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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

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	23-1722724
(STATE OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
COMMON STOCK, $0.001 PAR VALUE

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 October 30, 2003 was 166,850,734.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
	(UNAUDITED)		(UNAUDITED)	
Net revenues	$ 423,784	$ 393,563	$ 1,144,862	$ 1,032,989
Cost of revenues	322,369	346,053	922,617	998,557
Gross profit	101,415	47,510	222,245	34,432
Operating expenses:				
Selling, general and administrative	45,023	45,118	131,828	137,639
Research and development	6,836	7,622	19,454	24,535
Loss (gain) on disposal of fixed assets, net	(148)	(200)	(870)	2,912

Amortization of acquired intangibles	2,035	2,000	6,103	4,995
Special charges	--	13,819	--	281,985
Total operating expenses	53,746	68,359	156,515	452,066
Operating income (loss)	47,669	(20,849)	65,730	(417,634)
Other expense (income):				
Interest expense, net	35,574	37,391	118,822	111,010
Foreign currency loss (gain)	(895)	(821)	(1,083)	1,881
Other expense (income), net	2,319	996	23,380	(11)
Total other expense	36,998	37,566	141,119	112,880
Income (loss) before income taxes, equity investment losses, minority interest and discontinued operations	10,671	(58,415)	(75,389)	(530,514)
Equity investment losses (see Note 12)	--	(14,299)	(3,555)	(166,040)
Minority interest income (expense)	(1,809)	423	(2,135)	(2,238)
Income (loss) from continuing operations before income taxes	8,862	(72,291)	(81,079)	(698,792)
Income tax benefit	(6,908)	(11,078)	(6,072)	(61,891)
Income (loss) from continuing operations	15,770	(61,213)	(75,007)	(636,901)
Discontinued operations (see Note 3):				
Income from wafer fabrication services business, net of tax	--	1,906	3,047	6,258
Gain on sale of wafer fabrication services business, net of tax	--	--	51,519	--
Income from discontinued operations	--	1,906	54,566	6,258
Net income (loss)	$ 15,770	$ (59,307)	$ (20,441)	$ (630,643)
Per Share Data:				
Basic and diluted income (loss) per common share from continuing operations	$ 0.09	$ (0.37)	$ (0.45)	$ (3.89)
Basic and diluted income per common share from discontinued operations	--	0.01	0.33	0.04
Basic and diluted net income (loss) per common share	$ 0.09	$ (0.36)	$ (0.12)	$ (3.85)
Shares used in computing basic net income (loss) per common share	166,628	164,489	165,883	163,854
Shares used in computing diluted net income (loss) per common share	171,440	164,489	165,883	163,854

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 340,503	$ 311,249
Accounts receivable:		
Trade, net of allowance of $6,862 in 2003 and $7,122 in 2002	280,959	234,056
Other	6,452	8,532
Inventories	88,280	72,121
Other current assets	48,071	48,661
Total current assets	764,265	674,619
Property, plant and equipment, net	978,409	966,338
Investments	47,281	83,235
Other assets:		
Goodwill	629,502	628,099
Acquired intangibles	39,504	45,033
Due from affiliates	--	20,852
Other	76,711	114,178

Assets of discontinued operations (see Note 3)	247	25,630
	745,964	833,792
Total assets	$ 2,535,919	$ 2,557,984

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Bank overdraft	$ 5,130	$ 4,633
Short-term borrowings and current portion of long-term debt	54,240	71,023
Trade accounts payable	195,882	180,999
Due to affiliates	3,109	70,243
Accrued expenses	166,109	184,223
Total current liabilities	424,470	511,121
Long-term debt	1,785,765	1,737,690
Other noncurrent liabilities	79,418	67,661
Total liabilities	2,289,653	2,316,472
Minority interest	11,224	10,145
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized designated Series A, none issued	--	--
Common stock, $0.001 par value, 500,000 shares authorized issued and outstanding of 166,767 in 2003 and 165,156 in 2002	167	166
Additional paid-in capital	1,179,904	1,170,227
Accumulated deficit	(954,175)	(933,734)
Receivable from stockholders	--	(2,887)
Accumulated other comprehensive income (loss)	9,146	(2,405)
Total stockholders' equity	235,042	231,367
Total liabilities and stockholders' equity	$ 2,535,919	$ 2,557,984

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
Balance at December 31, 2001	161,782	$162	$1,123,541	$(106,975)	$(3,276)
Net loss	--	--	--	(630,643)	--
Unrealized loss on investments, net of tax	--	--	--	--	--
Cumulative translation adjustment	--	--	--	--	--
Comprehensive loss					
Issuance of stock for acquisitions	1,827	2	35,200	--	--
Issuance of stock through employee stock purchase plan and stock options	880	1	9,480	--	--
Payment received from stockholder	--	--	--	--	389
Balance at September 30, 2002	164,489	$165	$1,168,221	$(737,618)	$(2,887)
Balance at December 31, 2002	165,156	$166	$1,170,227	$(933,734)	$(2,887)
Net loss	--	--	--	(20,441)	--
Unrealized gain on investments, net of tax	--	--	--	--	--

Cumulative translation adjustment	--	--	--	--	--
Comprehensive income					
Issuance of stock through employee stock purchase plan and stock options	1,611	1	9,677	--	--
Payment received from stockholder	--	--	--	--	2,887
Balance at September 30, 2003	166,767	$167	$1,179,904	$(954,175)	$ --

	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL	COMPREHENSIVE INCOME (LOSS)
Balance at December 31, 2001	$(4,735)	$ 1,008,717	
Net loss	--	(630,643)	$(630,643)
Unrealized loss on investments, net of tax	(655)	(655)	(655)
Cumulative translation adjustment	2,435	2,435	2,435
Comprehensive loss			$(628,863)
Issuance of stock for acquisitions	--	35,202	
Issuance of stock through employee stock purchase plan and stock options	--	9,481	
Payment received from stockholder	--	389	
Balance at September 30, 2002	$ 2,955	$ 424,926	
Balance at December 31, 2002	$(2,405)	$ 231,367	
Net loss	--	(20,441)	$ (20,441)
Unrealized gain on investments, net of tax	5,225	5,225	5,225
Cumulative translation adjustment	6,326	6,326	6,326
Comprehensive income			$ (8,890)
Issuance of stock through employee stock purchase plan and stock options	--	9,678	
Payment received from stockholder	--	2,887	
Balance at September 30, 2003	$ 9,146	$ 235,042	

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003	2002
	(UNAUDITED)	
Cash flows from continuing operating activities:		
Loss from continuing operations	$ (75,007)	$(636,901)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities --		
Depreciation and amortization	165,360	264,108
Special charges	--	274,340
Amortization of deferred debt issuance costs	15,658	6,172
Provision for excess and obsolete inventory	2,904	3,447
Deferred income taxes	9,621	(56,082)
Equity in loss of investees	3,555	24,737

Other losses on investments	2,358	144,215
Debt redemption premium payment	21,304	--
Minority interest	2,135	2,238
Changes in assets and liabilities excluding effects of acquisitions --		
Accounts receivable	(42,497)	(38,669)
Other receivables	1,869	(201)
Inventories	(18,369)	(8,352)
Due to/from affiliates, net	(1,405)	1,645
Other current assets	413	(16,005)
Other non-current assets	4,275	16,233
Accounts payable	10,522	23,321
Accrued expenses	(16,186)	37,188
Other long-term liabilities	13,499	7,988
Net cash provided by operating activities	100,009	49,422
Cash flows from continuing investing activities:		
Purchases of property, plant and equipment	(148,230)	(82,298)
Acquisitions, net of cash acquired	--	(10,797)
Proceeds from the sale of property, plant and equipment	2,802	2,200
Proceeds from disposition of equity investment	--	58,139
Proceeds from the sale (purchase) of investments, net	30,981	(2,011)
Proceeds from note receivable	18,253	--
Other	829	--
Net cash used in investing activities	(95,365)	(34,767)
Cash flows from continuing financing activities:		
Net change in bank overdrafts and short-term borrowings	497	1,807
Net proceeds from issuance of long-term debt	584,529	--
Payments of long-term debt, including redemption premium payment	(589,136)	(25,475)
Proceeds from issuance of stock through employee stock purchase plan and stock options	9,678	9,481
Payment received from stockholder	2,887	389
Net cash provided by (used in) financing activities	8,455	(13,798)
Effect of exchange rate fluctuations on cash and cash equivalents related to continuing operations	2,522	905
Cash flows from discontinued operations:		
Net cash provided by operating activities	11,221	33,890
Net cash provided by investing activities	2,412	--
Net cash used in financing activities	--	(671)
Net cash provided by discontinued operations	13,633	33,219
Net increase in cash and cash equivalents	29,254	34,981
Cash and cash equivalents, beginning of period	311,249	200,057
Cash and cash equivalents, end of period	$ 340,503	$ 235,038
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 107,869	$ 103,174
Income taxes	$ 7,553	$ 5,754

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 September 30, 2003 and for the three and nine months ended September 30, 2003 and 2002 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, 2002 filed on Form 10-K, as amended, with the Securities and Exchange Commission. The results of operations for the three and nine months ended September 30, 2003 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 operating results and cause actual results to vary materially from historical results include, but are not limited to, dependence on the highly cyclical nature of the semiconductor industry, 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, 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, stock price volatility and economic uncertainty resulting from terrorist activities.

Consolidation of Variable Interest Entities. In January 2003, the Financial Accounting Standards Board (FASB) issued FIN No. 46, "Consolidation of Variable Interest Entities." The primary objective of FIN No. 46 is to provide guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights; such entities are known as variable interest entities. FIN No. 46 requires variable interest entities to be consolidated by the primary beneficiary of the variable interest entities and expands disclosure requirements for both variable interest entities that are consolidated as well as those within which an enterprise holds a significant variable interest. FIN No. 46 is required to be adopted by December 31, 2003. We have elected early adoption as of July 1, 2003.

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, we have consolidated these Philippine realty corporations within our financial statements. As of September 30, 2003, the combined book value of the assets and liabilities associated with these Philippine realty corporations included in our consolidated balance sheet were $21.6 million and $1.6 million (which excludes an intercompany payable of $22.9 million that eliminates during consolidation), respectively. 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. In addition, the consolidation of Philippine realty companies was reflected as a non-cash transaction in the consolidated statements of cash flows.

Receivable from Stockholders. Amkor Electronics, Inc. (AEI), which was merged into our company just prior to the initial public offering of our company in May 1998, elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code of 1986 and comparable state tax provisions. As a result, AEI did not recognize U.S. federal corporate income taxes. Instead, the stockholders of AEI were taxed on their proportionate share of AEI's taxable income. Accordingly, no provision for U.S. federal income taxes was recorded for AEI. Just prior to the initial public offering, AEI terminated its S Corporation status at which point the profits of AEI became subject to federal and state income taxes at the corporate level. We consummated a tax indemnification agreement between us, our predecessor and James Kim and his family (collectively, the "Kim Family"). James Kim, is our founder and significant stockholder, and currently serves as our Chairman and CEO. Under the terms of the tax indemnification agreement, Amkor indemnified the former owners of AEI for the settlement of AEI's S Corporation federal and state tax returns and any adjustments to the reported taxable income.

At the time AEI was converted to a C Corporation, AEI and the Kim Family identified certain federal and state tax overpayments associated with the results of AEI during S Corporation status years, and AEI, in May 1998, paid such

amounts to the Kim Family. These amounts, which principally related to the finalization of AEI's federal tax return, have been reflected as a receivable from stockholders in the stockholders' equity section of our balance sheets. During the three months ended September 30, 2003, the loan was repaid in full.

2. STOCK COMPENSATION

We apply Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations, to our stock based plans. No compensation expense has been recognized related to our employee stock based plans. If compensation costs for our stock based 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 and income per share for the three months ended September 30, 2003 would have decreased and our net loss and loss per share would have increased for all other periods presented.

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

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Net income (loss):				
Net income (loss), as reported	$ 15,770	$ (59,307)	$ (20,441)	$ (630,643)
Deduct: Total stock-based employee compensation determined under fair value based method	7,934	10,033	22,259	30,695
Pro forma net income (loss)	$ 7,836	$ (69,340)	$ (42,700)	$ (661,338)
Income (loss) per share:				
Basic and diluted:				
As reported	$ 0.09	$ (0.36)	$ (0.12)	$ (3.85)
Pro forma	$ 0.05	$ (0.42)	$ (0.26)	$ (4.04)

For the pro forma net income (loss), there was no offsetting impact to our tax provision related to the pro forma Black-Scholes stock option expense because of our consolidated net losses in 2003 and 2002 and our recognition of a valuation allowance against the associated net operating loss carryforwards.

On November 8, 2002, we initiated a voluntary stock option replacement program such that employees and members of our board of directors could elect to surrender their existing options and be granted new options no earlier than six months and one day after the tendered options were cancelled. Pursuant to the terms and conditions of the offer to exchange, a total of 1,633 eligible employees participated. On June 16, 2003, we granted 6,978,563 shares of our common stock under the 1998 Plan and 35,000 shares of our common stock under the Director's Plan for the options tendered by eligible employees and members of our board of directors and accepted by our company. For options that were previously granted under the 1998 French Plan and were surrendered pursuant to this program, we granted an additional 248,200 replacement options under the 1998 Plan. We have issued new option grants equal to the same number of shares surrendered by the employees. The exercise price of the new options was $10.79, which was equal to the fair market value of our stock price on the date of grant. The vesting term of these new options are similar to the tendered options except the new options contain an additional one-year vesting period prior to any options becoming exercisable.

2003 Nonstatutory Inducement Grant Stock Plan

On September 9, 2003, we initiated the 2003 Nonstatutory Inducement Grant Stock Plan (the "2003 Plan"). The 2003 Plan generally provides for the grant to employees, directors and consultants of stock options and stock purchase rights. The 2003 Plan terminates at the discretion of the Board of Directors. A total of 300,000 shares are reserved for issuance under the 2003 Stock Plan and there is a provision for an annual replenishment to bring the number of shares of common stock reserved for issuance under the plan up to 300,000 as of each January 1.

3. DISCONTINUED OPERATIONS

On February 28, 2003, we sold our wafer fabrication services business to Anam Semiconductor, Inc. ("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, during the first quarter of 2003 we recorded $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.

A summary of the results from discontinued operations for the nine months ended September 30, 2003 and 2002 are as follows:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
	(IN THOUSANDS)	
Net sales	$ 34,636	$180,464
Gross profit	3,451	16,851
Operating income	3,455	10,093
Gain on sale of wafer fabrication services business	58,600	--
Other (income) expense	(11)	44
Tax expense ($7.1 million associated with gain on sale of the business in 2003)	7,500	3,791
Net income from discontinued operations	54,566	6,258

A summary of the assets of our discontinued operations are as follows:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Accounts receivable	$ 247	$23,025
Property, plant and equipment, net of accumulated depreciation of $8.4 million at December 31, 2002	--	2,605
	$ 247	$25,630

4. SPECIAL CHARGES

Special charges during 2002 consist of the following:

	THREE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2002
	(IN THOUSANDS)	
Impairment of long-lived assets (Note 6)	$ --	$190,266
Impairment of goodwill (Note 5)	--	73,080
Lease termination and other exit costs (Note 14)	13,819	18,639
	$ 13,819	$281,985

5. SFAS NO. 141, BUSINESS COMBINATIONS AND SFAS NO. 142, GOODWILL AND OTHER INTANGIBLE ASSETS

In June 2001, the FASB issued SFAS No. 141, Business Combinations, which prohibits the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001 and addresses the accounting for purchase method business combinations completed after June 30, 2001. Also in June 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. For existing acquisitions, the provisions of SFAS No. 142 were effective as of January 1, 2002 and are generally effective for business combinations initiated after June 30, 2001. SFAS No. 142 includes provisions regarding the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, the cessation of amortization related to goodwill and indefinite-lived intangibles, and the testing for impairment of goodwill and other intangibles annually or more frequently if circumstances warrant. Additionally, SFAS No. 142 requires that within six months of adoption of SFAS No. 142, goodwill be tested for impairment at the reporting unit level as of the date of adoption.

We adopted SFAS No. 142 as of January 1, 2002 and we reclassified $30.0 million of intangible assets previously identified as an assembled workforce intangible to goodwill. Additionally at adoption of SFAS No. 142, we stopped amortizing goodwill of $659.1 million, as well as goodwill of $118.6 million associated with our investment in ASI previously accounted for under the equity method of accounting.

As of the adoption date of the standard, we reassessed the useful lives of our identified intangibles and found them to be appropriate. Goodwill and other intangible assets were attributable to two reporting units, packaging and test services. Goodwill is allocated to each reporting unit proportionate to the fair values of the acquired packaging and test assets. We completed the initial impairment test during the second quarter of 2002. Based on the comparison of the fair value of the reporting units with their respective carrying values each as of January 1, 2002, we concluded that goodwill associated with our packaging and test services reporting units was not impaired as of adoption. An appraisal firm was engaged to assist in the determination of the fair value of our reporting units. The determination of fair value was based on projected cash flows.

SFAS No. 142 provides that goodwill of a reporting unit be tested for impairment on an annual basis and between annual tests in certain circumstances, including when a significant adverse change in the business climate occurs and when long-lived assets are tested for recoverability. Our test services assets and several packaging services assets remained at low utilization rates during the second quarter of 2002 and as of such date, were no longer expected to reach previously anticipated utilization levels. As discussed in Note 6, we tested the recoverability of such assets as of June 30, 2002 and concluded that a portion of those assets was impaired. Accordingly, we retested goodwill for impairment as of June 30, 2002, and concluded that the carrying value of the assets and liabilities associated with the test services reporting unit exceeded its fair value. As of June 30, 2002, we recognized a $73.1 million goodwill impairment charge. Such impairment charge was measured by comparing the implied fair value of the goodwill associated with the test services reporting unit to its carrying value. An appraisal firm was engaged to assist in the determination of the fair value of our reporting units in 2002. The determination of fair value was based on projected cash flows. During the second quarter of 2003, we performed our annual review of goodwill for impairment. Based on our review, we concluded that goodwill, as of June 30, 2003, was not impaired.

The changes in the carrying value of goodwill by reporting unit are as follows:

	PACKAGING SERVICES	TEST SERVICES	TOTAL
		(IN THOUSANDS)	
Balance as of January 1, 2003	$ 628,099	$ --	$ 628,099
Translation adjustments	1,403	--	1,403
Balance as of September 30, 2003	$ 629,502	$ --	$ 629,502
Balance as of January 1, 2002	$ 586,344	$ 72,786	$ 659,130
Goodwill acquired	35,845	--	35,845
Goodwill impairment	--	(73,080)	(73,080)
Translation adjustments	1,524	294	1,818
Balance as of September 30, 2002	$ 623,713	$ --	$ 623,713

6. SFAS NO. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED

ASSETS

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121. This standard provides a single accounting model for long-lived assets to be disposed of by sale and establishes additional criteria that would have to be met to classify an asset as held for sale. The carrying amount of an asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Estimates of future cash flows used to test the recoverability of a long-lived asset or asset group must incorporate the entity's own assumptions about its use of the asset or asset group and must factor in all available evidence. SFAS No. 144 requires that long-lived assets be tested for recoverability whenever events or

changes in circumstances indicate that its carrying amount may not be recoverable. Such events include significant under-performance relative to the expected historical or projected future operating results; significant changes in the manner of use of the assets; significant negative industry or economic trends and significant changes in market capitalization.

During 2001, the semiconductor industry declined an unprecedented 32%, which impacted the utilization rates of our packaging and test assets. During the second quarter of 2002, total packaging and test revenues grew over 21% as compared to the first quarter of 2002. We experienced significant recovery in most of our company's packaging services. However, our test services assets and several packaging services assets:

- did not contribute significantly to the growth experienced during the second quarter of 2002,

- remained at low utilization rates relative to our projections and

- were no longer expected to reach previously anticipated utilization levels.

In addition, as of June 30, 2002, we experienced a 72% decline in our market capitalization as compared to March 31, 2002. These events triggered an impairment review in accordance with SFAS No. 144. This review included a company-wide evaluation of underutilized assets and a detailed update of our operating and cash flow projections.

Based on our company-wide evaluation of underutilized assets, we identified $19.8 million of test and packaging assets to be disposed. We recognized an $18.7 million impairment charge to reduce the carrying value of the test and packaging fixed assets to be disposed to their fair value less cost to sell. Fair value of the assets to be disposed was determined with the assistance of an appraisal firm and available information on the resale value of the equipment. As of September 30, 2003, we disposed of $15.8 million of these assets.

Upon the completion of the process to identify the packaging and test net assets to be disposed, we reviewed our assets to be held and used for impairment. Based on the June 30, 2002 operating and cash flow projections, we determined that the carrying value of our test services assets and several packaging services assets being held and used, including intangible assets that we are amortizing, exceeded the anticipated cash flows attributable to those assets. We grouped our long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. For our company, the lowest level of identifiable cash flows is at the test reporting unit level and for our packaging services reporting unit at the package type level.

Our test reporting unit and the outsourced integrated circuit test services industry were adversely impacted by excess capacity at the large integrated device manufacturers. We expected that when the semiconductor industry recovered, the integrated device manufacturers' demand for outsourced test services would also recover. However, that anticipated recovery failed to materialize in connection with the initial recovery we noted in the semiconductor industry during the first half of 2002 due to continued excess test capacity held by the large integrated device manufacturers. We expected, at the time, that the demand for our test services on our existing technology platforms would no longer return to the previously anticipated rates. Several of our package types based on more mature technologies and processes, including older leadframe and laminate package types, were adversely impacted by a technology shift to matrix and high density leadframes and the movement from multi-layer laminate substrates to tape and chip arrays and stacked-die packages. We expected that when the semiconductor industry recovered there would still be sufficient demand for these more mature products. However, that anticipated recovery failed to materialize in connection with the initial recovery we noted in the semiconductor industry during the first half of 2002 due to these technology shifts and the related significant excess capacity in the industry. We expected, at the time, that the demand for these package types would no longer return to the previously anticipated rates. Additionally, we experienced insufficient demand related to select investments in advanced package technologies principally as a result of alternative advanced package technologies which became industry standard.

As of June 30, 2002, we recognized a $171.6 million impairment charge to reduce the carrying value of test and packaging assets to be held and used to their fair value. The components of the charge were as follows:

	CARRYING VALUE	FAIR VALUE	IMPAIRMENT CHARGE
	(IN THOUSANDS)		
Test assets:			
Property, plant and equipment and acquired intangibles	$ 95,400	$ 21,900	$ 73,500
Packaging assets:			
Property, plant and equipment	157,700	59,600	98,100
	$253,100	$ 81,500	$171,600

An appraisal firm was engaged to assist in the determination of the fair value of the assets held for use. The determination of fair value was based on projected cash flows using a discount rate commensurate with the risk involved.

7. ACQUISITIONS IN JAPAN AND TAIWAN

In April 2002, we acquired the semiconductor packaging business of Citizen Watch Co., Ltd. located in the Iwate prefecture in Japan. The business acquired includes a manufacturing facility, over 80 employees and intellectual property. The purchase price included a $7.8 million cash payment at closing. We were required to make additional payments one year from closing for the amount of the deferred purchase price as well as contingent payments. Based on the resolution of the contingency as of January 2003, the total amount of additional payments due in April 2003 was 1.7 billion Japanese yen. In April 2003, we made a payment of 300.0 million Japanese yen, or $2.5 million based on the exchange rate on the date of the payment. We are withholding payment of 1.4 billion yen ($12.6 million based on the spot exchange rate at September 30, 2003) of this amount pending resolution of a controversy relating to the patents acquired in connection with the acquisition. We recorded $19.6 million of intangible assets for patent rights that are amortizable over 7 years. The fair value of the other assets acquired and liabilities assumed was approximately $2.5 million for fixed assets, $0.1 million for inventory and other assets and $14.2 million for the deferred purchase price payment and minimum amount of the contingent payments. Such net assets principally relate to our packaging services reporting unit.

In January 2002, we acquired Agilent Technologies, Inc.'s packaging business related to semiconductor packages utilized in printers for $2.8 million in cash. The acquired tangible assets were integrated into our existing manufacturing facilities. The purchase price was principally allocated to the tangible assets of our packaging services reporting unit. Our results of operations were not significantly impacted by this acquisition.

In July 2001, we acquired, in separate transactions, Taiwan Semiconductor Technology Corporation ("TSTC") and Sampo Semiconductor Corporation ("SSC") in Taiwan. In connection with earn-out provisions that provided for additional purchase price based in part on the results of the acquisitions, we issued an additional 1.8 million shares in January 2002 and recorded an additional $35.2 million in goodwill.

In January 2001, Amkor Iwate Corporation commenced operations and acquired from Toshiba a packaging and test facility located in the Iwate prefecture in Japan. We currently own 60% of Amkor Iwate and Toshiba owns the balance of the outstanding shares. In January 2004 we are required to purchase the remaining 40% ownership interest of Amkor Iwate from Toshiba. The share purchase price will be determined based on the performance of the joint venture during the three-year period but cannot be less than 1 billion Japanese yen and cannot exceed 4 billion Japanese yen ($9.0 million to $35.9 million based on the spot exchange rate at September 30, 2003). Amkor Iwate provides packaging and test services principally to Toshiba's Iwate factory under a long-term supply agreement that provides for services to be performed on a cost plus basis during the term of the joint venture and subsequently at market based rates. The supply agreement with Toshiba's Iwate factory terminates January 2006.

8. OUR INVESTMENT IN ANAM SEMICONDUCTOR, INC. (ASI)

At January 1, 2002, we owned 47.7 million shares, or 42%, of ASI voting common stock. Accordingly, we accounted for this investment under the equity method of accounting and evaluated our investments for impairment due to declines in market value that were considered other than temporary. In the event of a determination that a decline in market value was other than temporary, a charge to earnings was recorded for the unrealized loss, and a new cost basis in the investment was established. The stock prices of semiconductor companies' stocks, including ASI and its competitors, have experienced significant volatility during the past several years. The weakness in the semiconductor industry has affected the demand for

the wafer output from ASI's foundry and the market value of ASI's stock as traded on the Korea Stock Exchange. During 2002, we recorded impairment charges totaling $172.5 million to reduce the carrying value of our investment in ASI to market value.

As part of our strategy to sell our investment in ASI and to divest our wafer fabrication services business (see Note 3), we entered into a series of transactions beginning in the second half of 2002:

- In September 2002, we sold 20 million shares of ASI common stock to Dongbu Group for 5,700 Korean won per share, the market value of ASI common stock as traded on the Korean Stock Exchange at the time we entered into the share sale agreement. We received $58.1 million in net cash proceeds and 42 billion Korean won (approximately $36.5 million at a spot exchange rate as of September 30, 2003) of interest bearing notes from Dongbu Corporation payable in two equal principal payments in September 2003 and February 2004. The Dongbu Group comprises Dongbu Corporation, Dongbu Fire Insurance Co., Ltd. and Dongbu Life Insurance Co., Ltd., all of which are Korean corporations and are collectively referred herein as "Dongbu." Associated with this transaction, we recorded a $1.8 million loss. Additionally, we divested one million shares of ASI common stock in connection with the payment of certain advisory fees related to this transaction. On September 30, 2003, we received 21 billion Korean won, or $18.3 million based on the spot exchange rate at September 30, 2003, consisting of principal.

- In separate transactions designed to facilitate a future merger between ASI and Dongbu, (i) we acquired a 10% interest in Acqutek from ASI for $1.9 million, the market value of the shares as publicly traded in Korea; (ii) we acquired the Precision Machine Division ("PMD") of Anam Instruments, a related party to Amkor, for $8 million, its fair value; and (iii) Anam Instruments, which had been partially owned by ASI, utilized the proceeds from the sale of PMD to us to buy back all of the Anam Instruments shares owned by ASI. Acqutek supplies materials to the semiconductor industry and is publicly traded in Korea. An entity controlled by the family of James Kim, our Chairman and Chief Executive Officer, held a 25% ownership interest in Acqutek at the time of our acquisition of our interest in Acqutek. We have historically purchased and continue to purchase leadframes from Acqutek. On September 17, 2003, we sold our entire ownership interest in Acqutek (see Note 12). PMD supplies sophisticated die mold systems and tooling to the semiconductor industry and historically over 90% of its sales were to Amkor. We determined the fair value of PMD based on projected cash flows discounted at a rate commensurate with the risk involved. At the time of our acquisition of PMD, Anam Instruments was owned 20% by ASI and 20% by a family member of James Kim.

- On February 28, 2003, we sold our wafer fabrication services business to ASI for total consideration of $62.0 million (see Note 3). We negotiated the fair value of our wafer fabrication services business with ASI and Dongbu. The parties calculated fair value based on an assessment of projected cash flows discounted at a rate commensurate with the risk involved. 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.

Each of the transactions with Dongbu, ASI and Anam Instruments are interrelated and it is possible that if each of the transactions were viewed on a stand-alone basis without regard to the other transactions, we could have had different conclusions as to fair value. It is likely that we would not have entered into the Acqutek or PMD transactions absent the share sale to Dongbu and the sale of the wafer fabrication services business to ASI. Had these transactions not been interrelated, we may have utilized a different negotiation strategy for the investment in Acqutek and the acquisition of PMD, which could have resulted in us reaching a different conclusion of the fair value of both of these transactions.

Pursuant to the definitive agreements, (1) Amkor and Dongbu agreed to use reasonable best efforts to cause Dongbu Electronics and ASI to be merged together as soon as practicable, (2) Amkor and Dongbu agreed to cause ASI to use the proceeds ASI received from its sale of stock to Dongbu to purchase shares in Dongbu Electronics and (3) Amkor and Dongbu agreed to use their 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.

Subsequent to the sale of a portion of our investment in ASI to Dongbu in 2002, we were unable to identify another strategic buyer. ASI's common stock, which is listed on the Korean Stock Exchange, is relatively thinly traded and subject to volatile swings in daily trading volumes. In an effort to continue to monetize our investment in ASI's common stock, we evaluated, in consultation with a financial institution, the most efficient method to divest a large block of shares into the

market without destabilizing the share price of ASI's common stock. As of March 24, 2003, we consummated a series of transactions proposed by the financial institution. We irrevocably sold a block of 7 million shares of ASI common stock to the financial institution for 24.4 billion Korean won ($19.5 million based on the spot exchange rate as of the transaction date, 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. For the three months ended March 31, 2003, we recorded a charge of $2.2 million to adjust for the value of the option as a result of ASI's share price declining from 3,511 Korean won per share, or $2.81 per share, at March 24, 2003 to 3,150 Korean won at March 31, 2003. In May 2003, we exercised the nondeliverable call option realizing $5.6 million of cash proceeds, and for the three months ended June 30, 2003 we recorded a gain of $1.0 million related to the excess amount of the exercise proceeds above the nondeliverable call option's book value.

On September 17, 2003, we sold an additional 5 million shares of ASI common stock to the same financial institution for 21.8 billion Korean won ($18.5 million based on the spot exchange rate as of the transaction date, or $3.69 per share) and recorded an associated gain of $4.7 million during the three months ended September 30, 2003. 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. The call option is scheduled to expire June 2004 and is indexed to ASI's share price with a strike price of $2.62 per share, or approximately 70% of the then market value of ASI's common stock. The value of the option declined $4.4 million as of September 30, 2003 as a result of ASI's share price declining from 4,305 Korean won per share (or $3.69 per share based on the spot exchange rate at September 17, 2003) to 3,395 Korean won per share (or $2.95 per share based on the spot exchange rate at September 30, 2003), and we recorded the loss of $4.4 million during the three months ended September 30, 2003.

The call options allowed us to continue to monetize our investment in ASI at a fixed price with unlimited upside and limited downside economics. In addition, it provided us with the economic benefits of selling shares through a dollar averaging sales program without incurring the transaction costs associated with multiple small quantity sales. The call premiums provided the financial institution some downward protection if the market for ASI's common stock destabilizes as it sold its investment in ASI's common stock into the market. If ASI's share price declines below the exercise price of the call option, then the net proceeds from the exercise of the September 17, 2003 option could be less than the $6.5 million we paid for the call option. All ownership rights and privileges associated with the 12 million shares of ASI's common stock sold during 2003 were irrevocably transferred to the financial institution. In no event could the financial institution put the shares back to Amkor nor was there a provision in the agreements for Amkor to reacquire the shares.

As of September 30, 2003, we owned 14.7 million shares of ASI, or 12% of ASI's voting stock. Beginning March 24, 2003, we ceased accounting for our investment in ASI under the equity method of accounting and commenced accounting for our investment as a marketable security that is available for sale. We intend to sell our remaining investment in ASI. The ultimate level of proceeds from the sale of our remaining investment in ASI could be less than the current carrying value.

9. INVENTORIES

Inventories, net of reserves for excess and obsolete inventory of $19.7 million and $20.2 million at September 30, 2003 and December 31, 2002, respectively, consist of raw materials and purchased components that are used in the semiconductor packaging process.

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Raw materials and purchased components	$ 73,646	$ 61,806
Work-in-process	14,634	10,315
	$ 88,280	$ 72,121

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Land	$ 110,818	$ 88,744
Buildings and improvements	546,012	537,288
Machinery and equipment	1,607,238	1,512,191
Furniture, fixtures and other equipment	127,558	121,727
Construction in progress	990	1,707
	2,392,616	2,261,657
Less -- Accumulated depreciation and amortization	(1,414,207)	(1,295,319)

$ 978,409	$ 966,338

11. ACQUIRED INTANGIBLES

Acquired intangibles consist of the following:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Patents and technology rights...	$ 62,587	$ 61,994
Less -- Accumulated amortization	(23,083)	(16,961)
	$ 39,504	$ 45,033

Amortization expense was $2.0 million and $2.1 million for the three months ended September 30, 2003 and 2002, respectively. Amortization expense was $6.1 million and $5.3 million for the nine months ended September 30, 2003 and 2002, respectively. The estimated annual amortization expense for each of the next five years ending on December 31 is $8.0 million. The weighted average amortization period for the patents and technology rights is 8 years.

12. INVESTMENTS

Investments and noncurrent marketable securities are as follows:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Marketable securities classified as available for sale:		
ASI (ownership of 12% and 21% at September 30, 2003 and December 31, 2002, respectively) (see Note 8).........	$ 43,414	$ 77,450
Other marketable securities classified as available for sale	3,867	4,590
Total marketable securities..............................	47,281	82,040
Equity investments (20% - 50% owned)..........................	--	1,195
	$ 47,281	$ 83,235

Our investment in ASI is classified as available for sale in the table above. ASI was previously accounted for as an equity investment through March 24, 2003 (see Note 8).

Included in other marketable securities classified as available for sale at December 31, 2002 was our investment in Acqutek. Acqutek is publicly traded on the Korean Stock Exchange. On September 17, 2003, our investment in Acqutek was sold at a loss of $0.3 million. We previously recorded, during the second quarter of 2003, a $0.9 million charge to earnings to reflect the decline in market value of Acqutek, which was considered to be other than temporary. Total purchases from Acqutek included in cost of revenue for the three months ended September 30, 2003 and 2002 were $4.8 million and $6.0 million, respectively. Total purchases from Acqutek included in cost of revenue for the nine months ended September 30, 2003 and 2002 were $11.5 million and $12.5 million, respectively, which we believe were conducted on an arms-length basis in the ordinary course of business.

Equity investment losses (gains), as recorded in our consolidated statements of income, are comprised of the following:

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003	2002
	(UNAUDITED)	(UNAUDITED)	
Equity in loss of investees............	$ (12,532)	$ (3,555)	$ (24,737)
Loss on impairment of equity investment	--	--	(139,536)
Loss on equity investment.............	(1,767)	--	(1,767)
	$ (14,299)	$ (3,555)	$ (166,040)

13. ACCRUED EXPENSES

Accrued expenses consist of the following:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Accrued payroll.......................................	$ 39,169	$ 29,295
Accrued income taxes..................................	32,709	48,787
Accrued interest......................................	32,537	32,690
Other accrued expenses................................	61,694	73,451
	$ 166,109	$ 184,223

14. RESTRUCTURING RESERVES

During the second, third and fourth quarters of 2002, we recorded $4.8 million, $13.8 million and $10.0 million, respectively, 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. Our consolidation efforts included:

- Transferring the packaging operations at our K2 site in Bucheon, South Korea into our K4 factory in Kwangju, South Korea and closing the K2 facility;

- Merging our factory operations in Taiwan into a single location; and

- Consolidating select U.S. office locations and closing our San Jose test facility.

The 2002 charges associated with the consolidation initiatives in Korea, Taiwan and the U.S. were $10.0 million, $13.8 million and $4.8 million, respectively. We completed the closing of the K2 facility during the second quarter of 2003 and the other activities were substantially completed during 2002. Of the total $28.6 million restructuring charges recorded in 2002, $4.5 million and $6.1 million remained outstanding as of September 30, 2003 and December 31, 2002, respectively, and is reflected in accrued expenses. The outstanding liability is principally future lease payments of which $2.4 million is expected be paid during the remainder of 2003. The remaining lease payments are expected to be paid through 2007 unless the leases can be terminated earlier. During the nine months ended September 30, 2003, the restructuring reserve was reduced by $1.6 million for cash expenditures.

15. DEBT

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

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
New senior secured credit facilities:		
Term loan, LIBOR plus 4% due January 2006	$ 169,150	$ --
$30.0 million revolving line of credit, LIBOR plus 4.25% due October 2005	--	--
Old senior credit facilities:		
Term B loans, LIBOR plus 4% due September 2005	--	97,118
$100.0 million revolving line of credit, LIBOR plus 3.75% due March 2005	--	--
9.25% Senior notes due May 2006	--	425,000
9.25% Senior notes due February 2008	470,500	500,000
7.75% Senior notes due May 2013	425,000	--
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	250,000	250,000
5% Convertible subordinated notes due March 2007, convertible at $57.34 per share	258,750	258,750
Other debt	66,605	77,845
	1,840,005	1,808,713
Less -- Short-term borrowings and current portion of long-term debt	(54,240)	(71,023)
	$ 1,785,765	$ 1,737,690

Interest expense related to short-term borrowings and long term debt is presented net of interest income of $1.3 million and $1.0 million for the three months ended September 30, 2003 and 2002, 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 $5.0 million and $2.9 million for the nine months ended September 30, 2003 and 2002, respectively, in the accompanying consolidated statements of income.

On April 22, 2003, we entered into a new $200.0 million senior secured credit facility consisting of a $170.0 million term loan maturing January 31, 2006 and a $30.0 million revolving line of credit that is available through October 31, 2005.

The term loan bears interest at LIBOR plus 4.00% and the revolving line of credit bears interest at LIBOR plus 4.25%. The term loan principal repayments are due $1.3 million, $1.7 million, $125.4 million and $41.6 million in 2003, 2004, 2005 and 2006, respectively. In addition, the term loan includes certain financial covenants including minimum EBITDA, as defined by the credit facility, minimum daily liquidity and maximum annual capital expenditures. This new credit facility replaces the existing $196.9 million secured credit facility, which included a $96.9 million term loan and a $100.0 million revolving credit facility that were scheduled to mature September 30, 2005 and March 31, 2005, respectively. The funds available under this new credit facility were used to repay the $96.9 million term loan outstanding under the existing credit facility and for general corporate purposes. In connection with the redemption of our term loan, we recorded a charge of $2.4 million during the second quarter of 2003 for the associated unamortized deferred debt issuance costs.

In May 2003, we sold $425.0 million of 7.75% senior notes due May 2013. We sold these notes to qualified institutional investors and used the net proceeds of the issuance to redeem our outstanding 9.25% senior notes due 2006. The notes have a coupon rate of 7.75 % annually and interest payments are due semi-annually. In connection with the redemption, we recorded charges during the second quarter of 2003 of $19.7 million related to the premium paid to redeem these notes, $6.0 million for the associated unamortized deferred debt issuance costs and $2.5 million of other costs.

In connection with the May 2003 offering of the $425 million senior notes due 2013 ("original notes"), we entered into a registration rights agreement with the initial purchasers of the original notes in which we agreed to use commercially reasonable efforts to commence an exchange offer for the original notes within 210 days of their issuance. In the exchange offer, the original note holders are entitled to exchange their original notes for exchange notes ("exchange notes"), with substantially identical terms as the original notes. The terms of the exchange notes are identical in all material respects to those of the original notes except the exchange notes will not be subject to transfer restrictions and holders of the exchange notes, with limited exceptions, will have no registration rights. We will issue registered exchange notes on or promptly after the expiration of the exchange offer. In July 2003, we filed a Form S-4 Registration Statement with the Securities and Exchange Commission to effect this exchange offer which became effective October 22, 2003.

During 2003, we received board of director approval to purchase up to $150.0 million of the 9.25% senior notes due 2008, and we have been purchasing these notes in the open market. As of September 30, 2003, we purchased $29.5 million of the 9.25% senior notes due 2008 for which we recognized a loss on this retirement of debt of $1.6 million and a charge of $0.4 million for the associated unamortized deferred debt issuance costs during the three and nine months ended September 30, 2003.

Other debt as of September 30, 2003 and 2002 included our foreign debt principally related to the financing of Amkor Iwate's acquisition of a Toshiba packaging and test facility and the debt assumed in connection with the acquisition of Sampo Semiconductor Corporation in Taiwan. Our foreign debt included fixed and variable debt maturing between 2003 and 2010, with the substantial majority maturing by 2003. As of September 30, 2003, the foreign debt had interest rates ranging from 1.0% to 4.35%. These debt instruments do not include significant financial covenants.

16. 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 months ended September 30, 2003, we included approximately 4.8 million shares outstanding in the computation of diluted earnings per share. For the nine months ended September 30, 2003 and the three months and nine months ended 2002, we excluded from the computation of diluted earnings per share potentially dilutive securities which would have an antidilutive effect on EPS. As of September 30, 2003, the total number of potentially dilutive securities outstanding was 16.2 million, 11.7 million and 3.9 million for outstanding options, convertible notes and warrants for common stock, respectively. As of September 30, 2002, the total number of potentially dilutive securities outstanding was 14.8 million, 11.7 million and 3.9 million for outstanding options, convertible notes and warrants for common stock, respectively.

For the three months ended September 30, 2003, basic and diluted EPS was calculated as follows:

	EARNINGS (NUMERATOR)	WEIGHTED AVG. SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(IN THOUSANDS)	(IN THOUSANDS)	
Earnings Per Share - Three Months Ended September 30, 2003			
Basic earnings per share...	$ 15,770	166,628	$ 0.09
Dilutive effect of options.	--	4,812	--
Dilutive earnings per share	$ 15,570	171,440	$ 0.09

17. COMMITMENTS AND CONTINGENCIES

Indemnifications and Guarantees

In November 2002, the FASB issued FIN No. 45, "Guarantor's Accounting and Disclosure requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." We have adopted the disclosure requirements of the Interpretation as of December 31, 2002. Disclosures about our indemnifications and guarantees are provided below.

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. There is no amount recorded for this indemnification at September 30, 2003. 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.

In connection with the termination of AEI's status as an S Corporation, in 1998 we indemnified and agreed to hold harmless James Kim, our Chairman and Chief Executive Officer, and members of his family, against any U.S. federal or state income tax liability resulting from such persons being required to include in income amounts in excess of the income shown to be reportable on the original tax returns filed, as they relate to the previously existing S Corporation. The carrying amount recorded for this indemnification as of September 30, 2003 is $3.0 million. While it is reasonably possible that future payments may exceed amounts accrued, we recorded a net tax benefit during the three months ended September 30, 2003 of $10.4 million to reduce our tax accruals based on related tax periods no longer open. The maximum potential loss related to this indemnification is $8.0 million. No assets are held as collateral and no specific recourse provisions exist.

As of September 30, 2003, we have outstanding $2.2 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 currently are 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. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on the net income of the period in which the ruling occurs. The estimate of the potential impact on our financial position or overall results of operations for the following legal proceedings could change in the future.

Recently, we have become party to an increased number of litigation matters, relative to historic levels. Much of the recent increase in litigation relates to an allegedly defective epoxy mold compound formerly used in some of our products. In 2002, we were served with a third party complaint in an action between Fujitsu Limited and Cirrus Logic, Inc., in which Fujitsu alleged that semiconductor devices it purchased from Cirrus Logic were 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. This case is pending in the

U.S. District Court for the Northern District of California. The complaint, as amended to date, alleges damages in excess of $100 million, although, as of this date, Fujitsu has not indicated how it will substantiate this amount of damages. Cirrus Logic filed a 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 the third party complaint, we filed an answer denying all liability, and our own third party complaint against Sumitomo Bakelite Co., Ltd., the Japanese manufacturer of the allegedly defective epoxy mold compound. In conjunction with this matter, Fujitsu has recently filed a direct claim against us for damages. In response, we filed an answer to the complaint denying all liability to Fujitsu. More recently, we have been drawn into four additional actions related to this epoxy mold compound. In March 2003, we were served with a cross-complaint in an action between Seagate Technology and Atmel Corporation. Atmel's complaint seeks indemnification from us for any damages incurred from the claims by Seagate Technology. We have answered Atmel's cross-complaint, denying all liability, and have filed a cross-complaint against Sumitomo Bakelite Co., Ltd., the manufacturer of the allegedly defective mold compound. No trial date has been set in this case, which is pending in the Superior Court of California, Santa Clara County. In

April 2003, we were served with a cross-complaint in an action between Maxtor Corporation and Koninklijke Philips Electronics ("Philips"). Philips' complaint seeks indemnification from us for any damages incurred from the claims by Maxtor Corporation. Philips subsequently filed a cross-complaint directly against Sumitomo Bakelite Co., Ltd., alleging, among other things, that Sumitomo Bakelite Co., Ltd. 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 have denied all liability in this matter and have also asserted a cross-complaint against Sumitomo Bakelite Co., Ltd. A trial date has been set for April 2004 and this case is pending in the Superior Court of California, Santa Clara County. In August 2003 and September 2003, we were served with complaints filed by Maxim Integrated Products Inc., and Fairchild Semiconductor Corporation, respectively. Both parties are seeking damages related to our use of Sumitomo Bakelite Co., Ltd.'s epoxy mold compound in assembling their semiconductor packages. These cases are pending in the Superior Court of California, Santa Clara County. On September 5, 2003, we filed a pleading to have the Maxim case dismissed and are awaiting a hearing on that action. On October 31, 2003, we filed a pleading to have the Fairchild case dismissed and are awaiting a hearing on that action. If our motions against Fairchild and Maxim are not granted, we expect to fully deny all liability and to file cross-claims against Sumitomo Bakelite Co., Ltd.

In the case of each of these matters, all of which are at an early stage, we believe we have meritorious defenses and valid third party claims against Sumitomo Bakelite Co., Ltd., should the epoxy mold compound be found to be defective. However, we cannot be certain that we will be able to recover any amount from Sumitomo Bakelite Co., Ltd. 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 these will not be made against us by other customers in the future.

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, Amkor was seeking declaratory judgment relating to a controversy between Amkor and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. ("Citizen") to Amkor of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the "License Agreement") and concurrent assignment by Citizen to Amkor of Citizen's interest in U.S. Patents 5,241,133 and 5,216,278 (the "'133 and '278 patents"); and (ii) Amkor's obligation to make certain payments pursuant to an immunity agreement (the "Immunity Agreement") dated June 30, 1993 between Amkor 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 Amkor and issued an Opinion and Order granting Amkor's 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. We believe we will prevail on the same merits in such appeal. In addition, should Motorola prevail at the appellate level, 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.

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 nine months ended September 30, 2003 and 2002 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 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, Atmel Corporation, Intel Corporation, LSI Logic Corporation, Mediatek Inc., Philips Electronics N.V., R.F. Microdevices, ST Microelectronics PTE, Sony Semiconductor Corporation, Toshiba Corporation and Xilinx, Inc. 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.

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 2002, there were 12 years when semiconductor industry growth, measured by revenue dollars, was 10% or less and 10 years when growth was 19% or greater. Since 1981, the semiconductor industry declined in 1985, 1996, 1998 and 2001. The semiconductor industry declined an unprecedented 32% in 2001 and experienced a 1% growth in 2002 as compared to 2001. The historical trends in the semiconductor industry are not necessarily indicative of the results of any future period. Semiconductor industry analysts are forecasting significant growth in the semiconductor industry in each of 2003 and 2004. 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.

Increased outsourcing of packaging and test services in the semiconductor industry has been the 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.

We currently expect packaging and test revenue for the fourth quarter of 2003 to be around 5% to 8% higher than packaging and test revenues for the third quarter of 2003. We expect that fourth quarter of 2003 gross margin will be around 25%. 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. In addition, beginning in the second quarter of 2003, we began to experience increases in substrate material costs as a result of supply shortages. Substrate material costs have stabilized at the higher price levels set during the second quarter of 2003. We have significantly enhanced our supply base and do not foresee substrate material availability as an ongoing issue. However, supply shortages may again occur in the future and in such an event, gross margins could be negatively impacted. Excluding the impact of our acquisition in Japan, average selling prices for 2002 declined 16% as compared to average selling prices in 2001. This decline in average selling prices significantly impacted our gross margins in 2002. Average selling prices have declined 3.0% during the first nine months of 2003 and, accordingly, the related impact to our revenues and gross margins has diminished in comparison to 2002.

OVERVIEW OF OUR HISTORICAL RESULTS

Our Historical Relationship with ASI

Historically we performed packaging and test services at our factories in the Philippines and subcontracted for additional services with ASI, which operated four packaging and test facilities in Korea. Beginning in the fourth quarter of 1998 ASI's business was severely affected by the economic crisis in Korea. ASI was part of the Korean financial restructuring program known as the "Workout" program beginning in October 1998. The Workout program was the result of an accord among Korean financial institutions to assist in the restructuring of Korean business enterprises. The process involved negotiation between ASI's banks and ASI, and did not involve the judicial system. The Workout process restructured the terms of ASI's significant bank debt. Although ASI's operations continued uninterrupted during the process, it caused concern among our customers that we could potentially lose access to ASI's services. As a result, we decided to acquire ASI's packaging and test operations to ensure continued access to the manufacturing services previously provided by ASI. During the course of negotiations for the purchase of the packaging and test operations, both ASI management and the ASI bank group presented a counter-proposal whereby, in addition to the purchase of the packaging and test operations, we would also make an equity investment in ASI. The bank group and ASI management proposed this structure because they believed the equity investment would reflect a level of commitment from us to continue our ongoing business relationship with ASI after the sale of its packaging and test operations to Amkor.

In May 1999, we acquired K4, one of ASI's packaging and test facilities, and in May 2000 we acquired ASI's remaining packaging and test facilities, K1, K2 and K3. With the completion of our acquisition of K1, K2 and K3, we no longer depend

upon ASI for packaging or test services. In May 2000 we also committed to a $459.0 million equity investment in ASI, and fulfilled this commitment in installments taking place over the course of 2000. In connection with the May 2000 transactions with ASI, we obtained independent appraisals to support the value and purchase price of each the packaging and test operations and the equity investment. We invested a total of $500.6 million in ASI including an equity investment of $41.6 million made in October 1999 and, as a result acquired a total of 47.7 million shares of ASI common stock.

As part of our strategy to sell our investment in ASI and to divest our wafer fabrication services business, we entered into a series of transactions beginning in the second half of 2002:

- In September 2002, we sold 20 million shares of ASI common stock to Dongbu Group for 5,700 Korean won per share, the market value of ASI common stock as traded on the Korean Stock Exchange at the time we entered into the share sale agreement. We received $58.1 million in net cash proceeds and 42 billion Korean won (approximately $36.5 million at a spot exchange rate as of September 30, 2003) of interest bearing notes from Dongbu Corporation payable in two equal principal payments in September 2003 and February 2004. The Dongbu Group comprises Dongbu Corporation, Dongbu Fire Insurance Co., Ltd. and Dongbu Life Insurance Co., Ltd., all of which are Korean corporations and are collectively referred herein as "Dongbu." Associated with this transaction, we recorded a $1.8 million loss. Additionally, we divested one million shares of ASI common stock in connection with the payment of certain advisory fees related to this transaction. On September 30, 2003, we received 21 billion Korean won, or $18.3 million based on the spot exchange rate at September 30, 2003, consisting of principal.
- In separate transactions designed to facilitate a future merger between ASI and Dongbu, (i) we acquired a 10% interest in Acqutek from ASI for $1.9 million, the market value of the shares as publicly traded in Korea; (ii) we acquired the Precision Machine Division ("PMD") of Anam Instruments, a related party to Amkor, for $8 million, its fair value; and (iii) Anam Instruments, which had been partially owned by ASI, utilized the proceeds from the sale of PMD to us to buy back all of the Anam Instruments shares owned by ASI. Acqutek supplies materials to the semiconductor industry and is publicly traded in Korea. An entity controlled by the family of James Kim, our Chairman and Chief Executive Officer, held a 25% ownership interest in Acqutek at the time of our acquisition of our interest in Acqutek. We have historically purchased and continue to purchase leadframes from Acqutek. On September 17, 2003, we sold our entire ownership interest in Acqutek. PMD supplies sophisticated die mold systems and tooling to the semiconductor industry and historically over 90% of its sales were to Amkor. We determined the fair value of PMD based on projected cash flows discounted at a rate commensurate with the risk involved. At the time of our acquisition of PMD, Anam Instruments was owned 20% by ASI and 20% by a family member of James Kim.
- On February 28, 2003, we sold our wafer fabrication services business to ASI for total consideration of $62.0 million. We negotiated the fair value of our wafer fabrication services business with ASI and Dongbu. The parties calculated fair value based on an assessment of projected cash flows discounted at a rate commensurate with the risk involved. 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.

Each of the transactions with Dongbu, ASI and Anam Instruments are interrelated and it is possible that if each of the transactions were viewed on a stand-alone basis without regard to the other transactions, we could have had different conclusions as to fair value. It is likely that we would not have entered into the Acqutek or PMD transactions absent the share sale to Dongbu and the sale of the wafer fabrication services business to ASI. Had these transactions not been interrelated, we may have utilized a different negotiation strategy for the investment in Acqutek and the acquisition of PMD, which could have resulted in us reaching a different conclusion of the fair value of both of these transactions.

Due to the protracted downturn in the semiconductor industry, we made the decision to sell our wafer fabrication services business in order to redeploy the proceeds from that sale into our primary business of semiconductor assembly and test. This decision was further supported by the fact that we had no assurances that ASI would have the financial resources and capability to provide the next generation of technology to serve our customer needs. The opportunity to divest ourselves of the business arose in connection with our sale of the ASI shares to Dongbu. As part of that transaction, it was agreed that Dongbu and we would enter into negotiations, upon completion of the share sale, to determine the terms and conditions on which we would sell the business to ASI. The sale was completed on February 28, 2003, thereby completing another step towards our stated goal of monetizing all of our interests in ASI. As of that date, we reduced our ownership interest in ASI from 42% to 16%. As of September 30, 2003, we own 12% of ASI.

In consideration of the transactions discussed above, 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, during the first quarter of 2003 we 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.

Subsequent to the sale of a portion of our investment in ASI to Dongbu in 2002, we were unable to identify another strategic buyer. ASI's common stock, which is listed on the Korean Stock Exchange, is relatively thinly traded and subject to volatile swings in daily trading volumes. In an effort to continue to monetize our investment in ASI's common stock, we evaluated, in consultation with a financial institution, the most efficient method to divest a large block of shares into the market without destabilizing the share price of ASI's common stock. As of March 24, 2003, we consummated a series of transactions proposed by the financial institution. We irrevocably sold a block of 7 million shares of ASI common stock to the financial institution for 24.4 billion Korean won ($19.5 million based on the spot exchange rate as of the transaction date, 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. For the three months ended March 31, 2003, we recorded a charge of $2.2 million to adjust for the value of the option as a result of ASI's share price declining from 3,511 Korean won per share, or $2.81 per share, at March 24, 2003 to 3,150 Korean won at March 31, 2003. In May 2003, we exercised the nondeliverable call option realizing $5.6 million of cash proceeds, and for the three months ended June 30, 2003 we recorded a gain of $1.0 million related to the excess amount of the exercise proceeds above the nondeliverable call option's book value.

On September 17, 2003, we sold an additional 5 million shares of ASI common stock to the same financial institution for 21.8 billion Korean won ($18.5 million based on the spot exchange rate as of the transaction date, or $3.69 per share) and recorded an associated gain of $4.7 million during the three months ended September 30, 2003. 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. The call option is scheduled to expire June 2004 and is indexed to ASI's share price with a strike price of $2.62 per share, or approximately 70% of the then market value of ASI's common stock. The value of the option declined $4.4 million as of September 30, 2003 as a result of ASI's share price declining from 4,305 Korean won per share (or $3.69 per share based on the spot exchange rate at September 17, 2003) to 3,395 Korean won per share (or $2.95 per share based on the spot exchange rate at September 30, 2003), and we recorded the loss of $4.4 million during the three months ended September 30, 2003.

The call options allowed us to continue to monetize our investment in ASI at a fixed price with unlimited upside and limited downside economics. In addition, it provided us with the economic benefits of selling shares through a dollar averaging sales program without incurring the transaction costs associated with multiple small quantity sales. The call premiums provided the financial institution some downward protection if the market for ASI's common stock destabilizes as it sold its investment in ASI's common stock into the market. If ASI's share price declines below the exercise price of the call option, then the net proceeds from the exercise of the September 17, 2003 option could be less than the $6.5 million we paid for the call option. All ownership rights and privileges associated with the 12 million shares of ASI's common stock sold during 2003 were irrevocably transferred to the financial institution. In no event could the financial institution put the shares back to Amkor nor was there a provision in the agreements for Amkor to reacquire the shares.

As of September 30, 2003, we owned 14.7 million shares of ASI, or 12% of ASI's voting stock. Beginning March 24, 2003, we ceased accounting for our investment in ASI under the equity method of accounting and commenced accounting for our investment as a marketable security that is available for sale. We intend to sell our remaining investment in ASI. The ultimate level of proceeds from the sale of our remaining investment in ASI could be less than the current carrying value.

In connection with the 2002 disposition of a portion of our interest in ASI, we acquired a 10% interest in Acqutek from ASI for a total purchase price of $1.9 million. Acqutek supplies materials to the semiconductor industry and is a publicly traded company in Korea. An entity controlled by the family of James Kim, our Chairman and Chief Executive Officer, held a 25% ownership interest in Acqutek at the time of our acquisition of our interest in Acqutek. We have historically purchased and continue to purchase leadframes from Acqutek. On September 17, 2003, our investment in Acqutek was sold at a loss of $0.3 million. We previously recorded, during the second quarter of 2003, a $0.9 million charge to earnings to reflect the decline in market value of Acqutek, which was considerd to be other than temporary. Total purchases from Aqutek included in cost of revenue for the three months ended September 30, 2003 and 2002 were $4.8 million and $6.0 million, respectively. Total purchases from Acqutek included in cost of revenue for the nine months ended September 30, 2003 and 2002 were $11.5 million and $12.5 million, respectively, which we believe were conducted on an arms-length basis in the ordinary course of business.

Special Charges

During the second and third quarter of 2002, we recorded $282.0 million of special charges. Special charges were comprised of:

	THREE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2002
	(IN THOUSANDS)	
Impairment of long-lived assets	$ --	$190,266
Impairment of goodwill	--	73,080
Lease termination and other exit costs	13,819	18,639
	$ 13,819	$281,985

During 2001, the semiconductor industry declined an unprecedented 32%, which impacted the utilization rates of our packaging and test assets. During the second quarter of 2002, total packaging and test revenues grew over 21% as compared to the first quarter of 2002. We experienced significant recovery in most of our company's packaging services. However, our test services assets and several packaging services assets:

- did not contribute significantly to the growth experienced during the second quarter of 2002,

- remained at low utilization rates relative to our projections and

- were no longer expected to reach previously anticipated utilization levels.

In addition, as of June 30, 2002, we experienced a 72% decline in our market capitalization as compared to March 31, 2002. These events triggered an impairment review in accordance with SFAS No. 144. This review included a company-wide evaluation of underutilized assets and a detailed update of our operating and cash flow projections.

Based on our company-wide evaluation of underutilized assets, we identified $19.8 million of test and packaging assets to be disposed. We recognized an $18.7 million impairment charge to reduce the carrying value of the test and packaging fixed assets to be disposed to their fair value less cost to sell. Fair value of the assets to be disposed was determined with the assistance of an appraisal firm and available information on the resale value of the equipment. As of September 30, 2003, we disposed of $15.8 million of these assets.

Upon the completion of the process to identify the packaging and test net assets to be disposed, we reviewed our assets to be held and used for impairment. Based on the June 30, 2002 operating and cash flow projections, we determined that the carrying value of our test services assets and several packaging services assets being held and used, including intangible assets that we are amortizing, exceeded the anticipated cash flows attributable to those assets. We grouped our long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. For our company, the lowest level of identifiable cash flows is at the test reporting unit level and for our packaging services reporting unit at the package type level.

Our test reporting unit and the outsourced integrated circuit test services industry were adversely impacted by excess capacity at the large integrated device manufacturers. We expected that when the semiconductor industry recovered the integrated device manufactures' demand for outsourced test services would also recover. However, that anticipated recovery failed to materialize in connection with the initial recovery we noted in the semiconductor industry during the first half of 2002 due to continued excess test capacity held by the large integrated device manufacturers. We no longer expect that the demand for our test services on our existing technology platforms will return to the previously anticipated rates. Several of our package types based on more mature technologies and processes, including older leadframe and laminate package types, were adversely impacted by a technology shift to matrix and high density leadframes and the movement from multi-layer laminate substrates to tape and chip arrays and stacked-die packages. We expected that when the semiconductor industry recovered there would still be sufficient demand for these more mature products. However, that anticipated recovery failed to materialize in connection with the initial recovery we noted in the semiconductor industry during the first half of 2002 due to these technology shifts and the related significant excess capacity in the industry. We no longer expect that the demand for these package types will return to the previously anticipated rates. Additionally, we experienced insufficient demand related

to select investments in advanced package technologies principally as a result of alternative advanced package technologies which became industry standard.

As of June 30, 2002, we recognized a $171.6 million impairment charge to reduce the carrying value of test and packaging assets to be held and used to their fair value. The components of the this charge were as follows:

	CARRYING VALUE	FAIR VALUE	IMPAIRMENT CHARGE
		(IN THOUSANDS)	
Test assets:			
Property, plant and equipment and acquired intangibles	$ 95,400	$ 21,900	$73,500
Packaging assets:			
Property, plant and equipment	157,700	59,600	98,100

$253,100	$ 81,500	$171,600

An appraisal firm was engaged to assist in the determination of the fair value of the assets held for use. The determination of fair value was based on projected cash flows using a discount rate commensurate with the risk involved. We estimated that depreciation expense would be reduced by approximately $77 million during the twelve month period following the second quarter of 2002. The impact to depreciation expense diminishes quarterly as these assets reach the end of their respective useful lives.

SFAS No. 142 provides that goodwill of a reporting unit be tested for impairment on an annual basis and between annual tests in certain circumstances, including when a significant adverse change in the business climate occurs and when long-lived assets are tested for recoverability. Accordingly we retested goodwill for impairment as of June 30, 2002, and concluded that the carrying value of the assets and liabilities associated with the test services reporting unit exceeded its fair value. As of June 30, 2002, we recognized a $73.1 million goodwill impairment charge. Such impairment charge was measured by comparing the implied fair value of the goodwill associated with the test services reporting unit to its carrying value. An appraisal firm was engaged to assist in the determination of the fair value of our reporting units. The determination of fair value was based on projected cash flows. During the second quarter of 2003, we performed our annual review of goodwill for impairment. Based on our review, we concluded that goodwill, as of June 30, 2003, was not impaired.

During the second quarter of 2002, we consolidated some of our U.S. office locations and closed our San Jose test facility. Test development is now centralized in our primary test development center in Wichita, Kansas. These activities were designed to reduce expenses and enhance operational efficiencies. In connection with these activities we recognized $4.8 million in lease cancellation costs and other facility exit expenses during the second quarter of 2002.

During the third quarter of 2002, we recorded $13.8 million of special charges principally related to the consolidation of our operations in Taiwan. The charge was comprised of $10.8 million to write-off leasehold improvements and other long-lived assets and $3.0 million for lease termination and other exit costs.

Change in Depreciation

We have historically calculated depreciation using the straight-line method over the estimated useful lives of the depreciable assets. We have historically estimated the useful lives of our machinery and equipment to be three to five years, with the substantial majority of our packaging assets having estimated useful lives of four years. Effective with the fourth quarter of 2002, we changed the estimated useful lives of certain of our packaging equipment from four years to seven years for depreciation purposes, which is in line with our historical usage and consistent with other companies in our industry. We did not extend the useful lives of the packaging equipment associated with the second quarter 2002 impairment charge based on our expected use of that equipment and the associated cash flows. This change reduced depreciation expense by approximately $17 million in the fourth quarter of 2002. This change reduced depreciation expense by approximately $15 million and $46 million, respectively, for the three and nine months ended September 30, 2003. Our decision to change the estimated useful lives of such packaging equipment was based on the following:

- historical experience;

- expected future cash flows;

- prevailing industry practice;

- consultations with an independent appraisal firm; and

- consultations with equipment manufacturers.

We believe that our principal competitors depreciate their packaging assets over periods of six to eight years.

Our 2002 Acquisitions

In April 2002, we acquired the semiconductor packaging business of Citizen Watch Co., Ltd. located in the Iwate prefecture in Japan. The business acquired includes a manufacturing facility, over 80 employees and intellectual property. The purchase price included a $7.8 million cash payment at closing. We were required to make additional payments one year from closing for the amount of the deferred purchase price as well as contingent payments. Based on the resolution of the contingency as of January 2003, the total amount of additional payments due in April 2003 was 1.7 billion Japanese yen. In April 2003, we made a payment of 300.0 million Japanese yen, or $2.5 million based on the exchange rate on the date of the payment. We are withholding payment of 1.4 billion yen ($12.6 million based on the spot exchange rate at September 30, 2003) of this amount pending resolution of a controversy relating to the patents acquired in connection with the acquisition. We recorded $19.6 million of intangible assets for patent rights that are amortizable over 7 years.

In January 2002, we acquired Agilent Technologies, Inc.'s packaging business related to semiconductor packages utilized in printers for $2.8 million in cash. The acquired tangible assets were integrated into our existing manufacturing facilities. The purchase price was principally allocated to the tangible assets. Our results of operations were not significantly impacted by this acquisition.

Our Venture with Toshiba Corporation

As of January 1, 2001, Amkor Iwate Corporation commenced operations with the acquisition of a packaging and test facility at a Toshiba factory located in the Iwate prefecture in Japan. We currently own 60% of Amkor Iwate and Toshiba owns the balance of the outstanding shares. In January 2004 we are required to purchase the remaining 40% ownership interest of Amkor Iwate from Toshiba. The share purchase price will be determined based on the performance of the venture during the three-year period but cannot be less than 1 billion Japanese yen and cannot exceed 4 billion Japanese yen ($9.0 million to $35.9 million based on the spot exchange rate at September 30, 2003). We currently estimate the cash payments for the remaining 40% ownership interest will range from $10 million to $15 million. This amount includes a payment of $2.0 million 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 provides for services to be performed on a cost plus basis during the term of the joint venture and subsequently at market based rates. The supply agreement with Toshiba's Iwate factory terminates two years subsequent to our acquisition of Toshiba's ownership interest in Amkor Iwate.

Our Acquisitions of Taiwan Semiconductor Technology Corporation and Sampo Semiconductor Corporation

In July 2001, we acquired, in separate transactions, Taiwan Semiconductor Technology Corporation ("TSTC") and Sampo Semiconductor Corporation ("SSC") in Taiwan. In connection with earn-out provisions that provided for additional purchase price based in part on the results of the acquisitions, we issued an additional 1.8 million shares in January 2002 and recorded an additional $35.2 million in goodwill.

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 SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
	(UNAUDITED)		(UNAUDITED)	
Net revenues	100.0%	100.0%	100.0%	100.0%
Gross profit	23.9	12.1	19.4	3.3

Operating income (loss)	11.2	(5.3)	5.7	(40.4)
Income (loss) before income taxes, equity investment losses, minority interest and discontinued operations	2.5	(14.8)	(6.6)	(51.4)
Income (loss) from continuing operations	3.7	(15.6)	(6.6)	(61.7)

Three Months Ended September 30, 2003 Compared to Three Months Ended September 30, 2002

Net Revenues. Packaging and test net revenues increased 7.7% to $423.8 million in the three months ended September 30, 2003 from $393.6 million in the three months ended September 30, 2002.

The increase in packaging and test net revenues for the three months ended September 30, 2003, excluding the impact of our acquisitions in Japan, was principally attributed to a 15.8% increase in overall unit volumes as compared to the same period a year ago, partially offset by declines in average selling prices. This overall unit volume increase was driven by a 19.4% increase in advanced leadframe and laminate packages as a result of a broad-based increase in demand, and an 11.1% increase in our traditional leadframe business. Our Japanese joint venture, Amkor Iwate, provides packaging and test services principally to Toshiba's Iwate factory under a long-term supply agreement on a cost plus basis during the term of the joint venture. Accordingly, the revenues associated with this facility fluctuate proportionately with its costs. The revenues of Amkor Iwate for the three months ended September 30, 2003 increased $0.1 million compared to the three months ended September 30, 2002.

Gross Profit. Gross profit increased $53.9 million, to a gross profit of $101.4 million in the three months ended September 30, 2003 from a gross profit of $47.5 million in the three months ended September 30, 2002. Our cost of revenues consists principally of costs of materials, labor and depreciation. Because a substantial portion of our costs at our factories is fixed, relatively insignificant increases or decreases in capacity utilization rates have a significant effect on our gross margin.

Gross margins, as a percentage of sales, increased to 23.9% in the three months ended September 30, 2003 from 12.1% in the three months ended September 30, 2002. The improvement of 11.8% is principally a result of the following:

- 12.3% is attributable to increases in the gross margins in our factories in Korea and the Philippines due to a reduction of $23.3 million in depreciation costs, increased capacity utilization as a result of increased unit volumes and cost savings initiatives. Approximately $15.0 million of the reduction in depreciation expense was the result of a change in the estimated useful lives of certain assembly equipment effective in the fourth quarter of 2002. The remaining decrease in depreciation costs is due to assets reaching fully depreciated status.

- Material cost savings contributed approximately 2.9% to the increase in gross margins.

- Our operations in Taiwan and China contributed approximately 2.3% to the increase in gross margin primarily attributable to increased capacity utilization as a result of increased unit volumes.

The positive impacts on gross margins were partially offset by:

- Average selling price erosion across our product lines caused an estimated 5.2% decline in gross margins.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $0.1 million, or 0.2%, to $45.0 million, or 10.6% of net revenues, in the three months ended September 30, 2003 from $45.1 million, or 11.5% of net revenues, in the three months ended September 30, 2002.

Research and Development. Research and development expenses decreased $0.8 million to $6.8 million, or 1.6% of net revenues, in the three months ended September 30, 2003 from $7.6 million, or 1.9% of net revenues, in the three months ended September 30, 2002. The decrease in these costs was primarily attributable to our corporate cost reduction initiatives, which included closing our two U.S. research and development facilities during the second and third quarters of 2002 and consolidating these activities within our existing

Asian-based research and development facilities. Our research and development efforts support our customers' needs for smaller packages and increased functionality. We continue to invest our research and development resources in the development of leading-edge technologies. Such technologies include 3D and stacked die packaging, System-in-Package, MicroLeadframe(TM) technology, micro-electromechanical system ("MEMS"), memory and I/O cards, Flip Chip interconnection solutions, camera modules and nanotechnologies.

Other Expense (Income). Other expenses, net decreased $0.6 million, to $37.0 million, or 8.7% of net revenues, in the three months ended September 30, 2003 from $37.6 million, or 9.5% of net revenues.

Equity Investment Losses. Our earnings included our share of losses in our equity affiliates in the three months ended September 30, 2002 of $12.5 million. This amount primarily was the result of our investment in ASI prior to March 24, 2003 when our ownership percentage in ASI was reduced to 16% and we ceased the equity method of accounting for our ASI investment.

During the three months ended September 30, 2002, we recorded a loss of $1.8 million on the disposition of a portion of our interest in ASI to Dongbu.

Income Taxes. During the third quarter of 2003, we recorded a $6.9 million tax benefit from continuing operations. The $6.9 million tax benefit is the result of a net reduction in our tax accruals of $10.4 million related to tax periods that have closed, offset by $3.5 million of tax expense related to foreign income from our continuing operations.

We will resume the recognition of deferred tax assets upon returning to sustained profitability in certain jurisdictions. We anticipate recognizing approximately $5.0 million in foreign tax expense for the remainder of 2003. As of September 30, 2003, we had U.S. net operating losses totaling approximately $400 million expiring between 2021 and 2022. Additionally, as of September 30, 2003, we had approximately $53 million of non-U.S. net operating losses available for carryforward, expiring between 2003 and 2012.

Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002

Net Revenues. Net revenues increased $111.9 million, or 10.8%, to $1,144.9 million in the nine months ended September 30, 2003 from $1,033.0 million in the nine months ended September 30, 2002.

Overall unit volumes, excluding the impact of our acquisitions in Japan, increased 14.5% which was driven by a 24.2% increase for advanced leadframe and laminate packages and a 3.3% increase in our traditional leadframe business. The impact of unit volume increases was partially offset by declines in average selling prices. The revenues of our Japanese acquisition, Amkor Iwate, for the nine months ended September 30, 2003 increased $13.8 million compared to the nine month ended September 30, 2002, driven by increased volumes, partially offset by the impact of the May 26, 2003 earthquake in northern Japan. Net revenues from our operations in Taiwan and China increased $41.0 million in net revenues for the nine months ended September 30, 2003.

Gross Profit (Loss). Gross profit increased $187.8 million to a gross profit of $222.2 million in the nine months ended September 30, 2003 from a gross profit of $34.4 million in the nine months ended September 30, 2002. Our cost of revenues consists principally of costs of materials, labor and depreciation. Because a substantial portion of our costs at our factories is fixed, relatively insignificant increases or decreases in capacity utilization rates have a significant effect on our gross margin.

Gross margins as a percentage of net revenues increased 16.1% to 19.4% in the nine months ended September 30, 2003 as compared to 3.3% in the nine months ended September 30, 2002 principally as a result of the following:

- Gross margins in our factories in Korea and the Philippines increased 12.4% due to a reduction of $102.8 million in depreciation costs, increased capacity utilization as a result of increased unit volumes and cost savings initiatives. Approximately $26.3 million of the reduced depreciation costs was attributable to the fixed asset impairment charge recorded during the second quarter of 2002, and approximately $45.8 million was the result of a change in the estimated useful lives of certain assembly equipment effective in the fourth quarter of 2002. The remaining decrease in depreciation costs is due to assets reaching fully depreciated status.

- Material cost savings that contributed approximately 3.5% to the increase in gross margins.

- Our operations in Taiwan and China contributed approximately 2.9% to the increase in gross margin primarily attributable to increased capacity utilization as a result of unit volumes.

The positive impacts on gross margins were partially offset by:

- Average selling price erosion across our product lines caused an estimated 2.4% decline in gross margins.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $5.8 million, or 4.2%, to $131.8 million, or 11.5% of net revenues, in the nine months ended September 30, 2003 from $137.6 million, or 13.3% of net revenues, in the nine months ended September 30, 2002. The decrease in these costs was principally due to decreased administrative overhead in our facilities, primarily in Korea and Taiwan, as a result of our cost reduction initiatives in the first and second quarters of 2002.

Research and Development. Research and development expenses decreased $5.1 million to $19.5 million, or 1.7% of net revenues, in the nine months ended September 30, 2003 from $24.5 million, or 2.4% of net revenues, in the nine months ended September 30, 2002. The decrease in these costs was primarily attributable to our corporate cost reduction initiatives, which included closing our two U.S. research and development facilities during the second and third quarters of 2002 and consolidating these activities within our existing Asian-based research and development facilities. Our research and development efforts support our customers' needs for smaller packages and increased functionality. We continue to invest our research and development resources in the development of leading-edge technologies. Such technologies include 3D and stacked die packaging, System-in-Package, MicroLeadframe(TM) technology, micro-electromechanical system ("MEMS"), memory and I/O cards, Flip Chip interconnection solutions, camera modules and nanotechnologies.

Other (Income) Expense. Other expenses, net increased $28.2 million, to $141.1 million, or 12.3% of net revenues, in the nine months ended September 30, 2003 from $112.9 million, or 10.9% of net revenues, in the nine months ended September 30, 2002. The net increase in other expenses was primarily the result of $32.6 million of debt retirement costs incurred during the second and third quarter in connection with our new $200 million senior secured credit facility, our $425.0 million senior notes and our $500 million senior note. The debt retirement costs were comprised of $21.3 million of redemption premium payments included in other expense (income), and $11.3 million of costs included in interest expense primarily related to unamortized deferred debt issuance costs. This increase was partially offset by a $3.5 million decrease in other interest expense.

Equity Investment Losses. Our earnings included our share of losses in our equity affiliates, principally ASI, in the nine months ended September 30, 2003 of $3.6 million compared to $24.7 million in the nine months ended September 30, 2002. On March 24, 2003, we divested 7 million shares of ASI, which reduced our ownership percentage in ASI to 16% and we ceased equity method of accounting.

Also, during the three months ended March 31, 2002 and June 30, 2002, we recorded $96.6 million and $43.0 million, respectively, of impairment charges to reduce the carrying value of our investment in ASI to ASI's market value.

Income Taxes. During the nine months ended September 30, 2003, we recorded a $6.1 million tax benefit from continuing operations. The $6.1 million tax benefit is the result of a reduction in our tax accruals of $10.4 million related to tax periods that have closed and a $7.5 million tax benefit related to the loss from continuing operations, offset by foreign tax expense of $11.8 million. The $7.5 million tax benefit related to the loss from continuing operations was offset by $7.5 million of current tax expense in discontinued operations.

We will resume the recognition of deferred tax assets when we return to sustained profitability in certain jurisdictions. We anticipate recognizing approximately $5.0 million in foreign tax expense for the remainder of 2003. As of September 30, 2003, we had U.S. net operating losses totaling approximately

$400 million expiring between 2021 and 2022. Additionally, as of September 30, 2003, we had approximately $53 million of non-U.S. net operating losses available for carryforward, expiring between 2003 and 2012.

RESULTS OF 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. 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, during the first quarter of 2003 we 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

Semiconductor industry analysts have forecasted significant growth in the semiconductor industry in 2003 and 2004. The fourth calendar quarter is typically a seasonally higher quarter for Amkor as compared to the third quarter. On the basis of customers' forecasts, we currently expect packaging and test revenue for the fourth quarter of 2003 to be around 5% to 8% higher than packaging and test revenues for the third quarter of 2003. We expect that gross margin will be around 25% in the fourth quarter of 2003.

Net cash provided by (used in) operating, investing and financing activities from continuing operations and cash provided by discontinued operations for the nine months ended September 30, 2003 and 2002 were as follows:

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
	(IN THOUSANDS)		(IN THOUSANDS)	
Net cash provided by continuing operation activities	$ 45,901	$ 48,050	$ 100,009	$ 49,422
Net cash used in continuing investing activities	(30,796)	26,218	(95,365)	(34,767)
Net cash provided by (used in) continuing financing activities	(23,007)	(16,977)	8,455	(13,798)
Net cash provided by discontinued operations	60	17,363	13,633	33,219

Our cash and cash equivalents balance as of September 30, 2003 was $340.5 million. Our ongoing primary cash needs are for debt service, principally interest, equipment purchases and working capital. Additionally, we may require cash to consummate business combinations to diversify our geographic operations and expand our customer base.

On October 17, 2003, we amended certain covenants under our $200.0 million senior secured credit facility as follows:

- our maximum annual capital expenditures have been increased to the greater of (i) $250 million or (ii) 50% of EBITDA (as defined), not to exceed $350 million,

- we are permitted to repurchase or redeem any senior notes, senior subordinated notes or convertible notes with the net cash proceeds of equity offerings,

- the basket for permitted investments has been increased from $25 million to $50 million, and

- the annual basket for repurchases or redemptions of senior notes from cash (including proceeds of ASI shares) 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 May 2003, we sold $425.0 million of 7.75% senior notes due May 2013. We sold these notes to qualified institutional buyers and used the net proceeds of the issuance to redeem our outstanding 9.25% senior notes due 2006. The notes bear interest at the rate of 7.75% annually and interest payments are due semi-annually. In connection with the redemption, we recorded charges during the second quarter of 2003 of $19.7 million related to the premium paid in the redemption, $6.0 million for the associated unamortized deferred debt issuance costs and $2.5 million of other costs.

In April 2003, we entered into a new $200.0 million senior secured credit facility consisting of a $170.0 million term loan maturing January 31, 2006 and a $30.0 million revolving line of credit that is available through October 31, 2005. The term loan bears interest at LIBOR plus 4.00% and the revolving line of credit bears interest at LIBOR plus 4.25%. These interest rates are subject to downward or upward adjustment according to respective improvements or deteriorations in our senior secured debt ratings. The term loan principal repayments are due $1.3 million, $1.7 million, $125.4 million and $41.6 million in 2003, 2004, 2005 and 2006, respectively. In addition, the credit facility includes certain affirmative, negative and financial covenants (including minimum EBITDA, as defined by the credit facility, minimum daily liquidity and maximum annual capital expenditures) and events of default, which are customary for credit facilities of this type. This new credit facility replaced the existing $196.9 million senior secured credit facility, which included a $96.9 million term loan and a $100.0 million revolving credit facility that were scheduled to mature September 30, 2005 and March 31, 2005, respectively. The funds available under this new credit facility were used to repay the previously existing $96.9 million term loan outstanding and for

general corporate purposes.

In general, covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments and encumber or dispose of assets. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans and we are unable to amend such financial covenants prior to default. A default under one debt instrument may also trigger cross-defaults under our other debt instruments. As of September 30, 2003 and through the date of this filing, we were in compliance with all financial covenants. An event of default under one or more of our debt instruments, if not cured or waived, could have a material adverse effect on us. Our credit and debt ratings were lowered in August 2002, and accordingly, it may be difficult for us to secure additional financing, if we need it, on satisfactory terms or at all.

We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. As of September 30, 2003, we had total debt of $1,840.0 million. 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 nine months ended September 30, 2003, interest expense payable in cash was $108.5 million.

We received board of director approval to purchase up to $150.0 million of the 9.25% senior notes due 2008, and we have been purchasing these notes in the open market. As of September 30, 2003, we have purchased $29.5 million of the 9.25% senior notes due 2008 for which we have recognized a loss on the retirement of debt of approximately $1.6 million and a charge of $0.4 million for the associated unamortized deferred debt issuance costs in the three and nine months ended September 30, 2003.

We expect to spend up to $200.0 million in capital expenditures in 2003, focused on fine pitch wirebonders, testers and related equipment in response to strengthening demand for advanced assembly and test solutions. During the nine months ended September 30, 2003 and 2002, we made capital expenditures of $148.2 million and $82.3 million, respectively.

In April 2002, we acquired the semiconductor packaging business of Citizen Watch Co., Ltd. located in the Iwate prefecture in Japan. The business acquired includes a manufacturing facility, over 80 employees and intellectual property. The purchase price included a $7.8 million cash payment at closing. We were required to make additional payments one year from closing for the amount of the deferred purchase price as well as contingent payments. Based on the resolution of the contingency as of January 2003, the total amount of additional payments due in April 2003 was 1.7 billion Japanese yen. In April 2003, we made a payment of 300.0 million Japanese yen, or $2.5 million on the date of payment. We are withholding payment of 1.4 billion yen ($12.6 million based on the spot exchange rate at September 30, 2003) of this amount pending resolution of a controversy relating to the patents acquired in connection with the acquisition. In January 2001, Amkor Iwate Corporation commenced operations and acquired from Toshiba a packaging and test facility located in the Iwate prefecture in Japan financed by a short-term note payable to Toshiba of $21.1 million and $47.0 million in other financing from a Toshiba affiliate. We currently own 60% of Amkor Iwate and Toshiba owns the remaining 40% ownership interest, which we are required to purchase in January 2004. The share purchase price will be determined based on the historical performance of the joint venture, but cannot be less than 1 billion Japanese yen and cannot exceed 4 billion Japanese yen ($9.0 million to $35.9 million based on the spot exchange rate at September 30, 2003). We currently estimate the cash payments for the remaining 40% ownership interest will range from $10.0 million to $15.0 million. This amount includes a payment of $2.0 million 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 provides for services to be performed on a cost plus basis during the term of the joint venture and subsequently at market based rates. The supply agreement with Toshiba's Iwate factory terminates two years subsequent to our acquisition of Toshiba's ownership interest in Amkor Iwate.

As part of our strategy to sell our investment in ASI and to divest our wafer fabrication services business, we entered into a series of transactions beginning in the second half of 2002:

- In September 2002, we sold 20 million shares of ASI common stock to Dongbu Group for 5,700 Korean won per share, the market value of ASI common stock as traded on the Korean Stock Exchange at the time we entered into the share sale agreement. We received $58.1 million in net cash proceeds and 42 billion Korean won (approximately $36.5 million at a spot exchange rate as of September 30, 2003) of interest bearing notes from Dongbu Corporation payable in two equal principal payments in September 2003 and February 2004. The Dongbu Group comprises Dongbu Corporation, Dongbu Fire Insurance Co., Ltd. and Dongbu Life Insurance Co., Ltd., all of

which are Korean corporations and are collectively referred herein as "Dongbu." Associated with this transaction, we recorded a $1.8 million loss. Additionally, we divested one million shares of ASI common stock in connection with the payment of certain advisory fees related to this transaction. On September 30, 2003, we received 21 billion Korean won, or $18.3 million based on the spot exchange rate at September 30, 2003, consisting of principal.

- In separate transactions designed to facilitate a future merger between ASI and Dongbu, (i) we acquired a 10% interest in Acqutek from ASI for $1.9 million, the market value of the shares as publicly traded in Korea; (ii) we acquired the Precision Machine Division ("PMD") of Anam Instruments, a related party to Amkor, for $8 million, its fair value; and (iii) Anam Instruments, which had been partially owned by ASI, utilized the proceeds from the sale of PMD to us to buy back all of the Anam Instruments shares owned by ASI. Acqutek supplies materials to the semiconductor industry and is publicly traded in Korea. An entity controlled by the family of James Kim, our Chairman and Chief Executive Officer, held a 25% ownership interest in Acqutek at the time of our acquisition of our interest in Acqutek. We have historically purchased and continue to purchase leadframes from Acqutek. On September 17, 2003, we sold our entire ownership interest in Acqutek. PMD supplies sophisticated die mold systems and tooling to the semiconductor industry and historically over 90% of its sales were to Amkor. We determined the fair value of PMD based on projected cash flows discounted at a rate commensurate with the risk involved. At the time of our acquisition of PMD, Anam Instruments was owned 20% by ASI and 20% by a family member of James Kim.

- On February 28, 2003, we sold our wafer fabrication services business to ASI for total consideration of $62.0 million. We negotiated the fair value of our wafer fabrication services business with ASI and Dongbu. The parties calculated fair value based on an assessment of projected cash flows discounted at a rate commensurate with the risk involved. 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.

Each of the transactions with Dongbu, ASI and Anam Instruments are interrelated and it is possible that if each of the transactions were viewed on a stand-alone basis without regard to the other transactions, we could have had different conclusions as to fair value. It is likely that we would not have entered into the Acqutek or PMD transactions absent the share sale to Dongbu and the sale of the wafer fabrication services business to ASI. Had these transactions not been interrelated, we may have utilized a different negotiation strategy for the investment in Acqutek and the acquisition of PMD, which could have resulted in us reaching a different conclusion of the fair value of both of these transactions.

Pursuant to the definitive agreements, (1) Amkor and Dongbu agreed to use reasonable best efforts to cause Dongbu Electronics and ASI to be merged together as soon as practicable, (2) Amkor and Dongbu agreed to cause ASI to use the proceeds ASI received from its sale of stock to Dongbu to purchase shares in Dongbu Electronics and (3) Amkor and Dongbu agreed to use their 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.

Subsequent to the sale of a portion of our investment in ASI to Dongbu in 2002, we were unable to identify another strategic buyer. ASI's common stock, which is listed on the Korean Stock Exchange, is relatively thinly traded and subject to volatile swings in daily trading volumes. In an effort to continue to monetize our investment in ASI's common stock, we evaluated, in consultation with a financial institution, the most efficient method to divest a large block of shares into the market without destabilizing the share price of ASI's common stock. As of March 24, 2003, we consummated a series of transactions proposed by the financial institution. We irrevocably sold a block of 7 million shares of ASI common stock to the financial institution for 24.4 billion Korean won ($19.5 million based on the spot exchange rate as of the transaction date, 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. For the three months ended March 31, 2003, we recorded a charge of $2.2 million to adjust for the value of the option as a result of ASI's share price declining from 3,511 Korean won per share, or $2.81 per share, at March 24, 2003 to 3,150 Korean won at March 31, 2003. In May 2003, we exercised the nondeliverable call option realizing $5.6 million of cash proceeds, and for the three months ended June 30, 2003 we recorded a gain of $1.0 million related to the excess amount of the exercise proceeds above the nondeliverable call option's book value.

On September 17, 2003, we sold an additional 5 million shares of ASI common stock to the same financial institution for 21.8 billion Korean won ($18.5 million based on the spot exchange rate as of the transaction date, or $3.69 per share) and recorded an associated gain of $4.7 million during the three months ended September 30, 2003. 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. The call option is scheduled to expire June 2004 and is indexed to ASI's share price with a

strike price of $2.62 per share, or approximately 70% of the then market value of ASI's common stock. The value of the option declined $4.4 million as of September 30, 2003 as a result of ASI's share price declining from 4,305 Korean won per share (or $3.69 per share based on the spot exchange rate at September 17, 2003) to 3,395 Korean won per share (or $2.95 per share based on the spot exchange rate at September 30, 2003), and we recorded the loss of $4.4 million during the three months ended September 30, 2003.

The call options allowed us to continue to monetize our investment in ASI at a fixed price with unlimited upside and limited downside economics. In addition, it provided us with the economic benefits of selling shares through a dollar averaging sales program without incurring the transaction costs associated with multiple small quantity sales. The call premiums provided the financial institution some downward protection if the market for ASI's common stock destabilizes as it sold its investment in ASI's common stock into the market. If ASI's share price declines below the exercise price of the call option, then the net proceeds from the exercise of the September 17, 2003 option could be less than the $6.5 million we paid for the call option. All ownership rights and privileges associated with the 12 million shares of ASI's common stock sold during 2003 were irrevocably transferred to the financial institution. In no event could the financial institution put the shares back to Amkor nor was there a provision in the agreements for Amkor to reacquire the shares.

As of September 30, 2003, we owned 14.7 million shares of ASI, or 12% of ASI's voting stock. Beginning March 24, 2003, we ceased accounting for our investment in ASI under the equity method of accounting and commenced accounting for our investment as a marketable security that is available for sale. We intend to sell our remaining investment in ASI. The ultimate level of proceeds from the sale of our remaining investment in ASI could be less than the current carrying value.

We believe that our existing cash balances, available credit lines, cash flow from operations and available equipment lease financing will be sufficient to meet our projected capital expenditures, debt service, working capital and other cash requirements for at least the next twelve months. We may require capital sooner than currently expected. We cannot assure you that additional financing will be available when we need it or, if available, that it will be available on satisfactory terms. In addition, the terms of the secured bank facility, senior notes and senior subordinated notes significantly reduce our ability to incur additional debt. Failure to obtain any such required additional financing could have a material adverse effect on us.

In connection with the 2002 disposition of a portion of our interest in ASI, we acquired a 10% interest in Acqutek from ASI for a total purchase price of $1.9 million. Acqutek supplies materials to the semiconductor industry and is a publicly traded company in Korea. An entity controlled by the family of James Kim, our Chairman and Chief Executive Officer, held a 25% ownership interest in Acqutek at the time of our acquisition of our interest in Acqutek. We have historically purchased and continue to purchase leadframes from Acqutek. On September 17, 2003, our investment in Acqutek was sold at a loss of $0.3 million. We previously recorded, during the second quarter of 2003, a $0.9 million charge to earnings to reflect the decline in market value of Acqutek, which was considered to be other than temporary. Total purchases from Acqutek included in cost of revenue for the three months ended September 30, 2003 and 2002 were $4.8 million and $6.0 million, respectively. Total purchases from Acqutek included in cost of revenue for the nine months ended September 30, 2003 and 2002 were $11.5 million and $12.5 million, respectively, which we believe were conducted on an arms-length basis in the ordinary course of business.

CRITICAL ACCOUNTING POLICIES

Financial Reporting Release No. 60, released by the Securities and Exchange Commission, requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. We have identified the policies below as critical to our business operations and the understanding of our results of operations. Our preparation of this quarterly report on Form 10-Q requires us to make estimates and assumptions that affect the reported amounts 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.

Revenue Recognition and Risk of Loss. Revenues from packaging semiconductors and performing test services are recognized upon shipment or completion of the services. We do not take ownership of customer-supplied semiconductor wafers. Title and risk of loss remains with the customer for these materials at all times. Accordingly, the cost of the customer-supplied materials is not included in the consolidated financial statements. Prior to the sales of our wafer fabrication services business on February 28, 2003, we recorded wafer fabrication services revenues upon shipment of completed wafers. Such policies are consistent with provisions in the Securities and Exchange Commission's Staff

Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Provision for Income Taxes. We operate in and file income tax returns in various U.S. and non-U.S. jurisdictions which are subject to examination by tax authorities. The tax returns for open years in all jurisdictions in which we do business are subject to changes upon examination. We believe that we have estimated and provided adequate accruals for the probable

additional taxes and related interest expense that may ultimately result from examinations related to our transfer pricing and local attribution of income resulting from significant intercompany transactions, including ownership and use of intellectual property, in various U.S. and non-U.S. jurisdictions. Our estimated tax liability is subject to change as examinations of specific tax years are completed in the respective jurisdictions. We believe that any additional taxes or related interest over the amounts accrued will not have a material effect on our financial condition or results of operations, nor do we expect that examinations to be completed in the near term would have a material effect. As of September 30, 2003 and 2002, the accrual for current taxes and estimated additional taxes was $32.7 million and $51.9 million, respectively. While it is reasonably possible that future payments may exceed amounts accrued, we recorded a net tax benefit during the three months ended September 30, 2003 of $10.4 million to reduce our tax accruals based on related tax periods no longer open. In addition, changes in the mix of income from our foreign subsidiaries, expiration of tax holidays and changes in tax laws or regulations could result in increased effective tax rates in the future.

Additionally, we record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss and tax credit carryforwards. During 2002, we recorded a $138.2 million charge to establish a valuation allowance against our deferred tax assets consisting primarily of U.S. and Taiwanese net operating loss carryforwards and tax credits. In connection with our divestiture in 2002 of 21 million shares of ASI common stock, we realized a capital loss of approximately $117.0 million and recognized a U.S. tax benefit of $44.5 million for which we provided a full valuation allowance because we did not have any offsetting capital gains. In connection with our divestiture in 2003 of 7 million shares of ASI common stock, we realized a capital loss of approximately $53.4 million and recognized a U.S. tax benefit of $20.3 million for which we provided a full valuation allowance because we did not have any offsetting capital gains.

Generally accepted accounting principles require companies to weigh both positive and negative evidence in determining the need for a valuation allowance. In light of our three years of cumulative losses, an unprecedented industry downturn and continued poor visibility of customer demand, we determined in the fourth quarter of 2002 that a valuation allowance representing substantially all of our deferred tax assets was appropriate. These negative factors outweighed our forecasted future profitability and expectation that we will be able to utilize our net operating loss carryforwards. We will resume the recognition of deferred tax assets when we return to sustained profitability in certain jurisdictions. Additionally, until we utilize our net operating loss carryforwards, the income tax provision will reflect modest levels of foreign taxation. As of September 30, 2003, we had U.S. net operating losses totaling approximately $400 million expiring between 2021 and 2022. Additionally, as of September 30, 2003, we had approximately $53 million of non-U.S. net operating losses available for carryforward, expiring between 2003 and 2012.

Valuation of Long-Lived Assets. We assess the carrying value of long-lived assets which includes property, plant and equipment, intangible assets and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant under-performance relative to expected historical or projected future operating results;

- significant changes in the manner of our use of the asset;

- significant negative industry or economic trends; and

- our market capitalization relative to net book value.

Upon the existence of one or more of the above indicators of impairment, we would test such assets for a potential impairment. The carrying value of a long-lived asset is considered impaired when the anticipated cash flows are less than the asset's carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

During 2001, the semiconductor industry declined an unprecedented 32%, which impacted the utilization rates of our packaging and test assets. During the second quarter of 2002, total packaging and test revenues grew over 21% as compared to the first quarter of 2002. We experienced significant recovery in most of our company's packaging services. However, our test services assets and several packaging services assets:

- did not contribute significantly to the growth experienced during the second quarter of 2002,

- remained at low utilization rates relative to our projections and

- were no longer expected to reach previously anticipated utilization levels.

In addition, as of June 30, 2002, we experienced a 72% decline in our market capitalization as compared to March 31, 2002. These events triggered an impairment review in accordance with SFAS No. 144. This review included a company-wide evaluation of underutilized assets and a detailed update of our operating and cash flow projections.

Based on our company-wide evaluation of underutilized assets, we identified $19.8 million of test and packaging assets to be disposed. We recognized an $18.7 million impairment charge to reduce the carrying value of the test and packaging fixed assets to be disposed to their fair value less cost to sell. Fair value of the assets to be disposed was determined with the assistance of an appraisal firm and available information on the resale value of the equipment. As of September 30, 2003, we disposed of $15.8 million of the $19.8 million identified assets, and intend to sell the remaining balance of these items by December 31, 2003.

Upon the completion of the process to identify the packaging and test net assets to be disposed, we reviewed our assets to be held and used for impairment. Based on the June 30, 2002 operating and cash flow projections, we determined that the carrying value of our test services assets and several packaging services assets being held and used, including intangible assets that we are amortizing, exceeded the anticipated cash flows attributable to those assets. We grouped our long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. For our company, the lowest level of identifiable cash flows is at the test reporting unit level and for our packaging services reporting unit at the package type level.

Our test reporting unit and the outsourced integrated circuit test services industry were adversely impacted by excess capacity at the large integrated device manufacturers. We expected that when the semiconductor industry recovered, the integrated device manufacturers' demand for outsourced test services would also recover. However, that anticipated recovery failed to materialize in connection with the initial recovery we noted in the semiconductor industry during the first half of 2002 due to continued excess test capacity held by the large integrated device manufacturers. We no longer expect that the demand for our test services on our existing technology platforms will return to the previously anticipated rates. Several of our package types based on more mature technologies and processes, including older leadframe and laminate package types, were adversely impacted by a technology shift to matrix and high density leadframes and the movement from multi-layer laminate substrates to tape and chip arrays and stacked-die packages. We expected that when the semiconductor industry recovered there would still be sufficient demand for these more mature products. However, that anticipated recovery failed to materialize in connection with the initial recovery we noted in the semiconductor industry during the first half of 2002 due to these technology shifts and the related significant excess capacity in the industry. We no longer expect that the demand for these package types will return to the previously anticipated rates. Additionally, we experienced insufficient demand related to select investments in advanced package technologies principally as a result of alternative advanced package technologies which became industry standard.

As of June 30, 2002, we recognized a $171.6 million impairment charge to reduce the carrying value of test and packaging assets to be held and used to their fair value. The components of the charge were as follows:

	CARRYING VALUE	FAIR VALUE	IMPAIRMENT CHARGE
		(IN THOUSANDS)	
Test assets:			
Property, plant and equipment and acquired intangibles	$ 95,400	$ 21,900	$ 73,500
Packaging assets:			
Property, plant and equipment	157,700	59,600	98,100
	$253,100	$ 81,500	$171,600

An appraisal firm was engaged to assist in the determination of the fair value of the assets held for use. The determination of fair value was based on projected cash flows using a discount rate commensurate with the risk involved. We estimated that depreciation expense would be reduced by approximately $77 million during the twelve month period

following the second quarter of 2002. The impact to depreciation expense will diminish quarterly as these assets reach the end of their respective useful lives.

In 2002, Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" became effective and as a result, we ceased amortization of goodwill. In lieu of amortization, we were required to perform an initial impairment review of our goodwill as of January 1, 2002, and then on an annual basis or between annual tests in certain circumstances, including a significant adverse change in the business climate and testing for recoverability of long-lived assets. Based on the comparison of the fair value of the reporting units with their respective carrying values each as of January 1, 2002, we concluded that goodwill associated with our packaging and test services reporting units was not impaired as of adoption. Since we tested our long-lived assets for recoverability as of June 30, 2002, we retested goodwill for impairment as of June 30, 2002, and concluded that the carrying value of the assets and liabilities associated with the test services reporting unit exceeded its fair value. As of June 30, 2002, we recognized a $73.1 million goodwill impairment charge. Such impairment charge was measured by comparing the implied fair value of the goodwill associated with the test services reporting unit to its carrying value. An appraisal firm was engaged to assist in the determination of the fair value of our reporting units. The determination of fair value was based on projected cash flows discounted at a rate commensurate with the risk involved. During the second quarter of 2003, we performed our annual review of goodwill for impairment. Based on our review, we concluded that goodwill, as of June 30, 2003, was not impaired.

Depreciation accounting requires estimation of the useful lives of the assets to be depreciated as well as adoption of a method of depreciation. We have historically calculated depreciation using the straight-line method over the estimated useful lives of the depreciable assets. We have historically estimated the useful lives of our machinery and equipment to be three to five years, with the substantial majority of our packaging assets having estimated useful lives of four years. Effective with the fourth quarter of 2002, we changed the estimated useful lives of certain of our packaging equipment from four years to seven years for depreciation purposes, which is in line with our historical usage and consistent with other companies in our industry. We did not extend the useful lives of the packaging equipment associated with the second quarter impairment charge based on our expected use of that equipment and the associated cash flows. This change reduced depreciation expense by approximately $17 million in the fourth quarter of 2002. This change reduced depreciation expense by approximately $15 million and $46 million, respectively, for the three and nine months ended September 30, 2003. Our decision to change the estimated useful lives of such packaging equipment was based on the following:

- historical experience;
- expected future cash flows;
- prevailing industry practice;
- consultations with an independent appraisal firm; and
- consultations with equipment manufacturers.

We believe that our principal competitors depreciate their packaging assets over periods of six to eight years. The change of the estimated useful lives is considered a change in estimate and was accounted for prospectively beginning with the fourth quarter of 2002.

Evaluation of Investments. We evaluate our investments for impairment due to declines in market value that are considered other than temporary. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded for the unrealized loss. The stock prices of semiconductor companies' stocks, including ASI and its competitors, have experienced significant volatility during the past several years. The weakness in the semiconductor industry has affected the demand for the wafer output from ASI's foundry and the market value of ASI's stock as traded on the Korea Stock Exchange. During 2002, we recorded impairment charges totaling $172.5 million to reduce the carrying value of our investment in ASI to ASI's market value. Additionally during 2002, we recorded a loss of $1.8 million on the disposition of a portion of our interest in ASI to Dongbu. At January 1, 2002 Amkor owned 47.7 million shares or 42% of ASI's voting stock. During 2002, we divested 21 million shares of ASI stock and at December 31, 2002 Amkor owned 26.7 million shares of ASI or 21%. On March 24, 2003, we sold an additional 7 million shares of ASI common stock to an financial institution for 24.4 billion Korean won ($19.5 million based on the spot exchange rate as of the transaction date) which approximates the carrying value of those shares. As of March 24, 2003, we owned 19.7 million shares of ASI, or 16%

of ASI's voting stock. Beginning March 24, 2003, we ceased accounting for our investment in ASI under the equity method of accounting and commenced accounting for our investment as a marketable security that is available for sale. On September 17, 2003, we sold an additional 5 million shares of ASI common stock to the same financial institution for 21.8 billion Korean won ($18.5 million based on the spot exchange rate as of the transaction date, or $3.69 per share). We intend to sell our remaining investment in ASI. The ultimate level of proceeds from the sale of our remaining investment in ASI could be less than the current carrying value.

In connection with the 2002 disposition of a portion of our interest in ASI, we acquired a 10% interest in Acqutek from ASI for a total purchase price of $1.9 million. Acqutek supplies materials to the semiconductor industry and is a publicly traded company in Korea. An entity controlled by the family of James Kim, our Chairman and Chief Executive Officer, held a 25% ownership interest in Acqutek at the time of our acquisition of our interest in Acqutek. We have historically purchased and continue to purchase leadframes from Acqutek. On September 17, 2003, our investment in Acqutek was sold at a loss of $0.3 million. We previously recorded, during the second quarter of 2003, a $0.9 million charge to earnings to reflect the decline in market value of Acqutek, which was considered to be other than temporary. Total purchases from Acqutek included in cost of revenue for the three months ended September 30, 2003 and 2002 were $4.8 million and $6.0 million, respectively. Total purchases from Acqutek included in cost of revenue for the nine months ended September 30, 2003 and 2002 were $11.5 million and $12.5 million, respectively, which we believe were conducted on an arms-length basis in the ordinary course of business.

Valuation of Inventory. In general we order raw materials based on customers' forecasted demand and we do not maintain any finished goods inventory. If our customers change their forecasted requirements and we are unable to cancel our raw materials order or if our vendors require that we order a minimum quantity that exceeds the current forecasted demand, we will experience a build-up in raw material inventory. We will either seek to recover the cost of the materials from our customers or utilize the inventory in production. However, we may not be successful in recovering the cost from our customers or be able to use the inventory in production, and accordingly, if we believe that it is probable that we will not be able to recover such costs we will adjust our reserve estimate. Additionally, our reserve for excess and obsolete inventory is based on forecasted demand we receive from our customers. When a determination is made that the inventory will not be utilized in production it is written-off and disposed.

RISK FACTORS THAT MAY AFFECT FUTURE OPERATING PERFORMANCE

The following section discloses the known material risks facing our company. 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 discussed in the risk factors below will not occur. If they do, our business, financial condition or results of operations could be materially adversely affected.

THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS REGARDING OUR EXPECTED PERFORMANCE THAT INVOLVE RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, INCLUDING THE RISKS FACED BY US DESCRIBED BELOW.

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

Our business is tied to market conditions in the semiconductor industry, which is highly cyclical. Because our business is, and will continue to be, dependent on the requirements of semiconductor companies for subcontracted packaging and test services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as the personal computer and telecommunication devices industries, could have a material adverse effect on our business. We experienced significant recovery in most of our packaging services during 2002 and the nine months ended September 30, 2003. Visibility is improving in light of customer forecasts and positive trends are forming. During the three months ended September 30, 2003, a large number of customers over-supported their forecasts as demand materialized faster than initially projected. However, there still remains some uncertainty as to the sustainability of these trends. If industry conditions do not continue to improve, we could sustain significant losses which could materially impact our business including our liquidity.

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

Many factors could materially and adversely affect our revenues, gross profit and operating income, or lead to significant variability of quarterly or annual operating results. Our profitability is dependent upon the utilization of our capacity, semiconductor package mix, the average selling price of our services and our ability to control our costs including labor,

material, overhead and financing costs. Our operating results have varied significantly from period to period. During the three year period ended December 31, 2002 and the nine months ended September 30, 2003, our revenues, gross margins and operating income have fluctuated significantly as a result of the following factors over which we have little or no control and which we expect to continue to impact our business:

- fluctuation in demand for semiconductors and the overall health of the semiconductor industry,

- changes in our capacity utilization,

- declining average selling prices,

- changes in the mix of semiconductor packages,

- absence of backlog and the short-term nature of our customers' commitments and the impact of these factors on the timing and volume of orders relative to our production capacity,

- changes in costs, availability and delivery times of raw materials and components,

- changes in labor costs to perform our services,

- the timing of expenditures in anticipation of future orders,

- changes in effective tax rates,

- high leverage and restrictive covenants,

- international events that impact our operations including the impact of Severe Acute Respiratory Syndrome (SARS) and environmental events such as earthquakes, and

- difficulties integrating acquisitions and ability to attract qualified employees to support our geographic expansion.

We have historically been unable to accurately predict the impact of these factors upon our results for a particular period. We also expect that these factors as well the factors set forth below, which have not significantly impacted our recent historical results, may impair our future business operations and may materially and adversely affect our revenues, gross profit and operating income, or lead to significant variability of quarterly or annual operating results:

- the availability and cost of financing for expansion,

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

- rescheduling and cancellation of large orders,

- warranty and product liability claims;

- intellectual property transactions and disputes, and

- fluctuations in our manufacturing yields.

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

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. During the three and nine months ended September 30, 2003, as compared to the comparable prior year periods, the decline in average selling prices eroded margins by 5.2% and 2.4%, respectively. 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.

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

We now have, and for the foreseeable future will have, a significant amount of indebtedness. As of September 30, 2003, total debt was $1,840.0 million. In addition, despite current debt levels, the terms of the indentures governing our indebtedness may limit our ability to increase our indebtedness, but they do not prohibit us or our subsidiaries from incurring substantially more debt. If new debt is added to our consolidated debt level, the related risks that we now face could intensify.

On April 22, 2003, we entered into a new $200 million senior secured credit facility consisting of a $170 million term loan which matures on January 31, 2006 and a $30 million revolving line of credit (under which no amounts are currently outstanding) which is available through October 31, 2005. The new credit facility replaces our previous $197 million senior secured credit facility, which included a $97 million term loan that was to mature September 30, 2005 and a $100 million revolving credit facility that was to be available through March 31, 2005. A portion of the proceeds from the term loan was used to repay the $97 million term loan then outstanding under the previous credit facility and the remainder of the proceeds will be used for general corporate purposes.

In January 2004 we are required to purchase the remaining 40% ownership interest of Amkor Iwate currently owned by Toshiba. The share purchase price will be determined based on the performance of the venture during the three-year period but cannot be less than 1 billion Japanese yen and cannot exceed 4 billion Japanese yen ($9.0 million to $35.9 million based on the spot exchange rate at September 30, 2003). We currently estimate the cash payments for the remaining 40% ownership interest will range from $10 million to $15 million. This amount includes an estimated payment of $2 million to terminate our commitment to purchase a tract of land adjacent to the Amkor Iwate facility.

We were required to pay to Citizen Watch Co., Ltd. 1.7 billion Japanese yen in deferred purchase price and other contingent payments in connection with our purchase of the semiconductor packaging business of Citizen Watch Co, Ltd. In April 2003, we made a payment of 300.0 million Japanese yen, or $2.5 million based on the exchange rate on the date of the payment. We are withholding payment of 1.4 billion yen ($12.6 million based on the spot exchange rate at September 30, 2003) of this amount pending resolution of a controversy relating to the patents acquired in connection with the acquisition.

In general, covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments and encumber or dispose of assets. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans and we are unable to amend such financial covenants prior to default. A default under one debt instrument may also trigger cross-defaults under our other debt instruments. As of September 30, 2003 and through the date of this filing, we were in compliance with all financial covenants. An event of default under one or more of our debt instruments, if not cured or waived, could have a material adverse effect on us. Our credit and debt ratings were lowered in August 2002, and accordingly, it may be difficult for us to secure additional financing, if we need it, on satisfactory terms or at all. Our substantial indebtedness could:

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

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

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

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

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

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

INVESTMENT IN ASI -- OUR RESULTS AND FINANCIAL CONDITION MAY BE ADVERSELY AFFECTED BY DECREASES IN THE PRICE OF ASI'S COMMON STOCK.

At September 30, 2003 we owned 14.7 million shares, or 12%, of ASI's voting stock. We currently account for our investment in ASI as a marketable security that is available for sale. We intend to sell our remaining investment in ASI. The ultimate level of proceeds from the sale of our remaining investment in ASI could be less than the current carrying value. In addition, in the event of a decline in the market value of the ASI stock that is not temporary, we will be required to record a charge to earnings for the unrealized loss, and a new cost basis for the stock will be established.

In connection with our sale of ASI shares to Dongbu in September 2002, Amkor and Dongbu agreed to use their best efforts to provide releases and indemnifications to the past and incumbent chairman, directors and officers of ASI, including James Kim, our CEO and chairman, and members of his family, from any and all liabilities arising out of the performance of their duties at ASI between January 1, 1995 and December 31, 2001. We are not aware of any claims or other liabilities which these individuals would be released from or for which they would receive indemnification.

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

Our packaging and test business does not typically operate with any material backlog. We expect that in the future our quarterly net revenues from packaging and test will continue to be substantially dependent upon our customers' demand in that quarter. None of our customers have committed to purchase any significant amount of packaging or test services or to provide us with binding forecasts of demand for packaging and test services for any future period. In addition, our customers could reduce, cancel or delay their purchases of packaging and test services. Because a large portion of our costs is fixed and our expense levels are based in part on our expectations of future revenues, we may be unable to adjust costs in a timely manner to compensate for any revenue shortfall.

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

We provide packaging and test services through our factories located in the Philippines, Korea, Japan, Taiwan and China. Moreover, many of our customers' and vendors' operations are located outside the U.S. The following are some of the risks inherent in doing business internationally:

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

The impacts of major health concerns, such as Severe Acute Respiratory Syndrome ("SARS"), could also adversely affect our business by disrupting customer order patterns, reducing demand for our products in Asia, disrupting the production and shipping capabilities of our manufacturing facilities, which are located mostly in Asia, and disrupting the production and shipping capabilities of our suppliers, which are also heavily concentrated in Asia, which could result in increased supply chain costs.

DIFFICULTIES INTEGRATING ACQUISITIONS -- WE FACE CHALLENGES AS WE INTEGRATE NEW AND DIVERSE OPERATIONS AND TRY TO ATTRACT QUALIFIED EMPLOYEES TO SUPPORT OUR GEOGRAPHIC EXPANSION.

As a result of our geographic expansion we have experienced, and may continue to experience, growth in the scope and complexity of our operations. For example, each business we have acquired had, at the time of acquisition, multiple systems for managing its own manufacturing, sales, inventory and other operations. Migrating these businesses to our systems typically is a slow, expensive process requiring us to divert significant amounts of resources from multiple aspects of our operations. This growth has strained our managerial, financial, manufacturing and other resources. Future acquisitions and expansions may result in inefficiencies as we integrate new operations and manage geographically diverse operations. Our success depends to a significant extent upon the continued service of our key senior management and technical personnel, any of whom would be difficult to replace. Competition for qualified employees is intense, and our business could be adversely affected by the loss of the services of any of our existing key personnel. Additionally, as part of our ongoing strategic planning, we evaluate our management team and engage in long-term succession planning in order to ensure orderly replacement of key personnel. We cannot assure you that we will be successful in these efforts or in hiring and properly training sufficient numbers of qualified personnel and in effectively managing our growth. Our inability to attract, retain, motivate and train qualified new personnel could have a material adverse effect on our business.

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

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

Beginning in the second quarter of 2003, we began to experience increases in substrate material costs as a result of supply shortages. Substrate material costs have stabilized at the higher price levels set during the second quarter of 2003.

We have significantly enhanced our supply base and do not foresee substrate material availability as an ongoing issue. However, supply shortages may again occur in the future and in such an event, gross margins could be negatively impacted.

INCREASED LITIGATION INCIDENT TO OUR BUSINESS -- OUR BUSINESS MAY SUFFER AS A RESULT OF OUR INVOLVEMENT IN VARIOUS LAWSUITS.

Recently, we have become party to an increased number of litigation matters, relative to historic levels. Much of the recent increase in litigation relates to an allegedly defective epoxy mold compound formerly used in some of our products. In 2002, we were served with a third party complaint in an action between Fujitsu Limited and Cirrus Logic, Inc., in which Fujitsu alleged that semiconductor devices it purchased from Cirrus Logic were 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. This case is pending in the U.S. District Court for the Northern District of California. The complaint, as amended to date, alleges damages in excess of $100 million, although, as of this date, Fujitsu has not indicated how it will substantiate this amount of damages. Cirrus Logic filed a 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 the third party complaint, we filed an answer denying all liability, and our own third party complaint against Sumitomo Bakelite Co., Ltd., the Japanese manufacturer of the allegedly defective epoxy mold compound. In conjunction with this matter, Fujitsu has recently filed a direct claim against us for damages. In response, we filed an answer to the complaint denying all liability to Fujitsu. More recently, we have been drawn into four additional actions related to this epoxy mold compound. In March 2003, we were served with a cross-complaint in an action between Seagate Technology and Atmel Corporation. Atmel's complaint seeks indemnification from us for any damages incurred from the claims by Seagate Technology. We have answered Atmel's cross-complaint, denying all liability, and have filed a cross-complaint against Sumitomo Bakelite Co., Ltd., the manufacturer of the allegedly defective mold compound. No trial date has been set in this case, which is pending in the Superior Court of California, Santa Clara County. In April 2003, we were served with a cross-complaint in an action between Maxtor Corporation and Koninklijke Philips Electronics ("Philips"). Philips' complaint seeks indemnification from us for any damages incurred from the claims by Maxtor Corporation. Philips subsequently filed a cross-complaint directly against Sumitomo Bakelite Co., Ltd., alleging, among other things, that Sumitomo Bakelite Co., Ltd. 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 have denied all liability in this matter and have also asserted a cross-complaint against Sumitomo Bakelite Co., Ltd. A trial date has been set for April 2004 and this case is pending in the Superior Court of California, Santa Clara County. In August 2003 and September

2003, we were served with complaints filed by Maxim Integrated Products Inc., and Fairchild Semiconductor Corporation, respectively. Both parties are seeking damages related to our use of Sumitomo Bakelite Co., Ltd.'s epoxy mold compound in assembling their semiconductor packages. These cases are pending in the Superior Court of California, Santa Clara County. On September 5, 2003, we filed a pleading to have the Maxim case dismissed and are awaiting a hearing on that action. On October 31, 2003, we filed a pleading to have the Fairchild case dismissed and are awaiting a hearing on that action. If our motions against Fairchild and Maxim are not granted, we expect to fully deny all liability and to file cross-claims against Sumitomo Bakelite Co., Ltd.

In the case of each of these matters, all of which are at an early stage, we believe we have meritorious defenses and valid third party claims against Sumitomo Bakelite Co., Ltd. should the epoxy mold compound be found to be defective. However, we cannot be certain that we will be able to recover any amount from Sumitomo Bakelite Co., Ltd. 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 these will not be made against us by other customers in the future.

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

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

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

COMPETITION -- WE COMPETE AGAINST ESTABLISHED COMPETITORS IN THE PACKAGING AND TEST BUSINESS.

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

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

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

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

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

As of September 30, 2003, we held 274 U.S. patents and had 187 pending patents. In addition to the U.S. patents, we held 743 patents in foreign jurisdictions. We expect to continue to file patent applications when appropriate to protect our proprietary technologies, but we cannot assure you that we will receive patents from pending or future applications. In addition, any patents we obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us.

We may need to enforce our patents or other intellectual property rights or to defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources. The semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. If any third party makes a valid claim against us, we could be required to:

- discontinue the use of certain processes;
- cease the manufacture, use, import and sale of infringing products;
- pay substantial damages;
- develop non-infringing technologies; or
- acquire licenses to the technology we had allegedly infringed.

If we fail to obtain necessary licenses or if we face litigation relating to patent infringement or other intellectual property matters, our business could suffer.

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

As of September 30, 2003, Mr. James Kim and members of his family beneficially owned approximately 43.7% of our outstanding common stock. Mr. James Kim's family, acting together, will substantially control all matters submitted for approval by our stockholders. These matters could include:

- the election of all of the members of our board of directors;
- proxy contests;
- mergers involving our company;
- tender offers; and
- open market purchase programs or other purchases of our common stock.

STOCK PRICE VOLATILITY

The trading price of our common stock has been and is likely to continue to be highly volatile and could be subject to wide fluctuations in response to factors such as:

- actual or anticipated quarter-to-quarter variations in operating results;
- announcements of technological innovations or new products and services by Amkor or our competitors;
- general conditions in the semiconductor industry;
- changes in earnings estimates or recommendations by analysts; and
- other events or factors, many of which are out of our control.

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

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.

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 use of derivatives instruments including forward exchange contracts has been insignificant during the nine months ended September 30, 2003, and throughout 2002 and 2001, and it is expected that our use of derivative instruments will continue to be minimal.

Our foreign currency financial instruments primarily consist of cash, trade receivables, investments, deferred taxes, trade payables and accrued expenses. Based on our portfolio of foreign currency based financial instruments at September 30, 2003, a 20% change in the foreign currency to U.S. dollar spot exchange rate would result in the following foreign currency risk:

	(000S) CHART OF FOREIGN CURRENCY RISK				
	PHILIPPINE PESO	KOREA WON	TAIWANESE DOLLAR	JAPANESE YEN	CHINESE RENMINBI
			(IN THOUSANDS)		
As of September 30, 2003	$ 3,304	$10,132	$ 2,298	$ 46	$ 676
As of September 30, 2002	$ 2,964	$15,073	$ 2,277	$ 416	$ 907

Interest Rate Risks

We are exposed to interest rate risk with respect to our long-term debt. As of September 30, 2003, we had a total of $1,840.0 million of debt of which 87.6% was fixed rate debt and 12.4% was variable rate debt. Our variable rate debt principally consisted of short-term borrowings and amounts outstanding under our secured bank facilities that included a term loan and a $30.0 million revolving line of credit of which no amounts were drawn as of September 30, 2003. The fixed rate debt consists of senior notes, senior subordinated notes, convertible subordinated notes and foreign debt. As of December 31, 2002 we had a total of $1,808.9 million of debt of which 91% was fixed rate debt and 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 September 30, 2003.

	YEAR ENDING DECEMBER 31,				
	2003	2004	2005	2006	2007
Long-term debt:					
Fixed rate debt	$ 4,407	$ 1,674	$ 874	$ 250,316	$ 258,750
Average interest rate	4.0%	4.0%	4.0%	5.7%	5.0%
Variable rate debt	$ 46,785	$ 3,183	$ 89,985	$ 86,263	$ 824
Average interest rate	1.5%	4.4%	4.9%	4.9%	2.6%

	THEREAFTER	TOTAL	FAIR VALUE
Long-term debt:			
Fixed rate debt	$ 1,095,500	$ 1,611,521	$1,638,932
Average interest rate	8.9%	7.8%	
Variable rate debt	$ 1,444	$ 228,484	$ 228,484
Average interest rate	2.7%	4.2%	

Equity Price Risks

Our outstanding 5.75% convertible subordinated notes due 2006 and 5% convertible subordinated notes due 2007 are convertible into common stock at $35.00 per share and $57.34 per share, respectively. 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.

ITEM 4. CONTROLS AND PROCEDURES

(a) Amkor carried out an evaluation as of the end of the quarter covered by this report, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the fiscal quarter covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to our company (including its consolidated subsidiaries) required to be included in our Exchange Act filings.

(b) There were no significant changes in our company's internal control over financial reporting during the quarter covered by this report that have materially affected, or are reasonable likely to materially affect, Amkor's control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We currently are 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. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on the net income of the period in which the ruling occurs. The estimate of the potential impact on our financial position or overall results of operations for the following legal proceedings could change in the future.

Recently, we have become party to an increased number of litigation matters, relative to historic levels. Much of the recent increase in litigation relates to an allegedly defective epoxy mold compound formerly used in some of our products. In 2002, we were served with a third party complaint in an action between Fujitsu Limited and Cirrus Logic, Inc., in which Fujitsu alleged that semiconductor devices it purchased from Cirrus Logic were 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. This case is pending in the

U.S. District Court for the Northern District of California. The complaint, as amended to date, alleges damages in excess of $100 million, although, as of this date, Fujitsu has not indicated how it will substantiate this amount of damages. Cirrus Logic filed a 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 the third party complaint, we filed an answer denying all liability, and our own third party complaint against Sumitomo Bakelite Co., Ltd., the Japanese manufacturer of the allegedly defective epoxy mold compound. In conjunction with this matter, Fujitsu has recently filed a direct claim against us for damages. In response, we filed an answer to the complaint denying all liability to Fujitsu. More recently, we have been drawn into four additional actions related to this epoxy mold compound. In March 2003 we were served with a cross-complaint in an action between Seagate Technology and Atmel Corporation. Atmel's complaint seeks indemnification from us for any damages incurred from the claims by Seagate Technology. We have answered Atmel's cross-complaint, denying all liability, and have filed a cross-complaint against Sumitomo Bakelite Co., Ltd., the manufacturer of the allegedly defective mold compound. No trial date has been set in this case, which is pending in the Superior Court of California, Santa Clara County. In April 2003, we were served with a cross-complaint in an action between Maxtor Corporation and Koninklijke Philips Electronics ("Philips"). Philips' complaint seeks indemnification from us for any damages incurred from the claims by Maxtor Corporation. Philips subsequently filed a cross-complaint directly against Sumitomo Bakelite Co., Ltd., alleging, among other things, that Sumitomo Bakelite Co., Ltd. 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 have denied all liability in this matter and have also asserted a cross-complaint against Sumitomo Bakelite Co., Ltd. A trial date has been set for April 2004 and this case is pending in the Superior Court of California, Santa Clara County. In August 2003 and September 2003, we were served with complaints filed by Maxim Integrated Products Inc., and Fairchild Semiconductor Corporation, respectively. Both parties are seeking damages related to our use of Sumitomo Bakelite Co., Ltd.'s epoxy mold compound in assembling their semiconductor packages. These cases are pending in the Superior Court of California, Santa Clara County. On September 5, 2003 we filed a pleading to have the Maxim case dismissed and are awaiting a hearing on that action. On October 31, 2003 we filed a pleading to have the Fairchild case dismissed and are awaiting a hearing on that action. If our motions against Fairchild and Maxim are not granted, we expect to fully deny all liability and to file cross-claims against Sumitomo Bakelite Co., Ltd.

In the case of each of these matters, all of which are at an early stage, we believe we have meritorious defenses and valid third party claims against Sumitomo Bakelite Co., Ltd., should the epoxy mold compound be found to be defective. However, we cannot be certain that we will be able to recover any amount from Sumitomo Bakelite Co., Ltd. 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 these will not be made against us by other customers in the future.

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, Amkor was seeking declaratory judgment relating to a controversy between Amkor and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. ("Citizen") to Amkor of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the "License Agreement") and concurrent assignment by Citizen to Amkor of Citizen's interest in U.S. Patents 5,241,133 and 5,216,278 (the "'133 and '278 patents"); and (ii) Amkor's obligation to make certain payments pursuant to an immunity agreement (the "Immunity Agreement") dated June 30, 1993 between Amkor 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 Amkor and issued an Opinion and Order granting Amkor's motion for summary judgment and denying Motorola's motion for summary judgment. On October 22, 2003, Motorola filed an appeal in Supreme Court of Delaware. We believe we will prevail on the same merits in such appeal. In addition, should Motorola prevail at the appellate level, 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.

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 SECURITYHOLDERS

At Amkor Technology, Inc.'s Annual Meeting of Stockholders held on July 30, 2003 the following proposals were adopted by the margins indicated.

1. To elect a Board of Directors to hold office until the next Annual Meeting of Stockholders or until their respective successors have been elected or appointed.

	NUMBER OF SHARES	
	VOTED FOR	WITHHELD
James J. Kim...	135,126,245	1,273,814
John N. Boruch...	135,919,769	480,290
Winston J. Churchill...................................	133,402,660	2,999,399
Thomas D. George.......................................	134,046,682	2,353,377
Gregory K. Hinckley....................................	135,282,647	1,117,412
Juergen Knorr..	135,917,790	482,269
John B. Neff...	135,287,038	1,113,021
James W. Zug...	134,958,736	1,441,323

2. To ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as independent auditors for the company for the current year. Votes totaled 135,521,733 for, 859,081 against and 19,245 abstain.

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
10.1	2003 Nonstatutory Inducement Grant Stock Plan dated September 9, 2003.
10.2	Amendment No. 1 to Second Amended and Restated Credit Agreement dated October 17, 2003.
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.
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.

(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 September 30, 2003:

Current Report on Form 8-K dated July 28, 2003 (filed July 29, 2003), Items 7 and 12 - related to a press release dated July 28, 2003 announcing our financial results for the quarter ended June 30, 2003.

Current Report on Form 8-K dated July 28, 2003 (filed August 1, 2003), Items 7 and 12 - related to the transcript of the second quarter 2003 earnings conference call held on July 28, 2003.

Current Report on Form 8-K/A, Amendment No. 2, dated April 30, 2003 (filed August 22, 2003), Item 5 - to amend Form 8-K/A, Amendment No. 1 dated May 21, 2003 (filed May 21, 2003).

SIGNATURES

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

AMKOR TECHNOLOGY, INC.

By:/s/ KENNETH T. JOYCE

Kenneth T. Joyce
Chief Financial Officer
(Principal Financial, Chief Accounting Officer and
Duly Authorized Officer)

Date: November 3, 2003

EXHIBIT 10.1

AMKOR TECHNOLOGY, INC.

2003 NONSTATUTORY INDUCEMENT GRANT STOCK PLAN

1. Purposes of the Plan. The purposes of this Stock Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,

- to provide additional incentive to Employees, Directors and Consultants, and

- to promote the success of the Company's business.

Nonstatutory Stock Options and Stock Purchase Rights may be granted under the Plan, as determined by the Administrator.

No employee is automatically entitled to participate in, or be considered for participation in, the Plan at all or at a particular level. Participation is one grant under the Plan and does not imply any right to participate, or to be considered to participate in any later grant under the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of stock option plans under U. S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights are, or will be, granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the common stock of the Company.

(g) "Company" means Amkor Technology, Inc., a Delaware corporation.

(h) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(i) "Director" means a member of the Board.

(j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) "Employee" means any person employed by the Company or any Parent or Subsidiary of the Company. An Employee shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(l) "Exchange Act" means the Securities Exchange Act of

1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination (unless the date of determination is not a market trading day, in which case the Fair Market Value shall be the closing sales price on the last market trading day prior to such date of determination), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option or Stock Purchase Right grant. The Notice of Grant is part of the Option Agreement or Restricted Stock Purchase Agreement.

(o) "Option" means a nonstatutory stock option granted pursuant to the Plan that is not intended to qualify, or which by its terms does not so qualify, as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(p) "Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(q) "Option Exchange Program" means a program whereby outstanding Options are surrendered or cancelled in exchange for Options of the same type (which may have a lower exercise price or purchase price), of a different type and/or cash.

(r) "Optioned Stock" means the Common Stock subject to an Option or Stock Purchase Right.

(s) "Optionee" means the holder of an outstanding Option or Stock Purchase Right granted under the Plan.

(t) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(u) "Plan" means this 2003 Nonstatutory Stock Plan.

(v) "Restricted Stock" means Shares issued pursuant to a Stock Purchase Right or Shares of restricted stock issued pursuant to an Option.

(w) "Restricted Stock Purchase Agreement" means a written or electronic agreement between the Company and the Optionee evidencing the terms and restrictions applying to stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(x) "Retirement" means an Optionee's ceasing to be a Service Provider on or after the date when the sum of (i) the Optionee's age (rounded down to the nearest whole month), plus (ii) the number of years (rounded down to the nearest whole month) that the Optionee has provided services to the Company equals or is greater than seventy-five (75).

(y) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(z) "Section 16(b)" means Section 16(b) of the Exchange Act.

(aa) "Service Provider" means an Employee, Consultant or Director.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(cc) "Stock Purchase Right" means the right to purchase Common Stock pursuant to Section 11 of the Plan, as evidenced by a Notice of Grant and Restricted Stock Purchase Agreement.

(dd) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be optioned and sold under the Plan is 300,000 Shares, plus an annual increase to be added as of January 1st of each year during the term of the Plan equal to the lesser of (i) the number of Shares needed to restore the maximum aggregate number of Shares which may be optioned and sold under the Plan to 300,000 or (ii) a lesser amount determined by the Administrator. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan, whether upon exercise of an Option or Stock Purchase Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if unvested Shares of Restricted Stock are repurchased by the Company, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Employees to whom Options and Stock Purchase Rights may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be covered by each Option and Stock Purchase Right granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to reduce the exercise price of any Option or Stock Purchase Right to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such

Option or Stock Purchase Right shall have declined since the date the Option or Stock Purchase Right was granted;

(vii) to institute an Option Exchange Program;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(x) to modify or amend each Option or Stock Purchase Right (subject to Section 15(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by an Optionee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(xii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option or Stock Purchase Right previously granted by the Administrator; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options or Stock Purchase Rights.

5. Eligibility. Options and Stock Purchase Rights may be granted to Employees.

6. At-Will Employment. Neither the Plan nor any Option or Stock Purchase Right shall confer upon an Optionee any right with respect to continuing the Optionee's relationship as a Service Provider, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such relationship at any time, with or without cause.

7. Term of Plan. The Plan shall become effective upon its adoption by the Board. It shall continue in effect until terminated under Section 15 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. Such consideration may consist of (without limitation):

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares provided Shares acquired from the Company (directly or indirectly) (A) have been vested and owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised, together with any applicable withholding taxes. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the

Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Retirement of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Retirement, the Options will continue to vest for an additional twelve (12) months following the Optionee's termination. The Optionee will have thirty (30) days following the initial twelve (12) month period to exercise his or her Options. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(f) Buyout Provisions. The Administrator may at any time offer to buy out for a payment in cash or Shares an Option previously granted based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid, and the time within which the offeree must accept such offer. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or Disability). Unless the Administrator provides otherwise, the purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Shareholder. Once the Stock Purchase Right is exercised, the purchaser shall have the rights equivalent to those of a shareholder, and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

12. Non-Transferability of Options and Stock Purchase Rights. Unless determined otherwise by the Administrator, an Option or Stock Purchase Right may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right shall contain such additional terms and conditions as the Administrator deems appropriate.

13. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option and Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully vested and exercisable for a period of ninety (90) days from the date of such notice, and the Option or Stock Purchase Right shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of

Optioned Stock subject to the Option or Stock Purchase Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share of Optioned Stock subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

14. Date of Grant. The date of grant of an Option or Stock Purchase Right shall be, for all purposes, the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

15. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

16. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Company may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

17. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

APPENDIX A

TERMS AND CONDITIONS FOR FRENCH OPTION GRANTS

The Board of Directors of Amkor Technology, Inc. (the "Company") has established the Amkor Technology, Inc. 2003 Nonstatutory Inducement Grant Stock Plan (the "Inducement Option Plan") to provide an incentive to eligible employees of the Company, its parent and subsidiary companies, including its French subsidiary, Amkor Technology Euroservices, S.A.R.L. (the "Subsidiary"). The Administration has determined that it is necessary and desirable to establish the terms and conditions for the French Option Grants to qualify for the favorable tax and social security treatment in France provided under articles 217, 80 bis I and II, and 163 bis C of the French tax code for options granted under Law n degrees 70-1322 dated December 31, 1970, now codified at articles L 225-177 to L 225-186 notably of the French Commercial Code, to qualifying employees who are resident in France for French tax purposes (the "French Optionees"). The terms and conditions for French Option Grants are set forth in this Appendix A.

Under the terms and conditions for French Option Grants, qualifying employees will be granted only Nonstatutory Stock Options. The provisions of the Inducement Option Plan concerning U.S. Incentive Stock Options are not applicable to grants made hereunder.

The following terms and conditions will apply in the case of Option grants to French residents.

1. Definitions. As used herein, the following definitions will apply:

(a) "Applicable Laws" means the legal requirements relating to the administration of stock option plans under French corporate, securities, labor and tax laws.

(b) "Disability" means total and permanent disability in accordance with Section L341-4 second and third paragraphs of the French Code de la Securite Sociale, as certified in writing by a physician from the French Ministry of Labor ("medecin du travail").

(c) "Employee" means (i) any person employed by the Company or a Subsidiary in a salaried position within the meaning Applicable Laws, who does not own more than 10% of the voting power of all classes of stock of the Company, or any Parent or Subsidiary, and who is a resident of the Republic of France or (ii) any person employed by the Company or a Subsidiary who is a resident of the Republic of France for tax purposes or who performs his or her duties in France and is subject to French income social security contributions on his or her remuneration.

(d) "Fair Market Value" means, as of any date, the dollar value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market of the Nasdaq Stock Market, its Fair Market Value will be the average quotation price for the last 20 trading days preceding the date of determination for such stock (or the average closing bid for such 20 day period, if no sales were reported) as quoted on such exchange or system and reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is quoted on the Nasdaq Stock market (but not on the Nasdaq National Market thereof) or regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock for the last 20 days preceding the date of determination; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

(e) "Purchase Option" means the right to acquire Shares that are repurchased by the Company prior to the grant of an Option.

(f) "Subscription Option" means the right to subscribe to newly issued Shares.

(g) "Subsidiary" means any participating subsidiary of the Company located in the Republic of France and that falls within the definition of "subsidiary" within the meaning of Section L. 225-180 paragraph 1 of the French commercial code.

(h) "Termination" means if the Optionee is an Employee, the last day of any statutory or contractual notice period whether worked or not (provided, only the employer, and not the Optionee, may decide whether the Optionee works during the notice period) and irrespective of whether the termination of the employment agreement is due to resignation or dismissal of the Employee for any reason whatsoever; if the Optionee is a corporate officer as defined in Section 2 of this Appendix A, Termination means the date on which he or she effectively leaves his or her position as a corporate officer for any reason whatsoever.

2. Eligibility. Options granted pursuant to this Appendix A may be granted only to Employees, the President du conseil d'administration, the membres du directoire, the Directeur general, the directeurs generaux delegues, the Gerant of a company with capital divided by shares; provided, however, that the administrateurs and the membres du conseil de surveillance who are also Employees of the Subsidiary in accordance with a valid employment agreement pursuant to Applicable Laws may be granted Options hereunder. For the purpose of this Appendix A, when applicable, the rules set forth for an Employee shall be applicable to the aforementioned corporate officers.

3. Stock Subject to the Plan. The total number of Options outstanding which may be exercised for newly issued Shares may at no time exceed that number equal to one-third of the Company's voting stock, whether preferred stock of the Company or Common Stock. If any Optioned Stock is to consist of reacquired Shares, such Optioned Stock must be purchased by the Company, in the limit of 10% of its share capital, prior to the date of the grant of the corresponding

new Option and must be reserved and set aside for such purposes. In addition, the new Option must be granted within one (1) year of the acquisition of the Shares underlying such new Option.

4. Limitations Upon Granting of Options.

(a) Declaration of Dividend; Capital Increase. To the extent applicable to the Company, Options cannot be granted during the 20 trading days from (i) the date the Common Stock is trading on an ex-dividend basis or (ii) a capital increase.

(b) Non-Public Information. To the extent applicable to the Company, the Company shall not grant Options during the closed periods required under Section L 225-177 of the French Commercial Code. As a result, notwithstanding any other provision of the Plan, Options cannot be granted:

(i) during the ten (10) trading days preceding and following the date on which the consolidated accounts, or, if unavailable, the annual accounts, are made public;

(ii) during the period between the date on which the Company's governing bodies (i.e., the Administrator and the Company's corporate officers and directors) become aware of information which, if made public, could have a material impact on the price of the Shares, and the date ten (10) trading days after such information is made public.

(c) Right to Employment. Neither the Plan nor any Option shall confer upon any Optionee any right with respect to continuing the Optionee's employment relationship with the Company or any Subsidiary.

5. Option Price. The exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator upon the date of grant of the Option and stated in the Option Agreement, but in no event will be lower than eighty percent (80%) of the Fair Market Value on the date the Option is granted or of the average purchase price of these Shares by the Company. The Option Price cannot be modified while the Option is outstanding, except as required by Applicable Laws.

6. Term of Option. The term of each Option shall be as stated in the Option Agreement; provided, however, that the maximum term of an Option shall not exceed ten (10) years from the date of grant of the Option.

7. Exercise of Option; Restriction on Sale.

(a) Options granted hereunder may not be exercised prior to the first anniversary date (the "Initial Exercise Date") of the date on which the Option is granted whether or not the Option has vested prior to such time; provided, however, that the Initial Exercise Date will be automatically adjusted to conform with any changes under Applicable Laws so that the length of time from the date of grant to the Initial Exercise Date when added to the length of time in which Shares may not be disposed of after the Initial Exercise Date as provided in Section 7(b) below, will allow for favorable tax and social security treatment under Applicable Laws. Thereafter, Options

may be exercised to the extent they have vested. Options granted hereunder will vest as determined by the Administrator.

An Option will be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised together with any applicable withholding taxes and social security contributions. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

(b) The Shares subject to an Option may not be transferred, assigned or hypothecated in any manner otherwise than by will or by the laws of descent or distribution before the date three (3) years from the

Initial Exercise Date, except for any events provided for in Article 91 ter of Annex II to the French tax code; provided, however, that the duration of this restriction on sale will be automatically adjusted to conform with any changes to the holding period required for favorable tax and social security treatment under Applicable Laws to the extent permitted under Applicable Laws.

(c) Termination of Employment Relationship. Upon Termination of an Optionee's status as an Employee (other than upon the Optionee's death or Disability), the Optionee may exercise his or her Option, but only within thirty (30) days from the date of such Termination, and only to the extent that the Optionee was entitled to exercise it at the date of Termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). If, at the date of Termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after Termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Disability of Optionee. Upon Termination of an Optionee's status as an Employee terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months from the date of such Termination, but only to the extent that the Optionee was entitled to exercise it at the date of such Termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). If, at the date of Termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after Termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Death of Optionee. Notwithstanding any provision of the Plan or Option Agreement to the contrary and Section 7 hereof, the Option shall be fully and immediately exercisable upon the death of an Optionee while an Employee. Furthermore, notwithstanding any provision of the Plan or the Option Agreement to the contrary, including the term of the Option, the Option may be exercised at any time within twelve (12) months following the date of death by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall immediately revert to the Plan.

(f) Retirement of Optionee. If an Optionee ceases to be an Employee as the result of the Optionee's Retirement, the Option may be exercised for twelve (12) months following the Optionee's Termination. If, at the time of Retirement, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If, after Termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan. If an Optionee ceases to be an Employee as a result of the Optionee's Retirement, the Options will continue to vest for an additional twelve (12) months following the Optionee's Termination. The Optionee will have thirty (30) days following the twelve (12) month period after his or her Termination to exercise his or her Options (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

8. Non-Transferability of Options. An Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

9. Changes in Capitalization. Notwithstanding any provisions of the Plan and the Option Agreement to the contrary, adjustments to the exercise price and/or the number of shares subject to an Option issued hereunder shall be made to preclude the dilution or enlargement of benefits under the Option in the event the Company executes one or more of the transactions listed below. With the exception of the transactions listed below, adjustments to the exercise

price and/or the number of shares subject to the Option issued hereunder shall not be made under any circumstance. Furthermore, even upon occurrence of one or more of the transactions listed below, no adjustment to the kind of shares to be granted shall be made. The transactions are as follows:

(a) an issuance of new shares for cash consideration reserved to the Company's existing shareholders;

(b) an issuance of convertible or exchangeable bonds reserved to the Company's existing shareholders;

(c) a capitalization of retained earnings, profits, or issuance premiums;

(d) a distribution of reserves by payment in cash or shares;

(e) a cancellation of shares in order to absorb losses; and

(f) a purchase, by the Company when listed, of its own shares at a price higher than their then current quotation price.

An increase or decrease in the number of issued Shares effected without receipt of consideration by the Company is not within the scope of the prohibition of the first paragraph of this Section 9.

10. Information Statements to Optionees. The Company or its French Parent or Subsidiary, as required under Applicable Laws, will provide to each Optionee, with copies to the appropriate governmental entities, such statements of information as required by the Applicable Laws.

11. Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Any favorable amendments or alterations are automatically deemed to be approved by Optionee. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

12. Reporting to the Shareholders' Meeting. The Subsidiary of the Company, if required under Applicable Laws, will provide its shareholders with an annual report with respect to Options granted and/or exercised by its Employees in the financial year.

13. Interpretation. It is intended that Options granted under the Terms and Conditions for French Option Grants shall qualify for the favorable income tax and social security treatment applicable to stock options granted under the French Commercial code as subsequently amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration. The terms of the French Plan shall be interpreted in accordance with the relevant provisions set forth by French tax and social security laws, as well as the French tax and social security administrations.

In the event of any conflict between the terms and conditions for French Option Grants and the Option Plan, the terms and conditions for French Option Grants shall control for any grants made thereunder.

EXHIBIT 10.2

EXECUTION COPY

AMENDMENT NO. 1 TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT No. 1 TO THE SECOND AMENDED AND RESTATED CREDIT AGREEMENT, dated as of October 17, 2003, among Amkor Technology, Inc. a Delaware corporation (the "Borrower") and the Lenders (as defined below) party hereto and the Administrative Agent (as defined below), amends certain provisions of the Second Amended and Restated Credit Agreement dated as of April 22, 2003 (as amended, the "Credit Agreement") among the Borrower, the lenders party thereto (collectively the "Lenders"), the issuing banks party thereto, Citigroup Global Markets, Inc. ("CGMI"), as sole book manager, Citicorp USA, Inc., as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent (in such capacity, the "Collateral Agent"), Deutsche Bank Securities Inc. ("DBSI), as documentation agent, CGMI and J.P. Morgan Securities Inc., as joint lead arrangers, DBSI, as arranger, and JPMorgan Chase Bank, as syndication agent.

PRELIMINARY STATEMENTS:

(1) The parties to this Amendment are party to the Credit Agreement. Capitalized terms defined in the Credit Agreement and not otherwise defined in this Amendment are used herein as therein defined.

(2) The parties hereto have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. AMENDMENTS. Subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, the Credit Agreement is hereby amended as follows:

(a) AMENDMENTS TO ARTICLE I (DEFINITIONS AND ACCOUNTING TERMS).

(i) The definition of "EBITDA" in Section 1.1 (Certain Defined Terms) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> "EBITDA" means, for any period, the sum, determined on a Consolidated basis and without any double-counting, of (a) Net Income, (b)(i) interest expense and (ii) amortization, write-off or cash payment of premiums, commissions, discounts and other fees and charges which, in each case pursuant to this clause (b)(ii), are attributable to the repayment, repurchase or redemption of Debt for Borrowed Money, (c) income tax expense, (d) to the extent included in Consolidated Net Income, non-cash foreign currency loss (or less any non-cash foreign currency gain), (e) to the extent included in Net Income, (i) non-cash equity in loss of Affiliates (or less any non-cash equity in income of Affiliates) and (ii) non-cash losses in respect of (A) fixed assets and (B) goodwill associated with acquisitions, (f) depreciation expense and (g) amortization expense, in each case of the Borrower and its Restricted Subsidiaries, determined in accordance with GAAP for such period.

(b) AMENDMENTS TO ARTICLE V (COVENANTS OF THE BORROWER).

(i) The final paragraph of Section 5.2(f) (Investments in Other Persons) of the Credit Agreement is hereby amended by replacing, in the two places where it appears in such paragraph, the dollar amount "$25,000,000" with the dollar amount "$50,000,000".

(ii) Section 5.2(j) (Prepayments, Etc., of Debt) of the Credit Agreement is hereby amended by replacing clause (iv) thereof in its entirety with the following clause (iv):

> (iv) the Borrower may repurchase or redeem Senior Notes for cash not exceeding (A) in the Fiscal Year ending December 31, 2003, $ 140,000,000 plus the amount of any Net Cash Proceeds arising from the

sale of Anam Shares received by the Borrower during such Fiscal Year and (B) in any Fiscal Year thereafter, $100,000,000 plus the amount of any Net Cash Proceeds arising from the sale of Anam Shares received by the Borrower during such Fiscal Year; provided, however, that (1) up to $25,000,000 in the aggregate of the amount in this clause (iv) may be used by the Borrower to repurchase or redeem Subordinated Debt instead of repurchasing or redeeming Senior Notes; (2) to the extent the amount used by the Borrower to repurchase or redeem Senior Notes (or Subordinated Debt, as the case may be) pursuant to this clause (iv) during any Fiscal Year is less than the amount permitted for such Fiscal Year pursuant to this clause (iv), then the unused portion thereof in such Fiscal Year may be carried over and added to the amount permitted by this clause (iv) in any Fiscal Year thereafter; (3) in no event shall the amount used pursuant to this clause (iv) exceed $300,000,000 in the aggregate during the term of the Facilities; and (4) after giving effect to each such purchase or redemption made pursuant to this clause (iv), the Borrower shall be in compliance with Section 5.4(b);

(iii) Section 5.2(j)(v) (Prepayments, Etc., of Debt) of the Credit Agreement is hereby amended by inserting the phrase "or any Subordinated Debt" immediately after the phrase "Senior Notes" in clause (x) thereof.

(iv) Section 5.2(o) (Capital Expenditures) of the Credit Agreement is hereby amended by replacing such Section in its entirety with the following Section 5.2(o):

(o) Capital Expenditures. Make, or permit any of its Restricted Subsidiaries to make, any Capital Expenditures that would cause the aggregate amount of all such Capital Expenditures made by the Borrower and its Restricted Subsidiaries in any Fiscal Year to exceed the greater of (i) the lesser of (x) 50% of EBITDA for such Fiscal Year (determined on a Pro Forma Basis) and (y) $350,000,000 and (ii) $250,000,000; provided, however, to the extent that actual Capital Expenditures for any such Fiscal Year is less than the maximum amount permitted by this clause (o), then the difference between the maximum amount permitted by this clause (o) and such actual Capital Expenditures may be carried over and made available for Capital Expenditures in the next succeeding Fiscal Year only, and such carried over portion shall be applied before the amount of Capital Expenditures otherwise permitted for such succeeding Fiscal Year pursuant to this Section 5.2(o);

SECTION 2. CONDITIONS TO EFFECTIVENESS. This Amendment shall become effective as of the date hereof on the date when the following conditions precedent have been satisfied:

(a) the Administrative Agent shall have received counterparts of this Amendment executed by the Borrower and the Required Lenders or, as to any of the Lenders, evidence satisfactory to the Administrative Agent that such Lender has executed this Amendment; and

(b) each Subsidiary Guarantor shall have executed a consent to this Amendment in the form attached hereto.

Furthermore this Amendment is subject to the provisions of Section 8.1 of the Credit Agreement.

SECTION 3. CONSTRUCTION WITH THE LOAN DOCUMENTS.

(a) On and after the Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference in the other Loan Documents to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby, and this Amendment and the Credit Agreement shall be read together and construed as a single instrument. The table of contents, signature pages and list of Exhibits and Schedules of the Credit Agreement shall be modified to reflect the changes made in this Amendment as of the Amendment Effective Date.

(b) Except as expressly amended hereby or specifically waived above, all of the terms and provisions of the Credit Agreement and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders, the Issuing Banks, the Arranger or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any other provision of any of the Loan Documents or for any purpose except as expressly set forth herein.

(d) This Amendment is a Loan Document.

SECTION 4. GOVERNING LAW. This Amendment is governed by the law of the State of New York.

SECTION 5. REPRESENTATIONS AND WARRANTIES. The Borrower hereby represents and warrants that each of the representations and warranties made by the Borrower in the Credit Agreement, as amended hereby, and the other Loan Documents to which the Borrower is a party or by which the Borrower is bound, shall be true and correct in all material respects on and as of the date hereof (other than representations and warranties in any such Loan Document which expressly speak as of a specific date, which shall have been true and correct in all material respects as of such specific date) and no Default or Event of Default has occurred and is continuing as of the date hereof.

SECTION 6. EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed counterpart by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

[SIGNATURE PAGES FOLLOW]

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

AMKOR TECHNOLOGY, INC.,

By ____________________________
Name:
Title:

CITICORP USA, INC.,
as Administrative Agent

By ____________________________
Name:
Title:

[SIGNATURE PAGE To AMENDMENT No. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

AIM FLOATING RATE FUND
By: INVESCO Senior Secured Management, Inc.
As Sub-Adviser

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

AMARA-I FINANCE, LTD.
By: INVESCO Senior Secured Management, Inc.
As Financial Manager

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

AMARA 2 FINANCE, LTD.
BY: INVESCO Senior Secured Management, Inc.
As Financial Manager

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Ares IV CLO Ltd

By: Ares CLO Management IV, LP.,
Investment Manager

By: Ares CLO GP IV,LLC,
Its Managing Member

By: /s/ Seth J. Brufsky

Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Ares V CLO Ltd.

By: Ares CLO Management V, L.P.,
Investment Manager

By: Ares CLO GP V, LLC,
Its Managing Member

By: /s/ Seth J. Brufsky

Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Ares VI CLO Ltd.

By: Ares CLO Management VI, L.P.,
Investment Manager

By: Ares CLO GP VI, LLC,
Its Managing Member

By: /s/ Seth J. Brufsky

Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Ares VII CLO Ltd.

By: Ares CLO Management VII, L.P.,
Investment Manager

By: Ares CLO GP VII, LLC.
Its General Partner

By: /s/ Seth J. Brufsky

Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

AVALON CAPITAL LTD.
By: INVESCO Senior Secured Management, Inc.
As Portfolio Advisor

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

AVALON CAPITAL LTD.
By: INVESCO Senior Secured Management, Inc.
As Portfolio Advisor

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

BABSON CLO LTD. 2003-I
By: David L. Babson & Company Inc.
as Manager

____,
as Lender

By /s/ David P. Wells, CFA

Name: David P. Wells, CFA
Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

BILL & MELINDA GATES FOUNDATION
By: David L. Babson & Company Inc. as
Investment Adviser

_______________________________________, as Lender

By /s/ David P. Wells

Name: David P. Wells, CFA
Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Canadian Imperial Bank of Commerce,
----
as Lender

By /s/ Marc Berg

Name: Marc Berg
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Sankaty Advisors, LLC as Collateral Manager for CASTLE HILL I - INGOTS, LTD., as Term Lender

___________________________________,
as Lender

By /s/ Diane J. Exter

Name: DIANE J. EXTER
Title: MANAGING DIRECTOR
PORTFOLIO MANAGER

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Sankaty Advisors, LLC as Collateral Manager for CASTLE HILL II - INGOTS, LTD., as Term Lender

____
as Lender

By /s/ Diane J. Exter

Name: DIANE J. EXTER
Title: MANAGING DIRECTOR
PORTFOLIO MANAGER

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

CHARTER VIEW PORTFOLIO
By: INVESCO Senior Secured Management, Inc.
As Investment Advisor

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

CITICORP USA, INC.,

By /s/ [ILLEGIBLE]

Name:
Title:

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Cooksmill
-----------------------------------,
as Lender

By /s/ Jon R.M Campbel

Name: Jon R.M Campbel
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Deutsche Bank Trust Company Americas,
as Lender

By /s/ Gregory P. Shefrm

Name: Gregory P. Shefrm
Title: Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

DIVERSIFIED CREDIT PORTFOLIO LTD.
By: INVESCO Senior Secured Management, Inc.
as Investment Adviser

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

The Foothill Group, Inc.,
------------------------------------,
as Lender

By /s/ Sean T. Dixon

Name: Sean T. Dixon
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Franklin Floating Rate Trust

Franklin Floating Rate Master Series

FRANKLIN FLOATING RATE DAILY ACCESS FUND

___________________________________,
as Lender

By /s/ Richard D'Addario

Name: Richard D'Addario

Title: Senior Vice President

Franklin CLO II, Limited

Franklin CLO III, Limited

FRANKLIN CLO IV, LIMITED

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Sankaty Advisors, LLC as Collateral Manager for GREAT POINT CLO 1999-1 LTD., as Term Lender
-------------------------------------,
as Lender

By /s/ DIANE J. EXTER

Name: DIANE J. EXTER
Title: MANAGING DIRECTOR
PORTFOLIO MANAGER

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

HARBOUR TOWN FUNDING LLC
------------------------,
as Lender

By /s/ Ann E. Morris

Name: ANN E. MORRIS
Title: ASST VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

INVESCO EUROPEAN CDO I.S.A.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By /s/ Joseph Rotondo

Name: JOSEPH ROTONDO
Title: AUTHORIZED SIGNATORY

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

JP Morgan Chase Bank
--------------------,
as Lender

By /s/ William P. Rindfuss

Name: William P. Rindfuss
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Long Lane Master Trust IV
By Flast National Bank
as trust Administrator

__________________________________,
as Lender

By /s/ Michael J. Sullivan

Name: Michael J. Sullivan
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: David L. Babson & Company Inc. as Investment Adviser

_____________________________________,
as Lender

By /s/ David P. Wells

Name: David P. Wells, CFA
Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

OASIS COLLATERALIZED HIGH INCOME PORTFOLIOS-I LTD.
By: INVESCO Senior Secured Management, Inc.
As Sub-Advisor

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

OCTAGON INVESTMENT PARTNERS V. LTD.
By: Octagon Credit Investors, LLC
as Portfolio Manager

__________________________________,
as Lender

By /s/ Michael B. Nechamkin

Name: Michael B. Nechamkin
Title: Portfolio Manager

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Sankaty Advisors, LLC as Collateral Manager for Race Point CLO, Limited, as Term Lender

-----------------------------------,
as Lender

By /s/ Diane J. Exter

Name: DIANE J. EXTER
Title: MANAGING DIRECTOR
PORTFOLIO MANAGER

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC.

SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

`

Sankaty Advisors, LLC as Collateral Manager for Race Point II CLO, Limited, as Term Lender

-----------------------------------,
as Lender

By /s/ Diane J. Exter

Name: DIANE J. EXTER
Title: MANAGING DIRECTOR
PORTFOLIO MANAGER

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

SANKATY HIGH YIELD PARTNERS III, L.P.

__________________________________,
as Lender

By /s/ Diane J. Exter

Name: DIANE J. EXTER
Title: MANAGING DIRECTOR
PORTFOLIO MANAGER

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

SARATOGA CLO I, LIMITED
By: INVESCO Senior Secured Management, Inc.
As Asset Manager

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Seaboard CLO 2000 Ltd.
By: David L. Babson & Company Inc. as Collateral Manager

By: __________________________________
as Lender

By /s/ David P. Wells

Name: David P. Wells, CFA
Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

SEQUILS-LIBERTY, LTD.
By: INVESCO Senior Secured Management, Inc. As Collateral Manager

By /s/ Joseph Rotondo

Name: Joseph Rotondo
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

SIMSBURY CLO, LIMITED
By: David L. Babson & Company Inc.
under delegated authority from
Massachusetts Mutual Life Insurance
Company as Collateral Manager as
Lender

By /s/ David P. Wells

Name: David P. Wells, CFA
Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Stanfield Arbitrage CDO, LTD.
By: Stanfield Capital Partners LLC
as its Collateral Manager

______________________________________,
as Lender

By /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

Stanfield Carrera CLO, Ltd.
BY: Stanfield Capital Partners LLC
as its Asset Manager

___________________________________,
as Lender

By /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

STEIN ROE & FARNHAM CLO I LTD.

By: Columbia Management Advisors, Inc.
(f/k/a Stein Roe & Farnham Incorporated),
As Portfolio Manager

_____________________________________,
as Lender

By /s/ Kathleen A. Zarn

Name: Kathleen A. Zarn
Title: Senior Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

SUFFIELD CLO, LIMITED
By: David L. Babson & Company Inc. as
Collateral Manager

_____________________________________,
as Lender

By /s/ David P. Wells

Name: David P. Wells, CFA
Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

THE TRAVELERS INSURANCE COMPANY

_________________________________,
as Lender

By /s/ Matthew J. McInerny

Name: Matthew J. McInerny
Title: Investment Officer

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

TRS 1 LLC
--------------------------------------,
as Lender

By /s/ Alice L. Wagner

Name: Alice L. Wagner
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

TRS CALLISTO LLC, as Lender

By /s/ Alice L. Wagner

Name: Alice L. Wagner
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

TRYON CLO LTD. 2000-I
ELC (CAYMAN) LTD. 2000-I

ELC. (CAYMAN) LTD. CDO SERIES 1999-I
ELC. (CAYMAN) LTD.
APEX (IDM)CDO I, LTD.
ELC (CAYMAN) LTD. 1999-II
ELC (CAYMAN) LTD. 1999-III

_____________________________________,
as Lender

By: David L. Babson & Company Inc. as,
Collateral Manager

By /s/ David P. Wells

Name: David P. Wells, CFA

Title: Managing Director

[SIGNATURE PAGE TO AMENDMENT NO. 1 AMKOR TECHNOLOGY INC. SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

CONSENT OF SUBSIDIARY GUARANTOR

Dated as of [_______________________], 2003

Each of the undersigned corporations, as a Subsidiary Guarantor under the Subsidiary Guaranty dated April 28, 2000 (as confirmed by the Guaranty and Security Confirmation dated as of April 22, 2003, the "Subsidiary Guaranty") in favor of the Secured Parties under the Credit Agreement referred to in the foregoing Amendment, hereby consents to such Amendment and hereby confirms and agrees that notwithstanding the effectiveness of such Amendment, the Subsidiary Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Amendment, each reference in the Subsidiary Guaranty to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by such Amendment.

GUARDIAN ASSETS, INC.

By: __________________________________
Name:
Title:

EXHIBIT 12.1

AMKOR TECHNOLOGY, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS EXCEPT RATIO DATA)

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,
	1998	1999	2000	2001	2002	2003
Earnings						
Income (loss) before income taxes, equity in income (loss) of investees, minority interest and discontinued operations	$ 92,461	$ 87,494	$ 173,154	$(438,498)	$(564,309)	$ (75,389)
Interest expense	25,860	61,803	127,027	152,067	143,441	108,542
Amortization of debt issuance costs	1,217	3,466	7,013	22,321	8,251	6,871
Interest portion of rent	2,584	3,481	4,567	7,282	4,995	4,054
Less (earnings) loss of affiliates	--	2,622	--	--	--	--
	$ 122,122	$ 158,866	$ 311,761	$(256,828)	$(407,622)	$ 44,078
Fixed Charges						
Interest expense	$ 25,860	$ 61,803	$ 127,027	$ 152,067	$ 143,441	$ 108,542
Amortization of debt issuance costs	1,217	3,466	7,013	22,321	8,251	6,871
Interest portion of rent	2,584	3,481	4,567	7,282	4,995	4,054
	$ 29,661	$ 68,750	$ 138,607	$ 181,670	$ 156,687	$ 119,467
Ratio of earnings to fixed charges	4.1x	2.3x	2.2x	--x(1)	--x(1)	--x(1)

(1) The ratio of earnings to fixed charges was less than 1:1 for the nine months ended September 30, 2003. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional $75.4 million of earnings in the nine months ended September 30, 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.

EXHIBIT 31.1

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 quarterly 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 quarterly 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 quarterly report;

4. The registrant's other certifying officer(s) 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) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) Disclosed in this quarterly 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(s) 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: November 3, 2003

/s/ JAMES J. KIM

By: James J. Kim

Title: Chief Executive Officer

EXHIBIT 31.2

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 quarterly 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 quarterly 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 quarterly report;

4. The registrant's other certifying officer(s) 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) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) Disclosed in this quarterly 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(s) 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: November 3, 2003

/s/ KENNETH T. JOYCE

By: Kenneth T. Joyce

Title: Chief Financial Officer

EXHIBIT 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

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 September 30, 2003 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 September 30, 2003 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