT

[to be provided by bank]

LETTER OF CREDIT KEY POINTS TO BE INSERTED INTO THE FORM PROVIDED BY BANK

The principal terms and conditions of the Letter of Credit, to be included in the issuing bank, Bank of China's standard letter of credit form, are:

- ISSUER: Shanghai Waigaoqiao Free Trade Zone XIn Development Co., Ltd. ("XIN").
- BENEFICIARY: Amkor Assembly & Test (Shanghai) Co., Ltd. ("AMKOR").
- TYPE: Standby irrevocable letter of credit
- TERM: Seventy-seven (77) days.
- LC AMOUNT: The total of the Premises Price and the Maintenance Fee as defined in the Sales Contract of Commodity Premises between AMKOR and XIN dated ____, 2004 (the: "CONTRACT").

EFFECTIVE DATE: The Letter of Credit shall be effective from and the Term of the Letter of Credit and shall commence on the date on which XIN's Bank, set out in the Contract, confirming its receipt of AMKOR's telegraphic transfer of the total of the Premises Price and the Maintenance Fee.

DRAWDOWN PERIOD: Commencing from the 71st day of the Term through the end of the Term, both days inclusive.

DRAWDOWN CONDITIONS:

- (1) If the Issuing Bank has not received an authentic, notarized letter from XIN confirming that the AMKOR Title (as defined in the Contract) has been issued to AMKOR by the seventieth (70th) of the Effective Date: and
- (2) AMKOR Issues a letter to the Issuing Bank confirming that it has not been issued with the AMKOR Title by the seventieth (70th) day of the Effective Date.

NO FINANCING PURPOSE: The Letter of Credit shall not be used by AMKOR for any financing purpose.

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ANNEX 10 WAIVER OF THE RIGHT OF FIRST REFUSAL

To: Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd.

To whom it may concern:

As of the date set forth hereunder, INPAC hereby agrees that it has irrevocably waived its right of first refusal under the Lease Contract with XIN or at law in respect of the sale of the Premises, under the same terms and conditions agreed upon between XIN and AMKOR with regard to the sale of the Premises.

IBM INTERCONNECT PACKAGING SOLUTIONS (SHANGHAI) CO., LTD.:
(Corporate seal)

By: _____
Alejo Yao General Manager

Date: _____

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AMKOR TECHNOLOGY, INC.
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (IN THOUSANDS EXCEPT RATIO DATA)

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED
	1999	2000	2001	2002	2003	JUNE 30, 2004
Earnings						
Income (loss) before income taxes, equity in income (loss) of investees, minority interest and discontinued operations.....	\$ 87,494	\$173,154	\$ (438,498)	\$ (564,309)	\$ (45,303)	\$ 28,218
Interest expense.....	61,803	127,027	138,629	143,441	138,775	68,201
Amortization of debt issuance costs.....	3,466	7,013	22,321	8,251	7,428	2,854
Interest portion of rent.....	3,481	4,567	7,282	4,995	5,463	2,723
Less (earnings) loss of affiliates.....	2,622	--	--	--	--	--
	\$158,866	\$311,761	\$ (270,266)	\$ (407,622)	\$106,363	\$101,996
Fixed Charges						
Interest expense.....	\$ 61,803	\$127,027	\$ 138,629	\$ 143,441	\$138,775	\$ 68,201
Amortization of debt issuance costs.....	3,466	7,013	22,321	8,251	7,428	2,854
Interest portion of rent.....	3,481	4,567	7,282	4,995	5,463	2,723
	\$ 68,750	\$138,607	\$ 168,232	\$ 156,687	\$151,666	\$ 73,778
Ratio of earnings to fixed charges	2.3x	2.2x	--x(1)	--x(1)	--x(1)	1.4x

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

SECTION 302(a) CERTIFICATION

I, James J. Kim, certify that:

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

Date: August 6, 2004

/s/ JAMES J. KIM
By: James J. Kim
Title: Chief Executive Office

SECTION 302(a) CERTIFICATION

I, Kenneth T. Joyce, certify that:

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

Date: August 6, 2004

/s/ KENNETH T. JOYCE
 By: Kenneth T. Joyce
 Title: Chief Financial Officer

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

I, James J. Kim, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Amkor Technology, Inc. on Form 10-Q for the three months ended June 30, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Amkor Technology, Inc.

/s/ JAMES J. KIM
By: James J. Kim
Title: Chief Executive Officer

I, Kenneth T. Joyce, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Amkor Technology, Inc. on Form 10-Q for the three months ended June 30, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Amkor Technology, Inc.

/s/ KENNETH T. JOYCE
By: Kenneth T. Joyce
Title: Chief Financial Officer