

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 30, 1997

REGISTRATION NO. 333-37235

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AMKOR TECHNOLOGY, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

3674
(PRIMARY STANDARD INDUSTRIAL
CLASSIFICATION CODE NUMBER)

23-292-5614
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

AMKOR TECHNOLOGY, INC.
1345 ENTERPRISE DRIVE
WEST CHESTER, PA 19380
(610) 431-9600

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

FRANK J. MARCUCCI
CHIEF FINANCIAL OFFICER
AMKOR TECHNOLOGY, INC.
1345 ENTERPRISE DRIVE
WEST CHESTER, PA 19380
(610) 431-9600

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

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CLEARY, GOTTLIB, STEEN & HAMILTON
ONE LIBERTY PLAZA
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on

a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. []

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1) (2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.001 par value(3).....	\$402,500,000	\$121,970
% Convertible Subordinated Notes.....	\$172,500,000	\$50,888

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- (1) Includes the aggregate value offered if the Underwriters exercise the options to purchase shares of Common Stock and Convertible Notes to cover over-allotments, if any.
- (2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) promulgated under the Securities Act of 1933, as amended.
- (3) Fee previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

EXPLANATORY NOTE

This Registration Statement contains a Prospectus relating to an offering in the United States and Canada of an aggregate of _____ shares of Common Stock and \$ _____ aggregate principal amount of _____ % Subordinated Convertible Notes due 2003 (the "Convertible Notes") of Amkor Technology, Inc. (the "U.S.

Offering"), together with separate Prospectus pages relating to a concurrent offering outside the United States and Canada of an aggregate of _____ shares of Common Stock and \$ _____ aggregate principal amount of the Convertible Notes of Amkor Technology, Inc. (the "International Offering"), in each case excluding shares issuable upon exercise of the Underwriters' over-allotment options. The complete Prospectus for the U.S. Offering follows immediately. Following such Prospectus are the following alternate pages from the Prospectus for the International Offering: a front cover page, five pages comprising the "Underwriting" section and a back cover page. All of the other pages of the Prospectus for the U.S. Offering are to be used for both the U.S. Offering and the International Offering.

If this Registration Statement becomes effective in accordance with Rule 430A under the Securities Act of 1933, as amended, the complete Prospectus for each of the U.S. and International Offerings in the forms in which they are to be used will be filed with the Securities and Exchange Commission pursuant to Rule 424 under the Securities Act of 1933, as amended.

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SUBJECT TO COMPLETION, DATED DECEMBER 30, 1997

PROSPECTUS

SHARES

COMMON STOCK

LOGO \$150,000,000

% CONVERTIBLE SUBORDINATED NOTES DUE 2003

AMKOR TECHNOLOGY, INC.

Amkor Technology, Inc. ("Amkor" or the "Company") hereby offers _____ shares of Common Stock, par value \$.001 per share ("Common Stock"), and \$150,000,000 aggregate principal amount of _____ % Convertible Subordinated Notes due 2003 (the "Convertible Notes"). In addition, certain stockholders of the Company (the "Selling Stockholders") are hereby offering _____ shares of Common Stock. The Convertible Notes will mature on _____, 2003. Interest on the Convertible Notes is payable on _____ and _____ of each year, commencing _____, 1998. The Convertible Notes are convertible into shares of Common Stock at any time on or before the close of business on the last trading day prior to maturity, unless previously redeemed, at a conversion price of \$ _____ per share, subject to adjustment in certain events as described herein.

The Convertible Notes are subordinated in right of payment to all existing and future Senior Debt (as defined) of the Company and effectively subordinated to all existing and future liabilities and obligations of the Company's subsidiaries. As of _____, 1997, the total principal amount of Senior Debt of the Company would have been approximately \$ _____ million and other liabilities and obligations of the Company's subsidiaries (excluding intercompany indebtedness) that would have effectively ranked senior to the Convertible Notes would have been approximately \$ _____ million. The Convertible Notes are not

redeemable by the Company prior to _____, 2001. On or after _____, 2001, the Convertible Notes are redeemable, in whole or from time to time in part, at the option of the Company, at the redemption prices set forth herein plus accrued interest, if the closing price of the Common Stock is at least 125% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the notice of redemption. No sinking fund is provided for the Convertible Notes. In addition, following the occurrence of a Designated Event (i.e., a Change of Control or Termination of Trading (each as defined)), each holder has the right to cause the Company to purchase the Convertible Notes at 101% of their principal amount together with accrued and unpaid interest. See "Description of Convertible Notes."

Of the _____ shares of Common Stock (the "Shares") and \$150,000,000 aggregate principal amount of Convertible Notes offered hereby, _____ Shares and \$ _____ of Convertible Notes are being offered by the U.S. Underwriters (as defined) in the United States and Canada (the "U.S. Offering") and _____ Shares and \$ _____ of Convertible Notes are being offered by the International Underwriters (as defined) in a concurrent offering outside the United States and Canada (the "International Offering" and, together with the U.S. Offering, the "Offerings"), subject to transfers between the U.S. Underwriters and the International Underwriters (collectively, the "Underwriters"). The Price to the Public and Underwriting Discount per Share and per Convertible Note will be identical for the U.S. Offering and the International Offering. See "Underwriting." The closing of the U.S. Offering and International Offering are conditioned upon each other. Following the Offerings, certain members of management and their affiliates will beneficially own _____ % of the Company's outstanding Common Stock. See "Principal and Selling Stockholders."

Prior to the Offerings, there has not been a public market for the Common Stock or the Convertible Notes. It is currently estimated that the initial public offering price of the Common Stock will be between \$ _____ and \$ _____ per share. See "Underwriting" for information relating to the factors considered in determining the initial public offering price. The Common Stock has been approved for listing on the Nasdaq National Market under the symbol "AMKR", subject to official notice of issuance. The Company intends to apply for approval of quotation of the Convertible Notes on the Nasdaq Stock Market under the symbol "AMKRG".

SEE "RISK FACTORS" BEGINNING ON PAGE 9 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SHARES AND THE CONVERTIBLE NOTES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO THE COMPANY (2)	PROCEEDS TO THE SELLING STOCKHOLDERS (2)
Per Share.....	\$	\$	\$	\$
Per Convertible Note.....	\$	\$	\$	\$
Total Shares.....	\$	\$	\$	\$
Total Convertible Notes.....	\$	\$	\$	\$
Total(3).....	\$	\$	\$	\$

(1) For information regarding indemnification of the Underwriters, see "Underwriting."

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

(3) The Company has granted the U.S. Underwriters and the International Underwriters 30-day options to purchase up to and additional shares of Common Stock, respectively, and \$ and \$ additional principal amount of Convertible Notes, respectively, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to the Public, Underwriting Discount and Proceeds to the Company will be \$, \$ and \$, respectively. See "Underwriting."

The Shares and the Convertible Notes are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Shares and the Convertible Notes will be made at the office of Smith Barney Inc., 333 West 34th Street, New York, New York 10001 or through the facilities of The Depository Trust Company, on or about , 1998.

SALOMON SMITH BARNEY

BANCAMERICA ROBERTSON STEPHENS

COWEN & COMPANY

, 1998.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO THE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

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[ARTWORK]

[Photograph of manufacturing facilities; pictures of products; and diagram of wafer fabrication, packaging and test operations.]

PowerQuad(R) and SuperBGA(R) are registered trademarks of the Company and ChipArray(TM) and PowerSOP(TM) are trademarks of the Company. MicroBGA(TM) is a trademark of Tessera, Inc. This Prospectus includes other trademarks and trade names of the Company and other entities.

CERTAIN PERSONS PARTICIPATING IN THE OFFERINGS MAY ENGAGE IN TRANSACTIONS

THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING PURCHASES OF SUCH SECURITIES TO STABILIZE THEIR MARKET PRICE, PURCHASES OF SUCH SECURITIES TO COVER SOME OR ALL OF A SHORT POSITION IN SUCH SECURITIES MAINTAINED BY THE UNDERWRITERS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information found elsewhere in this Prospectus, including under "Risk Factors" and the Consolidated Financial Statements and Notes thereto. Certain statements contained in "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected provision of wafer fabrication services, the Company's expected capacity utilization rates, the Company's anticipated assumption of marketing rights in Japan, the belief of the Company as to its future operating performance, and other statements contained in this Prospectus that are not historical facts, are "forward-looking" statements within the meaning of the U.S. federal securities laws. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." These forward-looking statements are made as of the date of this Prospectus and the Company assumes no obligation to update such forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements

THE COMPANY

Amkor is the world's largest independent provider of semiconductor packaging and test services. The Company believes that it is also one of the leading developers of advanced semiconductor packaging and test technology in the industry. The Company offers a complete and integrated set of packaging and test services including integrated circuit ("IC") package design, leadframe and substrate design, IC package assembly, final testing, burn-in, reliability testing, and thermal and electrical characterization. As of September 30, 1997, the Company had in excess of 150 customers, including many of the largest semiconductor companies in the world. Such customers include, among others, Advanced Micro Devices, Inc., International Business Machines Corp., Intel Corporation, Lucent Technologies, Inc., Motorola, Inc., National Semiconductor Corp., Philips Electronics N.V., SGS-THOMSON Microelectronics N.V., Siemens AG and Texas Instruments, Inc. ("TI").

Today, nearly all of the world's major semiconductor companies outsource some or all of their packaging and test needs. The increasing complexities, investment requirements and time to market pressures associated with IC design and production, combined with the growth in the number of ICs being produced and sold, are driving increasing demand for independent packaging and test services. This demand is expected to grow faster than that of the semiconductor industry as a whole. According to industry estimates, independent packaging foundry revenues are expected to grow at a compound annual rate of 20.3% over the next five years from an estimated \$5.0 billion in 1996 (32% of the world's IC packaging needs) to \$12.5 billion in 2001 (45% of the world's IC packaging needs).

The Company provides packaging and test services through its three factories in the Philippines as well as four factories of Anam Industrial Co., Ltd. ("AICL") in Korea pursuant to a supply agreement between the Company and AICL. The Company and AICL have had a long-standing relationship. In 1996 and the nine months ended September 30, 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and the nine months ended September 30, 1997 were derived from services sold by the Company. The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights.

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

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with TI to obtain the technology necessary to migrate to .18 micron CMOS process technology during 1998. AICL's foundry will primarily manufacture DSPs, ASICs and other logic devices. By leveraging the Company's leading position in semiconductor packaging and test services, the new wafer fabrication services will enable the Company to become one of the first providers of a fully integrated, turnkey semiconductor fabrication, packaging and test service solution.

The Company's strategy is to: (i) maintain its product technology leadership by continuing to design and produce leading-edge packaging technology; (ii) maintain advanced manufacturing capabilities through continuous advancement and refinement of its process technology; (iii) leverage the scale and scope of its packaging and test capabilities to provide Amkor with several competitive advantages, including procurement of key materials and manufacturing equipment, the ability to capitalize on economies of scale and the ability to offer an industry-leading breadth of product offerings; (iv) establish industry packaging standards to bolster sales of leading-edge, high margin and high growth product lines; (v) enhance customer and supplier relationships; (vi) continue to focus on customer support; and (vii) provide an integrated, turnkey solution comprised of wafer fabrication, packaging and test services.

The Company was organized under the laws of Delaware in September 1997 to consolidate the ownership of several affiliated entities under common control and management. See "Reorganization." The Company's principal executive offices are located at 1345 Enterprise Drive, West Chester, PA 19380 and its telephone number at that address is (610) 431-9600.

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

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

Total.....	shares
Common Stock to be outstanding after the	
Offerings(1).....	shares
Proposed Nasdaq National Market symbol.....	"AMKR"

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(1) Excludes _____ shares of Common Stock issuable upon exercise of options to be granted prior to the Offerings under the Company's 1998 Stock Plan at a price per share equal to the initial public offering price. Also excludes an aggregate of _____ shares reserved for future issuance upon conversion of the Convertible Notes, _____ shares reserved for issuance upon conversion of the Company's outstanding shares of Non-Voting Series A Preferred Stock (the "Series A Preferred") and _____ additional shares reserved for future issuance under the Company's 1998 Stock Plan, 1998 Director Option Plan and 1998 Employee Stock Purchase Plan. See "Management" and "Description of Capital Stock" and Notes 1 and 16 of Notes to Consolidated Financial Statements.

THE CONVERTIBLE NOTES OFFERINGS

Convertible Notes Offered by the Company

U.S. Offering.....	\$	aggregate principal amount
International Offering...	\$	aggregate principal amount
Total.....	\$	aggregate principal amount

Maturity..... The Convertible Notes will mature on _____, 2003 unless earlier redeemed or converted.

Payment of Interest..... Interest on the Convertible Notes at the rate of _____ % per annum is payable semi-annually on _____ and _____ of each year, commencing _____, 1998.

Conversion Rights..... The Convertible Notes are convertible into Common Stock of the Company at the option of the holder at any time on or before the close of business on the

last trading day prior to maturity, unless previously redeemed, at a conversion price of \$ _____ per share, subject to adjustment in certain events. The initial conversion price will be determined on the basis of the initial public offering price per share. See "Description of Convertible Notes -- Conversion."

Redemption at the Option of the Company.....

The Convertible Notes are not redeemable by the Company prior to _____, 2001. On or after _____, 2001, the Company may, upon at least 15 days' notice, redeem the Convertible Notes at the redemption prices set forth herein, together with accrued and unpaid interest thereon, if the closing price of the Common Stock is at least 125% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the notice of redemption. See "Description of Convertible Notes -- Optional Redemption."

Repurchase Upon Designated Event.....

The Convertible Notes are required to be repurchased at 101% of their principal amount together with accrued and unpaid interest thereon, at the option of the holder, upon the occurrence of a Designated Event (i.e., a Change of Control or a Termination of Trading (each as defined)). See "Description of Convertible Notes -- Repurchase at Option of Holders Upon a Designated Event."

Subordination.....

The Convertible Notes will be unsecured obligations of the Company and will be subordinated in right of payment to all existing and future Senior Debt of the Company and effectively subordinated to all existing and future liabilities and obligations of the Company's subsidiaries. See "Description of Convertible Notes -- Subordination."

Proposed Nasdaq Stock Market Symbol.....

"AMKRG"

Securities Lending Arrangement.....

In connection with market-making activities in the Convertible Notes, Smith Barney Inc. may from time to time borrow, return and reborrow up to 3.0 million shares of Common Stock from an affiliate of the Company. The Underwriters are not obligated, however, to make a market in the Convertible Notes and any such market-making may be discontinued at any time at the sole discretion of the Underwriters. See "Underwriting."

USE OF PROCEEDS

The net proceeds to the Company of the Offerings will be used primarily to repay approximately \$389 million of short-term and long-term debt, including amounts due to Anam U.S.A., a wholly-owned subsidiary of AICL ("AUSA"), and to repurchase AICL's minority interest in one of the Company's Philippine manufacturing subsidiaries for approximately \$34 million. See "Use of Proceeds."

RISK FACTORS

See "Risk Factors" beginning on page 9 for a discussion of certain factors that should be considered by potential investors.

SUMMARY FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE AND RATIO DATA)

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1992	1993	1994	1995	1996	1996	1997
	(UNAUDITED)						
INCOME STATEMENT DATA:							
Net revenues.....	\$303,654	\$442,101	\$572,918	\$932,382	\$1,171,001	\$828,373	\$1,043,620
Gross profit.....	29,418	70,778	58,270	149,047	148,923	115,129	142,832
Operating income (loss).....	(14,114)	26,374	13,843	84,855	71,368	60,785	62,987
Net income (loss).....	(16,430)	17,236	11,574	59,124	34,188	33,613	22,903
Pro forma adjustment for income taxes(1).....	800	2,900	200	10,400	2,900	2,780	3,627
Pro forma net income (loss) (1).....	(17,230)	14,336	11,374	48,724	31,288	30,833	19,276
Pro forma net income (loss) per common share.....	(.21)	.17	.14	.59	.38	.37	.23
Shares used in per share calculation.....	82,610	82,610	82,610	82,610	82,610	82,610	82,610
OTHER DATA:							
EBITDA (2).....	\$ (8,589)	\$ 35,712	\$ 33,320	\$109,957	\$ 126,232	\$ 99,520	\$ 127,651
Ratio of earnings to fixed charges(3)							
Actual.....	--	3.7x	2.0x	4.6x	2.4x	3.4x	2.0x
Supplemental pro forma.....					x		x

	DECEMBER 31, 1996	SEPTEMBER 30, 1997		
		ACTUAL	PRO FORMA (4)	AS ADJUSTED (5)
BALANCE SHEET DATA:				
Cash and cash equivalents.....	\$ 49,644	\$ 80,760	\$ 57,260	\$
Working capital (deficit).....	36,785	(175,512)	(199,012)	
Total assets.....	797,613	882,867	859,367	
Short-term borrowings and current portion of long-term debt.....	191,813	345,376	345,376	
Convertible Subordinated Notes due 2003.....	--	--	--	150,000
Long-term debt and due to AUSA (non-current).....	402,338	217,690	217,690	
Stockholders' equity.....	38,560	78,720	47,120	

(1) Prior to the reorganization of the Company, Amkor Electronics, Inc. ("AEI"), a predecessor of the Company, elected to be taxed as an S Corporation under

the Internal Revenue Code of 1986 and comparable state tax laws. Accordingly, AEI did not recognize any provision for federal income tax expense during the periods presented herein. The pro forma adjustment for income taxes reflects the additional U.S. federal income taxes which would have been recorded by the Company if AEI had not been an S Corporation during these periods. See "Reorganization" and Note 1 of Notes to Consolidated Financial Statements.

- (2) EBITDA is defined as earnings before interest income, other expenses, interest expense, taxes on income, depreciation and amortization. EBITDA is presented here to provide additional information about the Company's ability to meet its future debt service, capital expenditure, and working capital requirements and should not be construed as a substitute for or a better indicator of results of operations or liquidity than net income or cash flow from operating activities computed in accordance with generally accepted accounting principles.
- (3) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes less undistributed earnings in less than 50%-owned subsidiaries, plus fixed charges, and fixed charges consist of interest expense incurred and the estimated portion of rental expense deemed by the Company to be representative of the interest factor of rental payments under operating leases. Earnings for fiscal 1992 were insufficient to cover fixed charges by \$25.1 million. The supplemental pro forma ratio of earnings to fixed charges reflects the effect on the ratio of earnings to fixed charges if the Common Stock and Convertible Notes Offerings had been completed and the net proceeds to the Company applied as described in "Use of Proceeds" at the beginning of the respective period presented.
- (4) Pro forma balance sheet data reflects (i) the termination of AEI's S Corporation status which resulted in the recording of a deferred tax liability of \$8.1 million (ii) a distribution of undistributed earnings of AEI through September 30, 1997 of \$23.5 million to stockholders of AEI prior to the reorganization of the Company and (iii) the reclassification of the remaining retained earnings of AEI of \$5.6 million to additional paid-in capital. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following September 30, 1997 and prior to such reorganization. See "Reorganization -- Termination of S Corporation Status and Distributions" and Notes 1 and 17 of Notes to Consolidated Financial Statements.
- (5) As adjusted to give effect to the application of the estimated net proceeds to the Company of the Offerings based on an assumed initial public offering price of \$ per share of Common Stock. See "Use of Proceeds." Also reflects the purchase from AICL of its 40% interest in Amkor/Anam Pilipinas, Inc. for approximately \$34 million and the related elimination of minority interest and recording of goodwill. See "Reorganization" and Note 1 of Notes to Consolidated Financial Statements.

Capitalized terms used in this summary have the meanings ascribed to such terms elsewhere in this Prospectus. Unless the context otherwise requires, all references in this Prospectus to the "Company" or "Amkor" are to Amkor Technology, Inc. and its subsidiaries. Unless otherwise indicated, all information in this Prospectus (i) gives effect to the Reorganization (as

defined under "Reorganization"), including the issuance of 82,610,000 shares of Common Stock and 5,000 shares of Series A Preferred Stock in connection therewith, and (ii) assumes that the Underwriters have not exercised the over-allotment options. See "Reorganization," "Description of Capital Stock," "Underwriting," and Note 1 of Notes to Consolidated Financial Statements. References in this Prospectus to "Korea" are to the Republic of Korea, and references to "won" or "W" are to the currency of the Republic of Korea. The won has depreciated significantly against the U.S. dollar and other foreign currencies in recent months. On December , 1997, the base rate under the market average exchange rate system, as announced by the Korea Financial Telecommunications and Clearings Institute in Seoul, Korea (the "Market Average Exchange Rate"), was W to \$1.00. No representation is made that the won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or won, as the case may be, at any particular rate or at all. Financial information for AICL contained in this Prospectus has been prepared on an unconsolidated basis and on the basis of Korean generally accepted accounting principles ("GAAP"), which differ in certain significant respects from U.S. GAAP.

Certain technical terms used throughout this Prospectus are defined in the Glossary appearing immediately prior to the Consolidated Financial Statements at the end of this Prospectus.

RISK FACTORS

Prospective investors should consider carefully the following risk factors, in addition to the other information contained in this Prospectus concerning the Company and its business, before purchasing the shares of Common Stock or the Convertible Notes offered hereby. Certain statements contained in "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected provision of wafer fabrication services, the Company's expected capacity utilization rates, the Company's anticipated assumption from AICL of marketing rights in Japan, the belief of the Company as to its future operating performance, and other statements contained in this Prospectus that are not historical facts, are "forward-looking" statements within the meaning of the U.S. federal securities laws. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." These forward-looking statements are made as of the date of this Prospectus and the Company assumes no obligation to update such forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

FLUCTUATIONS IN OPERATING RESULTS; DECLINES IN AVERAGE SELLING PRICES

A variety of factors could materially and adversely affect the Company's revenues, gross profit and operating income, or lead to significant variability of quarterly or annual operating results. These factors include, among others, the cyclical nature of both the semiconductor industry and the markets addressed by end-users of semiconductors, the short-term nature of its customers' commitments, timing and volume of orders relative to the Company's production capacity, changes in capacity utilization, evolutions in the life cycles of customers' products, rescheduling and cancellation of large orders, rapid erosion of packaging selling prices, availability of manufacturing capacity, allocation of production capacity between the Company's facilities and those of AICL, fluctuations in package and test service charges paid to AICL, changes in

costs, availability and delivery times of labor, raw materials and components, effectiveness in managing production processes, fluctuations in manufacturing yields, changes in product mix, product obsolescence, timing of expenditures in anticipation of future orders, availability of financing for expansion, changes in interest expense, the ability to develop and implement new technologies on a timely basis, competitive factors, changes in effective tax rates, the loss of key personnel or the shortage of available skilled workers, international political or economic events, currency and interest rate fluctuations, environmental events, and intellectual property transactions and disputes. Unfavorable changes in any of the above factors may adversely affect the Company's business, financial condition and results of operations. In addition, the Company increases its level of operating expenses and investment in manufacturing capacity based on anticipated future growth in revenues. If the Company's revenues do not grow as anticipated, the Company's business, financial condition and operating results may be materially and adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company expects that average selling prices for its services may decline in the future, principally due to intense competitive conditions. A decline in average selling prices of the Company's services, if not offset by reductions in the cost of producing those services or by a shift to higher margin products, would decrease the Company's gross margins and could materially and adversely affect the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON THE HIGHLY CYCLICAL SEMICONDUCTOR AND PERSONAL COMPUTER INDUSTRIES

The Company's business is substantially affected by market conditions in the semiconductor industry, which is highly cyclical and, at various times, has been subject to significant economic downturns characterized by reduced product demand, rapid erosion of average selling prices and production overcapacity. In addition, the markets for semiconductors are characterized by rapid technological change, evolving industry

standards, intense competition and fluctuations in end-user demand. Because the Company's business will be dependent on the requirements of semiconductor companies for independent packaging, test and wafer fabrication services for the foreseeable future, any future downturn in the semiconductor industry could have a material adverse effect on the Company's business, financial condition and results of operations. The Company's operating results for 1996 and the nine months ended September 30, 1997 were adversely affected by an unexpected downturn in the semiconductor market. In addition, a significant portion of the Company's net revenues from packaging and test services depends on the packaging and testing of semiconductors used in personal computer ("PC") products. The PC industry is subject to intense competition, is highly volatile and is subject to significant shifts in demand. As a result, any deterioration of business conditions in the PC industry could have a material adverse effect on the Company. See "Business -- Industry Background" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RISKS ASSOCIATED WITH LEVERAGE

The Company has historically operated with significant amounts of debt relative to its equity. At September 30, 1997, the Company had outstanding \$563.1 million in principal amount of indebtedness, including non-current amounts due to Anam U.S.A., Inc. ("AUSA"), a wholly-owned subsidiary of AICL, and the Company intends to incur additional bank debt prior to and following the

Offerings in addition to the Convertible Notes issued as part of the Offerings. In 1996 and the nine months ended September 30, 1997, the Company's payments under long-term debt agreements (excluding payments to AUSA as described in Note 11 of Notes to Consolidated Financial Statements) were \$3.1 million and \$41.8 million, respectively. Following the expected application of the net proceeds to the Company of the Offerings, the Company will continue to have at least \$ million in principal amount of indebtedness outstanding. Accordingly, the Company expects to have debt service requirements of at least \$ million in 1998.

The Company is not in compliance with certain covenants with respect to approximately \$176 million of its loans, which in turn has triggered cross-defaults with respect to an additional \$10 million of the Company's loans. These loan covenants include restrictions on the ability of one of the Company's subsidiaries to enter into transactions with affiliates, requirements that the subsidiary maintain certain debt-to-equity ratios and requirements that the subsidiary comply with certain notice requirements. The Company's obligation to repay these loans may be accelerated by the lenders at any time. As a result of such non-compliance, these loans have been classified as current liabilities in the Company's financial statements included herein, and the report of the Company's independent public accountants with respect to such financial statements contains a paragraph stating that there is substantial doubt as to the ability of the Company to continue as a going concern. The Company will eliminate such non-compliance by repaying the \$176 million of loans using part of the net proceeds to the Company from the Offerings. See "Use of Proceeds."

At September 30, 1997, the Company had also guaranteed borrowing facilities available to companies affiliated with James Kim and other stockholders of the Company totalling \$55.6 million of which \$34.4 million was outstanding at September 30, 1997. At September 30, 1997, the Company had \$78.7 million of stockholders' equity and a working capital deficit of \$175.5 million (which amounts were \$47.1 million and \$199.0 million, respectively, on a pro forma basis, after giving effect to the termination of AEI's S Corporation status and the distribution of undistributed net income of AEI through September 30, 1997).

Following the Offerings, the Company will continue to be subject to the risks associated with leverage, which risks include (i) principal and interest repayment obligations which require the expenditure of substantial amounts of cash, the availability of which will be dependent on the Company's future performance, (ii) inability to repay principal or interest when due, which could result in a default on the debt and legal actions against the Company, (iii) adverse effects of interest expense on the Company's financial condition and results of operations and (iv) potential violations of loan covenants which could lead to loans being called by banks. In addition, a significant portion of the debt is owed to banks located in Korea or branches of such banks located outside Korea. Due to the deterioration of the Korean economy in recent months and the resulting liquidity crisis in Korea, banks in Korea and their overseas branches have been experiencing financial difficulties and are reducing their lending, in particular to companies which have significant amounts of debt relative to their equity. See "-- Dependence on International Operations and Sales; Concentration of

Operations in the Philippines and Korea." Following the Offerings, the Company will continue to have a significant amount of debt relative to its equity, a large portion of which debt the Company plans to renew when it is due. If the Company's banks do not renew these loans when they become due or do not extend

additional loans on acceptable terms to fund the Company's working capital or capital expenditure needs, the Company will be forced to find other sources of financing. There can be no assurance that such financing will be available on favorable terms or at all. If the Company is not able to obtain necessary financing, the Company's business and financial condition will be materially and adversely affected. See "Reorganization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 7, 8, 11 and 16 of Notes to Consolidated Financial Statements.

DEPENDENCE ON RELATIONSHIP WITH AICL; POTENTIAL CONFLICTS OF INTEREST

AICL was founded in 1956 by Mr. Hyang-Soo Kim, who currently serves as the honorary Chairman and a Representative Director of AICL. AICL is a member of the Anam group of companies (the "Anam Group"), consisting principally of companies in Korea in the electronics industries. The management of AICL and the other companies in the Anam Group are influenced to a significant degree by the family of Hyang-Soo Kim, which, together with the Company, collectively owned approximately 17% of the outstanding common stock of AICL as of September 30, 1997. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of Hyang-Soo Kim. Since January 1992, in addition to his other responsibilities, James Kim has been serving as acting Chairman of the Anam Group and a director of AICL. Mr. In-Kil Hwang, the President and a Representative Director of AICL, is the brother-in-law of James Kim. After the Offerings, James Kim and trusts established on behalf of members of his family (the "Kim Family Trusts") will own approximately % of the outstanding Common Stock of the Company and James Kim and members of his family will continue to exercise significant control over the Company. See "-- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders" and "Principal and Selling Stockholders."

The businesses of the Company and AICL have been interdependent for many years. In 1996 and the nine months ended September 30, 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and the nine months ended September 30, 1997 were derived from services sold by the Company. The Company expects the proportion of its revenues derived from sales of services performed for the Company by AICL and the proportion of AICL's revenues from services sold by the Company to increase as the Company begins selling the wafer fabrication output of AICL's new wafer foundry and with the Company's scheduled assumption from AICL in early 1998 of marketing rights for the Japanese market. In the event the ability of AICL to supply the Company were disrupted for any reason, the Company's facilities in the Philippines would be able to fill only a small portion of the resulting shortfall in capacity. In addition, there are currently no significant third party suppliers of packaging and test services from which the Company could fill its orders. As a result, the Company's business, financial condition and operating results will continue to be significantly dependent on the ability of AICL to effectively provide contracted services on a cost-efficient and timely basis. The termination of the Company's relationship with AICL for any reason, or any material adverse change in AICL's business resulting from underutilization of its capacity, the level of its debt and its guarantees of affiliate debt, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other change, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has recently entered into new supply agreements with AICL (the "Supply Agreements"). Under the Supply Agreements, AICL has granted to the Company a first right to substantially all of the packaging and test services capacity of AICL and the exclusive right to all of the wafer output of its new wafer foundry. The Company expects to continue to purchase substantially all of AICL's packaging and test services, and to purchase all of AICL's wafer output,

under the Supply Agreements. Under the Supply Agreements, pricing arrangements relating to packaging and test services provided by AICL to the Company will be subject to quarterly review and adjustment, and such arrangements relating to the wafer output provided by AICL to the Company will be subject to annual review and adjustment, in each case on the basis

of factors such as changes in the semiconductor market, forecasted demand, product mix, capacity utilization and fluctuations in exchange rates, as well as the mutual long-term strategic interests of the Company and AICL. There can be no assurance that any new pricing arrangements resulting from such review and adjustment will be favorable to the Company. Pursuant to long-standing arrangements between AICL and the Company's operating subsidiaries, sales from AICL to the Company will continue to be made through AUSA, a wholly-owned financing subsidiary of AICL. Under the Supply Agreements, the Company will continue to reimburse AUSA for the financing costs incurred by it in connection with trade financing provided to the Company. The Supply Agreements also provide that Amkor-Anam, Inc., a subsidiary of the Company, will continue to provide raw material procurement and related services to AICL on a fee basis. The Supply Agreements have a five-year term and may be terminated by any party thereto upon five years' written notice at any time after the expiration of such initial five-year term. There can be no assurance that AICL will not terminate either Supply Agreement upon the expiration of such initial term or, if it does terminate a Supply Agreement, that the Company will be able to obtain a new agreement with AICL on terms that are favorable to the Company or at all.

AICL's ability to continue to provide services to the Company will depend on AICL's financial condition and performance. AICL currently has a significant amount of debt relative to its equity, which debt the Company expects will continue to increase in the foreseeable future. AICL, as a public company in Korea, has published its most recent semi-annual financial statements as of June 30, 1997. These financial statements are unaudited and prepared on the basis of Korean GAAP, which differs significantly from U.S. GAAP. U.S. GAAP financial statements are not available.

During 1996, AICL's unconsolidated cash flows from operations amounted to W191 billion under Korean GAAP. The following table sets forth the published unaudited, unconsolidated liabilities and shareholders' equity of AICL under Korean GAAP as of June 30, 1997.

	June 30, 1997(1)

	(in billions)
Liabilities:	
Current liabilities:	
Short-term borrowings:	
Won denominated.....	W39
U.S. dollar and other foreign currency denominated.....	404

Total short-term borrowings.....	443
Current maturities of long-term debt:	
Won denominated.....	39
U.S. dollar and other foreign currency denominated.....	28

Total current maturities of long-term debt.....	67

Other current liabilities.....	239

Total current liabilities.....	749

Long-term liabilities:	
Long-term debt:	
Won denominated.....	388
U.S. dollar and other foreign currency denominated.....	252

Total long-term debt.....	640
Other long-term liabilities.....	199

Total long-term liabilities.....	839

Total liabilities.....	W1,588
	=====
Shareholders' equity.....	W 288
	=====

(1) Because a significant amount of the current and long-term liabilities of AICL are denominated in U.S. dollars and other foreign currencies, and because of the recent significant depreciation of the won (for example, from a Market Average Exchange Rate of W888 to \$1.00 on June 30, 1997, to W911 to \$1.00 on September 30, 1997, to W to \$1.00 on December 31, 1997), AICL's liabilities in won terms and its leverage calculated in won have significantly increased since June 30, 1997. The effect of this depreciation on AICL, however, has been mitigated by the fact that substantial amounts of AICL's revenues are denominated in U.S. dollars.

The deterioration of the Korean economy in recent months and the resulting liquidity crisis in Korea have led to sharply higher domestic interest rates and reduced opportunities for refinancing or refunding maturing

debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, particularly to highly leveraged companies, and to increase their reserves and provisions for non-performing assets. These developments will result in higher interest rates on loans to AICL and have otherwise made it more difficult for AICL to obtain new financing. Therefore, there can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, or continue to make required interest and principal payments on such loans or otherwise comply with the terms of its loan agreements. Any inability of AICL to obtain financing or generate cash flow from operations sufficient to fund its capital expenditure, debt service and repayment and other working capital and liquidity requirements could have a material adverse effect on AICL's ability to continue to provide services and otherwise fulfill its obligations to the Company. See "-- Risks Associated with Leverage" and "-- Dependence on International Operations and Sales; Concentration of Operations in the Philippines and Korea."

As of June 30, 1997, AICL was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion. AICL has provided guarantees for all of AUSA's debt, \$176 million of the Company's debt to banks at September 30, 1997 and the Company's obligations under a receivables sales arrangement. The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA for the benefit of the Company based on guarantees provided by AICL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AICL. Further, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. See "Management's Discussion and Analysis of

Financial Condition and Results of Operations -- Liquidity and Capital Resources." In addition, if any relevant subsidiaries or affiliates of AICL were to fail to make interest or principal payments or otherwise default under their debt obligations guaranteed by AICL, AICL could be required under its guarantees to repay such debt, which event could have a material adverse effect on its financial condition and results of operations.

Historically, AICL has undertaken capacity expansion programs and other capital expenditures primarily on the basis of forecasts of the Company and business plans prepared jointly with the Company. The Supply Agreements generally provide for continued capital investment by AICL based on the Company's forecasts and operational plans prepared jointly by the Company and AICL reflecting such forecasts. However, as a result of the recent deterioration of the Korean economy, there can be no assurance that AICL will be able to fund future capacity expansions and other capital investments required to supply the Company with necessary packaging and test services and wafer output on a timely and cost-efficient basis.

The Company and AICL have historically cooperated on the development of new package designs and packaging and testing processes and technologies. The Supply Agreements generally provide for continued cooperation between the Company and AICL in research and development, as well as the cross-licensing of intellectual property rights between the Company and AICL. If the Company's relationship with AICL were terminated for any reason, the Company's research and development capabilities and intellectual property position could be materially and adversely affected.

After the Offerings, the Company will continue to be controlled to a significant degree by James Kim and the Kim Family Trusts, and James Kim and other members of his family will also continue to exercise significant influence over the management of AICL and its affiliates. In addition, the Company and AICL will continue to have certain contractual and other business relationships, including under the Supply Agreements, and may engage in transactions from time to time that are material to the Company. Although any such material agreements and transactions would require approval of the Company's Board of Directors, such transactions generally will not require approval of the disinterested members of the Board of Directors and conflicts of interest may arise in certain circumstances. Although disinterested directors currently comprise a majority of the Board of Directors, there can be no assurance that such conflicts will not from time to time be resolved against the interests of the Company. In addition, the Company may agree to certain changes in its contractual and other business relationships with AICL, including pricing, manufacturing allocation, capacity utilization and capacity expansion, among others, which in the judgment of the Company's management will result in reduced short-term profitability for the Company in favor of potential long-term benefits to the

Company and AICL. There can be no assurance that the Company's business, financial condition or results of operations will not be adversely affected by any such decision.

DEPENDENCE ON INTERNATIONAL OPERATIONS AND SALES; CONCENTRATION OF OPERATIONS IN THE PHILIPPINES AND KOREA

All of the production facilities currently used to fill the Company's

orders are located in the Philippines and Korea and many of the Company's customers' operations are located in countries outside of the United States. A substantial portion of the Company's revenues are derived from sales to customers located outside of the United States. In 1996 and the first nine months of 1997, sales to such customers accounted for 27% and 28%, respectively, of the Company's revenues. The Company expects sales outside of the United States to continue to represent a significant portion of its future revenues. As a result, the Company's business will continue to be subject to certain risks generally associated with doing business abroad, such as foreign governmental regulations, currency fluctuations, political unrest, disruptions or delays in shipments, currency controls and fluctuations, changes in local economic conditions and import and export controls, as well as changes in tax laws, tariffs and freight rates. The Company has structured its global operations to take advantage of lower tax rates in certain countries and tax incentives extended to encourage investment. The Company's tax returns through 1993 in the Philippines and through 1994 in the U.S. have been examined by the Philippine and U.S. tax authorities, respectively. The recorded provisions for subsequent open years are subject to changes upon examination by tax authorities of tax returns for these years. Changes in the mix of income from the Company's foreign subsidiaries, expiration of tax holidays and changes in tax laws and regulations could result in increased effective tax rates for the Company. See Notes 10 and 15 of Notes to Consolidated Financial Statements.

Philippines

The Company's results of operations and growth will be influenced by the political situation in the Philippines and by the general state of the Philippine economy. Although the political and economic situation in the Philippines has stabilized in recent years, it has historically been subject to significant instability. Most recently, the devaluation of the Philippine peso relative to the U.S. dollar beginning in July 1997 has led to instability in the Philippine economy. Any future economic or political disruptions or instability or low economic growth in the Philippines could have a material adverse effect on the Company's business, financial condition and results of operations.

Korea

In 1996 and the nine months ended September 30, 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. The operations of AICL are subject to certain risks. Relations between Korea and the Democratic People's Republic of Korea ("North Korea") have been tense over most of Korea's history. Incidents affecting relations between the two Koreas continually occur. No assurance can be given that the level of tensions with North Korea will not increase or change abruptly as a result of current or future events, which could have a material adverse effect on AICL's, and as a result the Company's, business, financial condition and results of operations.

Since the beginning of 1997, Korea has experienced a significant increase in the number and size of companies filing for corporate reorganization and protection from their creditors. Such failures were caused by, among other factors, excessive investments, high levels of indebtedness, weak export prices and the Korean government's greater willingness to allow troubled corporations to fail. As a result of such corporate failures, Korea's financial institutions have experienced a sharp increase in non-performing loans. In addition, declines in domestic stock prices have reduced the value of Korean banks' assets. These developments have led international credit rating agencies to downgrade the credit ratings of Korea, as well as various companies (including AICL) and

financial institutions in Korea.

During the same period, the value of the won relative to the U.S. dollar has depreciated significantly. The Market Average Exchange Rate as of December , 1997 was W to \$1.00, or approximately % lower than

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on June 30, 1997, when the Market Average Exchange Rate was W888 to \$1.00. Such depreciation of the won relative to the U.S. dollar has increased the cost of imported goods and services, and the value in won of Korea's public and private sector debt denominated in U.S. dollars and other foreign currencies has also increased significantly. Korea's foreign currency reserves also have declined significantly. Such developments have also led to sharply higher domestic interest rates and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, in particular to highly leveraged companies, and to increase their reserves and provisions for non-performing assets.

In order to address the liquidity crisis and the deteriorating economic situation in Korea, the Korean government concluded an agreement with the International Monetary Fund on December 3, 1997 pursuant to which Korea will receive loans and other financial support reported to amount to an aggregate of approximately \$57 billion (the "IMF Financial Aid Package"). As there will be conditions to the availability of loans and other financial support under the IMF Financial Aid Package, there can be no assurance that such conditions will be satisfied or that such loans and other financial support will be available. In connection with the IMF Financial Aid Package, the Korean government announced a comprehensive policy package (the "Reform Policy") intended to address the structural weaknesses in the Korean economy and the financial sector. While the Reform Policy is intended to alleviate the current economic crisis in Korea and improve the Korean economy over time, the immediate effects could include, among others, slower economic growth, a reduction in the availability of credit to Korean companies, an increase in interest rates, an increase in taxes, an increased rate of inflation due to the depreciation of the won, an increase in the number of bankruptcies of Korean companies, labor unrest and labor strikes resulting from a possible increase in unemployment, and political unrest. These events could have a material adverse effect on the Korean economy. Moreover, there can be no assurance that either the IMF Financial Aid Package or the Reform Policy will be successful. In addition, there can be no assurance that political pressure will not force the Korean government to retreat from some or all of its announced Reform Policy or that the Reform Policy will be implemented as currently contemplated.

Such recent and potential future developments relating to Korea, including the continued deterioration of the Korean economy, could have a material adverse effect on AICL's and the Company's business, financial condition and results of operations. See "-- Dependence on Relationship with AICL; Potential Conflicts of Interest," "Business -- Marketing and Sales" and "-- Facilities and Manufacturing," and Note 11 of Notes to Consolidated Financial Statements.

CUSTOMER CONCENTRATION; ABSENCE OF BACKLOG

Due to the concentration of market share in the semiconductor industry, the Company has been largely dependent on a small group of customers for a

substantial portion of its business. In 1995, 1996 and the nine months ended September 30, 1997, 34.1%, 39.2% and 38.6%, respectively, of the Company's net revenues were derived from sales to the Company's top five customers, with 13.3%, 23.5% and 22.0% of the Company's net revenues, respectively, derived from sales to Intel Corporation ("Intel"). The ability of the Company to maintain close, satisfactory relationships with such customers is important to the ongoing success and profitability of its business. The Company expects that it will continue to be dependent upon a relatively limited number of customers for a significant portion of its net revenues in future periods. None of the Company's customers is presently obligated to purchase any amount of packaging or test services or to provide the Company with binding forecasts of product purchases for any period. In addition, the Company's new wafer fabrication business will be significantly dependent upon TI. See "-- Risks Associated with New Wafer Fabrication Business." The reduction, delay, or cancellation of orders from Intel or one of the Company's other significant customers could materially and adversely affect the Company's business, financial condition and results of operations. There can be no assurance that such customers will not reduce, cancel or delay orders. See "-- Dependence on the Highly Cyclical Semiconductor and Personal Computer Industries."

All of the Company's customers operate in the cyclical semiconductor business and may vary order levels significantly from period to period. In addition, there can be no assurance that such customers or any other customers will continue to place orders with the Company in the future at the same levels as in prior periods.

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From time to time, semiconductor companies have experienced reduced prices for some products, as well as delays or cancellations in orders. There can be no assurance that, should these circumstances occur in the future, they will not adversely affect the Company's business, financial condition and results of operations. The loss of one or more of the Company's customers, or reduced orders by any of its key customers, could adversely affect the Company's business, financial condition and results of operations. The Company does not typically operate with any material backlog and, as a result, the Company expects that in the future, revenues in any quarter will be substantially dependent upon orders received in that quarter. The Company's expense levels are based in part on its expectations of future revenues and the Company may be unable to adjust costs in a timely manner to compensate for any revenue shortfall. See "Business -- Marketing and Sales."

EXPANSION OF MANUFACTURING CAPACITY; PROFITABILITY AFFECTED BY CAPACITY UTILIZATION RATES

The Company believes that its competitive position depends substantially on its ability to expand its manufacturing capacity. Accordingly, although the Company currently has available manufacturing capacity, the Company is continuing to make significant investments to expand such capacity, particularly through the acquisition of capital equipment and the training of new personnel. There can be no assurance that the Company will be able to utilize such capacity or to continue to expand its manufacturing capacity in a timely manner, that the cost of such expansion will not exceed management's current estimates or that such capacity will not exceed the demand for the Company's services. In addition, expansion of the Company's manufacturing capacity will continue to significantly increase its fixed costs, and the Company expects to continue to incur substantial additional depreciation and other expenses in connection with the acquisition of new equipment and the construction of new facilities. Increases or decreases in capacity utilization rates can have a significant effect on gross margins since the unit cost of packaging and test services generally decreases as fixed charges are allocated over a larger number of units produced. Therefore, the Company's ability to maintain or enhance its gross margins will continue to be dependent, in part, on its ability to maintain high capacity utilization rates.

Capacity utilization rates may be affected by a number of factors and circumstances, including overall industry conditions, operating efficiencies, the level of customer orders, mechanical failure, disruption of operations due to expansion of operations or relocation of equipment, fire or natural disasters, employee strikes or work stoppages or other circumstances. Although the Company has been able to maintain a high rate of capacity utilization in recent years as a result of its close association with its customers, its knowledge of the semiconductor market conditions, and its continued improvements in operating efficiencies and equipment maintenance, there can be no assurance that this high utilization rate will be sustained in the future. The Company's inability to generate the additional orders necessary to fully utilize its capacity would have a material adverse effect on the Company's business, financial condition and results of operations. For example, in 1996 the Company's capacity utilization rates were negatively affected by an unexpected downturn in the semiconductor industry. There can be no assurance that the Company's utilization rates will not be adversely affected by future declines in the semiconductor industry or for any other reason. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Manufacturing and Facilities."

LIQUIDITY AND FUTURE CAPITAL REQUIREMENTS

The Company plans to continue to incur substantial costs to fund its equipment and facilities expansion plans and its packaging technology development. The Company believes that following the application of the net proceeds from the sale of the Common Stock and the Convertible Notes in the Offerings, its existing cash balances, cash flow from operations, available equipment lease financing, bank borrowings and financing obtained through AUSA, will be sufficient to meet its projected capital expenditures, working capital and other cash requirements for at least the next twelve months. There can be no assurance, however, that lower than expected revenues, increased expenses, increased costs associated with the purchase or maintenance of capital equipment, decisions to increase planned capacity or other events will not cause the Company to seek more capital, or capital sooner than currently expected. The timing and amount of the Company's actual capital requirements cannot be precisely determined and will depend on a number of factors, including demand for the Company's services, availability of capital equipment, fluctuations in foreign currency

exchange rates, changes in semiconductor industry conditions and competitive factors. There can be no assurance that such additional capital will be available when needed or, if available, will be available on satisfactory terms. Failure to obtain any such financing could have a material adverse effect on the Company. See "-- Risks Associated with Leverage" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

RAPID TECHNOLOGICAL CHANGE; PRODUCT DEVELOPMENT

The semiconductor packaging and test industry is characterized by rapid increases in the diversity and complexity of semiconductor packaging products. As a result, the Company expects that it will need to offer, on an ongoing basis, more advanced package designs in order to respond to competitive industry conditions and customer requirements. The requirement to develop and maintain advanced packaging capabilities and equipment could require significant research and development and capital expenditures in future years. In addition, advances in technology also typically lead to rapid and significant price erosion and decreased margins for older package types and may lead to products currently being offered by the Company becoming less competitive or inventories held by the Company becoming obsolete. The failure by the Company to achieve advances in

package design or to obtain access to advanced package designs developed by others could have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company's success is also dependent upon the ability of it and AICL to develop and implement new manufacturing process and package design technologies. Semiconductor package design and process methodologies have become increasingly subject to technological change, requiring large expenditures for research and development. Converting to new package designs or process methodologies could result in delays in producing new package types which could adversely affect the Company's ability to meet customer orders.

MANUFACTURING RISKS; PRODUCTION YIELDS

The semiconductor packaging process is complex and involves a number of precise steps. Defective packaging can result from a number of factors, including the level of contaminants in the manufacturing environment, human error, equipment malfunction, use of defective raw materials, defective plating services and inadequate sample testing. From time to time, the Company expects to experience lower than anticipated production yields as a result of such factors, particularly in connection with any expansion of its capacity or change in its processing steps. In addition, the Company's yield on new products will be lower during the period necessary for the Company to develop the requisite expertise and experience in producing such products and using such processes. The failure of the Company or AICL to maintain high quality production standards or acceptable production yields, if significant and sustained, could result in loss of customers, delays in shipments, increased costs, cancellation of orders and product returns for rework, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business -- Facilities and Manufacturing."

RISKS ASSOCIATED WITH NEW WAFER FABRICATION BUSINESS

The Company is scheduled to begin providing wafer fabrication services with delivery of the first products from AICL's new foundry expected in the first half of 1998. Neither the Company nor AICL has experience in providing wafer fabrication services, and there can be no assurance that the Company will not experience difficulties in marketing and selling these services or that AICL will not encounter operational difficulties such as lower than expected yields or longer than anticipated production ramp-up, unexpected costs and other problems in providing these services. If the Company or AICL encounters these or similar difficulties, the Company's and AICL's businesses, financial condition and results of operations could be materially adversely affected. In addition, TI has transferred certain of its CMOS processes to AICL and AICL is dependent upon TI's assistance for developing other state-of-the-art wafer manufacturing processes. If AICL's relationship with TI is disrupted for any reason, AICL's ability to produce wafers would be adversely affected, thus negatively impacting the Company's ability to fulfill its customers' orders for fabrication services, which could materially and adversely affect the Company's business, financial condition and results of operations. In

addition, AICL's agreement with TI only covers .25 micron CMOS technology and TI is not under any obligation to transfer additional technology, particularly .18 micron or smaller CMOS technology. If AICL is not able to obtain such technology on commercially reasonable terms or at all, the Company's ability to market AICL's wafer fabrication services could be materially and adversely affected which could have a material adverse effect on the Company's and AICL's business, results of operations and financial condition.

The Company's right to the supply of wafers from AICL's foundry is subject

to a preexisting agreement (the "TI Agreement") between AICL and TI, pursuant to which TI has agreed to purchase at least 40% of the capacity of this foundry and under certain circumstances has the right to purchase up to 70% of this capacity. TI has agreed to make such purchases through the Company. As a result, the Company's wafer fabrication business will be significantly dependent upon TI, which may adversely affect the Company's ability to obtain additional customers. If the Company is unable as a result to sell substantially all of the output of AICL's wafer foundry, its business, results of operations and financial condition could be materially and adversely affected. Under the TI Agreement, AICL and TI have agreed that AICL and the Company would enter into an agreement pursuant to which the Company would be obligated to fulfill all of the obligations of AICL to TI in connection with the sale of products to TI under the TI Agreement. The Company and AICL have subsequently entered into a Supply Agreement with respect to wafer fabrication services pursuant to which TI has been named a third-party beneficiary of the Company's obligations to AICL in connection with AICL's provision of wafer fabrication services under such Supply Agreement. AICL has agreed to guarantee the Company's performance under the TI Agreement. The TI Agreement terminates in July 2006 unless terminated sooner. The TI Agreement may be terminated upon two years' prior notice by either AICL or TI if AICL and TI are unable to successfully negotiate prior to December 31, 1998 an amendment to the TI Agreement or a new agreement with respect to AICL's use of advanced CMOS technology. During such two-year period, TI would be obligated to purchase a minimum of only 20% of the capacity of AICL's wafer fabrication facility. In addition, the TI Agreement may be terminated sooner upon, among other events, mutual written consent, material breach of the agreement by either party, the inability of either party to obtain any necessary government approvals, the failure of AICL to protect TI's intellectual property and a change of control, bankruptcy, liquidation or dissolution of AICL. See "Business -- Competition."

DEPENDENCE ON RAW MATERIALS SUPPLIERS AND SUBCONTRACTORS

The Company obtains the direct materials for the packaging and test services of its factories and for the packaging and test services provided by AICL to fill the Company's orders directly from vendors. To maintain competitive manufacturing operations, the Company must obtain from its vendors, in a timely manner, sufficient quantities of acceptable materials at expected prices. The Company sources most of its raw materials, including critical materials such as lead frames and laminate substrates, from a limited group of suppliers. The Company purchases all of its materials on a purchase order basis and has no long-term contracts with any of its suppliers. From time to time, vendors have extended lead times or limited the supply of required materials to the Company because of vendor capacity constraints and, consequently, the Company has experienced difficulty in obtaining acceptable raw materials on a timely basis. In addition, from time to time, the Company may reject materials that do not meet its specifications, resulting in declines in output or yield. There can be no assurance that the Company will be able to obtain sufficient quantities of raw materials and other supplies of an acceptable quality. The Company's business, financial condition and results of operations could be materially and adversely affected if its ability to obtain sufficient quantities of raw materials and other supplies in a timely manner were substantially diminished or if there were significant increases in the costs of raw materials that the Company could not pass on to its customers. See "Business -- Facilities and Manufacturing."

INABILITY TO OBTAIN PACKAGING AND TEST EQUIPMENT IN A TIMELY FASHION

In connection with its future expansion plans, the Company and AICL expect to purchase a significant amount of new packaging and test equipment. From time to time, increased demand for some of this equipment causes lead times to extend beyond those normally met by the equipment vendors. The unavailability of such equipment or the failure of such equipment, or other equipment acquired by the

Company or AICL, to operate in accordance with the Company's or AICL's specifications or requirements, or delays in the delivery of such equipment could delay implementation of the Company's or AICL's expansion plans and impair the ability of the Company to meet customer orders or otherwise have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Facilities and Manufacturing."

MANAGEMENT OF GROWTH

The Company has experienced and may continue to experience growth in the number of its employees and the scope of its operations. For example, the Company is expanding its scope of operations to include wafer fabrication services and is hiring new personnel in connection with such expansion. This growth is expected to continue to strain the Company's managerial, financial, manufacturing and other resources. In addition, although the Company believes its current controls are adequate, in order to manage its growth, the Company must continue to implement additional operating and financial controls and hire and train additional personnel. Although the Company has been successful in hiring and properly training sufficient numbers of qualified personnel and in effectively managing its growth in the past, there can be no assurance that the Company will be able to do so in the future, and its failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any failure to improve the Company's operational, financial and management systems could have a material adverse effect on the Company's business, financial condition and results of operations. See "-- Risks Associated with New Wafer Fabrication Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Employees."

COMPETITION

The independent semiconductor packaging and test industry is very competitive, being comprised of approximately 50 companies with about 15 of those companies having sales of \$100 million per year or more. The Company faces substantial competition from established packaging companies primarily located in Asia, such as Advanced Semiconductor Engineering, Inc. (Taiwan), ASE Test Limited (Taiwan and Malaysia), ASAT, Ltd. (Hong Kong), Hana Microelectronics Public Co. Ltd. (Hong Kong and Thailand), Astra International (Indonesia), Carsem Bhd. (Malaysia), Hyundai Corporation (Korea), Siliconware Precision Industries Co., Ltd. (Taiwan), and Shinko Electric Industries Co., Ltd. (Japan). Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities, and have been operating for some time. Such companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the independent semiconductor packaging market include time to market, breadth of package offering, technical competence, design services, quality, production yields, responsiveness and customer service and price. On a larger scale, the Company also competes with the internal manufacturing capabilities of many of its largest customers. There can be no assurance that the Company will be able to compete successfully in the future against existing or potential competitors or that the Company's operating results will not be adversely affected by increased price competition.

The independent wafer fabrication business is also highly competitive. The Company expects its wafer fabrication services to compete primarily with independent wafer foundries such as Chartered Semiconductor Manufacturing Ltd., Taiwan Semiconductor Manufacturing Company Ltd. and United Microelectronics Corporation, as well as with integrated device manufacturers such as LG Semicon Co., Ltd., Hitachi, Ltd., Toshiba Corp. and Winbond Electronics Corporation, who provide foundry services for other semiconductor companies. Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities and have been

operating for some time. Many of these companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the wafer foundry market include technology, delivery cycle times, price, product performance, quality, production yield, responsiveness and flexibility, reliability and the ability to design and incorporate product improvements.

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There can be no assurance that the Company will be able to compete successfully in the future against such companies. See "Business -- Competition."

DEPENDENCE ON KEY PERSONNEL AND AVAILABILITY OF SKILLED WORKFORCE

The Company's success depends to a significant extent upon the continued service of its key senior management and its technical personnel, each of whom would be difficult to replace. Competition for qualified employees is intense, and the loss of the services of any of its existing key personnel without adequate replacement, or the inability to attract, retain and motivate qualified new personnel could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, in connection with its expansion plans, the Company and AICL will be required to increase the number of qualified engineers and other employees at their respective facilities in the Philippines and Korea. Competition for such employees in the Philippines and Korea is intense and the inability to attract new qualified personnel or to retain such personnel could have a material adverse effect on the Company's results of operations or financial condition. See "Management."

ENVIRONMENTAL REGULATIONS

The semiconductor packaging process involves a significant amount of chemicals and gases which are subject to extensive governmental regulations. For example, liquid waste is produced at the stage at which silicon wafers are diced into chips with the aid of diamond saws and cooled with running water. In addition, excess materials on leads and moldings are removed from packaged semiconductors in the trim and form process. The Company has installed equipment to collect certain solvents used in connection with its manufacturing process and has contracted with independent waste disposal companies to remove such hazardous material.

Federal, state and local regulations in the United States, as well as environmental regulations in Korea and the Philippines, impose various controls on the storage, handling, discharge and disposal of chemicals used in the Company's and AICL's manufacturing process and on the facilities occupied by the Company and AICL. The Company believes that its activities, as well as those of AICL, conform to present environmental and land use regulations applicable to their respective operations and current facilities. Increasing public attention has, however, been focused on the environmental impact of semiconductor manufacturing operations and the risk to neighbors of chemical releases from such operations. There can be no assurance that applicable land use and environmental regulations will not in the future impose the need for additional capital equipment or other process requirements upon the Company or AICL or restrict the Company's or AICL's ability to expand their respective operations. The adoption of new ordinances or similar measures or any failure by the Company or AICL to comply with applicable environmental and land use regulations or to restrict the discharge of hazardous substances could subject the Company or AICL to future liability or cause their respective manufacturing operations to be curtailed or suspended.

INTELLECTUAL PROPERTY

The Company currently holds 24 United States patents, five of which are jointly held with AICL, related to various IC packaging technologies, in addition to other pending patents. These patents will expire at various dates from 2012 through 2016. With respect to development work undertaken jointly with

AICL, the Company and AICL share intellectual property rights under the terms of the Supply Agreements between the Company and AICL. Such Supply Agreements also provide for the cross-licensing of intellectual property rights between the Company and AICL. In addition, the Company enters into agreements with other developers of packaging technology to license or otherwise obtain certain process or package technologies.

The Company expects to continue to file patent applications when appropriate to protect its proprietary technologies; however, the Company believes that its continued success depends primarily on factors such as the technological skills and innovation of its personnel rather than on its patents. The process of seeking patent protection can be expensive and time consuming. There can be no assurance that patents will be issued from pending or future applications or that, if patents are issued, they will not be challenged, invalidated or

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circumvented, or that rights granted thereunder will provide meaningful protection or other commercial advantage to the Company. Moreover, there can be no assurance that any patent rights will be upheld in the future or that the Company will be able to preserve any of its other intellectual property rights.

As is typical in the semiconductor industry, the Company may receive communications from third parties asserting patents on certain of the Company's technologies. In the event any third party were to make a valid claim against the Company or AICL and a license were not available on commercially reasonable terms, the Company's business, financial condition and results of operations could be materially and adversely affected. Litigation, which could result in substantial cost to and diversion of resources of the Company, may also be necessary to enforce patents or other intellectual property rights of the Company or to defend the Company against claimed infringement of the rights of others. The failure to obtain necessary licenses or the occurrence of litigation relating to patent infringement or other intellectual property matters could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the TI Agreement does not grant any license to AICL, and explicitly provides that TI reserves the right to bring a patent infringement suit against AICL if TI is then generally bringing similar suits against other wafer manufacturers. As a result, the Company could similarly be subject to patent litigation by TI in connection with its sale of wafers produced by AICL. Any such litigation could materially and adversely affect AICL's ability to continue to manufacture wafers and AICL's and the Company's business, financial condition and results of operations.

SUBORDINATION OF CONVERTIBLE NOTES

The Convertible Notes will be unsecured and subordinated in right of payment in full to all existing and future Senior Debt (as defined) of the Company. As a result of such subordination, in the event of bankruptcy, liquidation or reorganization of the Company, or upon the acceleration of any Senior Debt, the assets of the Company will be available to pay obligations on the Convertible Notes only after all Senior Debt has been paid in full, and there may not be sufficient assets remaining to pay amounts due on any or all of the Convertible Notes then outstanding. The Convertible Notes are also effectively subordinated to the liabilities, including trade payables, of the Company's subsidiaries. The Indenture relating to the Convertible Notes does not prohibit or limit the incurrence of additional indebtedness, including Senior Debt, by the Company or its subsidiaries. The incurrence of additional indebtedness by the Company or its subsidiaries could adversely affect the Company's ability to pay its obligations on the Convertible Notes. As of

September 30, 1997, the Company had approximately \$ million of outstanding indebtedness that would have constituted Senior Debt, and the indebtedness and other liabilities of the Company's subsidiaries (excluding intercompany indebtedness) that would effectively have been senior to the Convertible Notes was approximately \$ million. The Company anticipates that from time to time it will incur additional indebtedness, including Senior Debt.

The Convertible Notes are obligations exclusively of the Company. However, since the operations of the Company are primarily conducted through its subsidiaries, the cash flow and the consequent ability of the Company to service its debt, including the Convertible Notes, are primarily dependent upon the earnings of its subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, the Company. The payment of dividends and the making of loans and advances to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those subsidiaries and are subject to various business considerations.

The Indenture does not contain any financial performance covenants. Consequently, the Company is not required under the Indenture to meet any financial tests such as those that measure the Company's working capital, interest coverage, fixed charge coverage or net worth in order to maintain compliance with the terms of the Indenture. See "Description of Convertible Notes -- Subordination."

LIMITATIONS ON REPURCHASE OF CONVERTIBLE NOTES

Upon a Designated Event, which includes a Change of Control and a Termination of Trading (each as defined), each holder of Convertible Notes will have certain rights, at the holder's option, to require the

Company to repurchase all or a portion of such holder's Convertible Notes. If a Designated Event were to occur, there can be no assurance that the Company would have sufficient funds to pay the repurchase price for all Convertible Notes tendered by the holders thereof. In addition, the terms of the Company's existing or future credit or other agreements relating to indebtedness (including Senior Debt) may prohibit the Company from purchasing any Convertible Notes and may also provide that a Designated Event, as well as certain other change-of-control events with respect to the Company, would constitute an event of default thereunder. In the event a Designated Event occurs at a time when the Company is prohibited from purchasing Convertible Notes, the Company could seek the consent of its lenders to the purchase of Convertible Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company would remain prohibited from purchasing Convertible Notes. In such case, the Company's failure to purchase tendered Convertible Notes would constitute an Event of Default under the Indenture, which may, in turn, constitute a further default under the terms of other indebtedness that the Company has entered into or may enter into from time to time. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of Convertible Notes. See "Description of Convertible Notes -- Repurchase at Option of Holders Upon a Designated Event."

NO PRIOR MARKET; LIQUIDITY; STOCK PRICE VOLATILITY; DILUTION

Prior to the Offerings, there has been no public market for the Common Stock or the Convertible Notes. Consequently, the initial public offering price will be determined by negotiations among the Company and the representatives of the Underwriters. Although the Underwriters have advised the Company that they currently intend to make a market in the Common Stock and Convertible Notes, they are not obligated to do so and may discontinue such market-making at any time without notice. There can be no assurance that an active public market for the Common Stock or the Convertible Notes will develop or be sustained after the Offerings or that the market price of the Common Stock or the Convertible Notes will not decline below the initial public offering price. The trading price of the Common Stock and Convertible Notes could be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, announcements of technological innovations or new products by the Company or its competitors, general conditions in the semiconductor industry, changes in earnings estimates or recommendations by analysts, or other events or factors. In addition, the public stock markets have experienced extreme price and trading volume volatility in recent months. This volatility has significantly affected the market prices of securities of many high technology companies for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of the Common Stock and Convertible Notes. Moreover, purchasers of Common Stock in the Offerings will incur immediate, substantial book value dilution. See "Dilution" and "Underwriting."

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

Immediately after the closing of the Offerings, based upon shares outstanding as of the date hereof, the Company's officers, directors, 5% stockholders, and their affiliates will, in the aggregate, beneficially hold _____ shares of Common Stock, or approximately _____ % of the total number of shares of Common Stock then outstanding. The Offerings will create a public market for the resale of shares held by these existing stockholders. As a result, such stockholders, acting together, will be able to effectively control substantially all matters requiring approval by the stockholders of the Company. Such matters could include the election of a majority of the members of the Board of Directors, proxy contests, mergers involving the Company, tender offers, open market purchase programs or other purchases of Common Stock that could give stockholders of the Company the opportunity to realize a premium over the then prevailing market price for their shares of Common Stock. In addition, such continued control could also have the effect of delaying, deferring or preventing a change in control of the Company, may discourage bids for the Common Stock at a premium

over the market price and may adversely affect the market price of the Common Stock. See "Principal and Selling Stockholders."

ANTI-TAKEOVER EFFECTS OF DELAWARE LAW AND CERTAIN CHARTER PROVISIONS

The Company's Board of Directors has the authority to issue up to an additional 9,995,000 shares of preferred stock \$.001 par value ("Preferred Stock") and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the Company's stockholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. There are currently 5,000 shares of Non-Voting Series A Preferred

Stock (the "Series A Preferred") authorized and outstanding. While the Company has no present intention to issue additional shares of Preferred Stock, such issuance, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. In addition, the Company is subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which prohibits the Company from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 could have the effect of delaying or preventing a change of control of the Company. The Company's Certificate of Incorporation (the "Certificate of Incorporation") does not permit cumulative voting. This provision, and other provisions of the Certificate of Incorporation, the Company's bylaws (the "Bylaws") and Delaware corporate law, may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management of the Company, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices.

SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of Common Stock in the public market after the Offerings could adversely affect the prevailing market price of the Common Stock. In addition to the _____ shares of Common Stock offered hereby (assuming no exercise of the Underwriters' over-allotment options), upon the closing of the Offerings, there will be _____ shares issuable upon conversion of the Convertible Notes, all of which shares will be freely tradeable. In addition, up to 3.0 million shares of Common Stock may be borrowed from Mr. James Kim and Mrs. Agnes Kim and resold in the public market in connection with the Underwriters' market-making activities with respect to the Convertible Notes. Excluding the shares described above, there will be approximately _____ additional shares of Common Stock outstanding, all of which are "restricted" shares (the "Restricted Shares") under the Securities Act of 1933, as amended (the "Securities Act"). Beginning one year after the Reorganization, approximately _____ Restricted Shares will first become eligible for sale in the public market pursuant to Rule 144 promulgated under the Securities Act, subject to certain volume and other resale restrictions pursuant to Rule 144. See "Shares Eligible for Future Sale."

REORGANIZATION

In March 1970, AEI was incorporated in Pennsylvania to design semiconductor packages and provide semiconductor packaging services through a supply relationship with AICL. Since that time, Mr. James Kim, founder of AEI, and the Kim Family Trusts have acquired a majority interest in a number of other companies which support or engage in various aspects of the semiconductor packaging and test business (these companies, together with AEI, are referred to as the "Amkor Companies"). Included within the Amkor Companies are T.L. Limited ("TLL"); C.I.L. Limited ("CIL"), a wholly-owned subsidiary of TLL which markets the Company's services to semiconductor companies in Europe and Asia; Amkor/Anam Advanced Packaging, Inc. ("AAP") and Amkor/Anam Pilipinas, Inc. ("AAP") (which prior to the Reorganization was owned 60% by TLL and is currently 40% owned by AICL), and AAP's wholly-owned subsidiary Automated Microelectronics Inc. ("AMI"), each of which provides manufacturing services; and AK Industries, Inc. ("AKI") and its wholly-owned subsidiary, Amkor-Anam, Inc., which provides raw material purchasing and inventory management services. The Company was formed in September 1997 to consolidate the ownership of the Amkor Companies. Prior to the consummation of the Reorganization, the Company will conduct no business and hold no assets or liabilities.

Prior to the Offerings, all of the stock of TLL, CIL, AAAP and AMI and 60% of the outstanding stock of AAP will be contributed to the Company in exchange for an aggregate of 55,983,175 shares of Common Stock and 5,000 shares of Series A Preferred and AEI and AKI will be merged into the Company in exchange for 22,821,645 shares and 3,805,180 shares, respectively, of Common Stock. Such transactions are referred to collectively as the "Reorganization." The relative number of shares of Common Stock issued by the Company in connection with each of the transactions comprising the Reorganization is based upon relative amounts of stockholders' equity of each of the Amkor Companies as of September 30, 1997. Following consummation of the Reorganization, substantially all of the issued share capital of the Amkor Companies will be owned by the Company. Following the Offerings, Mr. James Kim and the Kim Family Trusts will own _____ shares of Common Stock, representing approximately _____ % of the outstanding shares of Common Stock. See "Certain Transactions" and "Principal and Selling Stockholders."

The Offerings are conditioned upon, among other things, the consummation of the Reorganization.

The Company has entered into an agreement with AICL pursuant to which the Company will purchase, immediately following the Offerings, AICL's 40% interest in AAP for approximately \$34 million. See "Use of Proceeds."

TERMINATION OF S CORPORATION STATUS AND DISTRIBUTIONS

Prior to the consummation of the Reorganization, AEI had elected to be treated for U.S. federal and certain state tax purposes as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. As a result, AEI did not recognize federal corporate income taxes. Instead, up until the termination of AEI's S Corporation status (the "Termination Date"), Mr. James Kim and the Kim Family Trusts have been obligated to pay U.S. federal and certain state income taxes on their allocable portion of the income of AEI. The Company, Mr. Kim and the Kim Family Trusts will enter into tax indemnification agreements providing that the Company will be indemnified by such stockholders, with respect to their proportionate share of any U.S. federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the Termination Date. The tax indemnification agreements will also provide that the Company will indemnify Mr. Kim and such stockholders if such stockholders are required to pay additional taxes or other amounts attributable to taxable years on or before the Termination Date as to which AEI filed or files tax returns claiming status as an S Corporation. AEI has made various distributions to Mr. Kim and the Kim Family Trusts which have enabled them to pay their income taxes on their allocable portions of the income of AEI. Such distributions totaled approximately \$3.0 million, \$19.8 million, \$13.0 million and \$5.0 million in 1994, 1995, 1996 and the first nine months of 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distributions will represent AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. These final distributions are intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. Through September 30, 1997, the amount of such undistributed net earnings was \$23.5 million. See Notes 1, 10 and 17 of Notes to Consolidated Financial Statements.

RELATIONSHIP WITH ANAM INDUSTRIAL CO., LTD.

AICL is a Korean company engaged primarily in providing semiconductor packaging and test services to the Company, which in turn sells such services to its customers. AICL also currently markets its services directly in Korea and Japan, although the Company is scheduled to assume marketing rights for Japan in early 1998. In addition, AICL manufactures and sells electric wiring devices and watches. AICL operates four semiconductor packaging and test facilities in Korea, and is undergoing qualification of a new deep submicron CMOS wafer foundry in Korea which it expects will be capable of producing 25,000 8" wafers per month by the end of 1998. As of June 30, 1997, on the basis of Korean GAAP, AICL had non-consolidated total assets of approximately W1,875 billion and non-consolidated total liabilities of approximately W1,588 billion.

AICL was founded in 1956 by Mr. Hyang-Soo Kim, who currently serves as the honorary Chairman and a Representative Director of AICL. AICL is a member of the Anam Group, consisting principally of companies in Korea in the electronics industries. The businesses of AICL and the other companies in the Anam Group are influenced to a significant degree by the family of Hyang-Soo Kim, which, together with the Company, collectively owned approximately 17% of the outstanding common stock of AICL as of September 30, 1997. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of Hyang-Soo Kim. Since January 1992, in addition to his other responsibilities, James Kim has been serving as acting Chairman of the Anam Group and a director of AICL. Mr. In-Kil Hwang, the President and a Representative Director of AICL, is the brother-in-law of James Kim. After the Offerings, James Kim and the Kim Family Trusts will own approximately % of the outstanding Common Stock of the Company and James Kim and members of his family will continue to exercise significant control over the Company. See "Principal and Selling Stockholders" and "Risk Factors -- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders."

The businesses of the Company and AICL have been interdependent for many years. In 1996 and the nine months ended September 30, 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and the nine months ended September 30, 1997 were derived from services sold by the Company. The Company expects the proportion of its revenues derived from sales of services performed for the Company by AICL and the proportion of AICL's revenues from services sold by the Company to increase as the Company begins selling the wafer fabrication output of AICL's new wafer foundry and with the Company's scheduled assumption from AICL in early 1998 of marketing rights for the Japanese market. In the event the ability of AICL to supply the Company were disrupted for any reason, the Company's facilities in the Philippines would be able to fill only a small portion of the resulting shortfall in capacity. In addition, there are currently no significant third party suppliers of packaging and test services from which the Company could fill its orders. As a result, the Company's business, financial condition and operating results will continue to be significantly dependent on the ability of AICL to effectively provide contracted services on a cost-efficient and timely basis. The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights. The termination of the Company's relationship with AICL for any reason, or any material adverse change in AICL's business resulting from underutilization of its capacity, the level of its debt and its guarantees of affiliate debt, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other change, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has recently entered into the Supply Agreements with AICL. Under the Supply Agreements, AICL has granted to the Company a first right to substantially all of the packaging and test services of AICL and the exclusive right to all of the wafer output of its new wafer foundry. The Company expects to continue to purchase substantially all of AICL's packaging and test services, and to purchase all of AICL's wafer output, under the Supply Agreements. Under the Supply Agreements, pricing arrangements relating to packaging and test services provided by AICL to the Company will be subject to quarterly review and adjustment, and such arrangements relating to the wafer output provided by AICL to the Company will

be subject to annual review and adjustment, in each case on the basis of factors such as changes in the semiconductor market, forecasted demand, product mix and capacity utilization and fluctuations in exchange rates, as well as the mutual long-term strategic interests of the Company and AICL. There can be no assurance that any new pricing arrangements resulting from such review and adjustment will be favorable to the Company. Pursuant to long-standing arrangements between AICL and the Company's operating subsidiaries, sales from AICL to the Company will continue to be made through AUSA, a wholly-owned financing subsidiary of AICL. Under the Supply Agreements, the Company will continue to reimburse AUSA for the financing costs incurred by it in connection with trade financing provided to the Company. The Supply Agreements also provide that Amkor-Anam, Inc., a subsidiary of the Company, will continue to provide raw material procurement and related services to AICL on a fee basis. The Supply Agreements have a five-year term, and may be terminated by any party thereto upon five years' written notice at any time after the expiration of such initial five-year term. There can be no assurance that AICL will not terminate either Supply Agreement upon the expiration of such initial term or that if it does terminate a Supply Agreement, that the Company will be able to obtain a new agreement with AICL on terms that are favorable to the Company or at all.

AICL's ability to continue to provide services to the Company will depend on AICL's financial condition and performance. AICL currently has a significant amount of debt relative to its equity, which debt the Company expects will continue to increase in the foreseeable future. AICL, as a public company in Korea, has published its most recent semi-annual financial statements as of June 30, 1997. These financial statements are unaudited and prepared on the basis of Korean GAAP, which differs significantly from U.S. GAAP. U.S. GAAP financial statements are not available.

During 1996, AICL's unconsolidated cash flows from operations amounted to W191 billion under Korean GAAP. The following table sets forth the published unaudited, unconsolidated liabilities and shareholders' equity for AICL under Korean GAAP as of June 30, 1997.

June 30, 1997(1)

(in billions)

Liabilities:	
Current liabilities:	
Short-term borrowing:	
Won denominated.....	W 39
U.S. dollar and other foreign currency denominated.....	404

Total short-term borrowings.....	443
Current maturities of long-term debt:	
Won denominated.....	39
U.S. dollar other and other foreign currency denominated.....	28

Total current maturities of long-term debt.....	67
Other current liabilities.....	239

Total current liabilities.....	749

Long-term liabilities:	
Long-term debt:	
Won denominated.....	388
U.S. \$ and other foreign currency denominated.....	252

Total long-term debt.....	640
Other long-term liabilities.....	199

Total long-term liabilities.....	839
Total liabilities.....	1,588

Shareholders' equity.....	W 288
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- (1) Because a significant amount of the current and long-term liabilities of AICL are denominated in U.S. dollars and other foreign currencies, and because of the recent significant depreciation of the won (for example, from a Market Average Exchange Rate of W888 to \$1.00 on June 30, 1997, to W911 to \$1.00 on September 30, 1997, to W to \$1.00 on December 31, 1997), AICL's liabilities in won terms and its leverage calculated in won have significantly increased since June 30, 1997. The effect of this depreciation on AICL, however, has been mitigated by the fact that substantial amounts of AICL's revenues are denominated in U.S. dollars.

The deterioration of the Korean economy in recent months and the resulting liquidity crisis in Korea have led to sharply higher domestic interest rates and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to

limit their lending, particularly to highly leveraged companies, and to increase their reserves and provisions for non-performing assets. These developments will result in higher interest rates on loans to AICL and have otherwise made it more difficult for AICL to obtain new financing. Therefore, there can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, or continue to make required interest and principal payments on such loans or otherwise comply with the terms of its loan agreements. Any inability of AICL to obtain financing or generate cash flow from operations sufficient to fund its capital expenditure, debt service and repayment and other working capital and liquidity requirements could have a material adverse effect on AICL's ability to continue to provide services and otherwise fulfill its obligations to the Company. See "Risk Factors -- Risks Associated With Leverage" and " -- Dependence On International Operations and Sales; Concentration of Operations in the Philippines and Korea."

As of June 30, 1997, AICL was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion. AICL has provided guarantees for all of AUSA's debt,

\$176 million of the Company's debt to banks as of September 30, 1997 and the Company's obligations under a receivables sales arrangement. The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA for the benefit of the Company, based on guarantees provided by AICL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AICL. Further, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." In addition, if any relevant subsidiaries or affiliates of AICL were to fail to make interest or principal payments or otherwise default under their debt obligations guaranteed by AICL, AICL could be required under its guarantees to repay such debt, which event could have a material adverse effect on its financial condition and results of operations.

Historically, AICL has undertaken capacity expansion programs and other capital expenditures primarily on the basis of forecasts of the Company and business plans prepared jointly with the Company. The Supply Agreements generally provide for continued capital investment by AICL based on the Company's forecasts and operational plans prepared jointly by the Company and AICL reflecting such forecasts. However, as a result of the recent deterioration of the Korean economy, there can be no assurance that AICL will be able to fund future capacity expansions and other capital investments required to supply the Company with necessary packaging and test services and wafer output on a timely and cost-efficient basis.

The Company and AICL have historically cooperated on the development of new package designs and packaging and testing processes and technologies. The Supply Agreements generally provide for continued cooperation between the Company and AICL in research and development, as well as the cross-licensing of intellectual property rights between the Company and AICL. If the Company's relationship with AICL were terminated for any reason, the Company's research and development capabilities and intellectual property position could be materially and adversely affected.

After the Offerings, the Company will continue to be controlled to a significant degree by James Kim and the Kim Family Trusts, and James Kim and other members of his family will continue to exercise significant influence over the management of AICL and its affiliates. In addition, the Company and AICL will continue to have certain contractual and other business relationships, including under the Supply Agreements, and may engage in transactions from time to time that are material to the Company. Although any such material agreements and transactions would require approval of the Company's Board of Directors, such transactions generally will not require approval of the disinterested members of the Board of Directors and conflicts of interest may arise in certain circumstances. Although disinterested directors currently comprise a majority of the Board of Directors, there can be no assurance that such conflicts will not from time to time be resolved against the interests of the Company. In addition, the Company may agree to certain changes in its contractual and other business relationships with AICL, including pricing, manufacturing allocation, capacity utilization and capacity expansion, among others, which in the judgment of the Company's management will result in reduced short-term profitability for the Company in favor of potential long-term benefits to the Company and AICL. There can be no assurance that the Company's business, financial condition or results of operations will not be adversely affected by any such decision.

The net proceeds to the Company from the sale of the _____ shares of Common Stock and the \$150,000,000 principal amount of the Convertible Notes offered by the Company hereby are estimated to be approximately \$ _____ (approximately \$ _____ if the Underwriters' over-allotment options are exercised in full), assuming an initial public offering price of \$ _____ per share and after deducting the estimated underwriting discount and estimated offering expenses. The Company will not receive any proceeds from the sale of the shares of Common Stock offered hereby by the Selling Stockholders.

Approximately \$176 million of the net proceeds to the Company from the Offerings will be used to repay loans of \$55 million, \$50 million and \$71 million. These loans are due [January] 1998, October 2000 and April 2001, respectively, at interest rates equal to LIBOR plus an annual spread (7.01%, 6.90% and 6.68%, respectively, at September 30, 1997). The \$55 million loan was incurred in August 1997 in order to redeem \$40 million of Floating Rate Notes issued by AAP and to repay \$10 million of short-term debt. The Company is not in compliance with certain covenants under the above-described loans and, as a result, the Company's obligation to repay these loans may be accelerated by the lenders at any time. These loan covenants include restrictions on the ability of one of the Company's subsidiaries to enter into transactions with affiliates, requirements that the subsidiary maintain certain debt-to-equity ratios and requirements that the subsidiary comply with certain notice requirements. As a result of such non-compliance, these loans have been classified as current liabilities in the Company's financial statements included herein, and the report of the Company's independent public accountants with respect to such financial statements contains a paragraph stating that there is substantial doubt as to the ability of the Company to continue as a going concern. Repayment of such loans from the proceeds of the Offerings will eliminate these events of non-compliance.

Approximately \$129 million of the net proceeds to the Company from the Offerings will be used to repay numerous short-term bank loans, including \$126 million of subordinated loans to one of the Company's Philippine subsidiaries originally incurred to finance capital expenditures for the construction and start-up of P3, the Company's newest factory in the Philippines, and for working capital. All of these loans are due within 12 months of September 30, 1997 and bear interest at rates ranging from 7% to 12%.

An additional approximately \$34 million of the net proceeds to the Company will be used to purchase AICL's 40% interest in AAP. The remaining approximately \$84 million of the net proceeds (approximately \$155 million if the Underwriters' over-allotment option is exercised) will be used to repay a portion of the amounts due to AUSA. Pending such uses, the net proceeds to the Company of the Offerings will be invested in investment grade, interest-bearing securities.

DIVIDEND POLICY

The Company currently anticipates that, following the completion of the Offerings, all future earnings will be retained for use in the Company's business and that the Company will not pay any cash dividends on its Common Stock in the foreseeable future. The payment of any future dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, future earnings, operations, capital requirements, the general financial condition of the Company and general business conditions. As an S Corporation, AEI made substantial cash distributions to its stockholders to pay income taxes on their allocable portions of AEI's net income. The Company plans to make additional distributions to such stockholders prior to the Termination Date. See "Reorganization."

CAPITALIZATION

The following table sets forth as of September 30, 1997 (i) the actual capitalization of the Company derived from the Consolidated Financial Statements, (ii) the pro forma capitalization of the Company reflecting the termination of AEI's S Corporation status which will occur in connection with the Reorganization, and (iii) the pro forma capitalization of the Company as adjusted principally to reflect the sale by the Company, pursuant to the Offerings, of _____ shares of Common Stock at an assumed initial public offering price of \$ _____ per share and \$150.0 million of the Convertible Notes, and the receipt by the Company of the estimated net proceeds therefrom, after deducting the estimated underwriting discount and estimated offering expenses. The capitalization information set forth in the table below is qualified by the more detailed Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus and should be read in conjunction with such Consolidated Financial Statements and the Notes thereto.

	SEPTEMBER 30, 1997		
	ACTUAL	PRO FORMA (1)	PRO FORMA AS ADJUSTED (2)
	(IN THOUSANDS)		
Short term borrowings and current portion of long-term debt.....	\$345,376	\$345,376	\$
Long-term debt:			
% Convertible Subordinated Notes due 2003.....	\$ --	\$ --	\$150,000
Other long-term debt.....	40,736	40,736	
Due to AUSA (non-current) (3).....	176,954	176,954	
Total long-term debt.....	217,690	217,690	
Stockholder's equity:			
Preferred stock, \$.001 par value; 10,000,000 shares authorized, 5,000 shares issued and outstanding....	--	--	
Common Stock, \$.001 par value; 500,000,000 shares authorized, 82,610,000 shares issued and outstanding, actual; _____ shares issued and outstanding, as adjusted(4).....	46	46	
Additional paid-in capital.....	20,522	26,122	
Retained earnings.....	48,553	11,353	11,353
Unrealized gains on investments.....	9,599	9,599	9,599
Total stockholders' equity.....	78,720	47,120	
Total capitalization.....	\$296,410	\$264,810	\$

(1) Pro forma balance sheet data reflects (i) the termination of AEI's S Corporation status which resulted in the recording of a deferred tax liability of \$8.1 million, (ii) a distribution by the Company prior to the Offerings of undistributed earnings of AEI through September 30, 1997 of \$23.5 million to stockholders of AEI prior to the Reorganization and (iii) the reclassification of the remaining retained earnings of AEI of \$5.6 million to additional paid-in capital. The amount actually distributed by the Company to such stockholders of AEI will reflect any undistributed net income earned by AEI following September 30, 1997 and prior to the Reorganization. See "Reorganization -- Termination of S Corporation Status and Distributions" and Notes 1, 16 and 17 of Notes to Consolidated Financial

Statements.

- (2) As adjusted to give effect to the Reorganization and the application of the estimated net proceeds to the Company of the Offerings based on an assumed initial public offering price of \$ per share of Common Stock. See "Use of Proceeds" and Notes 1 and 16 of Notes to Consolidated Financial Statements.
- (3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."
- (4) Excludes shares of Common Stock issuable upon exercise of options to be granted prior to the Offerings under the Company's 1998 Stock Plan at a price per share equal to the initial public offering price. Also excludes an aggregate of shares reserved for issuance upon conversion of the Convertible Notes, shares reserved for issuance upon conversion of the Series A Preferred and an additional shares reserved for future issuance under the Company's 1998 Stock Plan, 1998 Director Option Plan and 1998 Employee Stock Purchase Plan. See "Management" and "Description of Capital Stock" and Notes 1 and 16 of Notes to Consolidated Financial Statements.

DILUTION

The pro forma net tangible book value of the Company as of September 30, 1997 was approximately \$45 million or \$.54 per share of Common Stock, after giving effect to the distribution of accumulated previously taxed earnings of \$23.5 million, the recording of deferred taxes of \$8.1 million and the Reorganization. Pro forma net tangible book value per share represents the Company's total pro forma tangible assets less total liabilities as reflected in the Consolidated Financial Statements, divided by the number of outstanding shares of the Company's Common Stock. After giving effect to the sale by the Company of shares of Common Stock and \$150.0 million of Convertible Notes offered hereby (assuming no exercise of the Underwriters' overallotment options) at an assumed initial public offering price of \$ per share of Common Stock and the use by the Company of the estimated net proceeds therefrom (after deducting the estimated underwriting discounts and offering expenses payable by the Company), as described in "Use of Proceeds," the Company's net tangible book value at September 30, 1997 would have been \$ million or \$ per share of Common Stock. This represents an immediate increase in net tangible book value of \$ per share to existing stockholders and an immediate dilution in net tangible book value of \$ per share to new public stockholders. The following table illustrates this per share dilution:

Assumed initial public offering price per share.....		\$

Net tangible book value per share before the Offerings....	\$	

Increase in net tangible book value per share attributable to new public stockholders.....		-----

Net tangible book value per share after the Offerings.....		

Dilution per share to new public stockholders.....	\$	
		=====

The following table summarizes, as of September 30, 1997 (after giving effect to the Reorganization), the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price per share paid by the existing stockholders and by new public stockholders purchasing shares in the Offerings (at an assumed initial public offering price of \$ _____ per share and before deducting the estimated underwriting discounts, and offering expenses payable by the Company).

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders(1).....	82,610,000	%	\$	%	\$
New public stockholders(1).....	-----	-----	-----	-----	
Total.....	=====	100.0%	\$	100.0%	

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

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 1996 and as of and for the nine-month periods ended September 30, 1996 and 1997 are derived from the consolidated financial statements of Amkor. The consolidated financial statements as of December 31, 1995 and 1996 and for each of the years in the three-year period ended December 31, 1996, and as of and for the nine-month period ended September 30, 1997 have been audited by Arthur Andersen LLP, independent public accountants, and their report thereon, together with such consolidated financial statements, are included elsewhere in this Prospectus. The selected consolidated financial data presented below as of December 31, 1992, 1993 and 1994 and September 30, 1996 and for the years ended December 31, 1992 and 1993 and the nine months ended September 30, 1996 are derived from unaudited consolidated financial statements. In the opinion of management, the unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company's results of operations for such periods and financial condition at such dates. The results of operations for the nine months ended September 30, 1997 are not necessarily indicative of the results to be expected for the full year or future periods. The selected consolidated

financial data set forth below is qualified in its entirety by, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1992	1993	1994	1995	1996	1996	1997
	(IN THOUSANDS, EXCEPT PER SHARE AND RATIO DATA)					(UNAUDITED)	
INCOME STATEMENT DATA:							
Net revenues.....	\$303,654	\$442,101	\$572,918	\$932,382	\$1,171,001	\$828,373	\$1,043,620
Cost of revenues.....	274,236	371,323	514,648	783,335	1,022,078	713,244	900,788
Gross profit.....	29,418	70,778	58,270	149,047	148,923	115,129	142,832
Operating expenses:							
Selling, general and administrative....	27,465	42,649	41,337	55,459	66,625	46,416	74,094
Research and development.....	836	1,755	3,090	8,733	10,930	7,928	5,751
Loss on shut-down of Scotland operations(1).....	15,231	--	--	--	--	--	--
Total operating expenses.....	43,532	44,404	44,427	64,192	77,555	54,344	79,845
Operating income (loss).....	(14,114)	26,374	13,843	84,855	71,368	60,785	62,987
Other (income) expense:							
Interest expense, net.....	6,330	5,116	5,752	9,797	22,245	11,429	27,400
Foreign currency translation.....	3,278	2,809	(4,865)	1,512	2,961	231	(592)
Other (income), expense net.....	(468)	(3,501)	(2,639)	6,523	3,150	7,562	2,176
Total other (income) expense.....	9,140	4,424	(1,752)	17,832	28,356	19,222	28,984
Income (loss) before income taxes and minority interest.....	(23,254)	21,950	15,595	67,023	43,012	41,563	34,003
Provision for income taxes.....	(115)	2,445	2,977	6,384	7,876	7,611	3,531
Income (loss) before minority interest....	(23,139)	19,505	12,618	60,639	35,136	33,952	30,472
Minority interest.....	(6,709)	2,269	1,044	1,515	948	339	7,569
Net income (loss).....	\$(16,430)	\$ 17,236	\$ 11,574	\$ 59,124	\$ 34,188	\$ 33,613	\$ 22,903
PRO FORMA DATA (UNAUDITED):							
Historical income (loss) before income taxes and minority interest.....	\$(23,254)	\$ 21,950	\$ 15,595	\$ 67,023	\$ 43,012	\$ 41,563	\$ 34,003
Pro forma provision for income taxes(2)...	685	5,345	3,177	16,784	10,776	10,391	7,158
Pro forma income (loss) before minority interest(2).....	(23,939)	16,605	12,418	50,239	32,236	31,172	26,845
Historical minority interest.....	(6,709)	2,269	1,044	1,515	948	339	7,569
Pro forma net income (loss)(2).....	\$(17,230)	\$ 14,336	\$ 11,374	\$ 48,724	\$ 31,288	\$ 30,833	\$ 19,276
Pro forma net income (loss) per common share(2).....	\$ (.21)	\$.17	\$.14	\$.59	\$.38	\$.37	\$.23
Shares used in computing pro forma net income (loss) per common share.....	82,610	82,610	82,610	82,610	82,610	82,610	82,610
OTHER DATA:							
EBITDA(3).....	\$ (8,589)	\$ 35,712	\$ 33,320	\$109,957	\$ 126,232	\$ 99,520	\$ 127,651
Ratio of earnings to fixed charges(4):...							
Actual.....	--	3.7x	2.0x	4.6x	2.4x	3.4x	2.0 x
Supplemental pro forma.....					x		x

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- (1) During 1992, the Company decided to cease operations at Amkor Anam EuroServices Ltd. ("AAEL"). AAEL was an IC packaging and testing facility located in Scotland. In connection with the shut-down of the facility, AAEL accrued for all of the costs associated with the shut-down, including but not limited to reserves to record the property, plant and equipment at net realizable value, severance, and other operating expenses incurred during the shut-down period.
- (2) Prior to the Reorganization, AEI, a predecessor of the Company, elected to be taxed as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. Accordingly, AEI did not recognize any provision for federal income tax expense during the periods presented. The pro forma provision for income taxes reflects the additional U.S. federal income taxes which would have been recorded if AEI had not been an S Corporation during

these periods. See "Reorganization" and Note 1 of Notes to Consolidated Financial Statements.

- (3) EBITDA is defined as earnings before interest income, other expenses, interest expense, taxes on income, depreciation and amortization. EBITDA is presented here to provide additional information about the Company's ability to meet its future debt service, capital expenditure, and working capital requirements and should not be construed as a substitute for or a better indicator of results of operations or liquidity than net income or cash flow from operating activities computed in accordance with generally accepted accounting principles.
- (4) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes less undistributed earnings in less than 50%-owned subsidiaries, plus fixed charges, and fixed charges consist of interest expense incurred and the estimated portion of rental expense deemed by the Company to be representative of the interest factor of rental payments under operating leases. Earnings for fiscal 1992 were insufficient to cover fixed charges by \$25.1 million. The supplemental pro forma ratio of earnings to fixed charges reflects the effect on the ratio of earnings to fixed charges as if the Common Stock and Convertible Notes Offerings had been completed and the net proceeds to the Company applied as described in "Use of Proceeds" at the beginning of the respective periods presented.

	DECEMBER 31,					SEPTEMBER 30, 1997		
	1992	1993	1994	1995	1996	ACTUAL	PRO FORMA (1)	AS ADJUSTED (2)
	(IN THOUSANDS)							
BALANCE SHEET DATA:								
Cash and cash equivalents....	\$ 5,451	\$ 8,929	\$114,930	\$ 91,151	\$ 49,664	\$ 80,760	\$ 57,260	
Working capital (deficit)....	13,896	(13,073)	134,798	111,192	36,785	(175,512)	(199,012)	
Total assets.....	159,795	191,754	426,522	635,868	797,613	882,867	859,367	
Short-term borrowings and current portion of long-term debt.....	38,406	76,051	52,526	85,120	191,813	345,376	345,376	
Long-term debt and due to AUSA.....	79,788	48,740	273,908	326,422	402,338	217,690	217,690	
Stockholders' equity (deficit).....	(207)	8,070	9,617	54,778	38,560	78,720	47,120	

- (1) Pro forma balance sheet data reflects (i) the termination of AEI's S Corporation status which resulted in the recording of a deferred tax liability of \$8.1 million, (ii) a distribution by the Company of undistributed earnings of AEI through September 30, 1997 of \$23.5 million to stockholders of AEI prior to the Reorganization and (iii) the reclassification of the remaining retained earnings of AEI of \$5.6 million to additional paid-in capital. The amount actually distributed by the Company to such stockholders of AEI will increase to reflect any undistributed net income earned by AEI following September 30, 1997 and prior to the Reorganization. See "Reorganization -- Termination of S Corporation Status and Distributions" and Notes 1 and 17 of Notes to Consolidated Financial Statements.
- (2) As adjusted to give effect to the application of the estimated net proceeds to the Company of the Offerings based on an assumed initial public offering price of \$ _____ per share of Common Stock. See "Use of Proceeds." Also reflects the purchase from AICL of its 40% interest in AAP for approximately \$34 million and the related elimination of the minority interest and

recording of goodwill. See "Reorganization" and Notes 1 and 16 of Notes to Consolidated Financial Statements.

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

The following discussion contains forward-looking statements within the meaning of the federal securities laws, including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected provision of wafer fabrication services, the Company's expected capacity utilization rates, the Company's anticipated assumption from AICL of marketing rights in Japan, the belief of the Company as to its future operating performance and other statements that are not historical facts. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the following discussion as well as in "Risk Factors" and "Business." The following discussion provides information and analysis of the Company's results of operations from 1994 through 1996 and for the first nine months of 1996 and 1997 and its liquidity and capital resources and should be read in conjunction with the Consolidated Financial Statements and Notes thereto and the selected consolidated financial data included elsewhere in this Prospectus. The operating results for interim periods are not necessarily indicative of results for any subsequent period or for the entire fiscal year.

OVERVIEW

Background. The Company is the world's largest independent provider of semiconductor packaging and test services. The Company believes that it is also one of the leading developers of advanced semiconductor packaging and test technology in the industry. The Company offers a complete and integrated set of packaging and test services including IC package design, leadframe and substrate design, IC package assembly, final testing, burn-in, reliability testing, and thermal and electrical characterization. The Company provides packaging and test services through its three factories in the Philippines as well as the four factories of AICL in Korea pursuant to a Supply Agreement between the Company and AICL. As of September 30, 1997, the Company had in excess of 150 customers, including many of the largest semiconductor companies in the world.

The Company was formed in September 1997 to consolidate the operations of the Amkor Companies, including AEI which was incorporated in 1970. These companies were under common control and management prior to the Company's formation. As a result of the Reorganization, the financial statements included in this Prospectus are presented on a consolidated basis. See "Reorganization" and "Certain Transactions." Prior to the Reorganization, AEI elected to be taxed as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax laws. Accordingly, AEI did not recognize any provision for federal income tax expense during the periods presented in the Consolidated Financial Statements. The Consolidated Financial Statements include a pro forma provision for income taxes which reflects the U.S. federal income taxes which would have been recorded by the Company if AEI had not been an S Corporation during these periods. See Notes 1, 10 and 17 of Notes to Consolidated Financial Statements.

General. From 1994 to 1996, the Company's revenues increased from

approximately \$572.9 million to \$1.17 billion. This increase occurred primarily as a result of increases in unit volumes together with the shift in the Company's product mix from traditional leadframe products to advanced leadframe and laminate products. See "Business -- Products." In order to meet customer demand, the Company has invested significant resources to expand its capacity in the Philippines. In 1996 and the first six months of 1997, the Company incurred and expensed \$15.5 million and \$16.6 million, respectively, of pre-operating and start-up costs and initial operating losses in connection with its newest factory, P3, in the Philippines. This facility operated at substantially less than full capacity during these periods while customers were completing qualification procedures for BGA packages to be produced at the facility. The Company significantly increased utilization of P3 during the third quarter of 1997, resulting in positive gross profit for P3 during such quarter. See "Risk Factors -- Expansion of Manufacturing Capacity; Profitability Affected by Capacity Utilization Rates" and "Business -- Facilities and Manufacturing."

The Company's results of operations are generally affected by the capital-intensive nature of its business. In 1994, 1995, 1996 and the nine months ended September 30, 1997, the Company invested \$68.9 million,

\$123.6 million, \$185.1 million and \$151.5 million, respectively, in property, plant and equipment. Increases or decreases in capacity utilization rates can have a significant effect on gross margins since the unit cost of packaging and test services generally decrease as fixed charges, such as depreciation expense for the equipment, are allocated over a larger number of units produced. In addition, the Company's gross margin is significantly affected by fluctuations in packaging and test service charges paid to AICL pursuant to Supply Agreements. These charges are subject to quarterly review and adjustment on the basis of factors such as changes in the semiconductor market, forecasted demand, product mix and capacity utilization and fluctuations in exchange rates. The Company's results of operations are also affected by declines over time in the average selling prices for particular products. At times in the past the Company has been able to offset, at least in part, the effect of such decline on its margins by successfully developing and marketing new products with higher margins, such as advanced leadframe and laminate products, and by taking advantage of economies of scale and higher productivity resulting from volume production. However, there can be no assurance that the Company will be successful at offsetting any such declines in the future. See "Risk Factors -- Expansion of Manufacturing Capacity; Profitability Affected by Capacity Utilization Rates" and "-- Competition."

Due to the concentration of market share in the semiconductor industry, the Company has been largely dependent upon a small group of customers for a substantial portion of its business. In 1994, 1995, 1996 and the nine months ended September 30, 1997, 33.5%, 34.1%, 39.2% and 38.6%, respectively, of the Company's net revenues were derived from sales to the Company's top five customers, with 10.6%, 13.3%, 23.5% and 22.0%, respectively, derived from sales to Intel. See "Risk Factors -- Customer Concentration; Absence of Backlog."

Relationship with AICL. In 1996 and the first nine months of 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and the nine months ended September 30, 1997 were derived from services sold by the Company. Historically, AICL has directly sold packaging and test services in Japan and Korea. The Company expects to assume marketing rights for services in Japan in early 1998.

Also, in the first half of 1998, the Company is scheduled to begin offering wafer fabrication services through AICL's new deep submicron CMOS foundry. The Company expects that this foundry will be capable of producing up to 25,000 8" wafers per month by the end of 1998. See "Risk Factors -- Risks Associated with New Wafer Fabrication Business." The Company expects the proportion of its net revenues derived from sales of services performed for the Company by AICL and the percentage of AICL's revenues from services sold by the Company to increase as the Company begins selling the wafer fabrication output of AICL's new wafer foundry and with the Company's anticipated assumption from AICL of the marketing rights for Japan. Following the Company's assumption of these marketing rights, the Company will have a first right to substantially all of the packaging and test service capacity of AICL and the exclusive right to all of the wafer output of AICL's new wafer foundry.

The Supply Agreements between the Company and AICL generally provide, among other things, for periodic price reviews and adjustments and coordination of research and development efforts regarding package design and packaging and testing processes and technologies. The Supply Agreements have a five year initial term and thereafter may be terminated upon five years' notice. There can be no assurance that AICL will not terminate either Supply Agreement upon the expiration of such initial term, or that if it does terminate a Supply Agreement, that the Company will be able to enter into a new agreement with AICL on terms favorable to the Company or at all. See "Relationship with Anam Industrial Co., Ltd."

The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights. As a result, the Company's business, financial condition and operating results will continue to be significantly dependent on AICL, including without limitation AICL's ability to effectively provide the contracted services on a cost-efficient and timely basis as well as AICL's financial condition and results of operations. The Company will continue to be controlled to a significant degree by James Kim and the Kim Family Trusts, and James Kim and members of his family will

also continue to exercise significant influence over the management of AICL and its affiliates. In addition, the Company and AICL will continue to have certain contractual and other business relationships and may engage in transactions from time to time that are material to the Company. Although any such material agreements and transactions would require approval of the Company's Board of Directors, such transactions will generally not require approval of the disinterested members of the Board of Directors and conflicts of interest may arise in certain circumstances. Although disinterested directors currently comprise a majority of the Board of Directors, there can be no assurance that such conflicts will not from time to time be resolved against the interests of the Company. In addition, the Company may agree to certain changes in its contractual and other business relationships with AICL, including pricing, manufacturing allocation, capacity utilization and capacity expansion, among others, which in the judgment of the Company's management will result in reduced short-term profitability for the Company in favor of potential long-term benefits to the Company and AICL. There can be no assurance that the Company's business, financial condition or results of operations will not be adversely affected by any such decision. See "-- Liquidity and Capital Resources" and "Risk Factors -- Dependence on Relationship with AICL; Potential Conflicts of Interest."

RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996	1997
				(UNAUDITED)	
Net revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues.....	89.8	84.0	87.3	86.1	86.3
Gross profit.....	10.2	16.0	12.7	13.9	13.7
Operating expenses:					
Selling, general and administrative.....	7.2	6.0	5.7	5.6	7.1
Research and development.....	0.6	0.9	0.9	1.0	0.6
Total operating expenses.....	7.8	6.9	6.6	6.6	7.7
Operating income.....	2.4	9.1	6.1	7.3	6.0
Other (income) expense:					
Interest expense, net.....	1.0	1.0	1.9	1.4	2.6
Foreign currency translation.....	(0.8)	0.2	0.2	0.0	(0.1)
Other (income) expense, net.....	(0.5)	0.7	0.3	0.9	0.2
Total other (income) expense.....	(0.3)	1.9	2.4	2.3	2.8
Income before income taxes and minority interest...	2.7	7.2	3.7	5.0	3.2
Provision for income taxes.....	0.5	0.7	0.7	0.9	0.3
Income before minority interest.....	2.2	6.5	3.0	4.1	2.9
Minority interest.....	0.2	0.2	0.1	0.0	0.7
Net income.....	2.0	6.3	2.9	4.1	2.2
Pro forma provision for income taxes.....	0.0	1.1	0.2	0.4	0.4
Pro forma net income.....	2.0%	5.2%	2.7%	3.7%	1.8%

NINE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1996

Net Revenues. The Company's net revenues consist of fees for the packaging and testing of ICs which are consigned by customers to the Company's or AICL's factories. Net revenues for the first nine months of 1997 increased 26.0% to \$1,043.6 million from \$828.4 million for the first nine months of 1996 primarily due to an increase in unit volumes of semiconductors packaged and tested by the Company, offset in part by declines in average selling prices for many of the Company's leadframe products. In addition, the openings of

P3, the Company's newest factory, and K4, AICL's newest factory, in September 1996 enabled the Company to begin to expand sales of BGA packages in the first nine months of 1997.

Gross Profit. Gross profit increased 24.1% to \$142.8 million in the first nine months of 1997 from \$115.1 million in the first nine months of 1996,

resulting in gross margins of 13.7% for the first nine months of 1997 as compared to 13.9% for the first nine months of 1996. Cost of revenues consists principally of packaging and test service charges from AICL, costs of direct material for both the Philippine factories and AICL and labor and other costs at the Philippine factories. Gross margins remained unchanged primarily due to increased volumes and changing product mixes in the third quarter of 1997 which offset \$10.0 million of initial operating losses and start-up costs incurred in connection with P3 during the first half of 1997, and the erosion in average selling prices for leadframe products during the first quarter of 1997.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 59.6% to \$74.1 million, or 7.1% of net revenues, in the first nine months of 1997 from \$46.4 million, or 5.6% of net revenues, in the first nine months of 1996 primarily due to increases in personnel in marketing and support to sustain the Company's growth. The growth in employees contributed to an overall increase in employee-related expenses. In addition, during the first nine months of 1997, the Company recognized \$6.3 million of selling, general and administrative expenses associated with the start-up of P3. The Company has also continued to invest in new information systems in order to enhance operating efficiencies and improve customer service and support.

Research and Development Expenses. Research and development expenses decreased 27.5% to \$5.8 million, or 0.6% of net revenues, in the first nine months of 1997, from \$7.9 million, or 1.0% of net revenues, in the first nine months of 1996. The decrease in research and development costs principally reflected the termination in late 1996 of the Company's efforts to develop its own laminate substrate manufacturing capability.

Other (Income) Expense. Other (income) expense consists of interest expense, net, foreign currency translation expenses and other expense (income), net. Other expense increased 51.0% to \$29.0 million in the first nine months of 1997 from \$19.2 million in the first nine months of 1996 primarily as a result of increased interest expense. Interest expense for the first nine months of 1997 increased to \$31.6 million from \$15.8 million in the first nine months of 1996 as the Company significantly increased its borrowing to finance capacity expansion. See "-- Liquidity and Capital Resources." Interest expense in each of the periods was offset in part by interest income of \$4.2 million and \$4.4 million, respectively.

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma adjustment for income taxes) for the first nine months of 1997 was 21% as compared to 25% for the first nine months of 1996. The decrease in the Company's effective tax rate in the first nine months of 1997 from its effective tax rate of 25% in 1996 and 1995 was primarily due to the recognition of deferred tax benefits relating to unrealized foreign exchange losses during the third quarter which are recognized in the Philippines for tax reporting purposes and relate to unrecognized net foreign exchange losses on U.S. dollar denominated monetary assets and liabilities. See Note 10 of Notes to Consolidated Financial Statements. These losses are not recognized for financial reporting purposes as the U.S. dollar is the functional currency. These losses will be realized for Philippine tax reporting purposes upon settlement of the related asset or liability. The benefit derived from the unrealized foreign exchange losses was partially offset by increases in the effective rate as a result of losses at the Company's subsidiary which owns P3. The Company could not use this loss to offset income from the Company's other Philippine subsidiaries and reduce the amount of Philippine income tax payable because this subsidiary is not consolidated with the Company's other Philippine subsidiaries for tax reporting purposes. The Company's subsidiary that owns P3 operates under a tax holiday from Philippine income taxes until the end of 2002. The Company

expects that if P3 becomes profitable, the Company's effective tax rate related to its Philippine operations during the tax holiday will be less than the Philippine statutory rate of 35%. The Company has structured its global operations to take advantage of lower tax rates in certain countries and tax incentives extended to encourage investment. The Company's tax returns through 1993 in the Philippines and through 1994 in the U.S. have been examined by the Philippine and U.S. tax authorities, respectively. The recorded provisions for subsequent open years are subject to changes upon examination of these tax returns by

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tax authorities. Changes in the mix of income from the Company's foreign subsidiaries, expiration of tax holidays and changes in tax laws and regulations could result in increased effective tax rates for the Company.

Minority Interest. Minority interest represents AICL's ownership interest in the consolidated net income of AAP. Following the Offerings, the Company intends to purchase AICL's 40% interest in AAP and, as a result, AAP will become wholly-owned by the Company. See "Use of Proceeds."

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

Net Revenues. Net revenues in 1996 increased 25.6% to \$1.17 billion from \$932.4 million in 1995. The increase was primarily due to an increase in units sold together with an increase in sales of newer products, such as advanced leadframe and laminate packages. This increase in sales of newer products offset declines in average selling prices for many of the Company's other products.

Gross Profit. Gross profit in 1996 and 1995 was approximately \$149 million representing a decrease in gross margin to 12.7% in 1996 from 16.0% in 1995. The decrease in gross margin was primarily attributable to increases in cost of revenues due to \$15.5 million in pre-operating and start-up costs associated with P3, as well as increased packaging and test service charges paid to AICL.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 20.1% to \$66.6 million, or 5.7% of net revenues, in 1996 from \$55.5 million, or 6.0% of net revenues, in 1995 as a result of the addition of personnel and infrastructure to service increases in customer demand. In addition, the Company continued its investments in new information systems in order to enhance operating efficiencies and improve customer service and support.

Research and Development Expenses. Research and development expenses increased 25.2% to \$10.9 million, or 0.9% of net revenues, in 1996 from \$8.7 million, or 0.9% of net revenues, in 1995 as a result of increased staffing and funding for the Company's efforts to develop laminate substrate manufacturing capabilities, prior to termination of such efforts in late 1996.

Other (Income) Expense. Other expense increased 59.0% to \$28.4 million in 1996 from \$17.8 million in 1995 primarily as a result of increases in interest expense, net, offset in part by a decrease in other expense, net. Interest expense, net in 1996 increased to \$22.2 million from \$9.8 million in 1995 as the Company significantly increased its borrowing to finance capacity expansion. See

"-- Liquidity and Capital Resources." As a result of this increase in debt, the Company's interest expense increased to \$27.7 million in 1996 from \$17.3 million in 1995.

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma provision for income taxes) for 1996 and 1995 was 25%. These rates were different from the United States statutory rate primarily due to the impact of lower tax rates, including tax holidays, in certain of the countries in which the Company's subsidiaries are located. See Note 10 of Notes to Consolidated Financial Statements.

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

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

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

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 34.2% to \$55.5 million, or 6.0% of net revenues, in 1995 from \$41.3 million, or 7.2% of net revenues, in 1994 as a result of the addition of personnel and infrastructure to service increases in customer demand. In addition,

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the Company began making significant investments in new information systems in 1995 in order to enhance operating efficiencies and improve customer service and support.

Research and Development Expenses. Research and development expenses increased 182.6% to \$8.7 million, or 0.9% of net revenues, in 1995 from \$3.1 million, or 0.6% of net revenues, in 1994 as a result of increased staffing as well as funding for the Company's efforts to develop laminate substrate manufacturing capabilities.

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

Income Taxes. The Company's effective tax rate (after giving effect to the pro forma provision for income taxes) increased to 25% in 1995 from 19% in 1994 primarily due to a higher proportion of taxable income generated in countries with relatively higher tax rates.

QUARTERLY RESULTS

The following table sets forth certain unaudited consolidated financial information, including as a percentage of net revenues, for the seven fiscal quarters ended September 30, 1997. The Company believes that all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the selected quarterly information when read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere herein. The Company's results of operations have varied and may continue to vary significantly from quarter to quarter and are not necessarily indicative of the results of any future period. In addition, in light of the Company's recent growth, the Company believes that period-to-period comparisons should not be relied upon as an indication of future performance.

	QUARTER ENDED						
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997
	(IN THOUSANDS)						
Net revenues.....	\$270,327	\$272,262	\$285,784	\$342,628	\$313,019	\$350,471	\$380,130
Cost of revenues.....	230,387	231,959	250,898	308,834	287,449	299,093	314,246
Gross profit.....	39,940	40,303	34,886	33,794	25,570	51,378	65,884
Operating expenses:							
Selling, general and administrative.....	13,752	15,948	16,716	20,209	20,608	26,657	26,829
Research and development.....	2,100	2,757	3,071	3,002	1,485	2,030	2,236
Total operating expenses.....	15,852	18,705	19,787	23,211	22,093	28,687	29,065
Operating income.....	24,088	21,598	15,099	10,583	3,477	22,691	36,819
Other expense (income), net.....	3,316	6,052	9,853	9,135	8,165	9,577	11,242
Income before income taxes and minority interest.....	20,772	15,546	5,246	1,448	(4,688)	13,114	25,577
Provision for income taxes.....	3,803	2,847	961	265	(1,497)	4,186	842
Income before minority interest....	16,969	12,699	4,285	1,183	(3,191)	8,928	24,735
Minority interest.....	599	(564)	304	609	1,637	221	5,711
Net income.....	\$ 16,370	\$ 13,263	\$ 3,981	\$ 574	\$ (4,828)	\$ 8,707	\$ 19,024

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	QUARTER ENDED						
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997
Net revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues.....	85.2	85.2	87.8	90.1	91.8	85.3	82.7
Gross profit.....	14.8	14.8	12.2	9.9	8.2	14.7	17.3
Operating expenses:							
Selling, general and administrative....	5.1	5.9	5.8	5.9	6.6	7.6	7.1
Research and development.....	0.8	1.0	1.1	0.9	0.5	0.6	0.5
Total operating expenses.....	5.9	6.9	6.9	6.8	7.1	8.2	7.6

Operating income.....	8.9	7.9	5.3	3.1	1.1	6.5	9.7
Other expense (income), net.....	1.2	2.2	3.5	2.7	2.6	2.8	3.0
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Income before income taxes and minority interest.....	7.7	5.7	1.8	0.4	(1.5)	3.7	6.7
Provision for income taxes.....	1.4	1.0	0.3	0.1	(0.5)	1.2	0.2
	-----	-----	-----	-----	-----	-----	-----
Income before minority interest.....	6.3	4.7	1.5	0.3	(1.0)	2.5	6.5
Minority interest.....	0.2	(0.2)	0.1	0.2	0.5	0.0	1.5
	-----	-----	-----	-----	-----	-----	-----
Net income.....	6.1%	4.9%	1.4%	0.2%	(1.5)%	2.5%	5.0%
	=====	=====	=====	=====	=====	=====	=====

The Company's revenues are generally lower in the first quarter of the year as compared to the fourth quarter of the preceding year primarily due to the combined effect of holidays in the United States, the Philippines and Korea. Semiconductor companies in the United States generally reduce their production during the holidays at the end of December which results in a significant decrease in orders for packaging and testing services during the first two weeks of January. In addition, the Company typically closes its factories in the Philippines for holidays in January, and AICL closes its factories in Korea for holidays in February. As a result of these factors, the Company's net revenues are significantly reduced during the months of January and February.

In the third quarter of 1997, net revenues increased over the second quarter of 1997 as a result of a significant increase in volume, primarily increased demand for BGA products produced at the AICL factories and P3. During the third quarter of 1997 increased volumes resulted in gross profit at P3 of \$1.5 million compared to negative gross profit of \$10.0 million during the first six months of 1997. The effects of manufacturing efficiencies from increased unit volumes and declining local costs as a result of the weakened Philippine peso resulted in an increase in gross margins at the P1 and P2 factories. During the first two fiscal quarters of 1997, the Company increased its sales, marketing and administration headcount by approximately 12%, which resulted in an overall increase in selling, general and administrative expense of approximately \$5.6 million in the second quarter of 1997 as compared to the first quarter of 1997. The devaluation of the Philippine peso during the third quarter of 1997 also generated unrealized foreign exchange losses, the recognition of which for tax purposes lowered the Company's effective tax rate in such quarter. See " -- Results of Operations -- Nine Months Ended September 30, 1997 Compared to Nine Months Ended September 30, 1996 -- Income Taxes."

Beginning in the third quarter of 1996, intense competition in the semiconductor industry worldwide led to a decrease in the average selling prices of many of the Company's leadframe packages. This decrease was partially offset by an increase in sales of advanced leadframe and laminate packages, which carry higher prices and gross margins. In addition, the Company's cost of revenues as a percentage of revenues increased significantly during the three quarters ended March 31, 1997 primarily as a result of initial operating losses and start-up costs associated with P3. Cost of revenues was also affected in the two quarters ended June 30, 1997, as the Company recognized a \$2.2 million write-off for custom laminate raw materials which were purchased to meet customer orders which were subsequently cancelled. The combined effect of these factors was to decrease the levels of profitability in the third and fourth quarters of 1996 and the first quarter of 1997.

The Company's quarterly operating results may vary significantly due to a variety of factors including, among others, the cyclical nature of both the semiconductor industry and the markets addressed by end-users of semiconductors, the short-term nature of its customers' commitments, timing and volume of orders relative

to the Company's production capacity, changes in capacity utilization, evolutions in the life cycles of customers' products, rescheduling and cancellation of large orders, rapid erosion of packaging selling prices, availability of manufacturing capacity, allocation of production capacity between the Company's facilities and AICL's facilities, fluctuations in packaging and test service charges paid to AICL, changes in costs, availability and delivery times of labor, raw materials and components, effectiveness in managing production processes, fluctuations in manufacturing yields, changes in product mix, product obsolescence, timing of expenditures in anticipation of future orders, availability of financing for expansion, changes in interest expense, the ability to develop and implement new technologies, competitive factors, changes in effective tax rates, the loss of key personnel or the shortage of available skilled workers, international political or economic events, currency and interest rate fluctuations, environmental events, and intellectual property transactions and disputes. Unfavorable changes in any of the above factors may adversely affect the Company's business, financial condition and results of operations. In addition, the Company increases its level of operating expenses and investment in manufacturing capacity in anticipation of future growth in revenues. To the extent the Company's revenues do not grow as anticipated, the Company's financial condition and operating results may be materially adversely affected. See "Risk Factors -- Fluctuations in Operating Results; Declines in Average Selling Price."

LIQUIDITY AND CAPITAL RESOURCES

The Company has been investing significant amounts of capital in increasing its packaging and test services capacity, including for the construction of P3, the addition of capacity in the Company's other Philippine facilities and the construction of a new manufacturing facility in the United States, scheduled to open in 1998. In 1994, 1995, 1996 and the first nine months of 1997, the Company made capital expenditures of \$68.9 million, \$123.6 million, \$185.1 million and \$151.5 million, respectively. The Company presently anticipates that its capital expenditures for the last quarter of 1997 will be approximately \$32 million and approximately \$147 million for 1998.

The Company historically has met a significant portion of its cash requirements for working capital and capital expenditures from a combination of cash from operating activities, short-term and long-term bank loans and financing obtained for the benefit of the Company by AUSA, a wholly-owned financing subsidiary of AICL, as well as financing from a trade receivables securitization agreement. Cash used by operating activities in 1994 was \$26.3 million and cash provided by operating activities in 1995, 1996 and the first nine months of 1997 was \$47.6 million, \$14.0 million, and \$180.9 million, respectively. Cash provided by financing activities was \$205.9 million, \$71.2 million, \$148.0 million and \$15.2 million for 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively.

At September 30, 1997, the Company's debt consisted of \$345.4 million of borrowings classified as current liabilities, \$40.7 million of long-term debt and \$177.0 million of amounts due to AUSA. As of such date, the Company had extended guarantees in respect of bank debt of affiliates in the amount of \$35 million and in respect of vendor obligations of an affiliate in the amount of \$20.6 million, which amount may vary over time. At September 30, 1997, the Company had \$252.7 million in borrowing facilities with a number of domestic and foreign banks, of which \$41.7 million remained unused. Certain of these agreements require compliance with certain financial covenants and restrictions, and are collateralized by assets of the Company. These facilities are typically revolving lines of credit and working capital facilities for one-year renewable periods and generally bear interest at rates ranging from 7.0% to 9.75%. The Company has received commitments from the banks representing \$136 million of the facilities indicating that they intend to renew the facilities when they expire through at least October 1, 1998. Also outstanding at September 30, 1997 was

\$40.7 million in long-term debt and capital lease obligations with various expiration dates through April 2004, which accrue interest at rates ranging from 6.5% to 9.7%. See Note 11 of Notes to Consolidated Financial Statement.

The Company has met a significant portion of its financing needs through financing arrangements obtained by AUSA, AIKL's wholly-owned financing subsidiary. A majority of the amount due to AUSA represents outstanding amounts under financing obtained by AUSA for the benefit of the Company, with the balance representing payables to AUSA for packaging and service charges paid to AIKL. Based on guarantees

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provided by AIKL, AUSA obtains for the benefit of the Company a continuous series of short-term financing arrangements which generally are less than six months in duration, and typically are less than two months in duration. Because of the short term nature of these loans, the flows of cash to and from AUSA under this arrangement are significant. At September 30, 1997, the Company had utilized \$177.0 million of the approximately \$188.0 million of credit facilities available to the Company through AUSA. These credit facilities are with U.S. branches of a number of banks located in Korea and have interest rates ranging from approximately 7% to prime plus 0.25%. The Company reimburses AUSA for the interest charges incurred by AUSA under these loans. AUSA has received commitments from its banks indicating that they intend to renew the facilities when they expire through at least October 1, 1998. AUSA has extended similar terms to the Company with respect to amounts due to AUSA by the Company. Accordingly, amounts due to AUSA are classified as noncurrent liabilities on the Company's balance sheet at September 30, 1997. See Notes 2 and 6 of Notes to Consolidated Financial Statements.

At September 30, 1997, all of AUSA's debt, as well as \$176.3 million of the Company's debt to banks and the Company's obligations under the Receivables Sale (as defined below), was guaranteed by AIKL. AIKL currently has a significant amount of debt relative to its equity and was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates. As of June 30, 1997, the most recent date for which such information is publicly available, AIKL had guarantees outstanding in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion, including the guarantees of the Company's loans and AUSA's loans. As a result of its relationship with AIKL, the Company's business, financial condition and operating results are significantly dependent on AIKL. There can be no assurance that AUSA will be able to obtain additional guarantees, if necessary, from AIKL. In addition, a deterioration in AIKL's financial condition could trigger defaults under AIKL's guarantees, causing acceleration of such loans. See "-- Overview -- Relationship with AIKL," "Risk Factors -- Dependence on Relationship with AIKL; Potential Conflicts of Interest" and "Relationship with Anam Industrial Co., Ltd."

In July 1997, the Company entered into a trade receivables securitization agreement with a commercial financial institution. Under the terms of the agreement, the financial institution has committed to purchase, with limited recourse, all right, title and interest in eligible receivables, as defined in the agreement, up to \$100 million (the "Receivables Sale"). Funds received pursuant to the agreement reflect a discount of LIBOR plus 0.375% from accounts receivable sold. The agreement terminates in June 2000. The Company applied approximately \$83.4 million of the initial Receivables Sale proceeds to reduce the Company's indebtedness to AUSA.

At September 30, 1997, the Company had cash and cash equivalents of \$80.8 million and a working capital deficit of \$175.5 million (\$57.3 and \$199.0 million, respectively, on a pro forma basis, after giving effect to the termination of AEI's S Corporation status and the distribution of undistributed earnings through September 30, 1997). The Company's working capital deficit resulted primarily from the significant amount of its short-term debt, primarily incurred in connection with the expansion of its Philippine operations, together with approximately \$111 million of term loans which have been reclassified as current liabilities as a result of the non-compliance by the Company with certain covenants thereunder. The Company's non-compliance with certain covenants with respect to approximately \$176 million of its loans has triggered cross-defaults with respect to an additional \$10 million of the Company's loans. These loan covenants include restrictions on the ability of one of the Company's subsidiaries to enter into transactions with affiliates, requirements that the subsidiary maintain certain debt-to-equity ratios and requirements that the subsidiary comply with certain notice requirements. The Company's obligation to repay these loans may be accelerated by the lenders at any time. As a result of such non-compliance, the report of the Company's independent public accountants with respect to the Company's financial statements included herein contains a paragraph stating that there is substantial doubt as to the ability of the Company to continue as a going concern. The Company will eliminate such non-compliance by repaying the \$176 million of such loans using part of the net proceeds to the Company from the Offerings. See "Use of Proceeds." See "Risk Factors -- Risks Associated with Leverage."

The Company will use the net proceeds received from the Offerings primarily to repay an aggregate of approximately \$389 million of short-term and long-term debt, including the \$176 million of loans with respect to which the Company is in non-compliance, \$129 million of short-term loans, and \$84 million (\$155 million

if the Underwriters' overallotment options are exercised) of amounts due to AUSA. In addition, the Company will use approximately \$34 million of such net proceeds to repurchase AICL's 40% interest in AAP. See "Use of Proceeds." Following the expected application of the net proceeds of the Offerings to the Company, the Company will have \$ million of short-term debt, \$ million of long-term debt and \$ million of amounts due to AUSA. In addition, the Company expects that it will have positive working capital.

The Company currently intends to spend approximately \$145 million in 1998 in capital expenditures for expansion of the Company's existing facilities in the Philippines as well as the start up of a new factory in Chandler, Arizona. The Company also plans to reduce short-term borrowings and advances to affiliates during 1998 using working capital and, if necessary, new bank borrowings. The Company believes that following the application of the net proceeds from the Offerings, its existing cash balances, cash flow from operations, available equipment lease financing, bank borrowings and financing obtained through AUSA will be sufficient to meet its anticipated cash requirements including working capital and capital expenditures, for at least the next 12 months. In addition, the Company intends to seek out strategic long--term servicing arrangements to fund part of its capital expansion plans in 1998. There can be no assurance, however, that lower than expected revenues, increased expenses, increased costs associated with the purchase or maintenance of capital equipment, decisions to increase planned capacity or other events will not cause the Company to seek more capital, or capital sooner than currently expected. The timing and amount of the Company's actual capital requirements cannot be precisely determined and will depend on a number of factors, including demand for the Company's services, availability of capital

equipment, fluctuations in foreign currency exchange rates, changes in semiconductor industry conditions and competitive factors.

Prior to the consummation of the Reorganization, AEI was treated for U.S. federal and certain state tax purposes as an S Corporation under the Internal Revenue Code of 1986 and comparable state tax. As a result, AEI did not recognize federal corporate income taxes. Instead, up until the Termination Date, Mr. James Kim and the Kim Family Trusts have been obligated to pay U.S. federal and certain state income taxes on their allocable portion of the income of AEI. The Company, Mr. Kim and the Kim Family Trusts will enter into tax indemnification agreements providing that the Company will be indemnified by such stockholders, with respect to their proportionate share of any U.S. federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the Termination Date. The tax indemnification agreements will also provide that the Company will indemnify Mr. Kim and such stockholders if such stockholders are required to pay additional taxes or other amounts attributable to taxable years on or before the Termination Date as to which AEI filed or files tax returns claiming status as an S Corporation. AEI has made various distributions to Mr. Kim and the Kim Family Trusts which have enabled them to pay their income taxes on their allocable portions of the income of AEI. Such distributions totaled approximately \$3.0 million, \$19.8 million, \$13.0 million and \$5.0 million in 1994, 1995, 1996 and the first nine months of 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distributions will represent AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. These final distributions are intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. Through September 30, 1997, the amount of such undistributed net earnings was \$23.5 million. See "Reorganization" and Notes 1, 10 and 17 of Notes to Consolidated Financial Statements.

FOREIGN CURRENCY TRANSLATION GAINS AND LOSSES

The Company's subsidiaries in the Philippines maintain their accounting records in U.S. dollars. This is due to the fact that all sales, the majority of all bank debt and all significant material and fixed asset purchases of such subsidiaries are denominated in U.S. dollars. As a result, the Philippine subsidiaries' exposure to changes in the Philippine peso/U.S. dollar exchange rate relates primarily to certain receivables and advances and other assets offset by payroll, pension and local liabilities. To minimize its foreign exchange risk, the Company selectively hedges its net foreign currency exposure through short-term (generally not more than 30 to 60 days) forward exchange contracts. To date, the Company's hedging activity has been immaterial.

BUSINESS

The following discussion contains forward-looking statements within the meaning of the U.S. federal securities laws, including statements regarding the anticipated growth in the market for the Company's products, the Company's anticipated capital expenditures and financing needs, the Company's expected provision of wafer fabrication services, the Company's expected capacity utilization rates, the belief of the Company as to its future operating performance and other statements that are not historical facts. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

Amkor is the world's largest independent provider of semiconductor packaging and test services. The Company believes that it is also one of the leading developers of advanced semiconductor packaging and test technology in the industry. The Company offers a complete and integrated set of packaging and test services including IC package design, leadframe and substrate design, IC package assembly, final testing, burn-in, reliability testing, and thermal and electrical characterization. As of September 30, 1997, the Company had in excess of 150 customers, including many of the largest semiconductor companies in the world. Such customers include, among others, Advanced Micro Devices, Inc., International Business Machines Corp., Intel, Lucent Technologies, Inc., Motorola, Inc., National Semiconductor Corp., Philips Electronics N.V., SGS-THOMSON Microelectronics N.V., Siemens AG and TI.

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

The Company provides packaging and test services through its three factories in the Philippines as well as the four factories of AICL in Korea pursuant to a Supply Agreement between the Company and AICL, under which AICL provides packaging and test services to the Company. In 1996 and the first nine months of 1997, AICL provided packaging and test services representing approximately 72% and 68%, respectively, of the Company's net revenues.

INDUSTRY BACKGROUND

Manufacturing Process

The production of a semiconductor is a complex process that requires increasingly sophisticated engineering and manufacturing expertise. The production process can be broadly divided into three primary stages: (i) wafer fabrication, (ii) assembly of die into finished devices (referred to as "packaging") and (iii) testing of finished devices and other back-end processes.

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[ORGANIZATIONAL CHART]

The wafer fabrication process begins with the generation of a mask that defines the circuit patterns for the transistors and interconnect layers that will be formed on the raw silicon wafer. The transistors and other circuit elements are formed by repeating a series of process steps wherein a photosensitive material is first deposited on the wafer, the material is exposed to light through the mask in a photolithography process, and finally, the unwanted material is etched away, leaving only the desired circuit pattern on the wafer. By stacking up the various patterns, the individual elements of the semiconductor are defined. The final step in the wafer fabrication process is to electrically test each individual chip in a wafer probe process in order to identify the good chip for packaging.

The fabricated wafers are then transferred to packaging facilities. Semiconductor packaging serves to protect the chip, facilitate integration into

electronic systems, and enable the dissipation of heat from the devices. In the packaging process, the wafer is diced into its individual die which are then separated from the wafer and attached to a substrate via an epoxy adhesive. Leads on the substrate are then connected by extremely fine gold wires to the input/output ("I/O") terminals on the chips through the use of automated machines known as "wire bonders". Each die is then encapsulated in a plastic molding compound, thus forming the package, which then goes through several additional finishing steps to prepare it for testing.

Following packaging, each packaged device is then tested utilizing a sophisticated test platform and program which tests the many different operating specifications of the IC, including functionality, voltage, current and timing. The completed devices are either shipped back to the customer or shipped directly to their final destination.

Trends Toward Outsourcing

Historically, semiconductor companies manufactured semiconductors primarily in their own factories. Independent packagers of semiconductors were used solely to handle the overflow volume requirements of semiconductor companies. Outsourcing of final testing and wafer fabrication was virtually non-existent in the

early days of the industry. Over the past fifteen years, however, the need for independent semiconductor packaging and test services has grown dramatically for several reasons.

First, semiconductor companies are facing ever-increasing demands for miniaturization, higher lead counts and improved thermal and electrical performance in IC packages. As a result of this trend, semiconductor packaging is now viewed as an enabling technology requiring sophisticated expertise and technological innovation. Independent providers of packaging and test services have developed substantial expertise in packaging and test technology and new package innovation. Semiconductor companies, having found it difficult to keep pace using their internal resources, have come to rely increasingly on the independent packaging and test services providers as a key source for new technology development and innovation.

Second, semiconductor companies are increasingly seeking to shorten their time to market for new products. Having the right packaging technology and capacity in place is a critical factor in reducing time to market. As packaging solutions are identified for a specific product, semiconductor companies frequently do not have the equipment or expertise to implement such solutions in the volumes required, nor sufficient time to develop these capabilities before introducing a new product into the market. For this reason, semiconductor companies are increasingly leveraging the resources and capabilities of independent packaging and test companies to deliver their new products to market more quickly.

Third, the packaging and testing of ICs has evolved into an increasingly complex process that requires substantial investment in specialized equipment and facilities. For example, the investment in facilities and equipment necessary for a processing line capable of packaging 100 million ball grid array ("BGA") packages per year can be as much as \$200 million. As a result of the substantial cost of this manufacturing equipment, the equipment must be utilized at a high capacity level for an extended period of time in order to be cost effective. With semiconductor companies facing increasingly shorter product life cycles, faster new product introductions and the need to continuously update or replace packaging equipment to accommodate new products, it has become increasingly difficult for semiconductor companies to sustain such high levels of capacity utilization. Independent providers of packaging and test services, on the other hand, can use existing equipment at high utilization levels over a longer period of time for a broad range of customers, effectively extending the life of the equipment.

Fourth, as the cost to build a new wafer fabrication facility has increased to over \$1 billion, semiconductor companies have been forced to concentrate their capital resources on core wafer manufacturing activities. As a result, semiconductor companies are increasingly seeking to use independent packaging and test providers who have the ability to invest the capital to develop new packaging and test capacity. The Company believes that as the cost to construct new wafer fabrication facilities continues to increase, semiconductor manufacturers will increasingly seek to outsource packaging and test services.

Fifth, there has been a recent growth of "fabless" semiconductor companies whose core competency and focus is entirely on the semiconductor design process. According to industry estimates, sales by fabless semiconductor companies have grown from \$3.2 billion in 1993 to \$6.8 billion in 1996, representing 3.7% and 4.8%, respectively, of the worldwide market for semiconductors. The significant growth in the number of fabless semiconductor companies has been driven in large part by the ability of such companies to effectively outsource virtually every significant step of the semiconductor manufacturing process. This development has allowed fabless semiconductor companies to introduce new semiconductors very quickly without committing significant amounts of capital and other resources. The Company believes that increases in the number of fabless semiconductor companies will continue to be a significant driver of growth in the independent semiconductor manufacturing industry.

These trends, combined with the growth in the number of ICs being produced and sold, are driving increasing demand for independent packaging and test services. This demand is expected to grow faster than that of the semiconductor market as a whole. According to industry estimates, independent packaging revenues are expected to grow at a compound annual rate of 20.3% over the next five years from an estimated \$5.0 billion in 1996 (32% of the world's IC packaging needs) to \$12.5 billion in 2001 (45% of the world's IC packaging needs). Today, nearly all of the world's major semiconductor companies use independent packaging and test service providers for at least a portion, if not all, of their packaging and test needs.

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Many of the same forces that have driven the growth of independent packaging and test have also been driving increasing demand for independent wafer fabrication services. Moreover, because the cost of new wafer fabrication facilities has been rising steadily, many semiconductor companies are seeking to leverage their capital resources by outsourcing some or all of their wafer fabrication needs. This is particularly true for newer, smaller geometry technologies that are necessary for producing the newest, leading edge ICs, because they cannot be produced in many semiconductor companies' existing wafer fabrication facilities. As the demand for ICs with smaller geometries increases, the Company believes semiconductor companies will increasingly utilize independent wafer manufacturers.

The Need for Turnkey Solutions

The growing demand for independent wafer fabrication, packaging, and test services has generally been served by separate wafer fabrication, packaging or test companies. This creates inefficiencies for semiconductor companies which must manage the delays, complex logistics and uncertainty inherent in utilizing a different service provider for each step of the semiconductor manufacturing process. Only a very few, if any, independent service providers have the capability of providing a combination of wafer fabrication, packaging and test services.

THE AMKOR SOLUTION

Amkor is the largest independent provider of semiconductor packaging and test services in the world. With its leading edge process technology and package design expertise, the Company is able to provide its customers with a broad range of new packaging solutions that enable faster, smaller and more powerful

ICs. Due to its size and industry-leading position, the Company is capable of implementing and utilizing the capital equipment necessary for both new and mature packages, thereby affording its customers an attractive alternative in their capital allocation decisions. In addition, with AICL's new wafer fabrication capabilities, the Company will be able to begin offering a fully integrated, turnkey semiconductor manufacturing solution.

STRATEGY

Principal elements of the Company's strategy include:

Maintain Product Technology Leadership. The Company believes that it is one of the world's leading designers and developers of new semiconductor packaging technology. The Company has designed and developed such leading edge leadframe and laminate products as its PowerQuad(R), SuperBGA(R), FlexBGA and ChipArray(TM) BGA packages. The Company is focusing additional design and development efforts on new generations of the BGA packaging format and on "flip chip" die attach technologies where the I/O pads on the chip are attached directly to the package's substrate rather than with wire-bonded connections. The Company employs a staff of leading semiconductor packaging technologists and undertakes significant research and development activities in its Chandler, Arizona and Philippines locations, as well as through joint development activities with AICL's development staff in Korea. The Company intends to continue to maintain its leading packaging technology position.

Maintain Advanced Manufacturing Capabilities. The Company believes that its tradition of manufacturing excellence has been a key factor in its success in attracting and retaining customers, and it is committed to maintaining that high level of excellence. Key to this effort is the Company's commitment to continuous advancement of its process technology. The Company's development teams work with its customers, suppliers, and others to develop new processing technologies as well as pursue continuous improvements in the Company's existing processing capabilities. These efforts have directly resulted in reduced time to market, increased quality, and lower manufacturing costs. The Company holds numerous process technology patents, including joint ownership with AICL of a U.S. patent for the "Gold Gate" molding method, which enables automated mold processing for BGA packages.

Leverage Scale and Scope of the Company's Packaging and Test Capabilities. The Company believes that its scale of operations and its breadth of product offerings provide it with several competitive advantages. First, the Company believes that its size and position in the industry allow it certain advantages in procuring

key materials and manufacturing equipment. Second, the Company is able to capitalize on the substantial economies of scale that result from high utilization rates of its capital equipment, thereby lowering the Company's per unit manufacturing costs and facilitating cost-effective solutions for its customers. The Company's scale also allows it to offer an industry-leading breadth of product offerings and to be a single source for many of its customers' packaging requirements. The Company offers over 450 different package formats and sizes with a variety of processing and materials options. The Company added 175 and 139 new packaging options, respectively, in 1996 and the first nine months of 1997. The Company is committed to continued expansion of both its size of operations and its scope of product and service offerings.

Establish Industry Packaging Standards. The Company believes that by bringing new package designs to market early, its designs are more likely to become industry standards, which in turn will allow the Company to obtain higher margins than its competitors for such new designs. The Company also seeks to capture substantial market share and to spur the industry-wide adoption of its new packages by investing aggressively in expanding its manufacturing capacity

for these packages. As a result, it is one of the leading providers of advanced packaging solutions such as thin package formats and BGA packages. The Company believes these package types will comprise some of the highest growth and more profitable segments of the packaging market in coming years.

Enhance Customer and Supplier Relationships. As the world's largest independent provider of semiconductor packaging and test services, the Company has developed long-standing strategic relationships with leading semiconductor and electronics companies, its suppliers, and other developers of new semiconductor technologies. The Company believes that these relationships have allowed it to stay ahead of the constantly advancing demand curve for independent packaging services. The Company has repeatedly developed leading-edge packaging technologies that have met the requirements of newer IC devices and that have been quickly accepted in the marketplace. The Company's alliances with certain of its key equipment and material suppliers have enabled the Company to achieve packaging and manufacturing process innovation and cost reduction. Developing and maintaining these relationships within the industry will continue to be an integral part of the Company's overall strategic direction.

Focus on Customer Service and Support. The Company believes that its focus on customer service and support has been crucial in attracting and retaining leading semiconductor companies as its customers. The Company has a firmly established customer-oriented culture. To provide a dedicated customer support infrastructure and to stay abreast of customers' expectations, the Company has strategically established technical and sales teams near major customer facilities and in acknowledged technology centers. In addition, the Company has implemented direct electronic links with its customers to enhance communication and facilitate real-time engineering data and order information flow.

Provide an Integrated, Turnkey Solution. The Company seeks to provide a complete turnkey solution comprising wafer fabrication, packaging and test services. In the first half of 1998, the Company is scheduled to begin to provide wafer fabrication services through AICL's new deep submicron CMOS foundry. With the addition of wafer fabrication, the Company will be able to provide all stages of IC production for its customers from the fabrication of wafers through the shipment of finished ICs. The Company believes this integration will enable customers to improve the cost and performance of their ICs and achieve faster time to market for both new product introductions and production lead times.

PRODUCTS

Packaging

The Company offers a broad range of package formats designed to provide customers with a full array of packaging solutions for both commodity and advanced products. The Company's products are divided into three product families: traditional leadframe, advanced leadframe, and laminate products as shown in the following tables.

 TRADITIONAL LEADFRAME PRODUCTS

PACKAGE TYPE	NUMBER OF LEADS	APPLICATIONS
PDIP (Plastic Dual In-line Packages)	8-48	General purpose plastic IC package for consumer electronic products such as games, telephones, TV, audio equipment and computer peripherals.
SPDIP (Shrink DIP)	28-64	
Hermetic	Custom	A line of mature, ceramic predominant

packages used especially for high-reliability applications (military, space and commercial aviation).

PLCC (Plastic Leaded Chip Carrier)	20-84	Used for logic, gate arrays, DAC, processors and chip sets used in larger form-factor items (copiers, printers, scanners, desktop PCs, electronic games and monitors).
SOIC (Small Outline Integrated Circuit)	8-44	Designed for needs of lower lead devices. End uses include consumer audio/video and entertainment products, pagers, cordless telephones, fax machines, copiers, printers, PC peripherals and automotive parts.
MQFP (Metric Quad Flat Package)	44-304	Adapted to meet the increasing challenges of advanced processors/controllers, DSPs, ASICs, video-DAC, PC chip sets, gate arrays, logic devices, multimedia and other technologies for consumer, commercial, office, automotive, PC and industrial products.
PowerQuad(R)	100-304	Higher performance thermally enhanced QFP package. Used for DSPs, programmable logic devices, microprocessors and micro-controllers, high-speed and field programmable gate array logic devices, ASIC and other technologies requiring more thermal performance than offered by standard QFP packages.
PowerSOP(TM)	8-36	Higher performance thermally enhanced SOIC package. Used for wireless RF telecom devices, automotive, industrial, disk drive, pagers, and other technologies requiring more thermal performance than offered by standard SOIC packages.

ADVANCED LEADFRAME PRODUCTS

PACKAGE TYPE	NUMBER OF LEADS	APPLICATIONS
TQFP (Thin Quad Flat Package)	32-256	Designed for lightweight, portable electronics requiring broad performance characteristics, including notebook computers, desktop PCs, audio/video and telecommunications products, cordless/RF devices, office equipment, disk drives and communication boards (e.g., Ethernet and ISDN).
TSOP (Thin Small Outline Package)	32-48	Primary application is for SRAM, DRAM, FLASH and FSRAM memory devices. End uses include PC cards, PCMCIA form-factor products, cameras (still/video) and notebook computers.
TSSOP (Thin Shrink Small Outline Package)	8-80	Designed for gate drivers, controllers, logic, analog, memory (SRAM, DRAM, EPROM, E2PROM), comparators and optoelectronics.
SSOP (Shrink Small Outline Package)	8-64	Designed to enable end-products such as pagers, portable audio/video

products, disk drives, and wireless applications to be reduced in size and weight.

 LAMINATE PRODUCTS

PACKAGE TYPE	NUMBER OF BALLS	APPLICATIONS
PBGA (Plastic Ball Grid Array)	119-544	Semiconductors for end users which require the enhanced performance provided by the integrated design of PBGA, including microprocessors/controllers, ASICs, gate arrays, memory, DSPs and PC chip sets. Designed for applications where improved portability, form-factor and high-performance are necessary, including wireless products, cellular, GPS, notebook computers, video cameras and disk drives.
SuperBGA (R)	64-600	Designed for high-speed, high-power semiconductors such as ASICs, microprocessors, gate arrays, and DSPs. Applications include wireless products, notebook computers, PDAs, video GUI and CPU/BUS boards.
FlexBGA	133-412	Higher performance, lower profile package than PBGA due to size reduction made possible by denser substrate. Ideal for high performance disk drives, cellular phones, pagers, wireless communications, DSPs and micro-controller applications.
MicroBGA (TM)	8-200	Especially suited for memory devices such as FLASH, SRAM, DRAM and FSRAM technologies, microprocessors/controllers and high value ASICs requiring a low height, weight and size packaging. End uses include cellular and other telecommunications products, disk drives, notebooks/sub-notebooks, PDAs, wireless and consumer systems and memory boards.
ChipArray (TM)	36-128	Designed for semiconductors such as memory, analog, ASICs and PLDs requiring a smaller package than conventional PBGAs. Applications include cellular and other telecommunications, notebooks/sub-notebooks, PDAs, wireless systems and GPS.
FlipChip	N/A	An enabling interconnect technology which can be utilized in advanced IC packages such as PBGA, chip scale and flex circuit solutions to support improved electrical requirements and very high semiconductor density in very small systems.

Traditional Leadframe Products. Traditional leadframe products are the most widely recognized package types and are characterized by a chip encapsulated in a plastic mold compound with metal leads surrounding the perimeter. This package type has evolved from packages designed to be plugged into the circuit board by inserting the leads into holes on the circuit board to the more modern surface-mount design, in which the leads are soldered to the surface of the circuit board. Specific package customization and evolutionary improvements are continually being engineered to enable improved electrical performance and multi-chip capability, as well as smaller printed circuit board footprints. The Company offers a wide range of lead counts and body sizes within this product group to satisfy customer die size variations. In addition, the Company offers power versions of the SOP, PLCC, and MQFP package types which are specially designed to handle today's high power ICs that need with enhanced heat dissipation characteristics.

Advanced Leadframe Products. The Company's customers are seeking increasingly thinner packages, which has led the Company to develop newer, more advanced leadframe products. The Company's advanced leadframe products are similar in design to its traditional leadframe products. However, the advanced leadframe products generally are thinner and smaller, have more leads, and have advanced thermal and electrical characteristics which are necessary for many of today's more advanced semiconductor applications. The TSOP, TSSOP and SSOP packages are significantly smaller than the Company's traditional SOIC products, while the TQFP package is a smaller version of the MQFP package. The Company also offers power versions of these package types. The Company plans to continue to develop increasingly smaller versions of these products to keep pace with continually shrinking die sizes and increasing demands for miniaturization.

Laminate Products. The laminate product family represents the newest and fastest growth area for the Company and consists of products employing the BGA format which utilize a laminate (plastic or tape) substrate rather than a leadframe substrate. BGA technology was first introduced in the industry as a solution to problems associated with the increasingly high lead counts required for advanced semiconductors. As the number of leads surrounding the IC increased, packagers attempted to maintain the size of the package by increasing the proximity of the leads to one another. As a result, however, these high lead count packages experienced significant electrical shorting problems and required the development of increasingly sophisticated and expensive techniques for producing circuit boards to accommodate the density of the leads. The BGA methodology solved this problem by effectively creating leads on the bottom of the package in the form of small bumps or balls. These balls can be evenly distributed across the entire bottom surface of the package, allowing greater distance between the individual leads. The Company's first product in this family was the plastic BGA. The Company has subsequently designed additional BGA type packages which include features that enable low cost, high volume manufacturing methods as well as higher performance packages. These new laminate products include: SuperBGA(R), which includes a copper heat-sink for heat dissipation and is designed for very low profile, high power applications; ChipArray(TM), which allows the package to be as small as 1.5 mm larger than the chip itself; and MicroBGA(TM), which is designed to be approximately the same size as the chip and uses a tape substrate rather than a plastic laminate. The Company is currently designing newer versions of BGA packages to enable further significant reductions in package size.

Test and Related Services

The Company also provides its customers with semiconductor test services. The Company has the capability to test digital logic, analog and mixed signal products. The combination of the Company's test operations together with AICL's Korean test operations comprises one of the largest independent test operations in the world. Providing test services requires a high level of communication and integration between the Company and its customers. In order to enable semiconductor companies to improve their time to market and to reduce costs, there has been an increasing trend to put packaging and test operations in the same location. The Company has capitalized on this trend by supplying its own testers or by supplementing customer-supplied testers with handlers and other related equipment.

Although test services accounted for only 3.3% of the Company's total 1996 revenue and 13% of the total units shipped, the Company expects test services to grow significantly during the next several years as customers seek to reduce the time to market for their products by using contractors with test services at the

packaging site. In addition to final test services, the Company provides a full range of other related services, such as burn-in test services, "dry pack" services, "tape and reel" packing, and wafer "probing" or "sorting."

The following table sets forth, for the periods indicated, the amount of the Company's net revenues and the percentage of total net revenues by product type:

	YEAR ENDED DECEMBER 31,						NINE MONTHS ENDED SEPTEMBER 30, 1997	
	1994		1995		1996		REVENUES	%
	REVENUES	%	REVENUES	%	REVENUES	%	REVENUES	%
	(DOLLARS IN MILLIONS)							
Traditional Leadframe.....	\$ 487	85.1%	\$ 699	75.0%	\$ 792	67.6%	\$ 592	56.7%
Advanced Leadframe.....	53	9.2	157	16.8	220	18.8	229	21.9
Laminate.....	3	0.5	15	1.6	90	7.7	154	14.8
Testing and Other	30	5.2	61	6.6	69	5.9	69	6.6
Total.....	\$ 573	100.0%	\$ 932	100.0%	\$ 1,171	100.0%	\$ 1,044	100.0%

Wafer Fabrication

The Company is scheduled to begin offering wafer fabrication services through AICL's new deep submicron CMOS foundry in the first half of 1998. The Company expects the foundry to produce up to 25,000 8" wafers per month by the end of 1998. Through a strategic relationship with TI, the Company and AICL are currently qualifying .25 micron CMOS process technology, and AICL is negotiating with TI to obtain the technology necessary to migrate to .18 micron CMOS process technology during 1998. The Company's right to the supply of wafers from the foundry is subject to the TI Agreement. TI has agreed to purchase at least 40% of the capacity of the foundry and under certain circumstances has the right to purchase 70% of the capacity of the foundry. See "Risk Factors -- Risks Associated with New Wafer Fabrication Business" and " -- Intellectual Property."

This foundry's capability is targeted to meet the needs of customers for DSPs, ASICs and other logic devices. As technological capability and the needs for CMOS designs in this area change, the Company anticipates the need to add embedded memory and special analog functionality to its core CMOS technology. The Company plans to continue to focus its semiconductor technology development efforts to serve the needs of the high performance digital logic market.

With the addition of the wafer fabrication capability, the Company will be able to offer fully integrated turnkey semiconductor manufacturing services to its customers. This complete turnkey solution will enable the Company to work with its customers' IC designers to optimize the integration of IC design with wafer fabrication, package design, and packaging and test processes. The Company believes this integration will enable customers to improve the cost and performance of their ICs and achieve faster time to market in terms of both new product introductions and production lead times.

CUSTOMERS

The Company currently has more than 150 customers, including many of the largest semiconductor companies in the world. Set forth below is a list of the Company's top 50 customers in 1997:

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

The Company's five largest customers collectively accounted for approximately 34.1%, 39.2%, and 38.6% of the Company's total revenues in 1995, 1996, and the first nine months of 1997, respectively. The Company anticipates that this customer concentration will continue at least for the foreseeable future. See "Risk Factors -- Customer Concentration; Absence of Backlog."

MARKETING AND SALES

The Company sells to and supports its customers through an international network of offices located in close proximity to its largest customers and concentration of customers, including offices in the United States (Santa Clara, California; Dallas, Texas; Austin, Texas; Chandler, Arizona; West Chester, Pennsylvania), France, Singapore, Taiwan, and the Philippines. A substantial majority of the Company's sales have historically been derived from U.S.-based customers. See Note 15 of Notes to the Consolidated Financial Statements. The Company assigns each of its customers a sales and customer support team consisting of an account manager, a technical program manager, and one or more customer support representatives. The largest multinational customers are typically supported from multiple offices. The Company's worldwide force of account managers, customer service representatives and technical product managers exceeds 175 personnel. In addition, an extended staff of product management, process and reliability engineering, marketing and advertising, information systems, and factory personnel supports the direct account teams. Together, these direct and extended teams deliver an array of services to the Company's customers including providing information and expert advice on packaging solutions and trends, managing the start-up of specific packaging and test programs, providing a continuous flow of information to the customers regarding products and programs in process, and researching and helping to resolve technical and logistical issues.

FACILITIES AND MANUFACTURING

Facilities

The Company provides packaging and test services through its factories in

the Philippines as well as its test facility in the U.S. A new packaging factory is currently under construction at the Company's Chandler, Arizona site with expected start-up in the second half of 1998. In addition, the Company provides packaging

and test services through AICL's four factories in Korea, pursuant to a Supply Agreement with AICL. In 1996 and the first nine months of 1997, AICL provided packaging and test services which accounted for approximately 72% and 68%, respectively, of the Company's revenues. In addition to providing world-class manufacturing services, these factories provide purchasing, engineering, and customer service support. In the first half of 1998, the Company is scheduled to begin offering wafer fabrication services through AICL's new state-of-the-art .25 micron wafer foundry in Korea pursuant to the Supply Agreement. The size, location, and manufacturing services provided by each of the Company's and AICL's primary facilities is set forth in the table below. See "Risk Factors -- Dependence on Relationship With AICL; Potential Conflicts of Interest," "-- Expansion of Manufacturing Capacity; Profitability Affected by Capacity Utilization Rates," "-- Risks Associated with New Wafer Fabrication Business" and "-- Inability to Obtain Packaging and Test Equipment in a Timely Fashion."

FACILITY	LOCATION	APPROXIMATE PLANT SIZE (SQUARE FEET)	MANUFACTURING SERVICES
Company Facilities			
P1	Muntilupa, Philippines	579,000	Packaging and test services; packaging and process development
P2	Muntilupa, Philippines	115,000	Packaging services
P3	Province of Laguna, Philippines	249,000	Packaging and test services
AATS	Santa Clara, California	3,000	Final testing services; test program development; central shipping and logistics
A1 (1998)	Chandler, Arizona	106,000	Packaging services for laminate products; package and process development
AICL Facilities			
K1	Seoul, Korea	646,000	Packaging services, package and process development
K2	Buchon, Korea	264,000	Packaging services
K3	Bupyung, Korea	404,000	Packaging and test services
K4	Kwangju, Korea	597,000	Packaging services
Wafer Foundry	Buchon, Korea	480,000	Wafer fabrication services

The Company's operational headquarters is located in Chandler, Arizona while its administrative headquarters is located in West Chester, Pennsylvania. In addition to an executive staff, the Chandler, Arizona campus houses sales and customer service for the southwest region, product management, a technical design center, planning, marketing and research and development. The West Chester location houses finance and accounting, legal, personnel administration, information systems, and serves as a satellite sales office for the Company's eastern sales region.

Raw Materials and Equipment

The Company's packaging operations depend upon obtaining adequate supplies of raw materials on a timely basis. The principal raw materials used in the Company's packaging process are leadframes or laminate substrates, along with gold wire and molding compound. The Company purchases raw materials based on the stated demand requirements of its customers and its customers are generally responsible for any unused materials that result from an overstatement of demand. The Company works closely with its primary raw material suppliers to insure the availability and timeliness of raw material supplies. In addition, the Company negotiates worldwide pricing agreements with its major suppliers to take advantage of the scale of its operations. The Company is not dependent on

any one supplier for a substantial portion of its raw material requirements.

The Company's packaging operations and expansion plans also depend on obtaining adequate supplies of manufacturing equipment on a timely basis. To that end, the Company works closely with its major equipment suppliers to insure that equipment deliveries are on time and the equipment meets the Company's stringent performance specifications. In addition, an affiliate of AICL manufactures semiconductor packaging equip-

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ment exclusively for the Company and AICL at locations in close proximity to the Company's and AICL's packaging facilities in the Philippines and Korea, respectively. See "Risk Factors -- Dependence on Raw Materials Suppliers and Subcontractors."

Total Quality Management

The Company believes that total quality management is a vital component of its manufacturing strategy. To that end, the Company has established a comprehensive Quality Operating System designed to promote continuous improvement and maximize manufacturing yields at high volume production while maintaining the highest quality standards. Each of the Company's and AICL's factories is ISO9002 and QS-9000 certified. ISO9002 is a worldwide manufacturing quality certification program administered by an independent standards organization. QS9000 is similarly an independently administered manufacturing quality certification used by United States automotive manufacturers. The Company believes that many of its customers prefer to purchase from suppliers who are ISO9002 and QS9000 certified.

COMPETITION

The independent semiconductor packaging and test industry is very competitive, being comprised of approximately 50 companies, with about 15 of those companies having sales of \$100 million per year or more. The Company faces substantial competition from established packaging companies primarily located in Asia, such as Advanced Semiconductor Engineering, Inc. (Taiwan), ASE Test Limited (Taiwan and Malaysia), ASAT Ltd. (Hong Kong), Hana Microelectronics Public Co. Ltd. (Hong Kong and Thailand), Astra International (Indonesia), Carsem Bhd. (Malaysia), Hyundai Corporation (Korea), Siliconware Precision Industries Co., Ltd. (Taiwan), and Shinko Electric Industries Co., Ltd. (Japan). Each of these companies has significant manufacturing capacity, financial resources, research and development operations, marketing and other capabilities, and have been operating for some time. Such companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the independent semiconductor packaging market include time to market, breadth of package offering, technical competence, design services, quality, production yields, customer service, and price. The Company believes it generally competes favorably with respect to these factors. On a larger scale, the Company also competes with the internal manufacturing capabilities of many of its largest customers.

The independent wafer fabrication business is also highly competitive. The Company expects its wafer fabrication services to compete primarily with independent wafer foundries such as Chartered Semiconductor Manufacturing, Ltd., Taiwan Semiconductor Manufacturing Company, Ltd. and United Microelectronics Corporation, as well as with device manufacturers such as LG Semicon Co., Ltd., Hitachi, Ltd., Toshiba Corp. and Winbond Electronics Corporation, who provide foundry services for other semiconductor companies. Each of these companies has significant manufacturing capacity, financial resources, research and

development operations, marketing and other capabilities and have been operating for some time. Many of these companies have also established relationships with many large semiconductor companies which are current or potential customers of the Company. The principal elements of competition in the wafer foundry market include technology, delivery cycle times, price, product performance, quality, production yield, responsiveness and flexibility, reliability and the ability to design and incorporate product improvements. See "Risk Factors -- Competition."

RESEARCH AND DEVELOPMENT

The Company's research and development efforts are focused on developing new package designs and process capabilities, and on improving the efficiency and capabilities of its existing production processes and materials. The Company believes that technology development is one of the key success factors in the packaging market and believes that it has a distinct advantage in this area. In addition to its internal development work, and its co-development work with AICL, the Company also works closely with its packaging equipment and raw material suppliers in developing advanced processing capabilities and materials for use in the Company's production process. Currently, the Company is focusing on development programs

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that extend the capability and applicability of the BGA packaging format. These include high performance BGAs for microprocessors and other high-end devices, and a chip size package for memory. In addition, the Company is aggressively developing a flip-chip die attach and connect process for its laminate packages that has the potential to reduce packaging size and cost and improve package performance significantly. The flip-chip packaging process involves attaching the die I/O terminals directly to the lead circuits on the substrate without the use of gold wires. In addition to providing a smaller package size, this process is expected to result in significant improvements in packaging yields by eliminating the delicate wire bonds from the package.

As of September 30, 1997, the Company employed approximately 85 persons in research and development activities. In addition, other management and operational personnel are involved in research and development activities. In 1994, 1995 and 1996 and the first nine months of 1997, the Company's research and development expenses were approximately \$3.1 million, \$8.7 million, \$10.9 million and \$5.8 million, respectively. The Company expects to continue to invest significant resources in research and development.

INTELLECTUAL PROPERTY

The Company currently holds 24 U.S. patents, five of which are jointly held with AICL, related to various IC packaging technologies, in addition to other pending patents. These patents will expire at various dates from 2012 through 2016. With respect to development work undertaken jointly with AICL, the Company and AICL share intellectual property rights under the terms of the Supply Agreements between the Company and AICL. The Supply Agreements also provide for the cross-licensing of intellectual property rights between the Company and AICL. In addition, the Company enters into agreements with other developers of packaging technology to license or otherwise obtain certain process or packaging technologies.

The Company expects to continue to file patent applications when appropriate to protect its proprietary technologies; however, the Company believes that its continued success depends primarily on factors such as the technological skills and innovation of its personnel rather than on its patents. The process of seeking patent protection can be expensive and time consuming. There can be no assurance that patents will be issued from pending or future

applications or that, if patents are issued, they will not be challenged, invalidated or circumvented, or that rights granted thereunder will provide meaningful protection or other commercial advantage to the Company. Moreover, there can be no assurance that any patent rights will be upheld in the future or that the Company will be able to preserve any of its other intellectual property rights.

As is typical in the semiconductor industry, the Company may receive communications from third parties asserting patents on certain of the Company's technologies. In the event any third party were to make a valid claim against the Company or AICL and a license were not available on commercially reasonable terms, the Company's business, financial condition and results of operations could be materially and adversely affected. Litigation, which could result in substantial cost to and diversion of resources of the Company, may also be necessary to enforce patents or other intellectual property rights of the Company or to defend the Company against claimed infringement of the rights of others. The failure to obtain necessary licenses or the occurrence of litigation relating to patent infringement or other intellectual property matters could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the TI Agreement does not grant any license to AICL, and explicitly provides that TI reserves the right to bring a patent infringement suit against AICL if TI is then generally bringing similar suits against other wafer manufacturers. As a result, the Company could similarly be subject to patent litigation by TI in connection with its sale of wafers produced by AICL. Any such litigation could materially and adversely affect AICL's ability to continue to manufacture wafers and AICL's and the Company's business, financial condition and results of operations.

ENVIRONMENTAL MATTERS

The semiconductor packaging process involves a significant amount of chemicals and gases which are subject to extensive governmental regulations. For example, liquid waste is produced at the stage at which silicon wafers are diced into chips with the aid of diamond saws and cooled with running water. In addition, excess materials on leads and moldings are removed from packaged semiconductors in the trim and form

process. The Company has installed equipment to collect certain solvents used in connection with its manufacturing process and has contracted with independent waste disposal companies to remove such hazardous material.

Federal, state and local regulations in the United States, as well as environmental regulations in Korea and the Philippines, impose various controls on the storage, handling, discharge and disposal of chemicals used in the Company's and AICL's manufacturing processes and on the facilities occupied by the Company and AICL. The Company believes that its activities, as well as those of AICL, conform to present environmental and land use regulations applicable to their respective operations and current facilities. Increasing public attention has, however, been focused on the environmental impact of semiconductor manufacturing operations and the risk to neighbors of chemical releases from such operations. There can be no assurance that applicable land use and environmental regulations will not in the future impose the need for additional capital equipment or other process requirements upon the Company or AICL or restrict the Company's or AICL's ability to expand their respective operations. The adoption of new ordinances or similar measures or any failure by the Company or AICL to comply with applicable environment and land use regulations or to restrict the discharge of hazardous substances could subject the Company or AICL to future liability or cause their respective manufacturing operations to be curtailed or suspended.

EMPLOYEES

As of September 30, 1997, the Company had approximately 8,700 full-time employees, 6,750 of whom were engaged in manufacturing, 1,500 in manufacturing support, 85 in research and development, 175 in marketing and sales, and 190 in finance, business management, and administration. The Company's employees are not represented by any collective bargaining agreement, and the Company has never experienced a work stoppage. The Company believes that its relations with its employees are good. See "Risk Factors -- Dependence on Key Personnel and Availability of Skilled Workforce."

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company and their ages as of September 30, 1997 are as follows:

NAME	AGE	POSITION
James J. Kim.....	61	Chief Executive Officer and Chairman
John N. Boruch.....	55	President and Director
Frank J. Marcucci.....	62	Chief Financial Officer
Eric R. Larson.....	42	Vice President
Michael D. O'Brien.....	65	Vice President
Thomas D. George(1).....	57	Director
Gregory K. Hinckley(1)(2).....	51	Director
Louis J. Siana(2).....	65	Director

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(1) Member of Compensation Committee.

(2) Member of Audit Committee.

James J. Kim. James Kim has served as the Company's Chief Executive Officer since September 1997. Mr. Kim founded AEI in 1968 and has served as its Chairman since 1970. He has also served as the Chairman of the Anam group of companies and a director of AICL since 1992. Mr. Kim is a director of CFM Technologies, Inc. Mr. Kim earned B.S. and M.A. degrees in Economics from the University of Pennsylvania. Mr. Kim is Chairman and Chief Executive Officer of The Electronics Boutique, Inc., an electronics retail chain, and Forte Systems, Inc., a computer consulting firm.

John N. Boruch. John Boruch has served as President and a director of the Company since September 1997. Mr. Boruch has served as President of AEI since February 1992. From 1991 to 1992 he served as AEI Corporate Vice President in charge of Sales. Mr. Boruch earned a B.A. in Economics from Cornell University. Mr. Boruch joined the Company in 1984.

Frank J. Marcucci. Frank Marcucci has served as the Chief Financial Officer of the Company since September 1997. Mr. Marcucci has served as the Chief Financial Officer of AEI since joining AEI in 1980. Mr. Marcucci earned a B.S. in Business Administration from Duquesne University and an MBA from the

University of Pittsburgh. Mr. Marcucci is a Certified Public Accountant.

Eric R. Larson. Eric Larson has served as Vice President of the Wafer Fabrication business of the Company since September 1997. Mr. Larson has served as President of Amkor/Anam Semiconductor, a division of AEI, since December 1996. From 1979 to 1996 he worked for the Hewlett-Packard Company ("HP") in various management capacities, most recently as Worldwide Marketing Manager for disk products. In addition, Mr. Larson was the worldwide Sales and Marketing of the IC Business Division of HP from July 1985 to May 1993. Mr. Larson earned a B.A. in Political Science from Colorado State University and an MBA from the University of Denver.

Michael D. O'Brien. Michael O'Brien has served as the Vice President of Packaging and Testing Operations of the Company since September 1997. Mr. O'Brien has served as Corporate Vice President of AEI since 1990. Mr. O'Brien earned a B.S. from Texas A&M University. Mr. O'Brien joined the Company in 1988.

Thomas D. George. Mr. George has been a director of the Company since November 1997. Mr. George was Executive Vice President, and President and General Manager, Semiconductor Products Sector ("SPS") of Motorola from April 1993 to May 1997. Prior to that, he held several positions with Motorola, including Executive Vice President and Assistant General Manager, SPS from November 1992 to April 1993 and Senior Vice President and Assistant General Manager, SPS from July 1986 to November 1992. Mr. George is currently retired.

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Gregory K. Hinckley. Mr. Hinckley has been a director of the Company since November 1997. Mr. Hinckley serves as Executive Vice President, Chief Operating Officer and Chief Financial Officer of Mentor Graphics Corporation since January 1997. From November 1995 until December 1996 he held the position of Senior Vice President with VLSI, a manufacturer of complex ASICs. From August 1992 until December 1996, Mr. Hinckley held the position of Vice President, Finance and Chief Financial Officer with VLSI. From December 1991 until August 1992, he was an independent consultant. Mr. Hinckley is a director of OEC Medical Systems, Inc., a manufacturer of medical imaging equipment.

Louis J. Siana. Louis Siana has served as a director of the Company since September 1997. Mr. Siana is a partner in Siana, Carr & O'Connor, CPA, an accounting firm. Until June 1997, Siana, Carr & O'Connor served as independent auditors to certain of the Company's predecessors and subsidiaries, including AEI.

DIRECTOR COMPENSATION

Directors who are also employees or officers of the Company do not receive compensation for their services as directors. Non-employee directors are eligible to receive an annual retainer of \$15,000 plus per meeting fees of \$1,000 per board meeting and \$1,000 per committee meeting attended. Directors are reimbursed for travel and related expenses incurred by them in attending board and committee meetings.

1998 Director Option Plan. The Company's 1998 Director Option Plan (the "Director Plan") was adopted by the Board of Directors in 1998 and approved by the Company's stockholders in 1998. A total of _____ shares of Common Stock have been reserved for issuance under the Director Plan. The option grants under the Director Plan are automatic and non-discretionary, and the exercise price of the options is 100% of the fair market value of the Common Stock on the grant date. The Director Plan provides

for an initial grant of options to purchase 15,000 shares of Common Stock to each new nonemployee director of the Company (an "Outside Director") upon the later of the effective date of the Director Plan or the date which such individual first becomes an Outside Director. In addition, each Outside Director will automatically be granted subsequent options to purchase 5,000 shares of Common Stock on each date on which such Outside Director is re-elected by the stockholders of the Company, provided that as of such date such Outside Director has served on the Board of Directors for at least six months. The term of each option is ten years. Each option granted to an Outside Director vests as to 33 1/3% of the optioned stock one year after the date of grant, and as to an additional 33 1/3% of the optioned stock on each anniversary of the date of grant, provided that the optionee continues to serve as an Outside Director on such date so that 100% of the optioned stock may be exercisable three years after the date of grant. In the event of the sale of all or substantially all the Company's assets or the merger of the company with or into another corporation, all outstanding options under the Director Plan may either be assumed or an equivalent option may be substituted by the surviving entity. Following such assumption or substitution, if the director is terminated other than upon a voluntary resignation, such assumed or substituted options will vest and become exercisable in full. If no assumption or substitution occurs, each such option will vest and become exercisable in full. The Director Plan will terminate in 2008 unless sooner terminated by the Board of Directors.

BOARD COMMITTEES

The Board of Directors will have a Compensation Committee and an Audit Committee. The Compensation Committee is comprised of Messrs. George and Hinckley. The functions of the Compensation Committee are to review and approve annual salaries, bonuses, and grants of stock options pursuant to the Company's 1998 Stock Plan and to review and approve the terms and conditions of all employee benefit plans or changes thereto. The Audit Committee is comprised of Messrs. Hinckley and Siana. The functions of the Audit Committee will be to recommend annually to the Board of Directors the appointment of the independent auditors of the Company, discuss and review in advance the scope and the fees of the annual audit and review the results thereof with the independent auditors, review and approve nonaudit services of the independent auditors, review compliance with existing auditors, review and approve non-audit services of the independent auditors, review compliance with existing major accounting and financial reporting policies of the Company, review the adequacy of the financial organization of the Company, and review management's procedures and

policies relating to the adequacy of the Company's internal accounting controls and compliance with applicable laws relating to accounting practices.

EXECUTIVE COMPENSATION

Summary Compensation. The following table sets forth compensation earned during the fiscal year ended December 31, 1996, by the Company's Chief Executive Officer and the three other most highly compensated executive officers whose total salary and bonus during such year exceeded \$100,000 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITIONS	ANNUAL COMPENSATION		ALL OTHER COMPENSATION
	SALARY	BONUS	
James J. Kim, Chief Executive Officer and Chairman(1)....	\$500,000	\$ --	\$101,716

John N. Boruch, President.....	400,000	375,000	--
Frank J. Marcucci, Chief Financial Officer.....	216,731	100,000	--
Michael D. O'Brien, Vice President.....	198,460	100,000	--

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

STOCK PLANS

1998 Stock Plan. The Company's 1998 Stock Plan (the "1998 Plan") provides for the grant to employees of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"), and for the grant to employees, directors and consultants of nonstatutory stock options and stock purchase rights. The 1998 Plan was adopted by the Board of Directors in 1998 and approved by the Company's stockholders in 1998. Unless terminated sooner, the 1998 Plan will terminate automatically in 2008. A total of _____ shares of Common Stock have been reserved for issuance under the 1998 Plan. The maximum aggregate number of shares which may be optioned and sold under the 1998 Plan is _____, plus an annual increase to be added on each anniversary date of the adoption of the 1998 Plan equal to the lesser of (i) the number of shares of Common Stock needed to restore the maximum aggregate number of shares of Common Stock which may be optioned and sold under the 1998 to _____, or (ii) a lesser amount determined by the board of directors.

The 1998 Plan may be administered by a committee appointed by the Board of Directors (the "Committee"), which Committee shall, in the case of options intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, consist of two or more "outside directors" within the meaning of Section 162(m) of the Code. The Committee has the power to determine the terms of options granted, including the exercise price and the fair market value, to reduce the exercise price of any option to the then current fair market price if the fair market value of the Common Stock covered by such option shall have declined since the date the option was granted, the number of shares subject to the option or stock purchase right, and the exercisability thereof and the form of consideration payable upon such exercise. In addition, the Board of Directors has the authority to amend, suspend or terminate the 1998 Plan, provided that no such action may affect any share of Common Stock previously issued and sold or any option previously granted under the 1998 Plan.

Unless determined otherwise by the administrators, options and stock purchase rights granted under the 1998 Plan are not transferable by the optionee, and each option and stock purchase right is generally exercisable during the lifetime of the optionee only by such optionee. Options granted under the 1998 Plan must generally be exercised within three months following termination of an optionee's status as an employee, director or consultant of the Company, within twelve months after an optionee's termination by disability, and within twelve months after an optionee's termination by death, but in no event later than the expiration of the option. In the case of stock purchase rights, unless the administrator determines otherwise, a restricted stock purchase agreement shall grant the Company a repurchase option exercisable upon the voluntary or

involuntary termination of the purchaser's employment with the Company for any

reason (including death or disability). The purchase price for shares repurchased pursuant to a restricted stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the administrator. The exercise price of all incentive stock options granted under the 1998 Plan must be at least equal to the fair market value of the shares on the date of grant. The exercise price of nonstatutory stock options granted under the 1998 Plan is determined by the Committee, but with respect to nonstatutory stock options intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the exercise price must be at least equal to the fair market value of the Common Stock on the date of grant. With respect to any employee who owns stock possessing more than ten percent of the voting power of all classes of the Company's, or any parent or subsidiary of the Company's outstanding capital stock, the exercise price of any incentive stock option granted to such person must equal at least 110% of the fair market value of the Common Stock on the date of grant and the term of such incentive stock option must not exceed five years. The term of all other options granted under the 1998 Plan may not exceed ten years.

The 1998 Plan provides that in the event of a merger of the Company with or into another corporation, or a sale of substantially all of the Company's assets, each outstanding option and stock purchase right will be assumed or substituted for by the successor corporation. In the event the successor corporation refuses to assume or substitute for the option or stock purchase right, the optionee shall have the right to exercise all of the optioned stock, including shares as to which it would not otherwise be exercisable.

1998 Employee Stock Purchase Plan. The Company's 1998 Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors in 1998 and approved by the stockholders in , 1998. A total of shares of Common Stock have been made available for sale under the Purchase Plan and an annual increase is to be added on each anniversary date of the adoption of the Purchase Plan equal to the lesser of (i) the number of shares needed to restore the maximum aggregate number of shares available for sale under the Purchase Plan to , or (ii) a lesser amount determined by the Board of Directors. The Purchase Plan, which is intended to qualify under Section 423 of the Code is administered by the Board of Directors or by a committee appointed by the Board. Employees (including officers and employee directors of the Company but excluding 5% or greater stockholders) are eligible to participate if they are customarily employed for at least 20 hours per week and for more than five months in any calendar year. The Purchase Plan permits eligible employees to purchase Common Stock through payroll deductions, which may not exceed 15% of the compensation an employee receives on each pay day. The Purchase Plan will be implemented by consecutive six-month offering periods. The initial offering period under the Purchase Plan will begin on the effective date of this Offering and subsequent offering periods will begin on the first trading day on or after and of each year. Each participant will be granted an option on the first day of the offering period, and shares of Common Stock will be automatically purchased on the last date of each purchase period within the offering period. If the fair market value of the Common Stock on any purchase date (other than the final purchase date of the offering period) is lower than such fair market value on the start date of that offering period, then all participants in that offering period will be automatically withdrawn from such offering period and re-enrolled in the immediately following offering period. The purchase price of the Common Stock under the Purchase Plan will be equal to 85% of the lesser of the fair market value per share of Common Stock on the start date of the offering period or on the purchase date. Employees may end their participation in an offering period at any time, and participation ends automatically on termination of employment with the Company. In the event of a proposed dissolution or liquidation of the Company, the offering periods then in progress will be shortened by setting a new exercise date that is before the dissolution or liquidation, and will terminate immediately prior to the consummation of the proposed action, unless otherwise provided by the Board. In

the event of a proposed sale of all or substantially all of the Company's assets or the merger of the Company with or into another corporation, each outstanding option will be assumed or substituted for by the successor corporation. In the event the successor corporation refuses to assume or substitute for the options, the offering periods then in progress will be shortened by setting a new exercise date that is before the sale or merger and the offering periods then in progress will end on the new exercise date. Each participant will be notified at least ten business days prior to the new exercise date, and unless such participant ends his or her participation, the option will be exercised automatically on the new

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exercise date. The Purchase Plan will terminate in 2008, unless sooner terminated by the Board of Directors.

401(K) PLAN

The Company participates in a tax-qualified employee savings and retirement plan (the "401(k) Plan") which covers certain of the Company's employees who are at least 21 years of age. Pursuant to the 401(k) Plan, employees may elect to reduce their current eligible compensation by up to 13% of eligible compensation or the statutorily prescribed annual limit, whichever is lower, and have the amount of such reduction contributed to the 401(k) Plan. After an eligible employee completes one year of service and has attained age 21, he or she will become eligible for the Company matching contributions effective as of the quarterly entry date after meeting these service and age requirements. The matching contribution amount is a discretionary amount as determined from time to time by the Company. The 401(k) Plan is intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended, so that contributions by employees or by the Company to the 401(k) Plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) Plan, and so that contributions by the Company, if any, will be deductible by the Company when made. The trustee under the 401(k) Plan, at the direction of each participant, invests the assets of the 401(k) Plan in any of a number of designated investment options.

PHILIPPINE PENSION PLANS

The Company adopted a retirement plan for its eligible Philippine employees and those eligible employees of designated affiliated companies and subsidiaries of the Company, the Amkor/Anam Pilipinas, Incorporated Employees' Retirement Benefit Plan (the "Plan"), originally effective January 1, 1988, and most recently amended on January 1, 1997. Eligible employees are employees with regular and permanent status that have been employed continuously for one (1) year by a participating company. Currently, the companies participating in the Plan are AMI, AAAP, and Anam Amkor Precision Machine Company (Phils.), Incorporated. At normal retirement age (age 60), death, or upon total and permanent disability, a participant will receive a lump sum benefit payment based on a percentage of his or her final base monthly salary, as determined by his or her years of credited service. A participant who retires at age 50 with at least ten (10) years of service will receive a reduced payment based on the same formula. Company contributions to the Plan are held in trust. The Plan is presently underfunded by \$7.2 million. See Note 9 of Consolidated Financial Statements.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION MATTERS

The Company has adopted provisions in its Certificate of Incorporation that

eliminate to the fullest extent permissible under Delaware law the liability of its directors to the Company for monetary damages. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission. The Bylaws provide that the Company shall indemnify its directors and officers, and may indemnify its other employees and agents, to the fullest extent permitted by Delaware law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. The Company has entered into indemnification agreements with its officers and directors containing provisions which may require the Company, among other things, to indemnify the officers and directors against certain liabilities that may arise by reason of their status or service as directors or officers (other than liabilities arising from willful misconduct of a culpable nature), and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is no currently pending litigation or proceeding involving a director, officer, employee or other agent of the Company in which indemnification would be required or permitted.

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CERTAIN TRANSACTIONS

AICL was founded in 1956 by Mr. Hyang-Soo Kim, who currently serves as the honorary Chairman and a Representative Director of AICL. AICL is a member of the Anam Group of companies, consisting principally of companies in Korea in the electronics industries. The management of AICL and the other companies in the Anam Group are influenced to a significant degree by the family of Hyang-Soo Kim, which, together with the Company, collectively owned approximately 17% of the outstanding common stock of AICL as of September 30, 1997. James Kim, the founder of the Company and currently its Chairman and Chief Executive Officer, is the eldest son of Hyang-Soo Kim. Since January 1992, in addition to his other responsibilities, James Kim has been serving as acting Chairman of the Anam Group and a director of AICL. Mr. In-Kil Hwang, the President and a Representative Director of AICL, is the brother-in-law of James Kim. After the Offerings, James Kim and the Kim Family Trusts will own approximately % of the Company's outstanding Common Stock and James Kim and members of his family will continue to exercise significant control over the Company. The Company and AICL have had a long-standing relationship. In 1996 and the nine months ended September 30, 1997, approximately 72% and 68%, respectively, of the Company's revenues were derived from sales of services performed for the Company by AICL. In addition, substantially all of the revenues of AICL in 1996 and the nine months ended September 30, 1997 were derived from services sold by the Company. The Company expects that the businesses of the Company and AICL will continue to remain highly interdependent by virtue of their supply relationship, family ties between their respective shareholders and management, financial relationships, coordination of product and operation plans, joint research and development activities and shared intellectual property rights. See "Relationship with Anam Industrial Co., Ltd."

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

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

In connection with the Reorganization, the Company proposes to enter into tax indemnification agreements with Mr. Kim and the Kim Family Trusts pursuant to which the Company will be indemnified by such stockholders with respect to their proportionate share of any U.S. federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the Termination Date. The tax indemnification agreements will also provide that the Company will indemnify Mr. Kim and such stockholders if such stockholders are required to pay additional taxes or other amounts attributable to taxable years on or before the Termination Date as to which AEI filed or files tax returns claiming status as an S Corporation. AEI has made various distributions to Mr. Kim and the Kim Family Trusts which have enabled them to pay their income taxes on their allocable portions of the income of AEI. Such distributions totaled approximately \$13.0 million and \$5.0 million in 1996 and the first nine months of 1997, respectively. The Company expects to make additional distributions to such stockholders prior to the consummation of the Reorganization, which distributions will represent AEI's cumulative net income in all periods prior to the Termination Date less the aggregate amount of distributions previously made to such stockholders. These final distributions are intended to provide such stockholders with the balance of AEI's net income for which they have already recognized income taxes. Through September 30, 1997, the amount of such undistributed net earnings was \$23.5 million. See "Reorganization" and Notes 1, 10 and 17 of Notes to Consolidated Financial Statements.

Mr. Kim has executed certain guarantees to lenders in connection with certain debt instruments of the Amkor Companies that remain outstanding. The total contingent liability under such guarantees equals approximately \$88.0 million. See Note 11 of Notes to Consolidated Financial Statements.

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The Company and Mr. Kim currently are parties to a loan agreement under which Mr. Kim may borrow funds from the Company, subject to the Company's consent. Mr. Kim has recognized compensation in 1996 in the amount of \$101,716 of imputed interest for loans under this agreement. Since the beginning of the 1996 fiscal year, the maximum amount outstanding under such agreement has been \$6.5 million. Mr. Kim intends to use the proceeds from the sales in the Offerings of shares of Common Stock owned by him to repay amounts outstanding under the agreement. See Note 11 of Notes to Consolidated Financial Statements.

Mr. Kim sold his interest in Amkor Anam Test Services, Inc., representing half of its outstanding capital stock, to AEI for \$910,350.

AK Investments, Inc., a company owned by Mr. Kim, purchased certain securities held by AEI for \$49.8 million, which consideration was paid by assuming from AEI certain non-current payables from AUSA. Subsequent to the sale of investments to AK Investments, AEI loaned AK Investments an additional \$12.8 million. This amount remains outstanding at September 30, 1997. See Notes 6 and 11 of Notes to Consolidated Financial Statements.

In 1996, the Kim Family Trusts borrowed \$5.3 million at market interest rates from AEI to purchase the real estate and develop the facilities that comprise the Company's Chandler, Arizona plant and offices. In 1997, the Kim Family Trusts, after making improvements, sold the real estate and facilities

back to AEI for \$5.7 million which was used to repay the original loan from AEI. See Note 11 of Notes to Consolidated Financial Statements.

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

Members of the Kim family own all the outstanding shares of The Electronics Boutique, Inc. (the "Electronics Boutique"). The Company and the Electronics Boutique currently are parties to a loan agreement under which the Electronics Boutique may borrow funds at market rates from the Company, subject to the Company's consent. Since the beginning of the 1996 fiscal year, the maximum amount outstanding under such agreement in the ordinary course of business of the Electronics Boutique's business has been \$ million. In addition, in 1996, the Electronics Boutique borrowed \$50 million from AEI in connection with a contemplated acquisition. However, this acquisition was abandoned by the Electronics Boutique and the \$50 million was repaid to AEI within eleven working days of the date it was borrowed. Finally, the Company has guaranteed certain vendor obligations and a line of credit of the Electronics Boutique, which total approximately \$20.6 million and \$9.8 million, respectively. See Note 11 of Notes to Consolidated Financial Statements.

The Company leases office space located in West Chester, Pennsylvania from the Kim Family Trusts. The monthly rent pursuant to such lease is \$92,000. The Company sub-leases a portion of this office space to Forte for which the monthly rent is \$43,000. See Note 11 of Notes to Consolidated Financial Statements.

Louis J. Siana is a partner in the accounting firm of Siana Carr & O'Connor, LLP which, prior to the appointment of Arthur Andersen LLP, served as the independent auditors for certain of the Company's predecessors and subsidiaries, including AEI. These entities collectively paid Siana Carr & O'Connor, LLP \$236,000 and \$158,000 for such services, in fiscal 1996 and the nine months ended September 30, 1997, respectively.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of the date of this Prospectus, and as adjusted to reflect the sale of the shares of Common Stock offered hereby, by (i) each person or entity who is known by the Company to own beneficially 5% or more of the Company's outstanding Common Stock; (ii) each director of the Company; (iii) each of the Named Executive Officers; and (iv) all directors and executive officers of the Company as a group.

NAME AND ADDRESS	PRIOR TO OFFERING		NUMBER OF SHARES OFFERED	OFFERING(1)	
	NUMBER	PERCENT		NUMBER	PERCENT
James J. and Agnes C. Kim..... 1345 Enterprise Drive West Chester, PA 19380	29,750,000	35.0%			
David D. Kim Trust of December 31, 1987(2)..... 1500 E. Lancaster Avenue Paoli, PA 19301	17,620,000	20.7			
John T. Kim Trust of December 31, 1987(2)..... 1500 E. Lancaster Avenue Paoli, PA 19301	17,620,000	20.7			
Susan Y. Kim Trust of December 31, 1987(2)(3).... 1500 E. Lancaster Avenue Paoli, PA 19301	17,620,000	20.7			
Thomas D. George.....	--	--	--	--	--
Gregory K. Hinckley.....	--	--	--	--	--
Louis J. Siana.....	--	--	--	--	--
John N. Boruch.....	--	--	--	--	--
Eric R. Larson.....	--	--	--	--	--
Frank J. Marcucci.....	--	--	--	--	--
Michael D. O'Brien.....	--	--	--	--	--
All directors and executive officers as a group (8 persons).....	29,750,000	35.0%			

(1) Assumes no exercise of the Underwriters' over-allotment options. The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any share as to which the individual or entity has voting power or investment power. Unless otherwise indicated, each person or entity has sole voting and investment power with respect to shares shown as beneficially owned.

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

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

DESCRIPTION OF CAPITAL STOCK

GENERAL

Upon the closing of the Offerings, the Company will be authorized to issue 500,000,000 shares of Common Stock, \$.001 par value, and 10,000,000 shares of Preferred Stock, \$.001 par value. Immediately after the closing of the Offerings and assuming no exercise of the Underwriters' over-allotment options, the Company estimates there will be an aggregate of _____ shares of Common Stock outstanding, _____ shares of Common Stock will be issuable upon exercise of outstanding options _____ shares of Common Stock have been reserved for issuance upon conversion of the Convertible Notes and 5,000 shares of Preferred Stock will be issued and outstanding.

The following description of the Company's capital stock does not purport to be complete and is subject to and qualified in its entirety by the Certificate of Incorporation and the Bylaws, which are included as exhibits to the Registration Statement of which this Prospectus forms a part, and by the provisions of applicable Delaware law.

The Certificate of Incorporation and the Bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and which may have the effect of delaying, deferring, or preventing a future takeover or change in control of the Company unless such takeover or change in control is approved by the Board of Directors.

COMMON STOCK

Holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Common Stock do not have cumulative voting rights, and, therefore, holders of a majority of the shares voting for the election of directors can elect all of the directors. In such event, the holders of the remaining shares will not be able to elect any directors. See "Risk Factors -- Benefits of the Offerings to Existing Stockholders; Continued Control by Existing Stockholders."

Holders of the Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefor, subject to the terms of any existing or future agreements between the Company and its debtholders. The Company has never declared or paid cash dividends on its capital stock, expects to retain future earnings, if any, for use in the operation and expansion of its business, and does not anticipate paying any cash dividends in the foreseeable future. See "Dividend Policy." In the event of the liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets legally available for distribution after payment of all debts and other liabilities and subject to the prior rights of any holders of Preferred Stock then outstanding.

PREFERRED STOCK

The Company's Board of Directors is authorized to issue 9,995,000 shares of Preferred Stock in one or more series and to fix the price, rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting a series or the designation of such series, without any further vote or action by the Company's stockholders. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or making more difficult a change in control of the Company and may adversely affect the market price of, and the voting and other rights of, the holders of Common Stock. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of Common Stock, including the loss of voting control to others. The Company has no current plans to issue any additional shares of Preferred Stock. See "Risk Factors -- Anti-takeover Effects of Delaware Law and Certain Charter Provisions."

EFFECT OF DELAWARE ANTITAKEOVER STATUTE

The Company is subject to Section 203 of the Delaware General Corporation Law (the "Antitakeover Law"), which regulates corporate acquisitions. The Antitakeover Law prevents certain Delaware corporations, including those whose securities are listed for trading on the Nasdaq National Market System, from engaging, under certain circumstances in a "business combination" with any "interested stockholder" for three years following the date that such stockholder became an interested stockholder. For purposes of the Antitakeover Law, a "business combination" includes, among other things, a merger or consolidation involving the Company and the interested shareholder and the sale of more than 10% of the Company's assets. In general, the Antitakeover Law defines an "interested stockholder" as any entity or person beneficially owning

15% or more the outstanding voting stock of the Company and any entity or person affiliated with or controlling or controlled by such entity or person. A Delaware corporation may "opt out" of the Antitakeover Law with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by the holders of at least a majority of the Company's outstanding voting shares. The Company has not "opted out" of the provisions of the Antitakeover Law. See "Risk Factors -- Antitakeover Effects of Delaware Law and Certain Charter Provisions."

TRANSFER AGENT

The Transfer Agent and Registrar for the Common Stock is First Chicago Trust Company of New York Shareholder Services, 525 Washington Boulevard, Jersey City, NJ 07310; telephone (201) 324-0014.

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DESCRIPTION OF CONVERTIBLE NOTES

The Convertible Notes will be issued under an indenture to be dated as of _____, 1998 (the "Indenture") between the Company and _____, as trustee (the "Trustee"), a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus forms a part. The terms of the Convertible Notes will include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"), as in effect on the date of the Indenture. The Convertible Notes will be subject to all such terms, and holders of the Convertible Notes are referred to the Indenture and the TIA for a statement of such terms. The following is a summary of important terms of the Convertible Notes and does not purport to be complete. Reference should be made to all provisions of the Indenture, including the definitions therein of certain terms and all terms made a part of the Indenture by reference to the TIA. Certain definitions of terms used in the following summary are set forth under "-- Certain Definitions" below. As used in this section, the "Company" means Amkor Technology, Inc., but not any of its Subsidiaries, unless the context requires otherwise.

GENERAL

The Convertible Notes will be general unsecured subordinated obligations of the Company, will mature on _____, 2003 (the "Maturity Date"), and will be limited to an aggregate principal amount of \$150,000,000 (\$172,500,000 if the Underwriters' over-allotment option is exercised). The Convertible Notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in fully registered form. The Convertible Notes are exchangeable and transfers thereof will be registrable without charge therefor, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge in connection therewith.

The Convertible Notes will accrue interest at a rate of _____ % per annum from _____, 1998, or from the most recent interest payment date to which interest has been paid or duly provided for, and accrued and unpaid interest will be payable semi-annually in arrears on _____ and _____ of each year beginning _____, 1998. Interest will be paid to the person in whose name a Convertible Note is registered at the close of business on the _____ or _____ immediately preceding the relevant interest payment date (other than

with respect to a Convertible Note or portion thereof called for redemption on a redemption date, or repurchased in connection with a Designated Event on a repurchase date, during the period from a record date to (but excluding) the next succeeding interest payment date (in which case accrued interest shall be payable (unless such Convertible Note or portion thereof is converted) to the holder of the Convertible Note or portion thereof redeemed or repurchased)). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, premium, if any, and interest on the Convertible Notes will be payable at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest may be made by check mailed to the holders of the Convertible Notes at their respective addresses set forth in the register of holders of Convertible Notes. Until otherwise designated by the Company, the Company's office or agency maintained for such purpose will be the principal corporate trust office of the Trustee.

CONVERSION

The holders of Convertible Notes will be entitled at any time on or before the close of business on the last trading day prior to the Maturity Date of the Convertible Notes, subject to prior redemption or repurchase, to convert any Convertible Notes or portions thereof (in denominations of \$1,000 or multiples thereof) into Common Stock of the Company, at the conversion price of \$ _____ per share of Common Stock, subject to adjustment as described below (the "Conversion Price"). Except as described below, no adjustment will be made on conversion of any Convertible Notes for interest accrued thereon or for dividends on any Common Stock issued. If Convertible Notes not called for redemption are converted after a record date for the payment of interest and prior to the next succeeding interest payment date, such Convertible Notes must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted. The Company is not required to issue fractional shares of Common Stock upon

conversion of Convertible Notes and, in lieu thereof, will pay a cash adjustment based upon the market price of the Common Stock on the last trading day prior to the date of conversion. In the case of Convertible Notes called for redemption, conversion rights will expire at the close of business on the trading day preceding the date fixed for redemption, unless the Company defaults in payment of the redemption price, in which case the conversion right will terminate at the close of business on the date such default is cured. In the event any holder exercises its right to require the Company to repurchase Notes upon a Designated Event, such holder's conversion right will terminate. See "-- Repurchase at Option of Holders Upon a Designated Event."

The right of conversion attaching to any Convertible Note may be exercised by the holder by delivering the Convertible Note at the specified office of a conversion agent, accompanied by a duly signed and completed notice of conversion, together with any funds that may be required as described in the preceding paragraph. The conversion date shall be the date on which the Convertible Note, the duly signed and completed notice of conversion, and any funds that may be required as described in the preceding paragraph shall have been so delivered. A holder delivering a Convertible Note for conversion will not be required to pay any taxes or duties payable in respect of the issue or

delivery of Common Stock on conversion, but will be required to pay any tax or duty which may be payable in respect of any transfer involved in the issue or delivery of the Common Stock in a name other than the holder of the Convertible Note. Certificates representing shares of Common Stock will not be issued or delivered unless all taxes and duties, if any, payable by the holder have been paid.

The Conversion Price is subject to adjustment (under formulae set forth in the Indenture) in certain events, including: (i) the issuance of Common Stock as a dividend or distribution on Common Stock; (ii) certain subdivisions and combinations of the Common Stock; (iii) the issuance to all or substantially all holders of Common Stock of certain rights or warrants to purchase Common Stock; (iv) the dividend or other distribution to all holders of Common Stock of shares of capital stock of the Company (other than Common Stock) or evidences of indebtedness of the Company or assets (including securities, but excluding those rights, warrants, dividends and distributions referred to above and dividends and distributions in connection with the liquidation, dissolution or winding up of the Company or paid exclusively in cash); (v) dividends or other distributions consisting exclusively of cash (excluding any cash portion of distributions referred to in clause (iv)) to all holders of Common Stock to the extent such distributions, combined together with (A) all such all-cash distributions made within the preceding 12 months in respect of which no adjustment has been made plus (B) any cash and the fair market value of other consideration payable in respect of any tender offers by the Company or any of its Subsidiaries for Common Stock concluded within the preceding 12 months in respect of which no adjustment has been made, exceeds 15% of the Company's market capitalization (being the product of the then current market price of the Common Stock times the number of shares of Common Stock then outstanding) on the record date for such distribution; and (vi) the purchase of Common Stock pursuant to a tender offer made by the Company or any of its subsidiaries to the extent that the aggregate consideration, together with (X) any cash and the fair market value of any other consideration payable in any other tender offer expiring within 12 months preceding such tender offer in respect of which no adjustment has been made plus (Y) the aggregate amount of any such all-cash distributions referred to in clause (v) above to all holders of Common Stock within the 12 months preceding the expiration of such tender offer in respect of which no adjustments have been made, exceeds 15% of the Company's market capitalization on the expiration of such tender offer.

In the case of (i) any reclassification or change of the Common Stock or (ii) a consolidation, merger or combination involving the Company or a sale or conveyance to another corporation of the property and assets of the Company as an entirety or substantially as an entirety, in each case as a result of which holders of Common Stock shall be entitled to receive stock, other securities, other property or assets (including cash) with respect to or in exchange for such Common Stock, the holders of the Convertible Notes then outstanding will be entitled thereafter to convert such Convertible Notes into the kind and amount of shares of stock, other securities or other property or assets, which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, combination, sale or conveyance had such Convertible Notes been converted into Common Stock immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance (assuming, in a case in which the Company's stockholders may exercise

rights of election, that a holder of Convertible Notes would not have exercised any rights of election as to the stock, other securities or other property or assets receivable in connection therewith and received per share the kind and amount received per share by a plurality of non-electing shares). Certain of the

foregoing events may also constitute or result in a Designated Event requiring the Company to offer to repurchase the Convertible Notes. See "-- Repurchase at Option of Holders Upon a Designated Event."

In the event of a taxable distribution to holders of Common Stock (or other transaction) that results in any adjustment of the Conversion Price, the holders of Convertible Notes may, in certain circumstances, be deemed to have received a distribution subject to United States income tax as a dividend; in certain other circumstances, the absence of such an adjustment may result in a taxable dividend to the holders of Common Stock. See "Certain Federal Income Tax Consequences to Holders of Common Stock and Convertible Notes."

The Company from time to time may, to the extent permitted by law, reduce the Conversion Price of the Convertible Notes by any amount for any period of at least 20 days, in which case the Company shall give at least 15 days' notice of such decrease, if the Board of Directors has made a determination that such decrease would be in the best interests of the Company, which determination shall be conclusive. The Company may, at its option, make such reductions in the Conversion Price, in addition to those set forth above, as the Board of Directors deems advisable to avoid or diminish any income tax to holders of Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. See "Certain Federal Income Tax Consequences to Holders of Common Stock and Convertible Notes."

No adjustment in the Conversion Price will be required unless such adjustment would require a change of at least 1% of the Conversion Price then in effect; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated above, the Conversion Price will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing.

SUBORDINATION

The payment of principal of, premium, if any, and interest on the Convertible Notes will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full in cash or other payment satisfactory to the Senior Debt of all Senior Debt, whether outstanding on the date of the Indenture or thereafter incurred. Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities, the holders of Senior Debt will be entitled to receive payment in full in cash or other payment satisfactory to the Senior Debt of all Senior Debt of all obligations in respect of such Senior Debt before the holders of Convertible Notes will be entitled to receive any payment with respect to the Convertible Notes.

In the event of any acceleration of the Convertible Notes because of an Event of Default, the holders of any Senior Debt then outstanding will be entitled to payment in full in cash or other payment satisfactory to the holders of such Senior Debt of all obligations in respect of such Senior Debt before the holders of the Convertible Notes are entitled to receive any payment or distribution in respect thereof. If payment of the Convertible Notes is accelerated because of an Event of Default, the Company or the Trustee shall

promptly notify the holders of Senior Debt or the trustee(s) for such Senior Debt of the acceleration. The Company may not pay the Convertible Notes until five business days after such holders or trustee(s) of Senior Debt receive notice of such acceleration and, thereafter, may pay the Convertible Notes only if the subordination provisions of the Indenture otherwise permit payment at that time.

The Company also may not make any payment upon or in respect of the Convertible Notes if (i) a default in the payment of the principal of, premium, if any, interest, rent or other obligations in respect of Senior Debt occurs and is continuing beyond any applicable period of grace or (ii) any other default occurs and is continuing with respect to Designated Senior Debt that permits holders of the Designated Senior Debt as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default

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(a "Payment Blockage Notice") from the Company or other person permitted to give such notice under the Indenture. Payments on the Convertible Notes may and shall be resumed (a) in the case of a payment default, upon the date on which such default is cured or waived and (b) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received. No new period of payment blockage may be commenced unless and until 365 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

By reason of the subordination provisions described above, in the event of the Company's liquidation or insolvency, holders of Senior Debt may receive more, ratably, and holders of the Convertible Notes may receive less, ratably, than the other creditors of the Company. Such subordination will not prevent the occurrences of any Event of Default under the Indenture.

The Convertible Notes are obligations exclusively of the Company. However, since the operations of the Company are primarily conducted through Subsidiaries, the cash flow and the consequent ability of the Company to service its debt, including the Convertible Notes, are primarily dependent upon the earnings of its Subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those Subsidiaries to, the Company. The payment of dividends and the making of loans and advances to the Company by its Subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those Subsidiaries and are subject to various business considerations.

Any right of the Company to receive assets of any of its Subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the Convertible Notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors (including trade creditors), except to the extent that the Company is itself recognized as a creditor of such Subsidiary, in which case the claims of the Company would still be subordinate to any security interests in the assets of such Subsidiary and any indebtedness of such Subsidiary senior to that held by the Company.

As of _____, 1997, the Company had approximately \$ _____ million of indebtedness outstanding that would have constituted Senior Debt (excluding accrued interest and Senior Debt constituting liabilities of a type not required to be reflected as a liability on the balance sheet of the Company in accordance with GAAP. As of _____, 1997, there was also outstanding approximately \$ _____ million of indebtedness and other obligations of Subsidiaries of the Company (excluding intercompany liabilities and liabilities of a type not required to be reflected as a liability on the balance sheet of such subsidiaries in accordance with GAAP) as to which the Convertible Notes would have been structurally subordinated. The Indenture will not limit the amount of additional indebtedness, including Senior Debt, that the Company can create, incur, assume or guarantee, nor will the Indenture limit the amount of indebtedness and other liabilities that any Subsidiary can create, incur, assume or guarantee.

In the event that, notwithstanding the foregoing, the Trustee or any holder of Convertible Notes receives any payment or distribution of assets of the Company of any kind in contravention of any of the terms of the Indenture, whether in cash, property or securities, including, without limitation by way of set-off or otherwise, in respect of the Convertible Notes before all Senior Debt is paid in full, then such payment or distribution will be held by the recipient in trust for the benefit of holders of Senior Debt, and will be immediately paid over or delivered to the holders of Senior Debt or their representative or representatives to the extent necessary to make payment in full of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution, or provision therefor, to or for the holders of Senior Debt.

OPTIONAL REDEMPTION

The Convertible Notes may not be redeemed by the Company prior to _____, 2001. The Convertible Notes may be redeemed at the option of the Company, in whole or from time to time in part, on not less than 15 nor more than 60 days' prior written notice to the holders thereof by first class mail, at the following redemption prices (expressed as percentages of principal amount) if redeemed during the 12-month period beginning _____ of each year indicated (_____ with respect to 2001), plus accrued and unpaid

interest to the date fixed for redemption, if the closing price of the Common Stock on the principal stock exchange or market on which the Common Stock is then quoted or admitted to trading equals or exceeds 125% of the Conversion Price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the date the notice of redemption is first mailed to the holders of the Convertible Notes:

YEAR	REDEMPTION PRICE
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2001.....	
2002.....	

If less than all the Convertible Notes are to be redeemed at any time, selection of Convertible Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Convertible Notes are listed or, if the Convertible Notes are not so listed, on a pro rata basis by lot or by any other method that the Trustee considers fair and appropriate. The Trustee may select for redemption a portion of the principal of any Convertible Note that has a denomination larger than \$1,000. Convertible Notes and portions thereof will be redeemed in the amount of \$1,000 or integral multiples of \$1,000. The Trustee will make the selection from Convertible Notes outstanding and not previously called for redemption; provided that if a portion of a holder's Convertible Notes are selected for partial redemption and such holder converts a portion of such Convertible Notes, such converted portion shall be deemed to be taken from the portion selected for redemption.

Provisions of the Indenture that apply to the Convertible Notes called for redemption also apply to portions of the Convertible Notes called for redemption. If any Convertible Note is to be redeemed in part, the notice of redemption will state the portion of the principal amount to be redeemed. Upon surrender of a Convertible Note that is redeemed in part only, the Company will execute and the Trustee will authenticate and deliver to the holder a new Convertible Note equal in principal amount to the unredeemed portion of the Convertible Note surrendered.

On and after the redemption date, unless the Company shall default in the payment of the redemption price, interest will cease to accrue on the principal amount of the Convertible Notes or portions thereof called for redemption and for which funds have been set apart for payment. In the case of Convertible Notes or portions thereof redeemed on a redemption date which is also a regularly scheduled interest payment date, the interest payment due on such date shall be paid to the person in whose name the Note is registered at the close of business on the relevant record date.

REPURCHASE AT OPTION OF HOLDERS UPON A DESIGNATED EVENT

Upon the occurrence of a Designated Event, each holder of Convertible Notes will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of such holder's Convertible Notes pursuant to the offer described below (the "Designated Event Offer") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the date of purchase (the "Designated Event Payment"). Within 20 days following any Designated Event, the Company will mail a notice to each holder describing the transaction or transactions that constitute the Designated Event and offering to repurchase Convertible Notes pursuant to the procedures required by the Indenture and described in such notice.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Convertible Notes as a result of a Designated Event. Rule 13e-4 under the Exchange Act requires, among other things, the dissemination of

certain information to security holders in the event of an issuer tender offer and may apply in the event that the repurchase option becomes available to holders of the Convertible Notes. The Company will comply with this rule to the extent applicable at that time.

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On the date specified for payment of the Designated Event Payment (the "Designated Event Payment Date"), the Company will, to the extent lawful, (1) accept for payment all Convertible Notes or portions thereof properly tendered pursuant to the Designated Event Offer, (2) deposit with the paying agent an amount equal to the Designated Event Payment in respect of all Convertible Notes or portions thereof so tendered and (3) deliver or cause to be delivered to the Trustee the Convertible Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Convertible Notes or portions thereof being purchased by the Company. The paying agent will promptly mail to each holder of Convertible Notes so accepted the Designated Event Payment for such Convertible Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Convertible Note equal in principal amount to any unpurchased portion of the Convertible Notes surrendered, if any; provided that each such new Convertible Note will be in a principal amount of \$1,000 or an integral multiple thereof.

The foregoing provisions would not necessarily afford holders of the Convertible Notes protection in the event of highly leveraged or other transactions involving the Company that may adversely affect holders.

The right to require the Company to repurchase Convertible Notes as a result of a Designated Event could have the effect of delaying, deferring or preventing a Change of Control or other attempts to acquire control of the Company unless arrangements have been made to enable the Company to repurchase all the Convertible Notes at the Designated Event Payment Date. Consequently, this right may render more difficult or discourage a merger, consolidation or tender offer (even if such transaction is supported by the Company's Board of Directors or is favorable to the stockholders), the assumption of control by a holder of a large block of the Company's shares and the removal of incumbent management.

Except as described above with respect to a Designated Event, the Indenture does not contain provisions that permit the holders of the Convertible Notes to require that the Company repurchase or redeem the Convertible Notes in the event of a takeover, recapitalization or similar restructuring. Subject to the limitation on mergers and consolidations described below, the Company, its management or its Subsidiaries could in the future enter into certain transactions, including refinancings, certain recapitalizations, acquisitions, the sale of all or substantially all of its assets, the liquidation of the Company or similar transactions, that would not constitute a Designated Event under the Indenture, but that would increase the amount of Senior Debt (or any other indebtedness) outstanding at such time or substantially reduce or eliminate the Company's assets. There are no restrictions in the Indenture on the creation of Senior Debt (or any other indebtedness) and, under certain circumstances, the incurrence of significant amounts of additional indebtedness could have an adverse effect on the Company's ability to service its indebtedness, including the Convertible Notes.

The terms of the Company's existing or future credit or other agreements

relating to indebtedness (including Senior Debt) may prohibit the Company from purchasing any Convertible Notes and may also provide that a Designated Event, as well as certain other change-of-control events with respect to the Company, would constitute an event of default thereunder. In the event a Designated Event occurs at a time when the Company is prohibited from purchasing Convertible Notes, the Company could seek the consent of its lenders to the purchase of Convertible Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company would remain prohibited from purchasing Convertible Notes. In such case, the Company's failure to purchase tendered Convertible Notes would constitute an Event of Default under the Indenture, which may, in turn, constitute a further default under the terms of other indebtedness that the Company has entered into or may enter into from time to time. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of Convertible Notes.

A "Designated Event" will be deemed to have occurred upon a Change of Control or a Termination of Trading.

A "Change of Control" will be deemed to have occurred when: (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of shares representing more than 50% of the combined voting power of the then outstanding securities entitled to vote generally in elections of directors of the Company ("Voting Stock"), (ii) the Company consolidates with or merges into any other corporation, or

conveys, transfers, or leases all or substantially all of its assets to any person, or any other corporation merges into the Company, and, in the case of any such transaction, the outstanding Common Stock of the Company is changed or exchanged as a result, unless the stockholders of the Company immediately before such transaction own, directly or indirectly immediately following such transaction, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction, or (iii) any time the Continuing Directors do not constitute a majority of the Board of Directors of the Company (or, if applicable, a successor corporation to the Company); provided that a Change of Control shall not be deemed to have occurred if either (x) the last sale price of the Common Stock for any five trading days during the ten trading days immediately preceding the Change of Control is at least equal to 105% of the Conversion Price in effect on the date of such Change of Control or (y) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Change of Control consists of shares of common stock that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States.

The definition of Change of Control includes a phrase relating to the lease, transfer or conveyance of "all or substantially all" of the assets of the Company. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Convertible Notes to require the Company to repurchase such Convertible Notes as a result of a lease, transfer or conveyance of less than all of the assets of the Company to another person or group may be uncertain.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the date of the Indenture or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

A "Termination of Trading" will be deemed to have occurred if the Common Stock (or other common stock into which the Convertible Notes are then convertible) is neither listed for trading on a United States national securities exchange nor approved for trading on an established automated over-the-counter trading market in the United States.

MERGER AND CONSOLIDATION

The Indenture will provide that the Company may not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another corporation, person or entity as an entirety or substantially as an entirety unless (a) the Company is the surviving corporation or the entity or the person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia; (b) the entity or person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Convertible Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (c) immediately after such transaction no Default or Event of Default exists; and (d) the Company or such person shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such transaction and the supplemental indenture comply with the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Company, the capital stock of which constitutes all or substantially all of the properties and assets of the

Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Upon any such consolidation, merger, sale, assignment, conveyance, lease, transfer or other disposition in accordance with the foregoing, the successor person formed by such consolidation or into which the Company is merged or to

which such sale, assignment, conveyance, lease, transfer or other disposition is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if such successor had been named as the Company therein, and thereafter (except in the case of a sale, assignment, transfer, lease, conveyance or other disposition) the predecessor corporation will be relieved of all further obligations and covenants under the Indenture and the Convertible Notes.

EVENTS OF DEFAULT AND REMEDIES

An Event of Default is defined in the Indenture as being (i) default in payment of the principal of, or premium, if any, on the Convertible Notes, whether or not such payment is prohibited by the subordination provisions of the Indenture; (ii) default for 30 days in payment of any installment of interest on the Convertible Notes, whether or not such payment is prohibited by the subordination provisions of the Indenture; (iii) default by the Company for 60 days after notice in the observance or performance of any other covenants in the Indenture; (iv) default in the payment of the Designated Event Payment in respect of the Note on the date therefor, whether or not such payment is prohibited by the subordination provisions of the Indenture; (v) failure to provide timely notice of a Designated Event; (vi) failure of the Company or any Material Subsidiary to make any payment at maturity, including any applicable grace period, in respect of indebtedness for borrowed money of, or guaranteed or assumed by, the Company or any Material Subsidiary, which payment is in an amount in excess of \$20,000,000, and continuance of such failure for 30 days after notice; (vii) default by the Company or any Material Subsidiary with respect to any such indebtedness, which default results in the acceleration of any such indebtedness of an amount in excess of \$20,000,000 without such indebtedness having been paid or discharged or such acceleration having been cured, waived, rescinded or annulled for 30 days after notice; or (viii) certain events involving bankruptcy, insolvency or reorganization of the Company or any Material Subsidiary.

If an Event of Default (other than an Event of Default specified in clause (viii) above with respect to the Company) occurs and is continuing, then and in every such case the Trustee, by written notice to the Company, or the holders of not less than 25% in aggregate principal amount of the then outstanding Convertible Notes, by written notice to the Company and the Trustee, may declare the unpaid principal of, premium, if any, and accrued and unpaid interest on all the Convertible Notes then outstanding to be due and payable. Upon such declaration, such principal amount, premium, if any, and accrued and unpaid interest will become immediately due and payable, notwithstanding anything contained in the Indenture or the Convertible Notes to the contrary, but subject to the provisions limiting payment described in "-- Subordination." If any Event of Default specified in clause (viii) above occurs with respect to the Company, all unpaid principal of, and premium, if any, and accrued and unpaid interest on the Convertible Notes then outstanding will automatically become due and payable, subject to the provisions described in "-- Subordination," without any declaration or other act on the part of the Trustee or any holder of Convertible Notes.

Holder of the Convertible Notes may not enforce the Indenture or the Convertible Notes except as provided in the Indenture. Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee an indemnity satisfactory to it against any loss, liability or expense. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding Convertible Notes have the right to direct the time, method and

place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. If a Default or Event of Default occurs and is continuing and is known to the Trustee, the Indenture requires the Trustee to mail a notice of Default or Event of Default to each holder within 60 days of the occurrence of such Default or Event of Default, provided, however, that the Trustee may withhold from the holders notice of any continuing Default or Event of Default

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(except a Default or Event of Default in the payment of principal of, premium, if any or interest on the Convertible Notes) if it determines that withholding notice is in their interest. The holders of a majority in aggregate principal amount of the Convertible Notes then outstanding by notice to the Trustee may rescind any acceleration of the Convertible Notes and its consequences if all existing Events of Default (other than the nonpayment of principal of, premium, if any, and interest on the Convertible Notes that has become due solely by virtue of such acceleration) have been cured or waived and if the rescission would not conflict with any judgment or decree of any court of competent jurisdiction. No such rescission shall affect any subsequent Default or Event of Default or impair any right consequent thereto.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Convertible Notes pursuant to the optional redemption provisions of the Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Convertible Notes. If an Event of Default occurs prior to any date on which the Company is prohibited from redeeming the Convertible Notes by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Convertible Notes prior to such date, then the premium specified in the Indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the Convertible Notes.

The holders of a majority in aggregate principal amount of the Convertible Notes then outstanding may, on behalf of the holders of all the Convertible Notes, waive any past Default or Event of Default under the Indenture and its consequences, except Default in the payment of principal of, premium, if any, or interest on the Convertible Notes (other than the non-payment of principal of, premium, if any, and interest on the Convertible Notes that has become due solely by virtue of an acceleration that has been duly rescinded as provided above) or in respect of a covenant or provision of the Indenture that cannot be modified or amended without the consent of all holders of Convertible Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture and the Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

BOOK-ENTRY; DELIVERY AND FORM

The Convertible Notes will be issued in the form of one or more global

notes (the "Global Note") deposited with, or on behalf of, DTC and registered in the name of Cede & Co. as DTC's nominees, or will remain in the custody of the Trustee pursuant to a FAST Balance Certificate Agreement between DTC and the Trustee. Owners of beneficial interests in the Convertible Notes represented by the Global Note will hold such interests pursuant to the procedures and practices of DTC and must exercise any rights in respect of their interests (including any right to convert or require repurchase of their interests) in accordance with those procedures and practices. Such beneficial owners will not be holders for purposes of the Indenture, and will not be entitled to any rights under the Global Note or the Indenture, with respect to the Global Note, and the Company and the Trustee, and any of their respective agents, may treat DTC as the sole holder and owner of the Global Note for all purposes under the Indenture.

DTC has advised the Company as follows: DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for its participants and facilitates the clearance and settlement of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of

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Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Commission.

Unless and until they are exchanged in whole or in part for certificated Convertible Notes in definitive form as set forth below, the Global Note may not be transferred except as a whole by DTC to a nominee of DTC, or by a nominee of DTC to DTC or another nominee of DTC.

The Convertible Notes represented by the Global Note will not be exchangeable for certificated Convertible Notes, provided that if DTC is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the Company within 90 days, the Company will issue individual Convertible Notes in definitive form in exchange for the Global Note. In addition, the Company may at any time in its sole discretion determine not to have a Global Note, and, in such event, will issue individual Convertible Notes in definitive form in exchange for the Global Note previously representing all such Convertible Notes. In either instance, an owner of a beneficial interest in a Global Note will be entitled to physical delivery of Convertible Notes in definitive form equal in principal amount to such beneficial interest and to have such Convertible Notes registered in its name. Individual Convertible Notes so issued in definitive form will be issued in denominations of \$1,000 and any larger amount that is an integral multiple of \$1,000 and will be issued in registered form only, without coupons.

The laws of some states require that certain persons take physical delivery in definite form of securities that they own and that security interests in negotiable instruments can only be perfected by delivery of certificates representing the instruments. Consequently, the ability to transfer Convertible Notes evidenced by the Global Note will be limited to such extent.

Payments of principal of and interest on the Convertible Notes will be made by the Company through the Trustee to DTC or its nominee, as the case may be, as the registered owner of the Global Note. Neither the company nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that DTC, upon receipt of any payment of principal or interest in respect of the Global Note, will credit the accounts of the related participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in the Global Note as shown on the records of DTC. The Company also expects that payments by participants to owners of beneficial interests in the Global Note will be covered by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participants.

So long as the Convertible Notes are represented by a Global Note, DTC or its nominee will be the only entity that can exercise a right to repayment pursuant to the holder's option to elect repayment of its Convertible Notes or the right of conversion of the Convertible Notes. Notice by participants or by owners of beneficial interests in a Global Note held through such participants of the exercise of the option to elect repayment, or the right of conversion, of beneficial interests in Convertible Notes represented by the Global Note must be transmitted to DTC in accordance with its procedures on a form required by DTC and provided to participants. In order to ensure that DTC's nominee will timely exercise a right to repayment, or the right of conversion, with respect to a particular Convertible Note, the beneficial owner of such Convertible Notes must instruct the broker or other participant through which it holds an interest in such Convertible Notes to notify DTC of its desire to exercise a right to repayment, or the right of conversion. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other participant through which it holds an interest in a Convertible Note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to DTC. The Company will not be liable for any delay in delivery of such notice to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable. The Company will have no responsibility for the

performance by DTC or its participants of their respective obligations as described hereunder or under the rules and procedures governing their respective operations.

Neither the Company nor the Trustee shall be liable for any delay by DTC or any participant or indirect participant in DTC in identifying the beneficial owners of the Convertible Notes, and the Company and the Trustee may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Convertible Notes to be issued).

AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next two succeeding paragraphs, the Indenture or the Convertible Notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Convertible Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for Convertible Notes), and any existing default or compliance with any provision of the Indenture or the Convertible Notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding Convertible Notes (including consents obtained in connection with a tender offer or exchange offer for Convertible Notes).

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Convertible Notes held by a non-consenting holder): (a) reduce the principal amount of Convertible Notes whose holders must consent to an amendment, supplement or waiver, (b) reduce the principal of or change the fixed maturity of any Convertible Note or, other than as set forth in the next paragraph, alter the provisions with respect to the redemption of the Convertible Notes, (c) reduce the rate of or change the time for payment of interest on any Convertible Notes, (d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Convertible Notes (except a rescission of acceleration of the Convertible Notes by the holders of at least a majority in aggregate principal amount of the Convertible Notes and a waiver of the payment default that resulted from such acceleration), (e) make any Convertible Note payable in money other than that stated in the Indenture and the Convertible Notes, (f) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Convertible Notes to receive payments of principal of, premium, if any, or interest on the Convertible Notes, (g) waive a redemption payment with respect to any Convertible Note, (h) make any change in the foregoing amendment and waiver provisions or (i) except as permitted by the Indenture, increase the Conversion Price or, other than as set forth in the next paragraph, modify the provisions of the Indenture relating to conversion of the Convertible Notes in a manner adverse to the holders thereof. In addition, any amendment to the provisions of Article 11 of the Indenture (which relate to subordination) will require the consent of the holders of at least 75% in aggregate principal amount of the Convertible Notes then outstanding if such amendment would adversely affect the rights of holders of Convertible Notes.

Notwithstanding the foregoing, without the consent of any holder of Convertible Notes, the Company and the Trustee may amend or supplement the Indenture or the Convertible Notes to (a) cure any ambiguity, defect or inconsistency provided such amendment does not materially and adversely affect the Convertible Notes, (b) provide for uncertificated Convertible Notes in addition to or in place of certificated Convertible Notes, (c) provide for the assumption of the Company's obligations to holders of Convertible Notes in the circumstances required under the Indenture as described under "-- Merger and Consolidation," (d) provide for conversion rights of holders of Convertible Notes in certain events such as a consolidation, merger or sale of all or substantially all of the assets of the Company, (e) reduce the Conversion Price, (f) make any change that would provide any additional rights or benefits to the holders of Convertible Notes or that does not adversely affect the legal rights under the Indenture of any such holder, or (g) comply with requirements of the

Commission in order to effect or maintain the qualification of the Indenture under the TIA.

SATISFACTION AND DISCHARGE

The Company may discharge its obligations under the Indenture while Convertible Notes remain outstanding if (i) all outstanding Convertible Notes will become due and payable at their scheduled maturity

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within one year or (ii) all outstanding Convertible Notes are scheduled for redemption within one year, and, in either case, the Company has (a) deposited with the Trustee an amount sufficient to pay and discharge all outstanding Convertible Notes on the date of their scheduled maturity or the scheduled date of redemption and (b) paid all other sums then payable by the Company under the Indenture.

GOVERNING LAW

The Indenture will provide that the Convertible Notes will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law.

TRANSFER AND EXCHANGE

A holder may transfer or exchange Convertible Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Convertible Note selected for redemption or repurchase. Also, the Company is not required to transfer or exchange any Convertible Note for a period of 15 days before a selection of Convertible Notes to be redeemed.

The registered holder of a Convertible Note will be treated as the owner of it for all purposes.

THE TRUSTEE

The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. In case an Event of Default shall occur (and shall not be cured) and holders of the Convertible Notes have notified the Trustee, the Trustee will be required to exercise its powers with the degree of care and skill of a prudent person in the conduct of such person's own affairs. Subject

to such provisions, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the holders of Convertible Notes, unless they shall have offered to the Trustee security and indemnity satisfactory to it.

The Indenture and the TIA will contain certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the TIA, the Trustee will be permitted to engage in other transactions, provided, however, that if it acquires any conflicting interest (as described in the TIA), it must eliminate such conflict or resign.

CERTAIN DEFINITIONS

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Debt" means any particular Senior Debt if the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Indebtedness shall be "Designated Senior Debt" for purposes of the Indenture (provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Debt to exercise the rights of Designated Senior Debt).

"Event of Default" has the meaning set forth under "-- Events of Default and Remedies" herein.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect from time to time.

"Indebtedness" means, with respect to any person, all obligations, whether or not contingent, of such person (i) (a) for borrowed money (including, but not limited to, any indebtedness secured by a security interest, mortgage or other lien on the assets of the Company that is (1) given to secure all or part of the purchase price of property subject thereto, whether given to the vendor of such property or to another, or (2) existing on property at the time of acquisition thereof), (b) evidenced by a note, debenture, bond or other written instrument, (c) under a lease required to be capitalized on the balance sheet of the lessee under

GAAP or under any lease or related document (including a purchase agreement) that provides that the Company is contractually obligated to purchase or cause a

third party to purchase and thereby guarantee a minimum residual value of the lease property to the lessor and the obligations of the Company under such lease or related document to purchase or to cause a third party to purchase such leased property, (d) in respect of letters of credit, bank guarantees or bankers' acceptances (including reimbursement obligations with respect to any of the foregoing), (e) with respect to Indebtedness secured by a mortgage, pledge, lien, encumbrance, charge or adverse claim affecting title or resulting in an encumbrance to which the property or assets of such person are subject, whether or not the obligation secured thereby shall have been assumed by or shall otherwise be such person's legal liability, (f) in respect of the balance of deferred and unpaid purchase price of any property or assets, (g) under interest rate or currency swap agreements, cap, floor and collar agreements, spot and forward contracts and similar agreements and arrangements; (ii) with respect to any obligation of others of the type described in the preceding clause (i) or under clause (iii) below assumed by or guaranteed in any manner by such person or in effect guaranteed by such person through an agreement to purchase (including, without limitation, "take or pay" and similar arrangements), contingent or otherwise (and the obligations of such person under any such assumptions, guarantees or other such arrangements); and (iii) any and all deferrals, renewals, extensions, refinancings and refundings of, or amendments, modifications or supplements to, any of the foregoing.

"Issue Date" means the date on which the Convertible Notes are originally issued under the Indenture.

"Material Subsidiary" means any Subsidiary of the Company which at the date of determination is a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X under the Securities Act and the Exchange Act.

"Maturity Date" means _____, 2003.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Person" means any individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, limited liability company or government or any agency or political subdivision thereof.

"Senior Debt" means the principal of, premium, if any, and interest on, rent under, and any other amounts payable on or in or in respect of any Indebtedness of the Company (including, without limitation, any Obligations in respect of such Indebtedness and, in the case of Designated Senior Debt, any interest accruing after the filing of a petition by or against the Company under any bankruptcy law, whether or not allowed as a claim after such filing in any proceeding under such bankruptcy law), whether outstanding on the date of the Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to the foregoing); provided, however, that Senior Debt does not include (v) Indebtedness evidenced by the Convertible Notes, (w) any liability for federal, state, local or other taxes owed or owing by the Company, (x) Indebtedness of the Company to any Subsidiary of the Company except to the extent such Indebtedness is of a type described in clause (ii) of the definition of Indebtedness, (y) trade payables of the Company for goods, services or materials purchased in the ordinary course of business (other than, to the extent they may otherwise constitute such trade

payables, any obligations of the type described in clause (ii) of the definition of Indebtedness), and (z) any particular Indebtedness in which the instrument creating or evidencing the same expressly provides that such Indebtedness shall not be senior in right of payment to, or is pari passu with, or is subordinated or junior to, the Convertible Notes.

"Subsidiary" means, with respect to any person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of that person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such person or a Subsidiary of such person or (b) the only general partners of which are such person or of one or more Subsidiaries of such person (or any combination thereof).

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SHARES ELIGIBLE FOR FUTURE SALE

Prior to the Offerings, there has been no market for the Common Stock and there is no assurance that a significant public market for the Common Stock will develop or be sustained after the Offerings. Sales of substantial amounts of Common Stock in the public market could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through the sale of its equity securities.

Upon the closing of the Offerings, the Company will have outstanding shares of Common Stock based upon shares outstanding as of , 1998. In addition to the shares of Common Stock offered hereby (if the Underwriters' over-allotment options are exercised in full), upon the closing of the Offerings, there will be shares of Common Stock issuable upon conversion of the Convertible Notes, all of which will be freely tradeable. In addition, in connection with market-making activities in the Convertible Notes, for a period up to months Smith Barney Inc. may from time to time borrow, return and reborrow up to 3.0 million shares of Common Stock from Mr. James Kim and Mrs. Agnes Kim of the Company pursuant to a securities loan agreement (the "Securities Loan Agreement"), which shares may from time to time be sold in the market in connection with such market-making activities pursuant to a Form S-1 registration statement (No. 333-) (the "Securities Loan Registration Statement") filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"). At the end of such period, the shares of Common Stock borrowed and returned to such affiliate (the "Control Shares") may be resold from time to time by such affiliate subject to certain volume, manner of sale and other restrictions described below under Rule 144 under the Securities Act. Excluding all such freely tradeable shares and Control Shares, approximately additional shares of Common Stock will be outstanding upon the closing of the Offerings, (excluding shares issuable upon the exercise of outstanding options), all of which are "restricted" shares (the "Restricted Shares") under the Securities Act. Such Restricted Shares may be sold only if registered under the Securities Act or sold in accordance with an available exemption from such registration.

Under Rule 144, a person (or persons whose shares are aggregated in accordance with the Rule) who has beneficially owned his or her Restricted Shares for at least one year, including persons who are affiliates of the Company, will be entitled to sell, within any three month period a number of Restricted Shares that does not exceed the greater of (i) one percent of the then outstanding number of shares of Common Stock (up to shares of

Common Stock immediately after the consummation of the Offerings) or (ii) the average weekly trading volume of the shares of Common Stock during the four calendar weeks preceding each such sale. In addition, sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about the Company. After Restricted Shares are held for two years, a person who is not an affiliate of the Company is entitled to sell such shares under Rule 144 without regard to such volume limitations, or manner of sale, notice or public information requirements under Rule 144. Sales of Restricted Shares by affiliates will continue to be subject to such volume limitations, and manner of sale, notice and public information requirements.

The Company has agreed with the Underwriters not to offer, pledge, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock (other than the Convertible Notes) for a period of 180 days following the date hereof without the prior written consent of Smith Barney Inc., subject to certain limited exceptions. In addition, each of the Company's officers, directors and stockholders has agreed with the Underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date hereof other than pursuant to the Securities Loan Agreement or with the prior written consent of Smith Barney Inc., subject to certain limited exceptions. See "Underwriting."

Beginning one year from the date of the Reorganization, approximately Restricted Shares subject to the lock-up agreements will become eligible for sale in the public market pursuant to Rule 144.

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The Company plans to grant options to purchase _____ shares of Common Stock prior to the Offerings under the 1998 Stock Plan and the 1998 Directors Stock Option Plan. See "Management -- Stock Plans." The Company intends to file, within _____ days after the date of this Prospectus, a Form S-8 registration statement under the Securities Act to register shares of Common Stock reserved for issuance under the 1998 Stock Plan, 1998 Director Stock Option Plan and 1998 Employee Stock Purchase Plan, and shares of Common Stock issuable upon exercise of outstanding options. Shares of Common Stock issued upon exercise of options after the effective date of the Form S-8 will be available for sale in the public market, subject to Rule 144 volume limitations applicable to affiliates and to lock-up agreements.

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TO HOLDERS OF COMMON STOCK AND CONVERTIBLE NOTES

GENERAL

The following is a general discussion of certain United States federal income and estate tax considerations relating to the ownership and disposition of Common Stock and Convertible Notes by a holder who acquires and owns such Common Stock or a Convertible Note as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not consider specific facts and circumstances that may be relevant to a particular holder's tax position, does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state, and local consequences and United States federal gift taxes that may be relevant to such holders in light of their personal circumstances. Further, it does not discuss the rules applicable to holders subject to special tax treatment under the federal income tax laws (including but not limited to, banks, insurance companies, dealers in securities, holders of securities held as part of a "straddle," "hedge," or "conversion transaction," and persons who undertake a constructive sale of Common Stock or a Convertible Note). In addition, this discussion is limited to original purchasers of Convertible Notes, who acquire their Convertible Notes at their original issue price within the meaning of Section 1273 of the Code, and Common Stock. Furthermore, this discussion is based on current provisions of the Code, existing and proposed regulations promulgated thereunder and administrative and judicial interpretations thereof, all of which are subject to change, possibly on a retroactive basis. Accordingly, each prospective purchaser of Common Stock or Convertible Notes is advised to consult a tax advisor with respect to current and possible future tax consequences of acquiring, holding, and disposing of Common Stock or Convertible Notes.

U.S. HOLDERS

The following discussion is limited to a holder of Common Stock or a Convertible Note that for United States federal income tax purposes is (i) a citizen or resident (within the meaning of Section 7701(b) of the Code) of the United States, (ii) a corporation, partnership or other entity created or organized in the United States or under the laws of the United States or of any state, (iii) an estate whose income is includible in gross income for United States federal income tax purposes, regardless of its source, or (iv) in general, a trust subject to the primary supervision of a court within the United States and the control of a United States person as described in Section 7701(a) (30) of the Code (a "U.S. Holder").

Interest

Stated interest on the Convertible Notes will generally be includable in a U.S. Holder's gross income and taxable as ordinary income for U.S. federal income tax purposes at the time it is paid or accrued in accordance with the U.S. Holder's regular method of accounting.

Conversion of Convertible Notes Into Common Stock

A U.S. Holder generally will not recognize any income, gain or loss upon conversion of a Note into Common Stock except to the extent the Common Stock is

considered attributable to accrued interest not previously included in income (which is taxable as ordinary income) or with respect to cash received in lieu of a fractional share of Common Stock. The adjusted basis of shares of Common Stock received on conversion will equal the adjusted basis of the Convertible Note converted (reduced by the portion of adjusted basis allocated to any fractional share of Common Stock exchanged for cash), and the holding period of the Common Stock received on conversion will generally include the period during which the converted Convertible Notes were held. However, a U.S. Holder's tax basis in shares of Common Stock considered attributable to accrued interest as described above generally will equal the amount of such accrued interest included in income, and the holding period for such shares shall begin as of the date of conversion.

The conversion price of the Convertible Notes is subject to adjustment under certain circumstances. Section 305 of the Code and the Treasury Regulations issued thereunder may treat the holders of the

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Convertible Notes as having received a constructive distribution, resulting in ordinary income (subject to a possible dividends received deduction in the case of corporate holders) to the extent of the Company's current or accumulated earnings and profits, if, and to the extent that, certain adjustments in the conversion price that may occur in limited circumstances (particularly and adjustment to reflect a taxable dividend to holders of Common Stock) increase the proportionate interest of a holder of Convertible Notes in the fully diluted Common Stock, whether or not such holder ever exercises its conversion privilege. Moreover, if there is not a full adjustment to the conversion ratio of the Convertible Notes to reflect a stock dividend or other event increasing the proportionate interest of the holders of outstanding Common Stock in the assets or earnings and profits of the Company, then such increase in the proportionate interest of the holders of the Common Stock generally will be treated as a distribution to such holders, taxable as ordinary income (subject to a possible dividends received deduction in the case of corporate holders) to the extent of the Company's current or accumulated earnings and profits..

Sale, Exchange or Retirement of a Convertible Note

Each U.S. Holder generally will recognize gain or loss upon the sale, exchange, redemption, retirement or other disposition of a Convertible Note measured by the difference (if any) between (i) the amount of cash and the fair market value of any property received (except to the extent that such cash or other property is attributable to the payment of accrued interest not previously included in income, which amount will be taxable as ordinary income) and (ii) such holder's adjusted tax basis in the Convertible Note. Any such gain or loss recognized on the sale, exchange, redemption, retirement or other disposition of a Convertible Note will be capital gain or loss. Gain on most capital assets held or deemed held by an individual for more than 18 months is subject to a maximum rate of tax of 20%, and gain on most capital assets held or deemed held by an individual more than one year and up to 18 months is subject to tax at a maximum rate of 28%. A U.S. Holder's initial basis in a Convertible Note will be the amount paid therefor.

The Common Stock

In general, dividends paid from current or accumulated earnings and profits of the Company, as determined for U.S. federal income tax purposes, will be included in a U.S. Holder's income as ordinary income (subject to a possible dividends received deduction in the case of corporate holders) as they are paid. Gain or loss realized on the sale or exchange of Common Stock will equal the difference between the amount realized on such sale or exchange and the U.S. Holder's adjusted tax basis in such Common Stock. Gain on most capital assets held by an individual for more than 18 months is subject to tax at a maximum rate of 20% and gain on most capital assets held by an individual for more than one year and up to 18 months is subject to tax at a maximum rate of 28%.

Information Reporting and Backup Withholding

A U.S. Holder of Common Stock or a Convertible Note may be subject to "backup withholding" at a rate of 31% with respect to certain "reportable payments," including dividend payments, interest payments, and, under certain circumstances, principal payments on the Convertible Notes. These backup withholding rules apply if the holder, among other things, (i) fails to furnish a social security number or other taxpayer identification number ("TIN") certified under penalties of perjury within a reasonable time after the request therefor, (ii) furnishes an incorrect TIN, (iii) fails to report properly interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN furnished is the correct number and that such holder is not subject to backup withholding. A holder who does not provide the Company with its correct TIN also may be subject to penalties imposed by the IRS. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is creditable against the holder's federal income tax liability, provided that the required information is furnished to the IRS. Backup withholding will not apply, however, with respect to payments made to certain U.S. Holders, including corporations and tax-exempt organizations, provided their exemptions from backup withholding are properly established.

The Company will report to the U.S. Holders of Convertible Notes and Common Stock and to the IRS the amount of any "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to such payments.

NON U.S. HOLDERS

The following discussion is limited to the U.S. federal income tax consequences relevant to a Non-U.S. Holder. As used herein, the term "Non-U.S. Holder" means any holder other than a U.S. Holder. For purposes of withholding tax on interest and dividends discussed below, a Non-U.S. Holder includes a non-resident fiduciary of an estate or trust. For purposes of the following discussion, interest, dividends and gain on the sale, exchange or other disposition of a Convertible Note or Common Stock will generally be considered to be "U.S. trade or business income" if such income or gain is (i) effectively connected with the conduct of a U.S. trade or business or (ii) in the case of most treaty residents, attributable to a permanent establishment (or, in the case of an individual, a fixed base) in the United States.

Interest

Generally, any interest paid to a Non-U.S. Holder of a Convertible Note that is not U.S. trade or business income will not be subject to U.S. tax if the interest qualifies as "portfolio interest." Interest on the Convertible Notes will generally qualify as portfolio interest if (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total voting power of all voting stock of the Company and is not a "controlled foreign corporation" with respect to which the Company is a "related person" within the meaning of the Code, and (ii) the beneficial owner, under penalty of perjury, certifies that the beneficial owner is not a U.S. person and such certificate provides the beneficial owner's name and address.

The gross amount of payments of interest to a Non-U.S. Holder that do not qualify for the portfolio interest exemption and that are not U.S. trade or business income will be subject to withholding of U.S. federal income tax at a 30% rate, unless a U.S. income tax treaty applies to reduce or eliminate the rate of withholding. Interest that is U.S. trade or business income will be subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates and would be exempt from the 30% withholding tax described above. In the case of a Non-U.S. Holder that is a corporation, interest that is U.S. trade or business income may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To claim the benefit of a tax treaty or to claim an exemption from withholding for interest that is U.S. trade or business income, the Non-U.S. Holder must provide a properly executed Form 1001 or Form 4224 (or such successor form as the IRS designates), as applicable, prior to the payment of interest. Under recently adopted Treasury Regulations that will generally be effective after December 31, 1998 (the "New Regulations"), a Non-U.S. Holder, subject to certain transition rules, will instead be required to provide a properly executed Form W-8, certifying to such U.S. Holder's entitlement to treaty benefits or exemption from withholding for U.S. trade or business income. Special procedures are provided in the New Regulations for payments through qualified intermediaries. Other recently adopted Treasury Regulations that will be effective with respect to payments made after December 31, 1997 (the "Treaty Regulations") provide special rules applicable to certain entities that are treated as partnerships for U.S. purposes but as corporations for foreign tax purposes, for purposes of determining the applicability of a tax treaty. Prospective investors should consult their tax advisors regarding the effect, if any, of the New Regulations and the Treaty Regulations on an investment in a Convertible Note or Common Stock. Prospective investors should consult their tax advisors regarding the effect, if any, of the New Regulations and the Treaty Regulations on an investment in the Common Stock or a Convertible Note.

Conversion of Convertible Notes into Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on the conversion of Convertible Notes into Common Stock, except with respect to cash (if any) received in lieu of a fractional share or interest not previously included in income. Cash received in lieu of a fractional share may give rise to gain that would be subject to the rules described below for the sale of Convertible Notes. Cash or Common Stock treated as issued for accrued interest would be treated as interest under the rules described above.

Dividends

In general, dividends paid to a Non-U.S. Holder of Common Stock will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless the dividends are U.S. trade or business income. If the dividend is U.S. trade or business income, the dividend would be subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates and would be exempt from the 30% withholding tax described above. Any such dividends that are U.S. trade or business income received by a foreign corporation may, under certain circumstances, be subject to the additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Certain certification and disclosure requirements must be complied with in order to be exempt from withholding under the U.S. trade or business income exemption discussed above (which requirements have been modified by the New Regulations).

Under current United States Treasury regulations, dividends paid to a stockholder at an address in a foreign country are presumed to be paid to a resident of such country for purposes of the withholding discussed above (unless the payor has knowledge to the contrary), including for purposes of determining the applicability of a tax treaty rate. Under the New Regulations, to obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder would generally be required to provide an Internal Revenue Service Form W-8 (or suitable substitute form) certifying such Non-U.S. Holder's entitlement to benefits under a treaty. These certification requirements may be relaxed somewhat in the case of a Non-U.S. Holder who holds Common Stock through an account maintained at a non-U.S. office of a financial institution. Certain other special rules may be applicable to a Non-U.S. Holder under the New Regulation or the Treaty Regulations. See "-- Non-U.S. Holders -- Interest".

A Non-U.S. Holder of Common Stock that is eligible for a reduced rate of United States withholding tax pursuant to a tax treaty or whose dividends have otherwise been subjected to withholding in an amount that exceeds such holder's United States federal income tax liability, may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the United States Internal Revenue Service (the "Service").

Gain on Disposition of Common Stock or a Convertible Note

A Non-U.S. Holder generally will not be subject to United States federal income tax with respect to gain realized on a sale or other disposition of Common Stock or a Convertible Note unless (i) the gain is U.S. trade or business income, (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual and holds Common Stock or a Convertible Note as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of United States tax law that apply to certain expatriates, or (iv) under certain circumstances, in the case of disposition of Common Stock if the Company is or has been during certain time periods a "U.S. real property holding corporation" for United States federal income tax purposes. The Company is not and does not anticipate becoming a "U.S. real property holding corporation" for United States federal income tax purposes.

Federal Estate Taxes

Common Stock that is owned, or treated as owned, by a non-resident alien individual (as specifically determined under residence rules for United States federal estate tax purposes) at the time of death or that has been the subject of certain lifetime transfers will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise. A Convertible Note that is owned, or treated as owned, by a non-resident alien individual (as specifically determined under residence rules for United States federal estate tax purposes) at the time of death will not be subject to U.S. federal estate tax provided that the interest thereon qualifies as portfolio interest and was not U.S. trade or business income.

United States Information Reporting and Backup Withholding Tax

The Company must report annually to the Service and to each Non-U.S. Holder the amount of dividends or interest paid to such holder and any tax withheld with respect to such dividends or interest. These information reporting requirements apply regardless of whether withholding is required. Copies of the information returns reporting such dividends and interest and withholding with respect thereof may also be made available under the provisions of an applicable treaty or agreement, to the tax authorities in the country in which such Non-U.S. Holder resides.

Treasury Regulations provide that backup withholding and additional information reporting will not apply to payments of principal on the Convertible Notes by the Company to a Non-U.S. Holder if the holder certifies as to its Non-U.S. status under penalties of perjury or otherwise establishes an exemption (provided that neither the Company nor its paying agent has actual knowledge that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.) United States backup withholding tax (which generally is a withholding tax imposed at the rate of thirty-one percent (31%) on certain payments to persons that fail to furnish certain information under the United States information reporting requirements) generally will not apply to dividends paid on Common Stock to a Non-U.S. Holder at an address outside the United States, except that with regard to payments made after December 31, 1998, a Non-U.S. Holder will be entitled to such an exemption only if it provides a Form W-8 (or satisfies certain documentary evidence requirements for establishing that it is a non-United States person) or otherwise establishes an exemption. Except as provided below, Non-U.S. Holders will not be subject to backup withholding with respect to the payment of proceeds from the disposition of Common Stock or Convertible Notes effected by the foreign office of a broker; except that if the broker is a United States person or a "U.S. related person," information reporting (but not backup withholding) is required with respect to the payment, unless the broker has documentary evidence in its files that the owner is a Non-U.S. Holder (and the broker has no actual knowledge to the contrary) and certain other requirements are met or the holder otherwise establishes an exemption. For this purpose, a "U.S. related person" is (i) a "controlled foreign corporation" for United States federal income tax purposes, (ii) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the collection or payment of such proceeds (or for such part of the period that the broker has been in existence) is derived from activities that are effectively connected with the conduct of a United States trade or business, or (iii) with respect to payments made after December 31, 1998, a foreign partnership that, at any time during its taxable year is 50% or more (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. The payment of the proceeds of a sale of shares of Common Stock or of a Convertible Note to or through a United States office of a broker is subject to

information reporting and possible backup withholding unless the owner certifies its non-United States status under penalties of perjury or otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be allowed as a refund or a credit against such Non-U.S. Holder's United States federal income tax liability, provided that the required information is furnished to the Service.

THE FOREGOING DISCUSSION IS INCLUDED FOR GENERAL INFORMATION ONLY. ACCORDINGLY, EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT WITH HIS TAX ADVISOR WITH RESPECT TO THE UNITED STATES FEDERAL INCOME TAX AND FEDERAL ESTATE TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF COMMON STOCK AND CONVERTIBLE NOTES, INCLUDING THE APPLICATION AND EFFECT OF THE LAWS OF ANY STATE, LOCAL, FOREIGN, OR OTHER TAXING JURISDICTION.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement (the "U.S. Underwriting Agreement") among the Company, the Selling Stockholders and each of the underwriters named below (the "U.S. Underwriters"), for whom Smith Barney Inc., BancAmerica Robertson Stephens and Cowen & Company are acting as representatives (the "U.S. Representatives"), (i) the Company and the Selling Stockholders have agreed to sell to each of the U.S. Underwriters and each of the U.S. Underwriters has severally agreed to purchase from the Company and the Selling Stockholders the aggregate number of Shares set forth opposite its name in the table below and (ii) the Company has agreed to sell to certain of the U.S. Underwriters and each such U.S. Underwriter has severally agreed to purchase from the Company the principal amount of the Convertible Notes set forth opposite its name below.

U.S. UNDERWRITERS	NUMBER OF SHARES	PRINCIPAL AMOUNT OF CONVERTIBLE NOTES
-----	-----	-----
Smith Barney Inc.		
BancAmerica Robertson Stephens.....		
Cowen & Company.....		
Total.....	-----	-----
	=====	=====

The U.S. Underwriting Agreement provides that the obligations of the U.S. Underwriters to purchase the Shares and Convertible Notes listed above are subject to certain conditions set forth therein. The U.S. Underwriters are committed to purchase all of the Shares and Convertible Notes offered by this Prospectus (other than those covered by the over-allotment options described below), if any Shares or Convertible Notes are purchased. In the event of default by any U.S. Underwriter, the U.S. Underwriting Agreement provides that, in certain circumstances, the purchase commitments of the non-defaulting U.S. Underwriters may be increased or the U.S. Underwriting Agreement may be terminated.

The U.S. Representatives have advised the Company and the Selling Stockholders that the U.S. Underwriters propose initially to offer such Shares to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a discount not in excess of \$ per share. The U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of \$ per share on sales to certain other dealers. After the Offerings, the public offering price and such discounts may be changed.

The U.S. Representatives have also advised the Company that the relevant U.S. Underwriters propose initially to offer such Convertible Notes to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of % of the principal amount of such Convertible Notes. The relevant U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the Convertible Notes on sales to certain other dealers. After the initial public offering of the Convertible Notes, the public offering price and such concessions may be changed.

The Company and the Selling Stockholders also have entered into an underwriting agreement (the "International Underwriting Agreement") with the International Underwriters named therein, for whom Smith Barney Inc., BancAmerica Robertson Stephens International Limited and Cowen International L.P. are acting as representatives (the "International Representatives" and, together with the U.S. Representatives, the "Representatives"), providing for the concurrent offer and sale of of the Shares and \$ principal amount of the Convertible Notes outside the U.S. and Canada.

The closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement, and the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the

U.S. Underwriting Agreement. The initial public offering price and underwriting discounts per Share and per Convertible Note for the U.S. Offering and the International Offering will be identical.

Each U.S. Underwriter has severally agreed that, as part of the distribution of the Shares and \$ principal amount of the Convertible Notes by the U.S. Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of anyone other than a United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus relating to the U.S. Offering to any person outside of the United States or Canada, or to anyone other than a United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of anyone other than a United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes outside of the United

States or Canada, or to anyone other than a United States or Canadian Person or to any other dealer who does not so represent and agree.

Each International Underwriter has severally agreed that, as part of the distribution of the Shares and \$ principal amount of the Convertible Notes by the International Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of any United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus to any person in the United States or Canada, or to any United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of any United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes in the United States or Canada, or to any United States or Canadian Person or to any other dealer who does not so represent and agree.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement Between U.S. Underwriters and International Underwriters. "United States or Canadian Persons" means any person who is a national or resident of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, and any estate or trust the income of which is subject to United States or Canadian federal income taxation, regardless of its source (other than a foreign branch of such entity) and includes any United States or Canadian branch of a person other than a United States or Canadian Person.

Each U.S. Underwriter that will offer or sell Shares or Convertible Notes in Canada as part of the distribution has severally agreed that such offers and sales will be made only pursuant to an exemption from the prospectus requirements in each jurisdiction in Canada in which such offers and sales are made.

Pursuant to the Agreement Between U.S. Underwriters and International Underwriters, sales may be made between the U.S. Underwriters and the International Underwriters of such number of Shares and such principal amount of the Convertible Notes as may be mutually agreed. The price of any Shares or Convertible Notes so sold shall be the initial public offering price thereof set forth on the cover page of this Prospectus, less an amount not greater than the concession to securities dealers set forth above. To the extent that there are sales between the International Underwriters and the U.S. Underwriters pursuant to the Agreement Between U.S. Underwriters and International Underwriters, the number of Shares and the principal amount of the Convertible Notes initially available for sale by the U.S. Underwriters or by the International Underwriters may be more or less than the amount specified on the cover page of this Prospectus.

Each International Underwriter has severally represented and agreed that (i) it has not offered or sold and, prior to the expiration of six months from the closing of the International Offering, will not offer or sell any Shares or Convertible Notes in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (whether as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted in and will not result in an offer to the public within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Shares or the Convertible Notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will

only issue or pass on in the United

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Kingdom any document received by it in connection with the issue of the Shares or the Convertible Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

The Company has granted to the U.S. Underwriters and the International Underwriters options to purchase up to an additional and Shares, respectively, and an additional \$ and \$ principal amount of the Convertible Notes, respectively, in each case at the applicable price to the public less the applicable underwriting discount set forth on the cover page of this Prospectus, solely to cover over-allotments, if any. Such options may be exercised at any time up to 30 days after the date of this Prospectus. To the extent such options are exercised, each of the U.S. Underwriters and the International Underwriters will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock or such additional principal amount of Convertible Notes as the percentage it was obligated to purchase pursuant to the U.S. Underwriting Agreement or the International Underwriting Agreement, as applicable.

The Company has agreed with the Underwriters not to offer, pledge, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock (other than the Convertible Notes) for a period of 180 days following the date hereof without the prior written consent of Smith Barney Inc. subject to certain limited exceptions. In addition, each of the Company's officers, directors and stockholders has agreed with the Underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date hereof unless pursuant to the Securities Loan Agreement or with the prior written consent of Smith Barney Inc. subject to certain limited exceptions. Smith Barney Inc. currently does not intend to release any securities subject to such lock-up agreements, but may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to such lock-up agreements.

The U.S. Underwriting Agreement and the International Underwriting Agreement provide that the Company and certain Selling Stockholders will indemnify the several U.S. Underwriters and International Underwriters against certain liabilities under the Securities Act, or contribute to payments the U.S. Underwriters and the International Underwriters may be required to make in respect thereof.

BancAmerica Robertson Stephens is an affiliate of Bank of America, which will be repaid approximately \$55 million of short-term loans to the Company from the net proceeds of the Offerings. See "Use of Proceeds." Because more than 10% of the net proceeds of the Offerings will be paid to Bank of America, the Offerings are being conducted in accordance with Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. ("Rule 2720"). Smith Barney Inc. will serve as a "qualified independent underwriter" in the Offerings and, in such capacity, will recommend a price in compliance with Rule 2720 and has performed due diligence investigations in accordance with Rule 2720.

Salomon Smith Barney (including certain of its affiliates), Mr. James Kim and AICL are among the principal shareholders of a securities and investment banking firm in Korea. In addition, certain of the Underwriters and their affiliates have been engaged from time to time, and may in the future be engaged, to perform investment banking and other advisory-related services to the Company and its affiliates, including certain of the Selling Stockholders, in the ordinary course of business. In connection with rendering such services in the past, such Underwriters and affiliates have received customary compensation, including reimbursement of related expenses.

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In connection with the Offerings, certain Underwriters and selling group members and their respective affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the Common Stock or the Convertible Notes. Such transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M, pursuant to which such persons may bid for or purchase Common Stock or Convertible Notes for the purpose of stabilizing their market price. The Underwriters also may create a short position for the account of the Underwriters by selling more Common Stock or Convertible Notes in connection with the Offerings than they are committed to purchase from the Company and the Selling Stockholders, and in such case may purchase Common Stock or Convertible Notes in the open market following completion of the Offerings to cover all or a portion of such short position. The Underwriters may also cover all or a portion of such short position, up to shares of Common Stock and \$ principal amount of the Convertible Notes, by exercising the Underwriters' over-allotment options referred to above. In addition, the Representatives, on behalf of the Underwriters, may impose "penalty bids" under contractual arrangements with the Underwriters whereby it may reclaim from an Underwriter (or dealer participating in the Offerings), for the account of the other Underwriters, the selling concession with respect to Common Stock or Convertible Notes that are distributed in the Offerings but subsequently purchased for the account of the Underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the Common Stock and the Convertible Notes at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and, if they are undertaken, they may be discontinued at any time.

In connection with the Offerings, Mr. James Kim and Mrs. Agnes Kim (referred to herein as the "Lenders") and Smith Barney Inc. intend to enter into a Securities Loan Agreement (the "Securities Loan Agreement") which provides that, subject to certain restrictions and with the agreement of the Lenders, Smith Barney Inc. may from time to time for a period of up to months borrow, return and reborrow up to 3.0 million shares of Common Stock from the Lenders (the "Borrowed Securities"): provided, however, that the number of Borrowed Securities at any time may not exceed 3.0 million shares of Common Stock, subject to adjustment for certain dilutive events. The Securities Loan Agreement is intended to facilitate market-making activity in the Convertible

Notes by Smith Barney Inc. Smith Barney Inc. may from time to time borrow shares of Common Stock under the Securities Loan Agreement to settle short sales of Common Stock entered into by Smith Barney Inc. to hedge any long position in the Convertible Notes resulting from its market-making activities. Such sales will be made on the Nasdaq National Market or in the over-the-counter market at market prices prevailing at the time of sale or at prices related to such market prices. Market conditions will dictate the extent and timing of Smith Barney Inc.'s market-making transactions in the Convertible Notes and the consequent need to borrow and sell shares of Common Stock. The availability of shares of Common Stock under the Securities Loan Agreement at any time is not assured and any such availability does not assure market-making activity with respect to the Convertible Notes. Any market-making engaged in by Smith Barney Inc. or any other Underwriter may cease at any time. The foregoing description of the Securities Loan Agreement does not purport to be complete and is qualified in its entirety by reference to such agreement, which is an exhibit to the Securities Loan Registration Statement.

The Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Prior to the Offerings, there has been no public market for the Common Stock. Accordingly, the initial public offering price for the Common Stock will be determined by negotiation among the Company, the Selling Stockholders and the Representatives. Among the factors considered in determining the initial public offering price will be the Company's record of operations, its current financial condition, its future prospects, the market for its services, the experience of management, the economic conditions of the Company's industry in general, the general condition of the equity securities market and the demand for similar securities of companies considered comparable to the Company and other relevant factors. There can be no assurance, however, that the prices at which the Common Stock will sell in the public market after the Offerings will not be lower than the price at which the Shares are sold by the Underwriters.

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LEGAL MATTERS

The validity of the Shares and the Convertible Notes offered hereby will be passed upon for the Company by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Cleary, Gottlieb, Steen & Hamilton, New York, New York, is acting as counsel for the Underwriters in connection with certain legal matters relating to the Shares and the Convertible Notes offered hereby.

EXPERTS

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

Reference is made to said reports which include an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 of Notes to the Consolidated Financial Statements.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (the "Registration Statement") under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company, the Common Stock and the Convertible Notes, reference is made to the Registration Statement and the exhibits and schedules filed as a part thereof. Statements contained in this Prospectus as to the contents of any contract or any other document referred to are not necessarily complete. In each instance, reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, and each such statement is qualified in all respects by such reference. The Registration Statement, including exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, New York 10048 and Northwestern Atrium Center, 500 Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials may be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates and through the National Association of Securities Dealers, Inc. located at 1735 K Street, N.W., Washington, D.C. 20006. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is <http://www.sec.gov>.

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GLOSSARY

ASIC.....	Application Specific Integrated Circuit. A custom-designed integrated circuit that performs specific functions which would otherwise require a number of off-the-shelf integrated circuits to perform. The use of an ASIC in place of a conventional integrated circuit reduces product size and cost and also improves reliability.
BGA.....	Ball grid array.
Bus.....	A common pathway, or channel, between multiple devices.
CMOS.....	Complementary Metal Oxide Silicon. Currently the most common integrated circuit fabrication process technology, CMOS is one of the latest fabrication techniques to use metal oxide semiconductor transistors.
DAC.....	Digital Analog Converter. A device that converts digital pulses into analog signals.
Die.....	A piece of a semiconductor wafer containing the circuitry of a single chip.
DRAM.....	Dynamic Random Access Memory. A type of volatile memory product that is used in electronic systems to store data and program instructions. It is the most common type of RAM and must be refreshed with electricity thousands of times per second or else it will fade away.

DSP..... Digital Signal Processor. A type of integrated circuit that processes and manipulates digital information after it has been converted from an analog source.

EEPROM..... Electrically Erasable and Programmable Read-Only Memory. A form of non-volatile memory that can be erased electronically before being reprogrammed.

EPROM..... Erasable Programmable Read-Only Memory. A programmable and reusable chip that holds its content until erased under ultraviolet light.

Ethernet..... A type of local area network (LAN). Most widely used LAN access method.

Flash Memory..... A type of non-volatile memory, similar to an EEPROM in that it is erasable and reprogrammable.

FlipChip..... Package type where silicon die is attached to the packaging substrate using solder balls instead of wires. See "Business -- Products."

GPS..... Global Positioning System. A system for identifying earth locations.

GUI..... Graphical User Interface. A graphics-based user interface that incorporates icons, pull-down menus and a mouse.

IC..... Integrated Circuit. A combination of two or more transistors on a base material, usually silicon. All semiconductor chips, including memory chips and logic chips, are just very complicated ICs with thousands of transistors.

Input/Output..... A connector which interconnects the chip to the package or one package level to the next level in the hierarchy. Also referred to as pin out connections or terminals.

ISDN..... Integrated Services Digital Network. An international telecommunications standard for transmitting voice, video and data over digital lines running at 64 Kbps.

Logic Device..... A device that contains digital integrated circuits that process, rather than store, information.

Mask..... A piece of glass on which an IC's circuitry design is laid out. Integrated circuits may require up to 20 different layers of design, each with its own mask. In the IC production process, a light shines through the mask leaving an image of the design on the wafer. Also known as a reticle.

MBGA..... Micro Ball Grid Array. See "Business -- Products."

Micron..... 1/25,000 of an inch. Circuitry on an IC typically follows lines that are less than one micron wide.

MOS..... A device which consists of three layers (metal,

oxide and semiconductors) and operates as a transistor.

MQFP..... Metric Quad Flat Package. See "Business -- Products."

PBGA..... Plastic Ball Grid Array. See "Business -- Products."

PC..... Personal Computer.

PCMCIA..... Standard for connecting peripherals to computers.

PDA..... Personal Digital Assistant.

PDIP..... Plastic Dual In-Line Packages. See "Business -- Products."

Photolithography..... A lithographic technique used to transfer the design of the circuit paths and electronic elements on a chip onto a wafer's surface.

PLCC..... Plastic Leaded Chip Carrier. See "Business -- Products."

PLD..... A logic chip that is programmed at the customer's site.

PQFP..... Plastic Quad Flat Packages. See "Business -- Products."

RF..... Radio Frequency. The range of electromagnetic frequencies above the audio range and below visible light.

SIP..... Single In-Line Package. See "Business -- Products."

SOIC..... Small Outline IC Packages. See "Business -- Products."

SRAM..... Static Random Access Memory. A type of volatile memory product that is used in electronic systems to store data and program instructions. Unlike the more common DRAM, it does not need to be refreshed.

SSOP..... Shrink Small Outline Packages. See "Business -- Products."

Surface Mount Technology... A circuit board packaging technique in which the leads (pins) on the chips and components are soldered on top of the board.

TQFP..... Thin Quad Flat Packages. See "Business -- Products."

TSOP..... Thin Small Outline Packages. See "Business -- Products."

TSSOP..... Thin Shrink Small Outline Packages. See "Business -- Products."

Wafer..... Thin, round, flat piece of silicon that is the base of most integrated circuits.

Wire Bonding..... The method used to attach very fine wire to semiconductor components in order to provide electrical continuity between the semiconductor die and a terminal.

AMKOR TECHNOLOGY, INC.

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After the Reorganization transaction discussed in Note 1 to the Amkor Technology, Inc. and subsidiaries' consolidated financial statements is effected, we expect to be in position to render the following report.

ARTHUR ANDERSEN LLP

October 31, 1997

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited the accompanying consolidated balance sheets of Amkor Technology, Inc. and subsidiaries (see Note 1) as of December 31, 1995, 1996 and September 30, 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996 and the nine months ended September 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amkor

Pro forma net income.....	\$ 11,374	\$ 48,724	\$ 31,288	\$ 30,833	\$ 19,276
Pro forma net income per common share...	\$.14	\$.59	\$.38	\$.37	\$.23
Shares used in computing pro forma net income per common share.....	82,610	82,610	82,610	82,610	82,610

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS

	DECEMBER 31,		SEPTEMBER 30, 1997	
	1995	1996	ACTUAL	PRO FORMA (UNAUDITED)
CURRENT ASSETS:				
Cash and cash equivalents.....	\$ 91,151	\$ 49,664	\$ 80,760	\$ 57,260
Short-term investments.....	--	881	2,978	2,978
Accounts receivable -- Trade, net of allowance for doubtful accounts of \$1,043, \$1,179 and \$2,489.....	135,174	170,892	120,068	120,068
Due from affiliates.....	13,315	26,886	22,807	22,807
Other.....	5,464	6,426	9,999	9,999
Inventories.....	86,040	101,920	111,942	111,942
Other current assets.....	10,214	8,618	24,934	24,934
Total current assets.....	341,358	365,287	373,488	349,988
PROPERTY, PLANT AND EQUIPMENT, net.....	200,426	324,895	417,223	417,223
INVESTMENTS.....	66,613	61,993	46,410	46,410
LONG-TERM NOTES RECEIVABLE.....	1,626	8,711	5,919	5,919
OTHER ASSETS:				
Due from affiliates.....	10,090	14,638	20,576	20,576
Other.....	15,755	22,089	19,251	19,251
	25,845	36,727	39,827	39,827
Total assets.....	\$635,868	\$797,613	\$882,867	\$ 859,367

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:				
Short-term borrowings and current portion of long-term debt.....	\$ 85,120	\$191,813	\$345,376	\$ 345,376
Trade accounts payable.....	62,643	45,798	82,956	82,956
Due to affiliates.....	18,028	33,379	25,397	25,397
Bank overdraft.....	16,251	14,518	12,424	12,424
Accrued expenses.....	42,720	30,156	60,312	60,312
Accrued income taxes.....	5,404	12,838	22,535	22,535
Total current liabilities.....	230,166	328,502	549,000	549,000
LONG-TERM DEBT.....	107,385	167,444	40,736	40,736
DUE TO ANAM USA, INC. (Note 11).....	219,037	234,894	176,954	176,954
OTHER NONCURRENT LIABILITIES.....	13,205	12,287	13,338	21,438
COMMITMENTS AND CONTINGENCIES (Notes 1 and 13)				
MINORITY INTEREST.....	11,297	15,926	24,119	24,119

STOCKHOLDERS' EQUITY:

Common stock.....	46	46	46	46
Additional paid-in capital.....	16,494	16,770	20,522	26,122
Retained earnings.....	28,338	30,798	48,553	11,353
Unrealized gains (losses) on investments.....	9,584	(7,959)	9,599	9,599
Cumulative translation adjustment.....	316	(1,095)	--	--
	-----	-----	-----	-----
Total stockholders' equity.....	54,778	38,560	78,720	47,120
	-----	-----	-----	-----
Total liabilities and stockholders' equity.....	\$635,868	\$797,613	\$882,867	\$ 859,367
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1994, 1995, 1996

AND THE NINE MONTHS ENDED SEPTEMBER 30, 1997

(IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENT	UNREALIZED GAINS (LOSSES) ON INVESTMENTS	TOTAL
	-----	-----	-----	-----	-----	-----
BALANCE AT JANUARY 1, 1994.....	\$ 46	\$ 16,494	\$ (7,060)	\$ (1,410)	\$ --	\$ 8,070
Net income.....	--	--	11,574	--	--	11,574
Distributions.....	--	--	(3,120)	--	--	(3,120)
Change in division equity account.....	--	--	(7,753)	--	--	(7,753)
Unrealized loss on investments.....	--	--	--	--	(35)	(35)
Currency translation adjustments...	--	--	--	881	--	881
	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1994.....	46	16,494	(6,359)	(529)	(35)	9,617
Net income.....	--	--	59,124	--	--	59,124
Distributions.....	--	--	(19,922)	--	--	(19,922)
Change in division equity account.....	--	--	(4,505)	--	--	(4,505)
Unrealized gain on investments.....	--	--	--	--	9,619	9,619
Currency translation adjustments...	--	--	--	845	--	845
	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1995.....	46	16,494	28,338	316	9,584	54,778
Net income.....	--	--	34,188	--	--	34,188
Distributions.....	--	--	(15,123)	--	--	(15,123)
Change in division equity account.....	--	--	(16,605)	--	--	(16,605)
Unrealized loss on investments.....	--	--	--	--	(17,543)	(17,543)
Currency translation adjustments...	--	--	--	(1,411)	--	(1,411)
Acquisition of AATS (Note 14).....	--	276	--	--	--	276
	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1996.....	46	16,770	30,798	(1,095)	(7,959)	38,560
Net income.....	--	--	22,903	--	--	22,903
Distributions.....	--	--	(5,148)	--	--	(5,148)
Change in division equity account.....	--	3,752	--	--	--	3,752
Unrealized gain on investments.....	--	--	--	--	17,558	17,558
Currency translation adjustments...	--	--	--	1,095	--	1,095
	----	-----	-----	-----	-----	-----
BALANCE AT SEPTEMBER 30, 1997.....	46	\$ 20,522	\$ 48,553	\$ --	\$ 9,599	\$ 78,720
	====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FOR THE YEAR ENDED DECEMBER 31,			FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996	1997
				(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income.....	\$ 11,574	\$ 59,124	\$ 34,188	\$33,613...	\$ 22,903
Adjustments to reconcile net income to net cash provided by (used in) operating activities --					
Depreciation and amortization.....	14,612	26,614	57,825	38,966	64,072
Provision for accounts receivable.....	1,037	444	1,271	1,106	910
Provision for excess and obsolete inventory.....	500	1,000	500	375	6,763
Deferred income taxes.....	1,517	(1,147)	(324)	204	(13,557)
Equity (gain) loss of investee.....	(2,605)	95	(661)	(483)	(405)
(Gain) loss on sale of investments.....	(1,700)	126	(139)	--	--
Minority interest.....	1,044	1,515	948	339	7,569
Changes in assets and liabilities excluding effects of acquisitions --					
Accounts receivable.....	(31,565)	(53,264)	(36,695)	(14,745)	(38,886)
Proceeds from accounts receivable sale.....	--	--	--	--	88,800
Other receivables.....	1,462	(2,565)	(925)	(2,819)	(3,573)
Inventories.....	(18,885)	(32,668)	(16,380)	(10,972)	(16,785)
Due to/from affiliates, net.....	(17,465)	(8,375)	(2,768)	(36,223)	(15,149)
Other current assets.....	(3,377)	(4,764)	1,694	501	(5,480)
Other non-current assets.....	(7,426)	(724)	(6,108)	(4,750)	5,030
Accounts payable.....	11,017	35,017	(16,852)	(18,339)	37,158
Accrued expenses.....	13,268	17,687	(12,658)	(8,314)	30,156
Accrued taxes.....	1,000	404	7,433	7,218	9,697
Other long-term liabilities.....	(562)	9,034	(108)	(119)	1,675
Other, net.....	205	--	3,750	3,750	--
Net cash provided by (used in) operating activities.....	(26,349)	47,553	13,991	(10,692)	180,898
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment, including purchase of AATS.....	(68,926)	(123,645)	(185,112)	(111,273)	(151,503)
Sale of property, plant and equipment.....	2,429	110	2,228	545	1,141
Purchases of investments and issuances of notes receivable.....	(15,298)	(19,351)	(21,068)	(11,844)	(14,605)
Proceeds from sale of investments.....	8,284	351	520	--	--
Net cash used in investing activities.....	(73,511)	(142,535)	(203,432)	(122,572)	(164,967)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net change in bank overdrafts and short-term borrowings.....	(20,954)	41,308	64,852	49,394	58,533
Proceeds from issuance of affiliate debt.....	820,027	1,059,759	1,205,174	870,386	1,003,203
Payments of affiliate debt.....	(627,056)	(1,052,415)	(1,189,317)	(861,112)	(1,011,403)
Proceeds from issuance of long-term debt.....	47,000	50,080	102,193	70,980	8,034
Payments of long-term debt.....	(2,201)	(3,021)	(3,138)	(1,690)	(41,806)
Distributions to stockholders.....	(3,200)	(20,003)	(15,205)	(13,154)	(5,148)
Change in division equity account.....	(7,753)	(4,505)	(16,605)	(10,344)	3,752
Net cash provided by financing activities.....	205,861	71,203	147,954	104,460	15,165
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS....	106,001	(23,779)	(41,487)	(28,804)	31,096
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	8,929	114,930	91,151	91,151	49,664
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 114,930	\$ 91,151	\$ 49,664	\$ 62,347	\$ 80,760
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for --					
Interest.....	\$ 6,641	\$ 12,594	\$ 24,125	\$ 14,719	28,708
Income taxes.....	364	495	2,256	2,447	7,193

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements of Amkor Technology, Inc. and subsidiaries ("Amkor" or the "Company") include the accounts of the following (these companies are referred to as the "Amkor Companies"):

- Amkor Electronics, Inc. ("AEI"), a U.S. S Corporation;

- AK Industries, Inc. (a U.S. Corporation) and its wholly-owned subsidiary, Amkor-Anam, Inc. (a U.S. Corporation);

- T.L. Limited (a British Cayman Island Corporation) and its Philippine subsidiaries, Amkor Anam Advanced Packaging, Inc. ("AAAP") and Amkor/Anam Pilipinas, Inc. ("AAP") (which is currently owned 60% by T.L. Limited and 40% by Anam Industrial Co., Ltd. ("AICL" -- see Notes 11 and 16) and its wholly-owned subsidiary Automated Microelectronics, Inc. ("AMI");

- C.I.L., Limited (a British Cayman Island Corporation) and its wholly-owned subsidiary Amkor/Anam Euroservices S.A.R.L. (a French Corporation);

- Amkor Anam Test Services, Inc. (a U.S. Corporation) (see Note 14); and

- The semiconductor packaging and test business unit of Chamterry Enterprises, Ltd. ("Chamterry"). During the third quarter of 1997 Chamterry transferred its customers to AEI and C.I.L., Limited and ceased operations of its semiconductor and test business unit.

Each of the Amkor Companies is under common control and management. In connection with the Offerings (see Note 16), on September 26, 1997 the Company was formed to consolidate the ownership of the Amkor Companies. In 1998 prior to the effective date of the Offerings, the stockholders of the Amkor Companies exchanged all of their interests in the respective Amkor Companies to the Company for 82,610 shares of common stock and 5 shares of Series A preferred stock (the "Preferred Stock") of the Company (the "Reorganization"). The transaction will be treated similar to a pooling of interests as it represents an exchange of equity interests among companies under common control. The issuance of the Preferred Stock will be accounted for as a stock dividend for the fair value of the stock issued.

The financial statements reflect the elimination of all significant intercompany accounts and transactions.

The investments in and the operating results of 20% to 50% owned companies are included in the consolidated financial statements using the equity method of accounting.

Basis of Presentation

The accompanying financial statements have been prepared on a going concern basis which contemplates realization of assets and liquidation of liabilities in the ordinary course of business. At September 30, 1997 the Company was not in compliance with certain restrictive covenants of its principal long-term debt agreements and, as a result, amounts due under these agreements are required to be classified as current liabilities in the consolidated balance sheet. Consequently, at September 30, 1997, current liabilities exceeded current assets by \$175,512. To date, the Company has not received any notification that the Company's repayment obligations with respect to these loans have been accelerated as a result of such covenant violations. However, there is no assurance that the Company could generate sufficient cash flow from operations or other sources to satisfy these liabilities should they become due before maturity. If the planned public offering of common stock and convertible debt is successful (see Note 16), the Company will use part of the net proceeds to the

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Company to repay these bank loans. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Nature of Operations

The Company provides semiconductor packaging and test services to semiconductor and computer manufacturers located in strategic markets throughout the world. Such services are provided by the Company and by AICL under a long standing arrangement. Approximately 80%, 79%, 72% and 68% of the Company's packaging and test revenues in 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively, relate to the packaging and test services provided by AICL.

Concentrations of Credit Risk

Financial instruments, for which the Company is subject to credit risk, consist principally of trade receivables. The Company has mitigated this risk by selling primarily to well established companies, performing ongoing credit evaluations and frequent contact with customers.

At December 31, 1995, 1996 and September 30, 1997, the Company maintained \$79,354, \$34,330 and \$56,218, respectively, in deposits at one U.S. financial institution and \$3,299, \$1,861 and \$10,234, respectively, in deposits at U.S. banks which exceeded federally insured limits.

Additionally, at December 31, 1995, 1996 and September 30, 1997, the Company maintained deposits and certificates of deposits totaling approximately \$8,166, \$14,649 and \$13,603, respectively, at foreign owned banks.

Significant Customers

The Company has a number of major customers in North America, Asia and Europe. The Company's largest customer, Intel Corporation, accounted for approximately 10.6%, 13.3%, 23.5% and 22.0% of net revenues in 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively. The Company's five largest customers collectively accounted for 33.5%, 34.1%, 39.2% and 38.6% of net revenues in 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively. The Company anticipates that significant customer concentration will continue for the foreseeable future, although the companies which constitute the Company's largest customers may change.

Risks and Uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, dependence on the highly cyclical nature of both the semiconductor and the personal computer industries, competitive pricing and declines in average selling prices, risks associated with leverage, dependence on the Company's relationship with and the financial support provided by AICL (see Note 11), reliance on a small group of principal customers, timing and volume of orders relative to the Company's production capacity, availability of manufacturing capacity and fluctuations in manufacturing yields, availability of financing, competition, dependence on international operations and sales, dependence on raw material and equipment suppliers, exchange rate fluctuations, dependence on key personnel, difficulties in managing growth, enforcement of intellectual property rights, environmental regulations and fluctuations in quarterly operating results.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Foreign Currency Translation

Substantially all of the Company's foreign subsidiaries use the U.S. dollar as their functional currency. Accordingly, monetary assets and liabilities which were originally denominated in a foreign currency are translated into U.S. dollars at month-end exchange rates. Non-monetary items which were originally denominated in foreign currencies are translated at historical rates. Gains and losses from such transactions and from transactions denominated in foreign currencies are included in other (income) expense, net. The cumulative translation adjustment reflected in stockholders' equity in the consolidated balance sheets relates primarily to investments in unconsolidated companies which use the local currency as the functional currency (see Note 6).

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

At September 30, 1997, trade accounts receivable represent the Company's interest in receivables sold in excess of amounts purchased by banks under an accounts receivable sale agreement (see Note 2). Of the total trade accounts receivable amount at September 30, 1997, \$23,864 relate to the trade accounts receivable of C.I.L., Limited and Chamterry which were not sold under the agreement.

Inventories

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

Property, Plant and Equipment

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

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

Cost and accumulated depreciation for property retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense was \$15,349, \$27,381, \$58,497 and \$63,634 for 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively.

Other Noncurrent Assets

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

Other Noncurrent Liabilities

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

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Income Taxes

The Company accounts for income taxes following the provisions of Statement

of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires the use of the liability method. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is provided.

The Company reports certain income and expense items for income tax purposes on a basis different from that reflected in the accompanying consolidated financial statements. The principal differences relate to the timing of the recognition of accrued expenses which are not deductible for federal income tax purposes until paid, the use of accelerated methods of depreciation for income tax purposes and unrecognized foreign exchange gains and losses.

AEI elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code of 1986 and comparable state tax provisions. As a result, AEI does not recognize U.S. federal corporate income taxes. Instead, the stockholders of AEI are taxed on their proportionate share of AEI's taxable income. Accordingly, no provision for U.S. federal income taxes was recorded for AEI. Given the pending Offerings (see Note 16), for informational purposes, the accompanying consolidated statements of income include an unaudited pro forma adjustment to reflect income taxes which would have been recorded if AEI had not been an S Corporation, based on the tax laws in effect during the respective periods (see Note 17).

Earnings Per Share

The pro forma net income per common share was calculated by dividing the pro forma net income by the weighted average number of shares outstanding for the respective periods, adjusted for the effect of the Exchange (see Note 16).

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

Revenue Recognition and Risk of Loss

The Company records revenues upon shipment of packaged semiconductors to its customers. The Company does not take ownership of customer-supplied semiconductors. Title and risk of loss remains with the customer for these materials at all times. Risk of loss for Amkor packaging costs passes upon completion of the packaging process and shipment to the customer. Accordingly, the cost of the customer-supplied materials is not included in the consolidated statements of income.

Research and Development Costs

Research and development costs are charged to expenses as incurred.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Recently Issued Accounting Standards

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of income and its components in financial statements. The Company will be required to adopt this statement in 1998.

Interim Financial Statements

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

Reclassifications

Certain previously reported amounts have been reclassified to conform with the current presentation.

2. ACCOUNTS RECEIVABLE SALE AGREEMENT

Effective July 7, 1997, the Company entered into an agreement to sell receivables (the "Agreement") with certain banks (the "Purchasers"). The transaction qualifies as a sale under the provisions of SFAS No. 125 "Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Under the Agreement, the Purchasers have committed to purchase, with limited recourse, all right, title and interest in selected accounts receivable of the Company, up to a maximum of \$100,000. In connection with the Agreement, the Company established a wholly owned, bankruptcy remote subsidiary, Amkor Receivables Corp., to purchase accounts receivable at a discount from the Company on a continuous basis, subject to certain limitations as described in the Agreement. Amkor Receivables Corp. simultaneously sells the accounts receivable at the same discount to the Purchasers. AICL has guaranteed AEI's obligations under the Agreement (see Note 11).

Proceeds from the sale of receivables were \$88,800 in the nine months ended September 30, 1997. Losses on receivables sold under the Agreement were approximately \$1,514 as of September 30, 1997 and are included in other (income) expense, net.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
Land.....	\$ --	\$ --	\$ 1,264
Building and improvements.....	20,248	81,602	114,231
Machinery and equipment.....	204,750	333,188	451,653
Furniture, fixtures and other equipment.....	23,613	31,330	33,962
Construction in progress.....	20,371	5,240	26,994
	268,982	451,360	628,104
Less -- Accumulated depreciation and amortization.....	68,556	126,465	210,881
	\$200,426	\$324,895	\$ 417,223

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AMKOR TECHNOLOGY, INC.

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

4. COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

The common stock and additional paid-in-capital of the Company are reflected at the original cost of the Amkor Companies. In connection with the Exchange, the Company authorized 500,000 shares of \$.001 par value common stock, of which 82,610 shares will be issued to the stockholders of the Amkor Companies in exchange for their interests in these Companies.

In addition, the Company authorized 10,000 shares of \$.001 par value preferred stock, designated as Series A.

Changes in the division equity account reflected in the consolidated statement of stockholders' equity represent the net cash flows resulting from the operations of the Chamterry semiconductor packaging and test business for the periods indicated. Such cash flows have been presented as distributions or capital contributions since these amounts are retained in Chamterry Enterprises, Ltd. for the benefit of the owners.

5. INVENTORIES

Inventories consist of raw materials and purchased components which are used in the semiconductor packaging process. The Company's inventories are

located at its facilities in the Philippines or at AICL on a consignment basis.
 Components of inventories follow:

	DECEMBER 31,		SEPTEMBER 30, 1997
	1995	1996	
Raw materials and purchased components....	\$79,495	\$ 93,112	\$ 100,671
Work-in-process.....	6,545	8,808	11,271
	=====	=====	=====
	\$86,040	\$101,920	\$ 111,942

6. INVESTMENTS

The Company's investments include investments in affiliated companies which provide services to the Company (see Note 11) and certain other technology based companies. Investments are summarized as follows:

	DECEMBER 31,		SEPTEMBER 30, 1997
	1995	1996	
Equity Investments (20%-50% owned)			
Anam Semiconductor & Technology Co., Ltd....	\$ 8,737	\$10,700	\$ --
Datacom International, Inc.....	--	1,335	--
Sunrise Capital Fund.....	1,500	1,328	--
Other.....	606	1,373	2,095
	-----	-----	-----
	10,843	14,736	2,095
Available for Sale (cost based investments)			
AICL.....	37,127	23,903	39,467
Other.....	18,643	23,354	4,848
	-----	-----	-----
	55,770	47,257	44,315
	-----	-----	-----
	\$66,613	\$61,993	\$46,410
	=====	=====	=====

The Company had net unamortized investment costs in excess of the proportionate share of the investee companies' net assets of approximately \$347, \$1,284 and \$0 at December 31, 1995, 1996 and September 30, 1997, respectively.

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On August 1, 1997, the Company sold its equity investment in Anam Semiconductor & Technology Co., Ltd. and certain investments and notes receivable from companies unrelated to the semiconductor packaging and test business to AK Investments, Inc., an entity owned by James J. Kim, at cost (\$49,740) and AK Investments, Inc. assumed \$49,740 of the Company's long-term borrowings from Anam USA, Inc. Management estimates that the fair value of these investments and notes receivable exceeded the carrying value by approximately \$25,000 at August 1, 1997. Subsequent to the sale on August 1, the Company loaned AK Investments, Inc. \$12,800 for the purchase of additional investments. This amount was still outstanding at September 30, 1997.

7. SHORT-TERM CREDIT FACILITIES

At December 31, 1995, 1996 and September 30, 1997, short-term borrowings consisted of various operating lines of credit and working capital facilities maintained by the Company. These borrowings are secured by receivables, inventories or property. These facilities, which are typically for one-year renewable terms, generally bear interest at current market rates (approximately 8% at September 30, 1997). For 1995, 1996 and the nine month period ended September 30, 1997, the weighted average interest rate on these borrowings was 8.0%, 7.8% and 8.5%, respectively. Included in cash and cash equivalents is \$1,200 of certificates of deposit pledged as collateral for certain of these lines. The unused portion of lines of credit total \$41,700 at September 30, 1997.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

8. DEBT

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

	DECEMBER 31,		SEPTEMBER 30, 1997
	1995	1996	
Short-term borrowings (see Note 7).....	\$ 84,620	\$150,513	\$ 210,932
Bank loan, interest at LIBOR plus annual spread (6.90% at September 30, 1997), due October, 2000.....	50,000	50,000	50,000
Bank loan, interest at LIBOR plus annual spread (6.68% at September 30, 1997), due in installments beginning March, 1998 through April, 2001.....	--	71,250	71,250
Floating rate notes (FRNs), interest at LIBOR plus annual spread (7.38% at August 20, 1997, date of redemption).....	40,000	40,000	--
Bank debt, interest at LIBOR plus annual spread (9.32% at September 30, 1997), due December, 2001.....	--	20,000	20,000
Bank debt, interest at LIBOR plus annual spread (9.62% at September 30, 1997), due October, 1998.....	--	5,000	5,000
Bank debt, interest at LIBOR plus annual spread (9.14%			

at September 30, 1997), due in installments with balance due September, 1999.....	--	4,000	3,625
Bank debt, interest at LIBOR plus annual spread (9.69% at September 30, 1997), due in equal installments through January, 2001.....	--	5,926	5,926
Note payable, interest at prime (8.50% at September 30, 1997), due in semiannual installments beginning November 1999 through April, 2004.....	--	--	6,934
Note payable, interest at LIBOR plus annual spread (6.49% at September 30, 1997), due November, 1999...	12,800	11,000	10,000
Other, primarily capital lease obligations and other debt.....	5,085	1,568	2,445
		<u>192,505</u>	<u>386,112</u>
Less -- Short-term borrowings and current portion of long-term debt.....	(85,120)	(191,813)	(345,376)
		<u>\$107,385</u>	<u>\$ 40,736</u>
		=====	=====

In August, 1997 the Company entered into a three month bridge loan with a bank for \$55,000. The bridge loan was used to repay the FRNs as well as other debt that was due. The bank has agreed to extend this facility until February 1998.

The Bank loans were obtained to finance the expansion of the Company's factories in the Philippines. The Company has the option to prepay all or part of the loans on any interest payment date. These Bank loans are unconditionally and irrevocably guaranteed by AICL. The Bank loans contain provisions pertaining to the maintenance of specified debt-to-equity ratios, restrictions with respect to corporate reorganization, acquisition of capital stock or substantially all of the assets of any other corporations and advances and dispositions of all or a substantial portion of the borrower's assets, except in the ordinary course of business. AAP has not been in compliance with covenants regarding maintaining certain debt-to-equity ratios and making advances to an affiliate. Consequently, amounts due under these agreements and certain other agreements with cross-default clauses have been classified as current liabilities in the accompanying consolidated balance sheet.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

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

Principal payments required under long-term debt borrowings at September 30, 1997 are as follows:

	AMOUNT

Fourth quarter 1997.....	\$132,697
Calendar year 1998.....	2,075
Calendar year 1999.....	21,126
Calendar year 2000.....	11,830
Calendar year 2001.....	3,984
Calendar year 2002.....	1,386
Thereafter.....	2,083

Total.....	\$175,180
	=====

Total principal payments due within twelve months from September 30, 1997 under long-term borrowing agreements are \$134,445 and short-term borrowing agreements are \$210,932 representing combined principal repayments due within twelve months of \$345,376 . Amounts payable in the fourth quarter of 1997 include \$131,753 due under Bank loans and Bank debt agreements which are currently in default.

9. EMPLOYEE BENEFIT PLANS

U.S. Pension Plans

AEI has a defined contribution benefit plan covering substantially all U.S. employees under which AEI matches 75% of the employee's contributions of between 6% and 10% of salary, up to a defined maximum on an annual basis. The pension expense for this plan was \$108, \$483, \$776 and \$710 in 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively. The pension plan assets are invested primarily in equity and fixed income securities.

Philippine Pension Plans

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

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

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1997
	-----	-----	-----	-----
Service cost of current period.....	\$ 948	\$ 974	\$1,542	\$ 1,610
Interest cost on projected benefit obligation.....	623	811	1,228	1,256
Actual return on plan assets.....	(500)	(609)	(677)	(686)
Net amortization and deferrals.....	97	100	98	111
	-----	-----	-----	-----
Total pension expense....	\$1,168	\$1,276	\$2,191	\$ 2,291

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

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

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

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
	-----	-----	-----
Actuarial present value of:			
Vested benefit obligation.....	\$ 1,280	\$ 1,696	\$ 1,867
	=====	=====	=====
Accumulated benefit obligation.....	\$ 1,977	\$ 2,848	\$ 3,208
	=====	=====	=====
Actuarial present value of projected			
benefit obligation.....	\$ 8,542	\$12,699	\$13,275
Plan assets at fair value.....	5,765	6,077	6,078
	-----	-----	-----
Plan assets less than projected benefit			
obligation.....	(2,777)	(6,622)	(7,197)
Prior service cost.....	1,226	1,125	1,125
Unrecognized net loss.....	--	1,800	2,279
	-----	-----	-----
Accrued pension cost.....	\$ (1,551)	\$ (3,697)	\$ (3,793)
	=====	=====	=====

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

10. INCOME TAXES

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

	FOR THE YEAR ENDED DECEMBER 31,			FOR THE NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1997
Current:				
Federal.....	\$1,277	\$ 6,125	\$5,880	\$ 10,197
State.....	167	908	60	423
Foreign.....	16	498	2,260	6,468
	-----	-----	-----	-----
	1,460	7,531	8,200	17,088
	-----	-----	-----	-----
Deferred:				
Federal.....	(60)	(173)	(226)	(1,957)
Foreign.....	1,577	(974)	(98)	(11,600)
	-----	-----	-----	-----
	1,517	(1,147)	(324)	(13,557)
	-----	-----	-----	-----
Total provision.....	\$2,977	\$ 6,384	\$7,876	\$ 3,531
	=====	=====	=====	=====

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

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

	FOR THE YEAR ENDED DECEMBER 31,			FOR THE NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1997
Federal statutory rate.....	\$ 5,458	\$ 23,458	\$15,054	\$11,901
State taxes, net of federal benefit.....	167	908	60	148
S Corp. status of AEI.....	(200)	(10,400)	(2,900)	(3,626)
Losses of foreign subsidiaries not benefitted.....	--	--	4,957	8,196
Foreign exchange losses recognized for income taxes.....	--	(1,649)	--	(9,958)
Difference in rates on foreign subsidiaries.....	(2,448)	(5,933)	(9,295)	(3,130)
	-----	-----	-----	-----
Total.....	\$ 2,977	\$ 6,384	\$ 7,876	\$ 3,531
	=====	=====	=====	=====

The Company has structured its global operations to take advantage of lower tax rates in certain countries and tax incentives extended to encourage investment. AAP had a tax holiday in the Philippines which expired in 1995. AAP has a tax holiday in the Philippines which expires at the end of 2002. Foreign exchange losses recognized for income taxes relate to unrecognized net foreign exchange losses on U.S. dollar denominated monetary assets and liabilities. These losses are not recognized for financial reporting purposes as the U.S. dollar is the functional currency (see Note 1). These losses will be realized, for Philippine tax reporting purposes, upon settlement of the related asset or liability. The Company's tax returns have been examined through 1993 in the Philippines and through 1994 in the U.S. The recorded provision for open years is subject to changes upon final examination of these tax returns. Changes in the mix of income from the Company's foreign subsidiaries, expiration of tax holidays and changes in tax laws or regulations could result in increased effective tax rates for the Company.

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

	DECEMBER 31,		SEPTEMBER 30,
	1995	1997	1996
Deferred tax assets (liabilities):			
Retirement benefits.....	\$ 206	\$ 888	\$ 1,525
Receivables.....	402	344	407
Inventories.....	890	1,057	5,428
Unrealized foreign exchange losses.....	612	398	16,264
Unrealized foreign exchange gains.....	(454)	(614)	(7,977)
Other.....	321	225	208
	-----	-----	-----
Net deferred tax asset.....	\$1,977	\$2,298	\$15,855
	=====	=====	=====

Non-U.S. income before taxes and minority interest of the Company was \$14,390, \$23,800, \$20,420 and \$14,228 in 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively.

At December 31, 1995, 1996 and at September 30, 1997 current deferred tax assets of \$1,732, \$1,919 and \$13,134, respectively, are included in other current assets and noncurrent deferred tax assets of \$245, \$379 and

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

\$2,721, respectively, are included in other assets in the consolidated balance sheet. The Company's net deferred tax assets include amounts which management believes are realizable through future taxable income.

At September 30, 1997, the financial reporting basis of AEI's net assets

exceeded the tax basis of the net assets by approximately \$20,300. In connection with the Offerings, the Company and the stockholders of AEI will enter into a Tax Indemnification Agreement providing that the Company and AEI will be indemnified by such stockholders, with respect to their proportionate share of any federal or state corporate income taxes attributable to the failure of AEI to qualify as an S Corporation for any period or in any jurisdiction for which S Corporation status was claimed through the date AEI terminates its S Corporation status. The Tax Indemnification Agreement will also provide that the Company and AEI will indemnify the stockholders if such stockholders are required to include in income additional amounts attributable to taxable years on or before the date AEI terminates its S Corporation status as to which AEI filed or files tax returns claiming status as an S Corporation.

11. RELATED-PARTY TRANSACTIONS

At September 30, 1997, the Company owned 8.1% of the outstanding stock of AICL (see Note 6), and AICL owned 40% of AAP. After the Offerings (see Note 16) the Company intends to purchase AICL's interest in AAP for approximately \$34,000. In 1996 and the nine months ended September 30, 1997, approximately 72% and 68%, respectively, of the Company's net revenues (see Note 1) were derived from services performed for the Company by AICL, a Korean public company in which the Company and certain of the Company's principal stockholders hold a minority interest. By the terms of a long-standing agreement, the Company has been responsible for marketing and selling AICL's semiconductor packaging and test services, except to customers in Korea and Japan to whom AICL has historically sold such services directly. The Company has worked closely with AICL in developing new technologies and products. The Company has recently entered into five year supply agreements with AICL giving the Company the first right to market and sell substantially all of AICL's packaging and test services and the exclusive right to market and sell all of the wafer output of AICL's new wafer foundry. The Company's business, financial condition and operating results have been and will continue to be significantly dependent on the ability of AICL to effectively provide the contracted services on a cost-efficient and timely basis. The termination of the Company's relationship with AICL for any reason, or any material adverse change in AICL's business resulting from underutilization of its capacity, the level of its debt and its guarantees of affiliate debt, labor disruptions, fluctuations in foreign exchange rates, changes in governmental policies, economic or political conditions in Korea or any other change could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has obtained a significant portion of its financing from financing arrangements provided by Anam USA, Inc. ("Anam USA"), AICL's wholly-owned financing subsidiary. A majority of the amount due to Anam USA represents outstanding amounts under financing obtained by Anam USA for the benefit of the Company with the balance representing payables to Anam USA for packaging and service charges paid to AICL. Based on guarantees provided by AICL, Anam USA obtains for the benefit of the Company a continuous series of short-term financing arrangements which generally are less than six months in duration, and typically are less than two months in duration. Because of the short-term nature of these loans, the flows of cash to and from Anam USA under this arrangement are significant. Purchases from AICL through Anam USA were \$254,266, \$354,062, \$460,282 and \$408,371 for 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively. Charges from Anam USA for interest and bank charges were \$3,181, \$4,484, \$7,074 and \$7,704 for 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively. Amounts payable to AICL and Anam USA were \$232,608, \$252,221, and \$195,090 at December 31, 1995, 1996 and September 30, 1997, respectively.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

AICL's ability to continue to provide services to the Company will depend on AICL's financial condition and performance. AICL currently has a significant amount of debt relative to its equity, which debt the Company expects will continue to increase in the foreseeable future. AICL, as a public company in Korea, has published its most recent semi-annual financial statements as of June 30, 1997. These financial statements are unaudited and prepared on the basis of Korean GAAP, which differs from U.S. GAAP. U.S. GAAP financial statements are not available. As of June 30, 1997, AICL, on an unconsolidated basis, had current liabilities of approximately W749 billion, including approximately W443 billion of short-term borrowings and approximately W67 billion of current maturities of long-term debt, and had long-term liabilities of approximately W839 billion, including approximately W640 billion of long-term debt. As of such date, the total shareholders' equity of AICL amounted to approximately W288 billion. The deterioration of the Korean economy in recent months and the resulting liquidity crisis in Korea have led to sharply higher domestic interest rates and reduced opportunities for refinancing or refunding maturing debts as financial institutions in Korea, which are experiencing financial difficulties, are increasingly looking to limit their lending, particularly to highly leveraged companies, and to increase their reserves and provisions for non-performing assets. Therefore, there can be no assurance that AICL will be able to refinance its existing loans or obtain new loans, or continue to make required interest and principal payments on such loans or otherwise comply with the terms of its loan agreements. Any inability of AICL to obtain financing or generate cash flow from operations sufficient to fund its capital expenditure, debt service and repayment and other working capital and liquidity requirements could have a material adverse effect on AICL's ability to continue to provide services and otherwise fulfill its obligations to the Company.

As of June 30, 1997, AICL was contingently liable under guarantees in respect of debt of its subsidiaries and affiliates in the aggregate amount of approximately W935 billion. Such guarantees included those in respect of all of Anam USA's debt, as well as \$176,250 of the Company's debt to banks at September 30, 1997 and the Company's obligations under a receivables sales arrangement (see Note 2). The Company has met a significant portion of its financing needs through financing arrangements obtained by Anam USA for the benefit of the Company based on guarantees provided by AICL. There can be no assurance that Anam USA will be able to obtain additional guarantees, if necessary, from AICL. Further, a deterioration in AICL's financial condition could trigger defaults under AICL's guarantees, causing acceleration of such loans. In addition, if any relevant subsidiaries or affiliates of AICL were to fail to make interest or principal payments or otherwise default under their debt obligations guaranteed by AICL, AICL could be required under its guarantees to repay such debt, which event could have a material adverse effect on its financial condition and results of operations.

Anam Engineering and Construction, an affiliate of AICL, built the packaging facility for AAAP in the Philippines. Payments to Anam Engineering and Construction were \$6,542, \$22,167 and \$3,281 in 1995, 1996 and the nine months ended September 30, 1997, respectively. Anam Precision Equipment and Anam Instruments manufacture certain equipment used by the Philippine operations. Payments to Anam Precision Equipment and Anam Instruments were \$6,652 and \$1,813 in 1996 and the nine months ended September 30, 1997, respectively.

During 1996, the Company extended guarantees on behalf of an affiliate to vendors used by this affiliate. Outstanding guarantees as of December 31, 1996 and September 30, 1997 were \$25,100 and \$20,600, respectively. Amounts guaranteed under this agreement fluctuate due to the cyclical nature of the affiliate's retail business. Balances guaranteed at December 31 are generally the largest.

The Company has executed a surety and guarantee agreement on behalf of an affiliate. The Company has unconditionally guaranteed the affiliate's obligation under a \$17,000 line of credit and a \$13,000 term loan note. As of September 30, 1997, there were no amounts outstanding under the line of credit and \$9,750 was outstanding under the term loan note. The Company has also unconditionally guaranteed another affiliate's

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AMKOR TECHNOLOGY, INC.

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

obligation under a \$4,000 term loan agreement and a \$1,000 line of credit. As of September 30, 1997, there was \$4,000 outstanding under the term loan and no amounts outstanding under the line of credit.

A principal stockholder of the Company has extended guarantees on behalf of the Company in the amount of \$88,000 at September 30, 1997. Also in 1997, a company controlled by this stockholder purchased investments in the amount of \$49,740 (see Note 6).

The Company leases office space in West Chester, PA from certain shareholders of the Company. The lease expires in 2006. The Company has the option to extend the lease for an additional 10 years through 2016. On September 11, 1997, the office previously being leased in Chandler, Arizona was purchased from certain stockholders of the Company. The total purchase price of the building (\$5,710) represents the carrying value to the stockholders. Amounts paid for these leases in 1996 and the nine months ended September 30, 1997 were \$1,343 and \$1,185, respectively.

At December 31, 1995, 1996 and September 30, 1997, the Company had advances and notes receivable from affiliates of \$12,088, \$22,988 and \$41,444, respectively. Realization of these notes is dependent upon the ability of the affiliates to repay the notes. In management's opinion, these receivables are recorded at the net realizable value. In September 1997, \$5,710 of these notes were satisfied as a result of the purchase of the Chandler facility.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate methodologies; however, considerable judgment is required in interpreting market data to develop the estimates for fair value. Accordingly, these estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Certain of these financial instruments are with major financial institutions and expose the Company to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The creditworthiness of counterparties is continually reviewed, and full performance is anticipated.

The methods and assumptions used to estimate the fair value of significant

classes of financial instruments is set forth below:

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

Short-term borrowings. Short-term borrowings have variable rates that reflect currently available terms and conditions for similar borrowings. The carrying amount of this debt is a reasonable estimate of fair value.

Long-term debt and due to affiliates. Long-term debt and due to affiliates have variable rates that reflect currently available terms and conditions for similar debt. The carrying amount of this debt is a reasonable estimate of fair value.

13. COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and litigation incidental to the conduct of its business. Based on consultation with legal counsel, management does not believe that any claims or litigation to which the Company is a party will have a material adverse effect on the Company's financial condition or results of operations.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year at September 30, 1997, are:

1997 (3 months).....	\$ 1,252
1998.....	5,648
1999.....	5,619
2000.....	5,416
2001.....	4,673
2002.....	1,281
Thereafter.....	7,254

Total.....	\$31,143
	=====

Rent expense amounted to \$2,742, \$3,692, \$5,520 and \$5,313 for 1994, 1995, 1996 and the nine months ended September 30, 1997, respectively.

The Company has various purchase commitments for materials, supplies and capital equipment incidental to the ordinary conduct of business. As of September 30, 1997 the Company had commitments for capital equipment of approximately \$32,000. In the aggregate, such commitments are not at prices in excess of current market.

14. ACQUISITION OF AMKOR ANAM TEST SERVICES, INC.

On September 30, 1996, AEI and a principal stockholder each acquired 50% of the outstanding common stock of Amkor Anam Test Services, Inc. (AATS), formerly Navell Test Consultants, Inc., a provider of test engineering services for the semiconductor industry located in San Jose, California, for approximately \$2,860. Subsequent to September 30, 1996, AEI purchased the 50% interest owned by a principal stockholder at the stockholder's original cost. The acquisition was accounted for using the purchase method of accounting and the results of AATS' operations are included in the Company's consolidated statements of income effective October 1, 1996. Accordingly, the total purchase cost has been allocated to the consolidated assets and liabilities based upon their estimated respective fair values. This acquisition resulted in goodwill of approximately \$2,356, which is being amortized over 20 years.

15. BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

The Company is primarily engaged in one industry segment, namely, the packaging and testing of integrated circuits. Financial information, summarized by geographic area, is as follows:

	UNITED STATES	EUROPE	PHILIPPINES	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----	-----	-----
Nine months ended September 30, 1997:					
Net revenues from unaffiliated customers.....	\$ 899,600	144,020	\$ --	\$ --	\$ 1,043,620
Net revenues from affiliates.....	--	--	192,178	(192,178)	--
Total net revenues.....	899,600	144,020	192,178	(192,178)	1,043,620
Income before income taxes and minority interest.....	19,775	19,037	(4,809)	--	34,003
Identifiable assets.....	435,200	25,848	514,764	(246,289)	729,523
Corporate assets.....					153,344
Total assets.....					\$ 882,867
					=====

AMKOR TECHNOLOGY, INC.

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

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

Year ended December 31, 1996:					
Net revenues from unaffiliated customers.....	\$1,013,182	\$157,819	\$ --	\$ --	\$ 1,171,001
Net revenues from affiliates.....	--	--	198,637	(198,637)	--
	-----	-----	-----	-----	-----
Total net revenues.....	1,013,182	157,819	198,637	(198,637)	1,171,001
Income before income taxes and minority interest.....	22,592	12,473	7,947	--	43,012
Identifiable assets.....	350,988	19,806	424,653	(183,255)	612,192
Corporate assets.....					185,421

Total assets.....					\$ 797,613
					=====
Year ended December 31, 1995:					
Net revenues from unaffiliated customers.....	\$ 792,285	\$140,097	\$ --	\$ --	\$ 932,382
Net revenues from affiliates.....	--	--	128,164	(128,164)	--
	-----	-----	-----	-----	-----
Total net revenues.....	792,285	140,097	128,164	(128,164)	932,382
Income before income taxes and minority interest.....	43,223	13,019	10,781	--	67,023
Identifiable assets.....	323,886	19,014	270,185	(179,166)	433,919
Corporate assets.....					201,949

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

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

Sales between affiliates are priced at customer selling price less material costs provided by the segment, less a sales commission. Net revenues from unaffiliated customers for the United States include \$109,532, \$160,507 and \$151,306 of revenues from unaffiliated foreign customers for 1995, 1996 and the nine months ended September 30, 1997, respectively. In 1994 sales to unaffiliated foreign customers from the United States were less than 10% of total consolidated net revenues. Identifiable assets are those assets that can be directly associated with a particular geographic area. Corporate assets are those assets which are not directly associated with a particular geographic area and consist primarily of cash and cash equivalents, investments and advances or loans to another geographic segment.

16. SUBSEQUENT EVENTS

On _____, 1998, the stockholders of each of the Amkor Companies described in Note 1 exchanged all of their shares of these companies for 82,610 newly issued shares of common stock and 5 shares of Preferred Stock of Amkor Technology, Inc. ("ATI") a company formed to consolidate the operations of the Amkor Companies. This transaction will be accounted for similar to a pooling of interests. The issuance of the Preferred Stock will be accounted for as a stock dividend based upon the fair value of the stock issued. ATI filed an amended registration statement on December 30, 1997 with the Securities and Exchange Commission

AMKOR TECHNOLOGY, INC.

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

as part of a proposed plan to reduce outstanding borrowings and to increase the stockholders' equity. ATI intends to raise approximately \$ (after deducting the underwriting discount and estimated offering expenses) from the sale of shares of common stock and convertible notes (the "Offerings"). The convertible notes will be 1) convertible into ATI common stock at a premium over the initial public offering price; 2) callable in certain circumstances after three years; 3) unsecured and subordinate to senior debt; 4) carry a coupon rate of approximately %; and 5) have a maturity of five years. Approximately \$ of the proceeds will be used to reduce short-term borrowings and long-term debt. In connection with the Offerings, certain existing stockholders intend to sell approximately of their shares.

The Company established stock option plans in 1998 pursuant to which shares of common stock were reserved for future issuance upon the exercise of stock options granted to employees, consultants and directors. The options will be issued at fair value and generally will vest over five years.

After the Offerings, the Company intends to purchase AICL's 40% interest in AAP for approximately \$34,000. The Company will account for this transaction as a purchase which will result in the elimination of the minority interest liability reflected on the consolidated balance sheet.

17. PRO FORMA ADJUSTMENTS

Statement of Income

Pro forma adjustments are presented to reflect a provision for income taxes as if AEI had not been an S Corporation for all of the periods presented. Pro forma net income per common share is based on the weighted average number of shares outstanding as if the Exchange had occurred at the beginning of the period presented.

Balance Sheet

As discussed in Note 1, the Company intends to reorganize prior to the effective date of the contemplated offering. AEI will terminate its S Corporation status at which time additional deferred tax liabilities of \$8,100 will be recorded for existing temporary differences between the book and tax bases of assets and liabilities. If the termination of AEI's S Corporation status would have occurred on September 30, 1997, AEI would have declared a distribution of \$23,500 of previously taxed income and the remaining retained earnings related to AEI of which \$5,600 would have been reclassified to additional paid in capital. The pro forma balance sheet is presented to reflect these changes as if they occurred on September 30, 1997.

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NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH THE INFORMATION IS GIVEN IN THIS PROSPECTUS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH SOLICITATION.

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Until _____, 1998 (25 days after the commencement of the Offerings), all dealers effecting transactions in the Common Stock and Convertible Notes, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

=====

SHARES

COMMON STOCK

\$150,000,000

% CONVERTIBLE

SUBORDINATED NOTES

DUE 2003

AMKOR

TECHNOLOGY, INC.

LOGO

PROSPECTUS

, 1998

SALOMON SMITH BARNEY

BANCAMERICA
ROBERTSON STEPHENS

COWEN & COMPANY

APPENDIX - DESCRIPTION OF GRAPHICS

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

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

SUBJECT TO COMPLETION, DATED DECEMBER 30, 1997

PROSPECTUS

SHARES

COMMON STOCK

LOGO

\$150,000,000

% CONVERTIBLE SUBORDINATED NOTES DUE 2003

AMKOR TECHNOLOGY, INC.

Amkor Technology, Inc. ("Amkor" or the "Company") hereby offers shares of Common Stock, par value \$.001 per share ("Common Stock"), and \$150,000,000 aggregate principal amount of % Convertible Subordinated Notes due 2003 (the "Convertible Notes"). In addition, certain stockholders of the Company (the "Selling Stockholders") are hereby offering shares of Common Stock. The Convertible Notes will mature on , 2003. Interest on the Convertible Notes is payable on and of each year, commencing , 1998. The Convertible Notes are convertible into shares of Common Stock at any time on or before the close of business on the last trading day prior to maturity, unless previously redeemed, at a conversion price of \$ per share, subject to adjustment in certain events as described herein.

The Convertible Notes are subordinated in right of payment to all existing and future Senior Debt (as defined) of the Company and effectively subordinated to all existing and future liabilities and obligations of the Company's subsidiaries. As of , 1997, the total principal amount of Senior Debt of the Company would have been approximately \$ million and other liabilities and obligations of the Company's subsidiaries (excluding intercompany indebtedness) that would have effectively ranked senior to the Convertible Notes would have been approximately \$ million. The Convertible Notes are not redeemable by the Company prior to , 2001. On or after , 2001, the Convertible Notes are redeemable, in whole or from time to time in part, at the option of the Company, at the redemption prices set forth herein plus accrued interest, if the closing price of the Common Stock is at least 125% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the fifth trading day prior to the notice of redemption. No sinking fund is provided for the Convertible Notes. In addition, following the occurrence of a Designated Event (i.e., a Change of Control or Termination of Trading (each as defined)), each holder has the right to cause the Company to purchase the Convertible Notes at 101% of their principal amount together with accrued and unpaid interest. See "Description of Convertible Notes."

Of the _____ shares of Common Stock (the "Shares") and \$150,000,000 aggregate principal amount of Convertible Notes offered hereby (the "Shares"), Shares and \$ _____ principal amount of Convertible Notes are being offered by the International Underwriters (as defined herein) outside the United States and Canada (the "International Offering") and _____ Shares and \$ _____ principal amount of Convertible Notes are being offered by the U.S. Underwriters (as defined herein) in a concurrent offering in the United States and Canada (the "U.S. Offering" and, together with the International Offering, the "Offerings"), subject to transfers between the International Underwriters and the U.S. Underwriters (collectively, the "Underwriters"). The Price to the Public and Underwriting Discount per Share and per Convertible Note will be identical for the International Offering and the U.S. Offering. See "Underwriting." The closing of the International Offering and U.S. Offering are conditioned upon each other. Following the Offerings, certain members of management and their affiliates will beneficially own _____ % of the Company's outstanding Common Stock. See "Principal and Selling Stockholders."

Prior to the Offerings, there has not been a public market for the Common Stock or the Convertible Notes. It is currently estimated that the initial public offering price per share of the Common Stock will be between \$ _____ and \$ _____ per share. See "Underwriting" for a discussion of factors to be considered in determining the initial public offering price. The Common Stock has been approved for listing on the Nasdaq National Market under the symbol "AMKR", subject to official notice of issuance. The Company intends to apply for approval of quotation of the Convertible Notes on the Nasdaq Stock Market under the symbol "AMKRG."

SEE "RISK FACTORS" BEGINNING ON PAGE 9 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SHARES AND THE CONVERTIBLE NOTES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO THE COMPANY (2)	PROCEEDS TO SELLING STOCKHOLDERS (2)
Per Share.....	\$	\$	\$	\$
Per Convertible Note.....	\$	\$	\$	--
Total Shares.....	\$	\$	\$	\$
Total Convertible Notes.....	\$	\$	\$	--
Total (3).....	\$	\$	\$	\$

(1) For information regarding indemnification of the Underwriters, see "Underwriting."

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

(3) The Company has granted the International Underwriters and the U.S. Underwriters 30-day options to purchase up to _____ and _____ additional shares of Common Stock, respectively, and \$ _____ and \$ _____ additional

principal amount of Convertible Notes, respectively, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to the Public, Underwriting Discount and Proceeds to the Company will be \$, \$ and \$, respectively. See "Underwriting."

The Shares and the Convertible Notes are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Shares and the Convertible Notes will be made at the office of Smith Barney Inc., 333 West 34th Street, New York, New York 10001 or through the facilities of The Depository Trust Company, on or about , 1998.

SALOMON SMITH BARNEY INTERNATIONAL

BA ROBERTSON STEPHENS INTERNATIONAL LIMITED

COWEN INTERNATIONAL L.P.

, 1998.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO THE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement (the "International Underwriting Agreement") among the Company, the Selling Stockholders and each of the underwriters named below (the "International Underwriters"), for whom Smith Barney Inc., BancAmerica Robertson Stephens International Limited and Cowen International L.P. are acting as representatives (the "International Representatives"), (i) the Company and the Selling Stockholders have agreed to sell to each of the International Underwriters and each of the International Underwriters has severally agreed to purchase from the Company and the Selling Stockholders the aggregate number of Shares set forth opposite its name in the table below and (ii) the Company has agreed to sell to certain of the International Underwriters and each such International Underwriter has severally agreed to purchase from the Company the principal amount of the Convertible Notes set forth opposite its name below.

INTERNATIONAL UNDERWRITERS	NUMBER OF SHARES	PRINCIPAL AMOUNT OF CONVERTIBLE NOTES
-----	-----	-----
Smith Barney Inc.		
BancAmerica Robertson Stephens International Limited.....		
Cowen International L.P.....		
	-----	-----
Total.....	=====	=====

The International Underwriting Agreement provides that the obligations of the International Underwriters to purchase the Shares and Convertible Notes listed above are subject to certain conditions set forth therein. The International Underwriters are committed to purchase all of the Shares and Convertible Notes offered by this Prospectus (other than those covered by the over-allotment options described below), if any Shares or Convertible Notes are purchased. In the event of default by any International Underwriter, the International Underwriting Agreement provides that, in certain circumstances, the purchase commitments of the non-defaulting International Underwriters may be increased or the International Underwriting Agreement may be terminated.

The International Representatives have advised the Company and the Selling Stockholders that the International Underwriters propose initially to offer such Shares to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a discount not in excess of \$ per share. The International Underwriters may allow, and such dealers may reallocate, a discount not in excess of \$ per share on sales to certain other dealers. After the Offerings, the public offering price and such discounts may be changed.

The International Representatives have also advised the Company that the relevant International Underwriters propose initially to offer such Convertible Notes to the public at the initial public offering price thereof set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of % of the principal amount of such Notes. The relevant International Underwriters may allow, and such dealers may reallocate, a discount not in excess of % of the principal amount of the Convertible Notes on sales to certain other dealers. After the initial public offering of the Convertible Notes, the public offering price and such concessions may be changed.

Purchasers of the Shares offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the initial public offering price set forth on the cover page hereof.

The Company and the Selling Stockholders also have entered into an underwriting agreement (the "U.S. Underwriting Agreement") with the U.S. Underwriters named therein, for whom Smith Barney Inc., BancAmerica Robertson Stephens and Cowen & Company are acting as representatives (the

"U.S. Representatives" and, together with the International Representatives, the "Representatives"), providing for the concurrent offer and sale of of the Shares and \$ principal amount of the Convertible Notes in the United States and Canada.

The closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement, and the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the U.S. Underwriting Agreement is a condition to the closing with respect to the sale of the Shares and the Convertible Notes pursuant to the International Underwriting Agreement. The initial public offering price and underwriting discount per Share and per Convertible Note for the International Offering and the U.S. Offering will be identical.

Each International Underwriter has severally agreed that, as part of the distribution of the Shares and \$ principal amount of the Convertible Notes by the International Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of any United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus to any person in the United States or Canada, or to any United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of any United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes in the United States or Canada, or to any United States or Canadian Person or to any other dealer who does not so represent and agree.

Each U.S. Underwriter has severally agreed that, as part of the distribution of the Shares and \$ principal amount of the Convertible Notes by the U.S. Underwriters, (i) it is not purchasing any Shares or Convertible Notes for the account of anyone other than a United States or Canadian Person, (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or Convertible Notes or distribute any Prospectus relating to the U.S. Offering to any person outside of the United States or Canada, or to anyone other than a United States or Canadian Person and (iii) any dealer to whom it may sell any Shares or Convertible Notes will represent that it is not purchasing for the account of anyone other than a United States or Canadian Person and agree that it will not offer or resell, directly or indirectly, any Shares or Convertible Notes outside of the United States or Canada, or to anyone other than a United States or Canadian Person or to any other dealer who does not so represent and agree.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement Between U.S. Underwriters and International Underwriters. "United States or Canadian Persons" means any person who is a national or resident of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, and any estate or trust the income of which is subject to United States or Canadian federal income taxation, regardless of its source (other than a foreign branch of such entity) and includes any United States or Canadian branch of a person

other than a United States or Canadian Person.

Pursuant to the Agreement Between U.S. Underwriters and International Underwriters, sales may be made between the International Underwriters and the U.S. Underwriters of such number of Shares and such principal amount of the Convertible Notes as may be mutually agreed. The price of any Shares or Convertible Notes so sold shall be the initial public offering price thereof set forth on the cover page of this Prospectus, less an amount not greater than the concession to securities dealers set forth above. To the extent that there are sales between the International Underwriters and the U.S. Underwriters pursuant to the Agreement Between U.S. Underwriters and International Underwriters, the number of Shares and the principal amount of the Convertible Notes initially available for sale by the International Underwriters or by the U.S. Underwriters may be more or less than the amount specified on the cover page of this Prospectus.

Each International Underwriter has severally represented and agreed that (i) it has not offered or sold and, prior to the expiration of six months from the closing of the International Offering, will not offer or sell

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

any Shares or the Convertible Notes in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (whether as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted in and will not result in an offer to the public within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Shares or the Convertible Notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Shares or the Convertible Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

The Company has granted to the International Underwriters and the U.S. Underwriters options to purchase up to an additional and Shares, respectively, and an additional \$ and \$ principal amount of the Convertible Notes, respectively, in each case at the applicable price to public less the applicable underwriting discount set forth on the cover page of this Prospectus, solely to cover over-allotments, if any. Such options may be exercised at any time up to 30 days after the date of this Prospectus. To the extent such options are exercised, each of the International Underwriters and the U.S. Underwriters will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock or such additional principal amount of Convertible Notes as the percentage it was obligated to purchase pursuant to the International Underwriting Agreement or the U.S. Underwriting Agreement, as applicable.

The Company has agreed with the Underwriters not to offer, pledge, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in

privity with the Company or any affiliate of the Company), directly or indirectly, or announce the offering of, any other shares of Common Stock (other than the Convertible Notes) or any securities or options convertible into, or exchangeable or exercisable for, shares of Common Stock for a period of 180 days following the date hereof without the prior written consent of Smith Barney Inc., subject to certain limited exceptions. In addition, each of the Company's officers, directors and stockholders has agreed with the Underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, or file a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 180 days after the date hereof unless pursuant to the Securities Loan Agreement or with the prior written consent of Smith Barney Inc., subject to certain limited exceptions. Smith Barney Inc. currently does not intend to release any securities subject to such lock-up agreements, but may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to such lock-up agreements.

The International Underwriting Agreement and the U.S. Underwriting Agreement provide that the Company and certain Selling Stockholders will indemnify the several International Underwriters and U.S. Underwriters against certain liabilities under the Securities Act, or contribute to payments the International Underwriters and the U.S. Underwriters may be required to make in respect thereof.

BancAmerica Robertson Stephens International Limited is an affiliate of Bank of America, which will be repaid approximately \$55 million of short-term loans to the Company from the net proceeds of the Offerings. See "Use of Proceeds." Because more than 10% of the net proceeds of the Offerings will be paid to Bank of America, the Offerings are being conducted in accordance with Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. ("Rule 2720"). Smith Barney Inc. will serve as a "qualified

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

independent underwriter" in the Offerings and, in such capacity, will recommend a price in compliance with Rule 2720 and has performed due diligence investigations in accordance with Rule 2720.

Salomon Smith Barney (including certain of its affiliates) Mr. James Kim and AICL are among the principal shareholders of a securities and investment banking firm in Korea. In addition, certain of the Underwriters and their affiliates have been engaged from time to time, and may in the future be engaged, to perform investment banking and other advisory-related services to the Company and its affiliates, including certain of the Selling Stockholders, in the ordinary course of business. In connection with rendering such services in the past, such Underwriters and affiliates have received customary compensation, including reimbursement of related expenses.

In connection with the Offerings, certain Underwriters and selling group members and their respective affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the Common Stock or the Convertible Notes. Such transactions may include stabilization transactions

effected in accordance with Rule 104 of Regulation M, pursuant to which such persons may bid for or purchase Common Stock or Convertible Notes for the purpose of stabilizing their market price. The Underwriters also may create a short position for the account of the Underwriters by selling more Common Stock or the Convertible Notes in connection with the Offerings than they are committed to purchase from the Company and the Selling Stockholders, and in such case may purchase Common Stock or Convertible Notes in the open market following completion of the Offerings to cover all or a portion of such short position. The Underwriters may also cover all or a portion of such short position, up to _____ shares of Common Stock and \$ _____ principal amount of the Convertible Notes, by exercising the Underwriters' over-allotment options referred to above. In addition, the Representatives, on behalf of the Underwriters, may impose "penalty bids" under contractual arrangements with the Underwriters whereby it may reclaim from an Underwriter (or dealer participating in the Offerings), for the account of the other Underwriters, the selling concession with respect to Common Stock that is distributed in the Offerings but subsequently purchased for the account of the Underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the Common Stock and the Convertible Notes at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and, if they are undertaken, they may be discontinued at any time.

In connection with the Offerings, Mr. James Kim and Mrs. Agnes Kim (referred to herein as the "Lenders") and Smith Barney Inc. intend to enter into a securities loan agreement (the "Securities Loan Agreement") which provides that, subject to certain restrictions and with the agreement of the Lenders, Smith Barney Inc. may from time to time for a period of up to _____ months borrow, return and reborrow up to 3.0 million shares of Common Stock from the Lenders (the "Borrowed Securities"); provided, however, that the number of Borrowed Securities at any time may not exceed 3.0 million shares of Common Stock, subject to adjustment for certain dilutive events. The Securities Loan Agreement is intended to facilitate market-making activity in the Convertible Notes by Smith Barney Inc. Smith Barney Inc. may from time to time borrow shares of Common Stock under the Securities Loan Agreement to settle short sales of Common Stock entered into by Smith Barney Inc. to hedge any long position in the Convertible Notes resulting from its market-making activities. Such sales will be made on the Nasdaq National Market or in the over-the-counter market at market prices prevailing at the time of sale or at prices related to such market prices. Market conditions will dictate the extent and timing of Smith Barney Inc.'s market-making transactions in the Convertible Notes and the consequent need to borrow and sell shares of Common Stock. The availability of shares of Common Stock under the Securities Loan Agreement at any time is not assured and any such availability does not assure market-making activity with respect to the Convertible Notes. Any market-making engaged in by Smith Barney Inc. or any other Underwriter may cease at any time. The foregoing description of the Securities Loan Agreement does not purport to be complete and is qualified in its entirety by reference to such agreement, which is an exhibit to the Securities Loan Registration Statement.

The Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

Prior to the Offerings, there has been no public market for the Common Stock. Accordingly, the initial public offering price for the Shares will be determined by negotiation among the Company, the Selling Stockholders and the Representatives. Among the factors considered in determining the initial public offering price will be the Company's record of operations, its current financial

condition, its future prospects, the market for its services, the experience of management, the economic conditions of the Company's industry in general, the general condition of the equity securities market and the demand for similar securities of companies considered comparable to the Company and other relevant factors. There can be no assurance, however, that the prices at which the Common Stock will sell in the public market after the Offerings will not be lower than the price at which the Shares are sold by the Underwriters.

LEGAL MATTERS

The validity of the Common Stock and Notes offered hereby will be passed upon for the Company by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Cleary, Gottlieb, Steen & Hamilton, New York, New York, is acting as counsel for the Underwriters in connection with certain legal matters relating to the shares of Common Stock and Notes offered hereby.

EXPERTS

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

Reference is made to said reports which include an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 of Notes to the Consolidated Financial Statements.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (the "Registration Statement") under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company, the Common Stock and the Convertible Notes, reference is made to the Registration Statement and the exhibits and schedules filed as a part thereof. Statements contained in this Prospectus as to the contents of any contract or any other document referred to are not necessarily complete. In each instance, reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, and each such statement is qualified in all respects by such reference. The Registration Statement, including exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, New York 10048 and Northwestern Atrium Center, 500 Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials may be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates and through the National Association of Securities Dealers, Inc. located at 1735 K Street, N.W., Washington, D.C. 20006. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is <http://www.sec.gov>.

[Alternate pages for International Prospectus]

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NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH THE INFORMATION IS GIVEN IN THIS PROSPECTUS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH SOLICITATION.

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Until _____, 1998 (25 days after the commencement of the Offerings), all dealers effecting transactions in the Common Stock and Convertible Notes, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

=====
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SHARES

COMMON STOCK

\$150,000,000

% CONVERTIBLE

SUBORDINATED NOTES

DUE 2003

AMKOR

TECHNOLOGY, INC.

LOGO

PROSPECTUS

, 1998

SALOMON SMITH BARNEY

INTERNATIONAL

BA ROBERTSON STEPHENS

INTERNATIONAL LIMITED

COWEN

INTERNATIONAL L.P.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts, commissions and certain accountable expenses, payable by the Company in connection with the sale of Common Stock being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC Registration Fee.....	\$172,858
NASD Filing Fee.....	30,500
Nasdaq National Market System Listing Fee.....	50,000
Printing Fees and Expenses.....	*
Legal Fees and Expenses.....	*
Accounting Fees and Expenses.....	*
Blue Sky Fees and Expenses.....	5,000
Transfer Agent and Registrar Fees.....	*
Miscellaneous.....	*

Total.....	\$ *
	=====

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law permits a corporation to include in its charter documents, and in agreements between the corporation and its directors and officers, provisions expanding the scope of indemnification beyond that specifically provided by the current law.

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

The Registrant's Bylaws provide for the indemnification of officers, directors and third parties acting on behalf of the Registrant if such person acted in good faith and in a manner reasonably believed to be in and not opposed to the best interest of the Registrant, and, with respect to any criminal action or proceeding, the indemnified party had no reason to believe his conduct was unlawful.

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

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

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

In _____, 1998, 82,610,000 shares of the Company's Common Stock and 5,000 shares of Series A Preferred Stock were issued to Mr. James Kim and members of his family in exchange for their outstanding interests in the Amkor Companies. Such issuances were made pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended. See "Reorganization" in Part I hereof. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions. All recipients had adequate access, through their relationships with the Company, to information about the Registrant.

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) Exhibits

- 1.1 Form of U.S. Underwriting Agreement.*
- 1.2 Form of International Underwriting Agreement.*
- 3.1 Certificate of Incorporation.**
- 3.2 Bylaws.**
- 4.1 Specimen Common Stock Certificate.*
- 4.2 Form of Indenture dated _____, 1998.*
- 5.1 Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, as to the legality of the securities being registered.*
- 10.1 Form of Indemnification Agreement for directors and officers.*
- 10.2 1998 Stock Plan and form of agreement thereunder.*
- 10.3 Receivables Purchase Agreement between Amkor Electronics, Inc. and Amkor Receivables Corp., dated June 20, 1997.**
- 10.4 Tax Indemnification Agreement dated _____, 1997 between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.*
- 10.5 Bridge Loan Agreement between Amkor/Anam Pilipinas, Inc., Anam Industrial Co., Ltd. and the Korea Development Bank for \$55,000,000, dated July 1997.**
- 10.6 Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$71,000,000, dated March 28, 1996.**
- 10.7 Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$50,000,000, dated September 7, 1995.**
- 10.8 Commercial Office Lease between Chandler Corporate Center Phase II, G.P. and Amkor Electronics, Inc., dated September 6, 1993.**
- 10.9 Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D. and John T. Kim and Amkor Electronics, Inc., dated October 1, 1996.**
- 10.10 Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim and Amkor Electronics, Inc., dated June 14, 1996.**
- 10.11 Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.**
- 10.12 Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.**
- 10.13 Lease Contract between AAP Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.**
- 10.14 Immunity Agreement between Amkor Electronics, Inc. and Motorola, Inc., dated June 30, 1993.***
- 10.15 Assembly Agreement between Amkor Electronics, Inc. and Intel Corporation, dated July 17, 1991.***
- 10.16 1998 Director Option Plan and form of agreement thereunder.*
- 10.17 1998 Employee Stock Purchase Plan.*
- 10.18 Performance Undertaking between Amkor Receivables Corp. and Anam Industrial Co., Ltd., dated June 20, 1997.
- 10.19 Packaging and Test Services Agreement by and among Amkor Technology, Inc., Amkor Electronics, Inc., C.I.L. Limited, Anam USA, Inc. and Anam Industrial Co., Ltd. dated _____, 1998.*

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- 10.20 Foundry Services Agreement by and among Amkor Electronics, Inc., C.I.L. Limited, Anam Industries Co., Ltd. and Anam USA dated as of _____, 1998.*
- 10.21 Amendment to Technical Assistance Agreement dated as of September _____, 1997 between Texas Instruments Incorporated and Anam Industrial Co., Ltd. and related portions of Technical Assistance Agreement dated as of January 28, 1997.+
- 12.1 Ratio of Earnings to Fixed Charges.*
- 21.1 List of Subsidiaries of the Registrant.*
- 23.1 Consent of Independent Public Accountants.
- 23.2 Consent of Counsel (included in Exhibit 5.1).*
- 24.1 Power of Attorney.
- 25.1 Statement of Eligibility of Trustee on Form T-1.*
- 27.1 Financial Data Schedule.

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* To be filed by amendment.

** Previously Filed.

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

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

ITEM 17. UNDERTAKINGS

The Registrant hereby undertakes to provide the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, and will be governed by the final adjudication of such issue.

The undersigned Registrant undertakes that: (1) for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus as filed as part of the registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be

deemed to be part of this registration statement as of the time it was declared effective, and (2) for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of West Chester, State of Pennsylvania, on the 29th day of December 1997.

AMKOR TECHNOLOGY, INC.

By: /s/ JAMES J. KIM

James J. Kim

Chief Executive Officer and
Secretary

POWER OF ATTORNEY

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

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT ON FORM S-1 HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE

TITLE

DATE

/s/ JAMES J. KIM

Chief Executive Officer and

December 29, 1997

-----	Chairman	
James J. Kim		
/s/ FRANK J. MARCUCCI	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	December 29, 1997

Frank J. Marcucci		
/s/ JOHN N. BORUCH	President and Director	December 29, 1997

John N. Boruch		
/s/ THOMAS D. GEORGE	Director	December 29, 1997

Thomas D. George		
/s/ GREGORY K. HINCKLEY	Director	December 29, 1997

Gregory K. Hinckley		
/s/ LOUIS J. SIANA	Director	December 29, 1997

Louis J. Siana		

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INDEX TO FINANCIAL STATEMENT SCHEDULES*

SCHEDULE NUMBER	DESCRIPTION OF SCHEDULES	SEQUENTIALLY NUMBERED PAGE
-----	-----	-----
II	Report of Independent Public Accountants.....	S-2
	Valuation and Qualifying Accounts.....	S-3

* All other schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

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After the Reorganization transaction discussed in Note 1 to the Amkor Technology, Inc. and subsidiaries' consolidated financial statements is effected, we expect to be in position to render the following audit report.

October 31, 1997

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Amkor Technology, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Amkor Technology, Inc. and subsidiaries

included in this registration statement and have issued our report thereon dated , 1997. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Our report on the financial statements includes an explanatory paragraph with respect to the ability of the Company to continue as a going concern as discussed in Note 1 to the Consolidated Financial Statements. The schedule listed in the index above is presented for the purpose of complying with the Securities and Exchange Commissions rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

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SCHEDULE II

AMKOR TECHNOLOGY, INC.

VALUATION AND QUALIFYING ACCOUNTS
(AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	WRITE-OFFS	OTHER	BALANCE AT END OF PERIOD
	-----	-----	-----	-----	-----
Year ended December 31, 1994:					
Allowance for doubtful accounts.....	\$ 524	\$ 500	\$ (546)	\$ 9	\$ 487
Year ended December 31, 1995:					
Allowance for doubtful accounts.....	\$ 487	\$ 500	\$ --	\$ 56	\$ 1,043
Year ended December 31, 1996:					
Allowance for doubtful accounts.....	\$ 1,043	\$ 660	\$ (564)	\$ 40	\$ 1,179
Nine months ended September 30, 1997:					
Allowance for doubtful accounts.....	\$ 1,179	\$ 1,310	\$ --	--	\$ 2,489

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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1.1	Form of U.S. Underwriting Agreement.*
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3.2	Bylaws.**
4.1	Specimen Common Stock Certificate.*
4.2	Form of Indenture dated , 1998.*
5.1	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, as to the legality of the securities being registered.*
10.1	Form of Indemnification Agreement for directors and officers.*

10.2	1998 Stock Plan and form of agreement thereunder.*
10.3	Receivables Purchase Agreement between Amkor Electronics, Inc. and Amkor Receivables Corp., dated June 20, 1997.**
10.4	Tax Indemnification Agreement dated _____, 1997 between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.*
10.5	Bridge Loan Agreement between Amkor/Anam Pilipinas, Inc., Anam Industrial Co., Ltd. and the Korea Development Bank for \$55,000,000, dated July 1997.**
10.6	Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$71,000,000, dated March 28, 1996.**
10.7	Loan Agreement between Amkor/Anam Pilipinas, Inc. and the Korea Development Bank for \$50,000,000, dated September 7, 1995.**
10.8	Commercial Office Lease between Chandler Corporate Center Phase II, G.P. and Amkor Electronics, Inc., dated September 6, 1993.**
10.9	Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D. and John T. Kim and Amkor Electronics, Inc., dated October 1, 1996.**
10.10	Commercial Office Lease between the 12/31/87 Trusts of Susan Y., David D., and John T. Kim and Amkor Electronics, Inc., dated June 14, 1996.**
10.11	Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.**
10.12	Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.**
10.13	Lease Contract between AAP Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.**
10.14	Immunity Agreement between Amkor Electronics, Inc. and Motorola, Inc., dated June 30, 1993.***
10.15	Assembly Agreement between Amkor Electronics, Inc. and Intel Corporation, dated July 17, 1991.***
10.16	1998 Director Option Plan and form of agreement thereunder.*
10.17	1998 Employee Stock Purchase Plan.*
10.18	Performance Undertaking between Amkor Receivables Corp. and Anam Industrial Co., Ltd., dated June 20, 1997.
10.19	Packaging and Test Services Agreement by and among Amkor Technology, Inc., Amkor Electronics, Inc., C.I.L. Limited, Anam USA, Inc. and Anam Industrial Co., Ltd. dated _____, 1998.*
10.20	Foundry Services Agreement by and among Amkor Electronics, Inc., C.I.L. Limited, Anam Industries Co., Ltd. and Anam USA dated as of _____, 1998.*
10.21	Amendment to Technical Assistance Agreement dated as of September 30, 1997 between Texas Instruments Incorporated and Anam Industrial Co., Ltd.+
12.1	Ratio of Earnings to Fixed Charges.*
21.1	List of Subsidiaries of the Registrant.*
23.1	Consent of Independent Public Accountants.

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EXHIBIT NUMBER -----	DESCRIPTION -----
23.2	Consent of Counsel (included in Exhibit 5.1).*
24.1	Power of Attorney (see page II-4).
25.1	Statement of Eligibility of Trustee on Form T-1.*
27.1	Financial Data Schedule.

* To be filed by amendment.

** Previously Filed.

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

PERFORMANCE UNDERTAKING

June 20, 1997

Amkor Receivables Corp.
Goshen Corporate Park
1345 Enterprise Drive
West Chester, Pennsylvania 19380

Ladies and Gentlemen:

Reference is made to (i) that certain Receivables Purchase Agreement (as the same may from time to time hereafter be amended, restated, supplemented or otherwise modified, the "Purchase Agreement") dated as of June 20, 1997 between Amkor Electronics, Inc. (the "Originator") and Amkor Receivables Corp. (the "Seller") and (ii) that certain Investor Agreement (as the same may from time to time hereafter be amended, restated, supplemented or otherwise modified, the "Investor Agreement") dated as of June 20, 1997 among the Seller, Falcon Asset Securitization Corporation ("Falcon"), certain financial institutions thereto (the "Investors") (Falcon and the Investors being referred to, collectively, as the "Purchasers") and The First National Bank of Chicago, as agent (the "Agent") for the Purchasers thereunder. Unless otherwise defined herein, capitalized terms used herein shall have their meaning as defined in the Purchase Agreement.

To induce the Seller to enter into the Purchase Agreement, we hereby agree to perform the obligations set forth in this Performance Undertaking (this "Agreement").

1. Performance Undertaking. We hereby unconditionally and irrevocably agree with and undertake to the Seller and its assigns that we will ensure that the Originator shall at all times have sufficient funds, whether it be by capital contribution, loan to the Originator, arrangement with third parties to provide funds to the Originator or otherwise (and in each case remitted to an account specified by the Seller for the benefit of the Originator), to enable the Originator to make full and prompt payment and perform and observe all covenants, agreements, terms, conditions and indemnities under and pursuant to the Purchase Agreement and each other document executed and delivered by the Originator pursuant to or in connection with the Purchase Agreement (collectively, the "Obligations"). The Obligations shall include, without limitation, all obligations of the Originator as "Sub-Servicer" under the Purchase Agreement.

The Seller shall be at liberty, without giving notice to us or obtaining our assent and without relieving us of any of our liabilities under this Agreement, to deal with the Originator and with each other party who now is or after the date hereof becomes obligated in any manner for any of the Obligations, in such manner as the Seller in its sole discretion deems fit, and to this end we agree that the validity and enforceability of this Agreement shall not be impaired or

affected by any of the following: (a) any waiver, extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Obligations or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Obligations or any part thereof or any agreement relating thereto, or with

respect to any collateral securing the Obligations or any part thereof, (c) the existence of any claim, set-off or other rights which we may have at any time against the Originator in connection herewith or any unrelated transaction; or (d) any failure on the part of the Originator to perform or comply with any term of the Purchase Agreement or any other document executed in connection therewith or delivered thereunder, all whether or not we shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (a) through (d).

This Agreement is absolute, unconditional and continuing and is in no way conditioned upon any requirement that the Seller first take any action against the Originator with respect to the Obligations or proceed against any collateral security, any balance of any deposit account or credit on the books of the Seller in favor of the Originator, any guarantor of the Obligations or any other Person. Our liability under this Agreement shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of any material provision of the Purchase Agreement, the Investor Agreement or any other document executed in connection therewith or delivered thereunder, (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Purchase Agreement, the Investor Agreement or any other document executed in connection therewith or delivered thereunder, (iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations, (iv) any law, regulation or order of any jurisdiction affecting any term of all or any Obligations or the rights of the Seller, (v) any manner of application of collateral, or proceeds thereof to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Originator, (vi) any change, restructuring or termination of the corporate structure or existence of the Originator, or (vii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Originator or a guarantor. Our Obligations hereunder shall not be stayed, discharged or modified by any insolvency, bankruptcy or reorganization of the Originator. This Agreement shall be in addition to any guaranty or security for the Obligations, and it shall not be rendered unenforceable by the invalidity, release or modification at any time of any such guaranty or security.

We, agree that our obligations under this Agreement shall continue in full force and effect until all Obligations are finally satisfied in full and the Purchase Agreement and the Investor Agreement are terminated, but we agree that our undertakings under this Agreement win be reinstated, if at any time the satisfaction of any of the Obligations is rescinded or must otherwise be restored or returned, as though such satisfaction had not occurred.

In the event that we fail to perform any of our obligations in this Agreement, we further agree, to pay to the Seller forthwith upon demand all reasonable costs and expenses (including

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court costs and legal expenses) incurred by the Seller in connection with the enforcement Of this Agreement.

2. Waiver. We agree to waive any notice of (a) acceptance of this Agreement, (b) any action taken or omitted by the Seller in reliance on this Agreement or (c) an Event of Default, "Servicer Default" (as defined under the Investor Agreement), default or omission by the Originator or assertion of any rights of the Seller under this Agreement. We agree that a failure by the Seller to be diligent or prompt in making demands under this Agreement shall not affect our obligations under this Agreement. We also irrevocably waive all defenses that at any time may be available in respect of the Obligations.

We agree to waive all "claims" (as that term is defined in the United States Bankruptcy Code) which we might now have or hereafter acquire against the Originator that arise from the existence or performance of our agreements under this Agreement.

3. Payments Free and Clear of Taxes, Etc. Any and all payments made by us hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the income of the Seller and franchise taxes imposed on the Seller by the jurisdiction under the laws of which the Seller is organized and by any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If we shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Seller, (i) the sum payable shall be increased as may be necessary so that after making all required deductions the Seller receives an amount equal to the sum it would have received had no such deductions been made, (ii) we shall make such deductions and CM) we shall pay the full amount deducted to the relevant taxation, authority or other authority in accordance with applicable law.

In addition, we agree to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement (hereinafter referred to as "Other Taxes").

We will indemnify the Seller for the full amount of Taxes or Other Taxes paid by the Seller and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Seller makes written demand therefor.

Within 30 days after the date of any payment of Taxes, we will furnish to the Seller at its address referred to in this Agreement, the original or a certified copy of a receipt evidencing payment thereof. If no Taxes are payable in respect of any payment hereunder to the Seller, we will furnish to the Seller a certificate from each appropriate taxing authority, or an opinion of

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counsel acceptable to the Seller, stating that such payment is exempt from or not Subject to Taxes.

4. Judgment. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. Dollars into another currency, we agree, to the fullest extent that we may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase U.S. Dollars, with such other currency in Chicago, Illinois or New York; New York (as the Agent may elect) at 10:00 A.M. applicable local time on the Business Day preceding that on which final judgment is given.

Our obligation in respect of any sum due from us to the Seller hereunder shall, notwithstanding any judgment in a currency other than U.S. Dollars, be discharged only to the extent that on the Business Day following receipt by the Seller of any sum adjudged to be so due in such other currency the Seller may in accordance with normal banking procedures purchase U.S. Dollars with such other currency; if the U.S. Dollars so purchased are less than the sum originally due to the Seller in U.S. Dollars, we agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Seller against such loss, and if the U.S. Dollars so purchased exceed the sum originally due to the Seller

in U.S. Dollars, the Seller agrees to remit to us such excess.

5. Consent to Jurisdiction; Waiver of Immunities. We hereby irrevocably submit to the jurisdiction of any Illinois State or Federal court sitting in Chicago, Illinois and any appellate court from any thereof in any action or proceeding arising out of or relating to this Agreement, and we hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such Illinois State court or in such Federal court, We hereby irrevocably waive, to the fullest extent we may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. We hereby irrevocably appoint Anam USA, Inc. (the "Process Agent"), with an office on the date hereof at Goshen Corporate Park, 1345 Enterprise Drive, West Chester, PA 19380, as our agent to receive on behalf of us and our property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such proem to us in care of the Process Agent at the Process Agent's above address, and we hereby irrevocably authorizes and directs the Process Agent to accept such service on our behalf. As an alternative method of service, we also irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to us at our address specified on the signature page to this Agreement (or at such other address as we may from time to time notify you in writing). We agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

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Nothing in this Agreement shall affect the Tight of the Seller to serve legal process in any other manner permitted by law or affect the right of the Seller to bring any action or proceeding against us or our property in the courts of any other jurisdictions.

To the extent that we have or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to us or our property, we hereby irrevocably waive such immunity in respect of our obligations under this Agreement and, without limiting the generality of the foregoing, agree that the waivers set forth in this Agreement shall have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the, United States and are intended to be irrevocable for purposes of such Act.

6. Representations and Warranties. We hereby represent and warrant as follows:

(a) We are a corporation duly organized and validly existing under the laws of Korea, and have all corporate power and all governmental licensee, authorizations, consents and approvals required to carry on our business in each jurisdiction in which our business is conducted.

(b) The execution, delivery and performance by us of this Agreement is within our corporate powers, has been duly authorized by all necessary corporate action, does not contravene or violate (i) our articles of incorporation or bylaws, (ii) any law, rule or regulation applicable to us, (iii) any restrictions under any agreement, contract or instrument to which we are a party or by which we or any of our property is bound, or (iv) any order, writ, judgment award, injunction or decree binding on or affecting us or our property. This Agreement has been duly authorized, executed and delivered by us.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by us of this Agreement, except for any necessary foreign exchange approval which may be

required at the time of performance of this Agreement.

(d) This Agreement constitutes our legal, valid and binding obligation, enforceable against us in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law.

(e) All information heretofore furnished by us to the Seller for purposes of or in connection with this Agreement is, and all such information hereafter furnished by us to the Seller will be, true and accurate in every material respect, on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained herein not misleading.

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(f) Our financial statements dated December 31, 1996 furnished by us to the Seller are materially complete and correct, and such financial statements have been prepared in accordance with generally accepted accounting principals consistently applied and fairly present our financial condition and results of operations as of such date and for the period ended on such date. Since December 31, 1996 no event has occurred which would have a material adverse effect on our financial condition, business or operations or on our ability to perform our obligations under this Agreement.

(g) There are no actions, suits or proceedings pending, or to the best of our knowledge, threatened, against or affecting us, or any of our properties, in or before any court, arbitrator or other body, which are reasonably likely to have a material adverse effect on our financial condition, business or operations or on our ability to perform our obligations under this Agreement. We are not in default with respect to any order of any court, arbitrator or governmental body.

(h) Each of the representations and warranties of the Originator under the Purchase Agreement and each of the other Transaction Documents is, and will be, true and correct on and as of each date when made thereunder. At no time will any of the Receivables be reduced or cancelled as a result of any set-off, discount or adjustment.

7. Covenants. We hereby covenant and agree, so long as the Purchase Agreement and Investor Agreement shall remain in effect, that unless the Seller shall otherwise consent in writing;

(a) We will maintain a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Seller:

(i) within 90 days after the close of each of our fiscal year financial statements for such fiscal year certified in a manner acceptable to the Seller by independent public accountants acceptable to the Seller;

(ii) within 60 days after the close of the first six-month period of each of our fiscal years, balance sheets as at the close of such period and statements of income and retained earnings and a statement of cash flows for the period from the beginning of such fiscal year to the end of such period, all certified by our chief financial officer,

(iii) together with the financial statements required

hereunder, a compliance certificate setting forth calculations demonstrating out compliance with the covenants contained in Section 8 hereof, certifying the attached financial statements and otherwise in substantially the form of Exhibit IV to the Purchase Agreement, signed by our corporate comptroller or chief financial officer and

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dated the date of such annual financial statement or such semi-annual financial statement, as the case may be; and

(iv) such other information (including non-financial information) as the Seller may from time to time reasonably request.

(b) We will notify the Seller in writing after we become aware of the occurrence of each Event of Default or each Potential Event of Default, by a statement of our corporate comptroller or senior financial officer setting forth the details of such Event of Default or such Potential Event of Default and the action we have taken and propose to take with respect thereto.

(c) We will notify the Seller in writing upon learning of the entry of any judgment or decree against us or any of our Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against us and our Subsidiaries exceeds \$250,000.

(d) We will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which we may be subject.

(e) We acknowledge that the Purchasers are entering into the transactions contemplated by the Investor Agreement in reliance upon the Seller's identity as a separate legal entity from the Originator. We shall refrain from taking any action that would suggest to any creditor of the Originator or the Seller that the Originator and the Seller are anything other than separate legal entities. We shall not hold out the Originator to third parties as liable for the debts of the Seller and we shall not represent to any Person that the Originator owns any interest in the Receivables or any of the other assets intended to have been acquired by the Seller under the Purchase Agreement.

8. Financial Covenants. We hereby further covenant and agree, so long as the Purchase Agreement and Investor Agreement shall remain in effect, that unless the Seller shall otherwise consent in writing we shall cause:

(a) The ratio of our Total Liabilities to our Tangible Net Worth as of the end of any fiscal year to not exceed:

(i) as at the end of 1997, 5.76 to 1;

(ii) as at the end of 1998, 4.62 to 1;

(iii) as at the end of 1999, 3.79 to 1; and

(iv) as at any date thereafter, 3.21 to 1.

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(b) The ratio of the Total Liabilities to Tangible Not Worth in respect of the Originator as of the end of any fiscal quarter to not exceed 6.50 to 1 at any time.

(c) The ratio of our EBITDA to our Interest Expense, as of the end of any fiscal year and calculated in respect of the 12 month period then ended, to equal or exceed:

- (i) as at the end of 1997, 2.25 to 1;
- (ii) as at the end of 1998, 2.76 to 1; and
- (iii) as at any date thereafter, 3.00 to 1.

(d) The ratio of EBIT to Interest Expense in respect of the Originator, as of the end of my fiscal quarter and calculated in respect of the 12 month period then ended, to equal or exceed 1.25 to 1 at all times.

For purposes of this Section 8, the following terms have the meanings assigned below:

"EBIT" means, with respect to any entity for any accounting period, net income (or net loss) (excluding extraordinary items) plus any amount which, in the determination of net income (or net loss) for such period, has been deducted for (a) interest expense and (b) income tax expense, in each case determined in accordance with generally accepted accounting principles consistently applied.

"EBITDA" means, with respect to any entity for any accounting period, net income (or net loss) (excluding extraordinary items) plus any amount which, in the determination of net income (or not loss) for such period, has been deducted for (a) interest expense, (b) income tax expense, and (c) depreciation or amortization expense, in each case determined in accordance with generally accepted accounting principles consistently applied.

"Interest Expense" means, with respect to any entity for any accounting period, the gross interest expense of such entity during such accounting period, determined in accordance with generally accepted accounting principles consistently applied.

"Tangible Net Worth" means, with respect to any entity, the excess of total assets over total liabilities, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles, excluding, however, from the determination of total assets goodwill, organizational expenses, research and

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development expenses, trademarks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, unrealized gains (losses) on marketable securities, and equity adjustments from foreign currency translation and other items which are treated as intangibles in conformity with generally accepted accounting principles.

"Total Liabilities" means, with respect to any entity, all obligations which in accordance with generally accepted accounting principles would be included in determining total liabilities as shown on the liabilities side of a balance sheet of such entity, including without limitation, all indebtedness for borrowed money.

9. Addresses for Notices. All notices and other communications

provided for hereunder shall be in writing (including, telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered to us at our address set forth on the signature pages hereto, and if to the Seller at its address specified in the Purchase Agreement, or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. All such notices and other communications shall, when mailed, telecopied, telegraph, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answer back or delivered to the cable company, respectively

10. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

11. Successors and Assigns. This Agreement shall be binding upon us, our successors and assigns and shall inure to the benefit of the Seller and its successors and assign. We acknowledge and consent to the assignment by the Seller, under and in connection with the Investor Agreement, of all of the Seller's right, title and interest in, to and under this Agreement to the Agent and the Purchasers, and we agree that at all times that the Investor Agreement shall be in effect, (i) any claim made by the seller hereunder shall be deemed made for the benefit of the Agent and the Purchasers and (ii) any payment or remittance to be made hereunder by us in respect of any claim being made by or in respect of the Seller or the Seller's interest under the Purchase Agreement shall be paid or remitted to the Agent for the benefit of the Purchasers.

At your request we will sign such documents and take such actions as you may consider necessary to give full effect to this Agreement and to perfect and preserve the rights and powers of the Seller hereunder. We agree that we cannot assign or transfer any of our obligations under this Agreement unless you agree otherwise. We understand that no provision of this Agreement can be amended or modified except by writing signed by the Seller and us. We agree that a failure or delay in your exercise of any rights you might have as a result of this Agreement won't preclude your exercise of any of such rights.

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12. Enforceability. If for any reason any provision of this Agreement is held by a court to be invalid or unenforceable, that shall not affect the validity or enforceability of any of the other provisions of this Agreement.

13. Assignees. The Seller (and any assignee of the Seller) may at any time assign any and all of its rights hereunder to any other person or entity without the consent of the Originator, whereupon (i) each reference herein to the "Seller" shall mean and be a reference to such assignee and (ii) such assignee may enforce this Agreement to the fullest extent as if it were named party hereto. Without limiting the generality of the following, the undersigned acknowledges that the Seller intends to assign all of its right title and interest under this Agreement to the Agent for the benefit of the Purchasers. The undersigned shall not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the Seller (or the applicable assignee).

Very truly yours,

ANAM INDUSTRIAL CO., LTD.

By: _____
Name: Hong Taek Chung

ASSIGNMENT

The undersigned hereby assigns all of its right, title and interest in and to the foregoing performance Undertaking to the Agent for the benefit of the Purchasers. Anam, industrial Co., Ltd. ("Anam Industrial") acknowledges such assignment, and agrees that the Agent may further assign, without notice, its right, title and interest in and to the Performance Undertaking without the consent of any person or entity. The Agent, as the assignee of the Seller, shall have the right to enforce the Performance Undertaking and to directly exercise all of the Sellers rights, and remedies under the Performance Undertaking, and Anam Industrial agrees to cooperate fully with the Agent in the exercise of such rights and remedies thereunder. Anam Industrial further agrees to give the Agent copies of all notices it is required to give to the Seller under the Performance Undertaking and to permit the Agent and Purchasers (and their assignees) the right of inspection and audit granted to the Seller thereunder.

Dated: June 20, 1997

AMKOR RECEIVABLES CORP.

By: _____
Name: Frank J. Marcucci
Title: President

Acknowledged and agreed to
this 20th day of June, 1997

ANAM INDUSTRIAL CO., LTD

By: _____
Name: Hong Taek Chung
Title: Authorized Representative

Address:

280-9, 2GA Sungsu-Dong, Sungdong-Gu
Seoul, Korea

ASSIGNMENT

The undersigned hereby assigns all of its right, title and interest in and to the foregoing Performance Undertaking to the Agent for the benefit of the Purchasers. Anam Industrial Co., Ltd. ("Anam Industrial") acknowledges such assignment, and agrees that the Agent may further assign, without notice, its right, title and interest in and to the Performance Undertaking without the consent of any person or entity. The Agent, as the assignee of the Seller, shall have the right to enforce the Performance Undertaking and to directly exercise all of the Seller's rights and remedies under the Performance Undertaking, and Anam Industrial agrees to cooperate fully with the Agent in the exercise of such rights and remedies thereunder. Anam Industrial further agrees to give the Agent copies of all notices it is required to give to the Seller under the Performance Undertaking and to permit the Agent and Purchasers (and their assignees) the right of inspection and audit granted to the Seller thereunder.

Dated: June 20, 1997

AMKOR RECEIVABLES CORP.

By: _____
Name: Frank J. Marcucci
Title: President

Acknowledged and agreed to
this 20th day of June, 1997

ANAM INDUSTRIAL CO., LTD.

By: _____
Name:
Title:

Address:

280-9, 2GA Sungsu-Dong, Sungdong-Gu
Seoul, Korea

AMENDMENT TO TECHNICAL ASSISTANCE AGREEMENT

THIS AMENDMENT (this "Amendment"), dated as of September __, 1997, is made by and between Texas Instruments Incorporated, a Delaware corporation with its principal place of business at 13500 North Central Expressway, Dallas, Texas 75265, USA ("TI") and Anam Industrial Co., Ltd, a corporation of the Republic of Korea, with its principal place of business at Seoul, Republic of Korea ("Anam") to the Technical Assistance Agreement (the "TAA"), dated January 28, 1997, by and between TI and Anam.

RECITALS:

WHEREAS, Anam and Amkor Electronics, Inc., ("Amkor") have agreed, inter alia, that Anam will market and sell all of Anam's output from the foundry that is the subject of the TAA exclusively through Amkor and certain of its affiliates;

WHEREAS, Amkor is a subsidiary of Amkor Technologies, Inc., a Delaware corporation that intends to engage in a public offering of its stock in the United States; and

WHEREAS, Anam and TI wish to amend the TAA to recognize that all purchases of TI products (as such term is defined in the TAA) will take place through Amkor;

NOW THEREFORE, for and in consideration of the mutual promises and covenants contained herein, Anam and TI, intending to be legally bound, hereby agree as follows.

1. DEFINITIONS. Each capitalized and italicized term not defined herein has the meaning set forth in the TAA.

2. AMENDMENT TO ARTICLE 8. The following is added as Section 8.01.08 to Article 8 of the TAA:

8.01.08 Purchases of TI Products from Amkor Electronics, Inc.

- (a) The Parties agree that all purchases of TI Products by TI hereunder will be made by TI from Amkor Electronics, Inc. ("Amkor") and that all sales of TI Products hereunder will be made by Amkor to TI.
- (b) Anam shall enter into an agreement with Amkor obligating Amkor to fulfill all of the obligations of Anam to TI hereunder with in connection with the sale of TI Products, including all of the obligations of Anam under this Article 8, under which agreement TI shall expressly be named a third party beneficiary with respect to such obligations.
- (c) Anam will assign (in whole or in part) its rights to receive payment from TI for TI Products to Amkor;
- (d) Anam shall provide TI with all information and assistance necessary to enable TI to purchase TI Products from Amkor in the same manner, and

under the same terms as TI is otherwise entitled to purchase such TI Products from Anam hereunder. Without limiting the foregoing, Anam shall guarantee Amkor's performance, including undertaking the performance of Amkor's obligations should Amkor fail to perform the obligations set forth in this Article 8 to TI's reasonable satisfaction.

- (e) Nothing set forth herein shall limit either TI's obligations to purchase TI Products in accordance with this Agreement or Anam's obligations to sell such TI Products to TI in accordance with this Agreement.

3. NO TRANSFER OF INFORMATION. Nothing set forth in this Amendment, as such, authorizes Anam to provide any technology information received from TI to Amkor.

4. GOVERNING LAW. This amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, U.S.A., as applicable to contracts made and fully performed in the State of Texas.

5. COUNTERPARTS. This Amendment may be executed in counterparts which, taken together, shall be considered one and the same agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, TI and Anam have caused their duly authorized representatives to execute this Amendment.

ANAM INDUSTRIAL CO., LTD

TEXAS INSTRUMENTS INCORPORATED

By: /s/ IN KIL HWANG

By: /s/ K. BALA

Name: In Kil Hwang
Title: President & CEO

Name: K. Bala
Title: Senior Vice President
Semiconductor Group

Date: September 30, 1997

Date: 9-29-97

TECHNICAL ASSISTANCE AGREEMENT

This Technical Assistance Agreement, including the attachments hereto (the "Agreement"), dated as of January 28, 1997 is made by and between TEXAS INSTRUMENTS INCORPORATED, a Delaware, U.S.A. corporation, with its principal place of business at 13500 North Central Expressway, Dallas, Texas 75265, U.S.A. ("TI"), and ANAM INDUSTRIAL CO., LTD., a corporation of the Republic of Korea, with its principal place of business at Seoul, Republic of Korea ("Anam"). TI and Anam are hereinafter referred to individually by their respective names or as Party and collectively as Parties.

[Pursuant to section 16.04 hereof the parties to this agreement have not consented to disclosure of the omitted material.]

TI LOADING OPTION, PRICING, SALES TERMS AND CONDITIONS,
REPRESENTATIONS AND WARRANTIES

8.01 TI PURCHASE OF PRODUCTS

8.01.01 Loading Obligations and Option to Purchase TI Products.

(a) (i) The Parties agree that throughout the Term: (i) Anam shall sell to TI and/or TI's Affiliates (individually or collectively), and (ii) TI and/or TI's

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Affiliates shall purchase TI Products (x) only after Product Qualification is fully implemented, (y) so long as the TI Products satisfy the contractual requirements of TI on quality, pricing, cycle time, etc., and (z) to the extent that Anam is not in breach of this Agreement, an absolute minimum of forty percent (40%) of the installed Facility capacity of Anam at full equipment installation and Product Qualification (the "Capacity"), at such prices and upon such terms as are set forth in this Article 8.00 and in Annex A hereto, provided however, that TI shall not be deemed to be in breach of this Agreement so long as its purchases of the TI Products are not less than 40% on a six-month average basis. Anam agrees to take all reasonable commercial efforts to work with TI with respect to this Section 8.01.

(ii) To the extent that during start-up of Anam operations, or at any time thereafter, the monthly output of Products (including TI Products) is at levels below the Capacity, the amount of TI Products which TI shall be required to purchase shall continue to be an amount equivalent to 40% of such total Capacity.

(b) Anam's loading commitment is for all TI Products of like or similar technology; provided, however, to the extent that a TI loading request would require significant capital investment by Anam, Anam shall not be obligated to make the commitment unless the Parties mutually agree on new loading requirements, further provided, in the event that the Parties do not so agree, then TI shall have the right to reduce its then current loadings of Anam without being in breach of this Article 8.00.

(c) Throughout the Term, TI shall have an irrevocable option, at any time, to acquire an amount of the Products up to seventy percent (70%) of the Capacity and Anam, shall sell to TI and/or TI's Affiliates (individually or collectively) such amount of Products at such prices and upon such terms as are set forth in this Article 8.00 and in Annex A hereto, provided that to the extent that during start-up of Anam operations, or at any time thereafter, the monthly output of Products is at levels below Capacity, the amount of Product to which TI shall have an option to purchase shall continue to be an amount up to 70% of such total Capacity. Further provided, that within sixty (60) days of the execution of this Agreement, the Parties shall establish a procedure whereby which the Parties will implement any such option exercise(s) (and any decrease) on a transition basis which will not be unduly disruptive of Anam operations or contractual commitments.

(d) For this Section 8.01.01, the general procedures for forecasting loading of TI Products shall be as set forth in Section V of Annex "A".

8.01.02 Pricing and Payment Terms.

(a) Anam shall sell TI Products to TI on a [*] basis in accordance with the pricing formula provided in Section IV of Annex A to this Agreement. For purposes of this Section 8.01.02(a) [*] shall be based on the following criteria: [*].

(b) All prices for TI Products shall be quoted and invoices shall be rendered and paid in the currency of the United States of America. Each shipment shall constitute an independent transaction and TI shall pay for same in accordance with the specified payment terms. Upon shipment of TI Products, Anam shall invoice TI in accordance with said Annex A.

(c) In compliance with TI's obligations under this Agreement, information relating to type, quantity and delivery of TI Products shall be as set forth in the written purchase orders to be issued by TI to Anam. Anam is obligated to and shall agree to accept and perform according to the production schedules or as in such TI purchase orders provided such purchase orders otherwise conform to the terms and conditions of this Agreement. In the event of any inconsistency between this Agreement and the purchase order, this Agreement shall be controlling.

(d) Anam shall exert commercially reasonable efforts to achieve linear shipments, defined as equal amounts for each work-week of each month.

(e) Shipments shall be made F.O.B., Point of Export (the "Fob Point"), in accordance with the "routing and ship to" instructions in TI's purchase order. All title and risk of loss or damage shall pass from Anam to TI upon Anam's delivery to the Fob Point, provided that Anam has shipped the TI Products in accordance with TI's routing and ship to instructions and any packing and shipping instructions.

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(f) Within thirty [30] days of the date of the invoice, TI shall pay Anam the Purchase Order Amount for TI Products delivered to the Fob Point, unless the TI Products fail TI's incoming inspection tests, in which case TI may return the TI Products to Anam and be under no further obligation to pay Anam for said non-conforming TI Products.

(g) To the extent Anam does not satisfy its sort/probe yield commitments under this Agreement, then the price of TI Products shall be adjusted as per the pricing formula set forth in Annex A, IV.

8.01.03 Delivery.

(a) The delivery dates indicated by TI on its purchase order for TI Products are important elements of shipment and receiving of TI Products. Anam agrees to accept any TI purchase order, provided that any such purchase order: (i) does not exceed seventy (70) percent of Anam's then current capacity and (ii) does not require delivery within a lead time which is commercially unreasonable or inconsistent with Anam's manufacturing cycle times. Anam agrees to take all reasonable

efforts so that the TI Products shall be delivered to TI's designated delivery point on the dates set forth in any purchase order(s), and in accordance with [*]. In the event that any TI Products are not shipped in accordance with such delivery dates, [*] Anam agrees to ship via air freight (or as directed by TI) and to pay for all extra costs.

(b) In addition to the TI packing and shipping instructions, the TI Products shall be packaged in accordance with applicable TI Specifications, and Korean Laws and U.S. laws to ensure safe arrival at TI's designated delivery point.

8.01.04 Warranties and Representations.

(a) Anam warrants and represents to TI that the TI Products will conform to the Specifications and shall be free from any defects in function, material, appearance and workmanship for the longer of: (i) a period of [*] from the date of TI sale, or (ii) such warranty periods provided by [*] (hereinafter, the "Warranty Period").

(b) If, within the Warranty Period, the TI Products are in breach of said warranty, TI shall notify Anam promptly in writing of the defect, and Anam shall promptly, at TI's option, either repair or replace any defective TI Products [*], or credit to TI's account [*]

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[*]. An RMA form previously issued by Anam must accompany any such returned TI Products. Such return shipment shall be made by TI, F.O.B. TI's shipping dock(s) or such other shipping location as may be designated by TI.

(c) Anam will hold TI harmless from and indemnify it against all claims made by third parties arising out of the operations of Anam or the Products manufactured by Anam, including all acts or omissions by Anam personnel (whether or not such personnel are direct employees of Anam, provided, however, that liability for such claims is not due to any direct act or omission of TI (including without limitation, that of any TI employee or agent).

(d) THE WARRANTIES IN THIS AGREEMENT ARE EXCLUSIVE AND STATED IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS, STATUTORY, OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND NEITHER ASSUME NOR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR THE PARTIES ANY OTHER LIABILITIES IN CONNECTION WITH THE MANUFACTURE OR SALE OF THE PRODUCTS. THE WARRANTIES SHALL NOT APPLY TO ANY OF THE PRODUCTS WHICH HAVE BEEN REPAIRED OR ALTERED BY TI, EXCEPT AS AUTHORIZED BY ANAM, OR WHICH SHALL BE SUBJECTED TO MISUSE, NEGLIGENCE, ACCIDENT OR ABUSE BY TI.

(e) Only with respect to the Products, and only during the Warranty Period, TI will hold Anam harmless from and indemnify Anam against all claims made by third parties arising out of defects in the Products so long as said defects are solely attributable to the Technical Information, and not to any manufacturing fault of Anam.

8.01.05 Return Material Authorization.

(a) Defective material shall be returned freight collect to Anam. Replacement, ("Hot Lot") service by Anam shall be made on an expedited, "courier", basis.

(b) Anam agrees to provide RMA as soon as reasonably possible, but not exceeding five (5) business days after return by TI.

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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8.06 Purchase Order Quantities. In accordance with paragraph 8.01.01(a), Anam shall ship to TI the quantity(ies) of TI Products specified in purchase orders placed under this Agreement.

8.01.07 Packing and Shipping Instructions.

(a) Anam will properly pack and describe shipments in accordance with TI Specifications and applicable carrier and legal regulations. Shipments will be made at the lowest possible freight charges. TI may assist Anam by providing freight classifications or classifying material. Anam will insure or declare value on shipments except on parcel post, unless TI specifies otherwise. On shipment where value is declared, Anam will ship prepaid insured for a minimum of the equivalent of U.S. dollars fifty (U.S. \$50.00) to facilitate tracing. If shipping by air carrier, Anam will ship freight prepaid. Anam shall consolidate the air and surface shipments on single bills of lading insofar as possible so as to avoid premium freight costs unless instructed otherwise by TI.

(b) In case any shipment does not correspond to normal practice in the industry (e.g., require special handling shipments or air ride suspension, or air shipment over five hundred (500) pounds, or over one hundred twenty (120) inches long or wide or over fifty-six (56) cubic feet, etc.), Anam agrees to notify TI's appropriate traffic department seventy-two (72) hours prior to shipment for special shipping instructions.

(c) Each box, crate or carton will show TI's full street address and purchase order number regardless of how shipped. On air carrier shipments, a packing list shall accompany each container and shall describe the contents of such container. On all other shipments, Anam will provide a packing list to accompany each shipment, referencing the appropriate purchase order number. The bill of lading also will reference the purchase order number.

(d) Anam is responsible for packing shipments correctly based on the carrier mode utilized. Charges for packing and crating shall be deemed part of the purchase price and no additional charges will be made therefor unless specifically requested by TI on the purchase order. Anam agrees to ship via the carrier specified by TI.

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ARTICLE 9
TRADEMARKS

9.01 NO USE OF TI TRADEMARKS. Except as provided in Section 9.02, neither Anam nor any of its third party customers shall, at any time, in any place or in any manner, utilize the trademarks of TI, or its Affiliates or any name, mark, device or logo confusingly similar thereto, in connection with Anam, the

business activities of Anam or the manufacture, use, lease, sale or other disposition of Products in any other way.

9.02 LIMITED TRADEMARK USE. Only with respect to TI Products and, then, only to the extent authorized in writing by TI, Anam may symbolize or otherwise mark such TI Products with TI trademarks trade names, devices or other TI proprietary logos. Except as authorized pursuant to this Section 9.02, the provisions of Section 9.01 shall govern.

ARTICLE 10
DISCLAIMERS AND LIMITATIONS OF LIABILITY

10.01 PATENT INDEMNITY BY ANAM. Anam shall defend any suit or proceeding brought against TI insofar as such suit or proceeding is based upon a claim that Products manufactured by Anam, or any process carried out by Products or any process used in the manufacture of Products, constitutes direct infringement of any duly issued patent, or any maskwork right, copyright or trade secret, and Anam shall pay all damages and costs finally awarded therein against TI, provided however, Anam will not be obligated to indemnify and hold TI harmless if said infringement solely resulted from Anam's implementation or utilization of Advanced Available Technology.

10.02 PRODUCT LIABILITY. For any Products other than TI Products TI shall bear no responsibility or liability with respect to any claims or suits against Anam by third parties and shall be under no obligation to indemnify or hold harmless Anam for any liabilities, losses, expenses or damages incurred or suffered by Anam resulting from, or caused by, the defective or allegedly defective manufacture, storage, use, sale or transportation by Anam or others of any Products, in which the Trade and Industrial Secrets of TI or other Technical Information of TI has been utilized or applied.

10.03 HOLD HARMLESS. Anam will hold TI harmless from and indemnify it against all claims made by third parties arising out of the operations of or the Products manufactured or sold by Anam, to any third party including all acts or omissions by Anam's personnel (whether or not such personnel are direct employees of Anam or have been obtained from TI on a seconding or contractual basis).

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10.04 NOTICE OF CLAIMS. Any provision herein to the contrary notwithstanding, both Anam and TI shall promptly advise the other whenever it shall become apprised of any claim which is of a nature comprehended by this Article 10.00.

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ARTICLE 11
EXPORT CONTROLS

11.01 Anam understands and acknowledges that Products and technology (regardless of the form in which they are provided), including software, received from TI under this Agreement may be under validated export license control of the United States or other countries. Anam agrees to comply with applicable export control laws, and shall be responsible for obtaining all export, import and other licenses related to export, re-export or import of Products, software or information by it. Anam specifically assures TI that without prior authorization from the U.S. Department of Commerce, it shall not knowingly export or re-export, directly or indirectly, any technology (including software) received from TI, or any direct product or such technology or any product of Anam, to any recipient, destination or country to which such export or re-export is restricted or prohibited by U.S. law, including, but not limited to the Democratic People's Republic of North Korea. The granting of all required import and export licenses shall be a condition precedent to TI's obligations under this Agreement. TI shall have no liability to Anam if any licenses or

approvals are denied. This Article shall survive termination or expiration of this Agreement.

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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11.02 Anam further agrees to obtain any necessary export license or other documentation prior to exportation of any product or technical data, including software, acquired from TI or any product of such technical data. Accordingly, Anam shall not sell, export, re-export, transfer, divert or otherwise dispose of any such product or technical data directly or indirectly to any person, firm or entity, or country or countries, prohibited by United States or non-U.S. laws or regulations. Further, Anam shall give notice of the need to comply with such laws and regulations to any person, firm or entity which it has reason to believe is obtaining any such technical data or product from Anam with the intention of exportation. Each Party shall secure, at its sole expense, such licenses and export and import documents as are necessary for each of them to fulfill its obligations under the Agreement

11.03 The terms of this Article 11.00 shall survive termination or expiration of this Agreement.

ARTICLE 12 CONFIDENTIALITY

12.01 GENERAL OBLIGATION OF CONFIDENTIALITY AND-NONDISCLOSURE. Anam hereby recognizes that the value of the Technical Information, Technical Data, Advanced Available Technology and Trade and Industrial Secrets (collectively the "Confidential Information") is attributable substantially to the fact that the said information, know-how and technologies of TI are maintained by TI, its Affiliates and TI Joint Ventures in the strictest confidentiality and secrecy and generally are unavailable to others in Korea and elsewhere without the expenditure of substantial time, effort or money. Anam therefore covenants and agrees to keep strictly secret and confidential the Confidential Information, whether disclosed by TI, a TI Affiliate or TI Joint Venture, in accordance with the following provisions of this Agreement. Anam agrees that the Confidential Information which they receive pursuant to this Agreement is received only for use by Anam and not by any Affiliate and only in the Facility and to the extent provided in this Agreement. Except as provided in Section 12.06 of this Agreement, Anam agrees to keep the Confidential Information confidential until ten (10) years after the expiration or termination of this Agreement, provided however that Confidential Information in the form of source code for any software or microcode will be kept confidential for an indefinite period; further provided that all Confidential Information is and shall remain exclusively owned by TI, and the grant in this Agreement of rights therein or access thereto does not transfer to Anam any present or future ownership rights in the Confidential Information.

12.02 DISCLOSURE TO THIRD PARTIES. Except and only to the limited extent necessary to market its foundry services to third parties, Anam hereby covenants and agrees not to disclose all or any portion of the Confidential Information to any third Party under any circumstances whatsoever. In implementation of the foregoing covenant, Anam shall not disclose any of the Confidential Information to any of such third party's respective employees or other personnel except to those limited few persons for whom such disclosure is necessary for the effective performance of evaluation of the manufacturing capability of Anam, and, in each case, only to the extent required for such effective performance, and only if such third party executes a nondisclosure agreement

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("NDA") in the form and substance approved by TI and a copy of such agreement is

provided to TI. TI shall be named as a third party beneficiary of any such NDA. Before delivering any Confidential Information to a third party pursuant hereto, Anam shall identify for TI the Confidential Information Anam intends to so deliver; Anam shall not deliver to any third party any Confidential Information the delivery to such third party of which TI objects to.

12.03 EXECUTION OF CONFIDENTIALITY AND SECRECY AGREEMENTS. Anything to the contrary in this Article 12.00 notwithstanding, Anam shall not disclose any Confidential Information to any of its respective employees or other personnel unless and until such employees or other personnel have, prior to such disclosure, executed a written NDA in form and substance satisfactory to TI, with respect to the use, disposition and disclosure of Confidential Information to be disclosed to each such employee or other personnel of Anam pursuant to Section 12.03 hereof.

12.04 MARKING OF TECHNICAL DATA EMBODYING TRADE AND INDUSTRIAL SECRETS. To implement the covenants and obligations of Anam pursuant to this Article 12.00, Anam shall cause all Technical Information and Technical Data relating to or containing information concerning the Trade and Industrial Secrets, including, but not limited to sketches, drawings, reports, memoranda, blueprints, photographs, recording media and notes, and all copies, reproductions, reprints and translations thereof, to be plainly marked to indicate the secret and confidential nature thereof and to prevent unauthorized access thereto and unauthorized use or reproduction thereof.

12.05 MEASURES TO COMPEL COMPLIANCE. To further implement the covenants and obligations of Anam pursuant to this Article 12.00, Anam shall take all commercially reasonable efforts, including, but not limited to court proceedings at its own expense, to compel compliance by its respective employees, other persons and any third Party.

12.06 LIMITATION AND SURVIVAL OF OBLIGATIONS. The covenants and obligations undertaken by Anam pursuant to this Article 12.00 shall not apply to any Trade and Industrial Secrets which shall hereafter become published by TI or otherwise become generally available to the public, except in consequence of a willful or negligent act or omission by Anam, in contravention of the obligation herein above set forth in this Article 12.00, and such obligations shall, as so limited, survive expiration or termination of this Agreement, for a period of ten (10) years from the date of expiration or termination of this Agreement

12.07 ANAM PROCEDURES. As soon as practicable hereafter, Anam shall establish and implement rules and procedures with the cooperation of TI which are not inconsistent herewith and which are sufficient to comply with Anam's obligations set forth in this Article 12.00 as well as for the protection of TI's intellectual property, which such procedures shall require the prior written approval of TI, which approval shall not be unreasonably withheld by TI.

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12.08 TI RIGHT OF INSPECTION, AUDIT AND RECOMMENDATION. TI shall have the right, at any time, to inspect the Facility, and to review and audit the rules and procedures established by Anam as required by Article 12.00, for the purposes of determining the sufficiency of such rules and procedures and their implementation, to comply with Anam's obligations set forth in Articles 12.00. Furthermore, TI shall have the right to make recommendations, not inconsistent with TI practices in like TI facilities to Anam for complying with Anam's obligations set forth in this Agreement. Anam, shall implement all such reasonable recommendations within a reasonable time after written request by TI.

12.09 TI RIGHT TO SUSPEND DELIVERY OF TECHNICAL INFORMATION OF TI. If Anam materially breaches this Agreement or unreasonably fails to implement any recommendations made by TI pursuant to Article 12.00, then, TI shall have the right to suspend its obligations under this Agreement with respect to delivery of Technical Information and Technical Data without being in breach of this Agreement. Nothing in this Article 12.00 shall limit TI's right to pursue other available remedies for such failure to implement TI recommendations.

ARTICLE 13
TERMINATION, CURE OF BREACH, CONCILIATION, AND REMEDIES

13.01 TERMINATION OF AGREEMENT. This Agreement may terminate upon:

- (i) EXPIRATION OF THE TERM (such termination shall occur automatically), or
- (ii) NO NEW TECHNICAL ASSISTANCE AGREEMENT. A Party may terminate this Agreement if the Parties fail to negotiate a new technical assistance agreement or an amendment to this Agreement for Future Technology Nodes pursuant to Article 17.00, or
- (iii) MUTUAL AGREEMENT OF THE PARTIES. The Parties may mutually agree to terminate this Agreement, in which event the future relationship of the Parties shall be determined by the Parties; or
- (iv) AN UNCURED MATERIAL BREACH. Subject to Sections 13.03 and 13.04 of this Agreement, a Party may terminate this Agreement in the event of a material breach(es) of the other Party For purposes of this Agreement, "Material Breach" shall mean:

(a) An event of Material Breach by Anam shall include, but not be limited to, a breach of Articles 6.00, 7.00, 12.00, and 17.00, and Sections 5.02, 5.03, 8.01.01, 8.01.02, 16.04, 16.08, 18.05 and 18.07.

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(b) An event of Material Breach by TI, which shall include, but not be limited to a breach of Articles 12.00 and 17.00 and Sections 2.01.01, 2.03, 4.01, 8.01.01, 8.01.02, 16.04, and 18.05.

- (v) NON-RECEIPT OF NECESSARY GOVERNMENT APPROVALS.

(a) As further provided in this subsection (iv), a Party may terminate this Agreement in the event any government agency: (a) does not grant any requisite approvals; (b) rescinds any approvals; (c) makes a contingent approval; (d) imposes new obligations on a Party, or (e) modifies/amends this Agreement or any term or condition hereof.

(b) The Parties' continuing obligations under this Agreement shall be contingent on the grant of governmental license(s) and other approvals, including but not limited to appropriate or requisite foreign exchange approvals and export licenses, as may be required by United States law and Korean Laws and other applicable laws to effectuate the transactions contemplated by this Agreement. Any such requisite approvals shall be obtained on or before March 31, 1997; or

(c) ADVERSE GOVERNMENT INTERVENTION. At any time during the Term, should any government or government agency take any action adverse to any Party or make recommendations to the Parties or any of them requiring directly or indirectly, formally or informally, alteration or modification of any term or condition of this Agreement, or the transactions contemplated thereby, or of the performance of the Parties under this Agreement, including refusal to grant any necessary government approval, in a manner which is material and adverse to one Party, then, if said Party makes written request to the other Party within sixty (60) days from said action or recommendation of the government or government agency, the Parties hereto shall enter into good

faith negotiations with the objective of restructuring the relationship between the Parties hereto in a manner such that the adverse effect of said alteration or modification of this Agreement will be minimized. If the Parties cannot reach an acceptable modification to this Agreement within three (3) months from the date of dispatch of said written request, or within such longer period of time as mutually agreed upon, either Party shall have the right to terminate this Agreement by giving written notice to that effect to the other Party, except as set forth in Section 16.15 of this Agreement. In the event this Agreement is terminated pursuant to this Section 13.01(v)(3), all rights under this Agreement granted by either Party shall cease and terminate. It is expressly understood and agreed by the Parties hereto that in the event of such termination, neither Party will incur any liability to the other Party for any alleged default

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or breach in the performance of this Agreement arising from the exercise of the right herein provided to terminate this Agreement as the case may be unless it can be established by a Party that the other Party acted in conjunction with said government body or agency to bring about the intended result. Except as provided in the previous sentence, compliance by either Party with this section shall not be deemed a breach under any provision of this Agreement.

(vi) FAILURE TO SATISFY DEFINED CONDITIONS PRECEDENT OR SUBSEQUENT. If any event described in this Section 13.01(vi) fails to occur, with the result that the purposes of this Agreement are substantially frustrated, the Parties shall enter into good faith negotiations with the objective of restructuring the relationship between them such that the effects of such nonoccurrence shall be minimized. If the Parties cannot agree on a mutually agreeable restructuring or modification of this Agreement within six (6) months of any Party's request for such negotiations, any Party shall have the right to terminate this Agreement forthwith in its entirety under this Article 13.00 (except for the obligations under Articles 10.00, 12.00, 13.00, Section 18.04 and any NDAs which shall survive such termination) by giving written notice to that effect to the other Parties. The conditions covered by this Section 13.01 (v) are:

- (a) Anam shall complete construction of the Facility, and shall be fully operational on or before September 1, 1997;
- (b) Anam does not consummate a definitive agreement(s) or arrangement(s) providing for financing facilities sufficient to finance the proposed Facility and transactions contemplated by this Agreement within 180 days of the signing of this Agreement;
- (c) Anam shall implement Future Technology Nodes in accordance with a schedule(s) to be negotiated mutually in good faith by the Parties within the scope of any subsequent technical assistance agreement consummated by the Parties and applicable to such Future Technology Nodes.

(vii) FAILURE TO PROTECT TI INTELLECTUAL PROPERTY. TI may terminate this Agreement if, in the judgment of TI, the protection of TI's intellectual property either is not maintained sufficiently or TI has reason to believe that the protection of such intellectual property will not be

maintained in accordance with TI requirements;

(viii) CHANGE IN CONTROL, LIQUIDATION, BANKRUPTCY, ETC.. (a) Upon the change in control of Anam or its parent company, including but not limited to: (v) material change in

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Anam management or in the management of its parent company; (w) the sale of all, substantially all, or a material part of Anam's assets, its shares, or voting control to any third party including but not limited to a holding company or financial institution; (x) the merger, acquisition, or divestiture of Anam, directly or indirectly, with or to any third party, (y) entering into a joint venture with any third party; or (b) upon the liquidation, bankruptcy, receivership, custodianship or dissolution of Anam (whether voluntarily or involuntarily).

Where the foregoing grants to a Party the right to terminate this Agreement, such Party may exercise such right by furnishing the other Party written notice to that effect, and such termination shall take effect upon the other Party's receipt thereof, subject to any cure period that may otherwise apply hereunder.

13.02. RESOLUTION OF DISPUTES. It is the intent of the Parties that any breach of this Agreement be resolved in an amicable manner, to the fullest extent possible, and that any such resolution be reasonable in light of the rights and obligations of the Parties. If any breach should arise which cannot be resolved by the personnel of each Party directly involved, the following procedures of Sections 13.03 through 13.05 inclusive shall apply in each of the circumstances described below.

13.03. CURE. If either Party shall at any time breach this Agreement, without any material causative fault on the part of the other Party, by failing to perform any material provision of this Agreement (or, cumulatively, where non-material breaches would amount to a material breach), the non-breaching Party may advise of its intention to terminate this Agreement by providing written notice to the breaching Party specifying the breach. The Agreement will not be terminated if (i) the material breach specified in the notice is remedied within the fifty-five (55) day period following receipt of the notice by the breaching Party or (ii) if the breach reasonably requires more than fifty-five (55) days to correct, the breaching Party has, within thirty (30) days from receipt of the notice of default, begun substantial corrective action to cure the breach and submitted a written remediation plan to the non-breaching Party's Program Coordinator providing a detailed explanation of the steps to be taken to cure the breach as quickly as practicable, the defaulting Party diligently pursues such corrective action, and such breach is actually cured within ninety (90) days following receipt of the notice of default. If any default is not cured within the time permitted, the non-defaulting Party shall have the right to terminate this Agreement at any time thereafter by giving written notice of termination to the other Party, and upon the giving of such notice of termination this Agreement shall terminate immediately. The Party receiving notice shall have the right to cure any such default up to the date of termination. In the event of any default, the non-defaulting Party shall have the right to suspend further implementation or effectuation of its obligations under this Agreement, and shall not be obligated to resume such activities until such default has been cured. This Section 13.03 shall run concurrently with the Conciliation Process set forth in Section 13.04 below.

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13.04 CONCILIATION PROCESS. At any time during the Term, upon the occurrence of one or more breaches under this Agreement, the non-breaching Party shall promptly deliver written notification to the alleged breaching Party setting out in reasonable detail and in clear and concise language the good faith basis for and the specifics of such breach. If the breaching Party has not cured such breach within ten (10) business days after delivery of such written

notification, a coordinating committee consisting of the Project Coordinators (hereinafter, the "Coordinating Committee") shall be established by the Parties and shall convene a meeting of itself within ten (10) business days thereafter for the purposes of, among other things:

- assessing the good faith basis for the claimed breach,
- defining, assessing and prioritizing the alternatives reasonably available to cure such breach or to correct the circumstances or situations that gave rise to such breach so as to make its reoccurrence unlikely; and
- adopting by unanimous vote, one or more curative or corrective courses of action (the "Proposed Resolution").

Either the breaching Party or the non-breaching Party shall be entitled to (i) make reasonable requests for information ("Information Requests") pertaining to the breach (provided such requests are not unduly burdensome and can be accomplished within two (2) business days) and (ii) present its views to the Coordinating Committee with respect to the breach, through its appropriate officer "Presentation". If within five (5) business days of its first meeting the Coordinating Committee shall be unable to resolve the breach by unanimous vote, then the matter shall immediately be referred to an advisory committee consisting of the President of Anam and the TI Executive Vice President responsible for the Semiconductor Group and two additional personnel of their choice, one of each from TI and Anam (hereinafter the "Advisory Committee") for further attempts at resolution. Within fourteen (14) business days of such referral, the Advisory Committee shall convene a meeting for the purpose of attempting to resolve the breach. The procedures described above concerning Information Requests and Presentation shall also apply to the Advisory Committee proceedings. If within five (5) business days of its first meeting the Advisory Committee shall be unable to resolve the breach by unanimous vote, then the matter shall immediately be referred to the respective Chairman of each of TI and Anam, Group for the purpose of attempting to resolve the breach during the period of ten (10) business days following the submission of such matter to them for their consideration. The process described in this Section 13.04 is herein referred to as the "Conciliation Process".

13.05 REMEDIES INJUNCTIVE AND OTHER EQUITABLE RELIEF.

13.05.01 REMEDIES. Upon the failure to cure a Material Breach by either Party of any provision of this Agreement, the non-breaching Party shall have the right to pursue all available remedies at law or in equity that it may elect, including but not limited to specific performance or injunctive relief, in order to obtain the benefits to have been provided pursuant to this Agreement, or to obtain adequate recourse or compensation in the event the same are not so provided.

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13.05.02 INJUNCTIVE RELIEF FOR CONFIDENTIAL INFORMATION, TRADE AND INDUSTRIAL SECRETS, ETC. Unauthorized use or disclosure of Confidential Information or failure to protect TI's technologies or intellectual property will diminish the value of Advanced Available Technology, Technical Information, Technical Data, Trade and Industrial Secrets, and TI intellectual property rights. Therefore, if Anam breaches (or TI has reason to believe that Anam may be about to breach) any of its related obligations hereunder, TI shall be entitled to equitable relief to protect its technologies and intellectual property rights, including but not limited to injunctive relief, as well as monetary damages.

13.05.03 RIGHT TO USE ADVANCED AVAILABLE TECHNOLOGY.

(i) In the event of termination of this Agreement for a

reason other than an Anam Material Breach, Anam shall be permitted to continue to use said Advanced Available Technology in the Facility, and only in the Facility, with no right to use, transfer assign or otherwise provide directly or indirectly any Advanced Available Technology to any other facility, affiliate, third party, person, etc.

(ii) In the event Section 13.05.03(i) is implemented, Anam agrees to continue to pay to TI the ongoing technical assistance fee set forth in Section II.B of Annex A.

(iii) Nothing in this Section 13.05.03 shall be deemed to be a waiver or an abrogation of any other right or remedy of any Party under Article 13.00 of this Agreement.

ARTICLE 14 FORCE MAJEURE

14.01 Should any Party be prevented from performing its contractual obligations under this Agreement due to the cause or causes of force majeure such as new acts of war or aggression (declared or undeclared) by North Korea or other third country or economy, fire, storm, flood, typhoon or other severe weather conditions, earthquake, strike, student unrest, legal restraints, government or like interference, judicial action, accidental damage to equipment, as well as any other cause outside the control of that Party, that Party shall not be liable to the other Party for any delay or failure of performance caused by any of the above events. "Force majeure" shall include the failure to obtain such license(s) and other approvals, including export licenses, as are required by U.S. law or other applicable law for the equipment, software, technology and Products to be provided pursuant to the terms of this Agreement

14.02 The Party affected by Force Majeure shall notify the other Party of the occurrence of any of the above events in writing by cable or telex within the shortest possible time.

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14.03 Should the delay caused by any of the above events continue for more than ninety (90) days, the Parties shall settle the problem of further performance of the Agreement through friendly negotiations as soon as possible with the objective of restructuring the relationship among them such that the effects of such delay are minimized. If the Parties cannot agree on a mutually acceptable solution within six (6) months of any Party request for such negotiations any Party (not including Anam in the event of action or interference by the government of the U.S.) may terminate this Agreement by prior written notice to the other Party.

ARTICLE 15 APPLICABLE LAWS

15.01 This Agreement shall be governed by, construed and enforced in accordance with the laws of Texas, U.S.A., as applicable to contracts made and fully performed in Texas.

15.02 Anam shall comply with Korean Laws and all other applicable laws. Anam, its officers, employees or agents will not participate in or provide any information in furtherance of any boycott in violation of U.S. law or offer to pay or receive any bribe to/from any individual or corporation. When other individuals or organizations are required to participate in programs of Anam, they shall be compensated fairly based on the task performed. In no circumstances are public servants or other holders of public offices to be offered or paid any bribe or other benefits, directly or indirectly. No contribution in any way related to Anam will be made to candidates for public offices or to political parties or other political organizations, regardless of whether such contributions are permitted by local laws.

ARTICLE 16
MISCELLANEOUS

16.01 All Attachments, Annexes and Schedules to this Agreement are integral parts thereof. Subject to Section 16.08, all amendments, supplements and alterations to this Agreement shall be made in written form and signed by the authorized representative of the Parties, and such shall thereafter form an integral part of this Agreement, provided however, that TI may assign this Agreement or any obligation hereunder to any subsidiary of TI upon written notice to Anam. In such event, TI shall be the controlling Party of such assignee and shall guarantee the obligations of such assignee for this Agreement

16.02 In the event the government of the Republic of Korea imposes on TI or TI Affiliates offset requirements in other TI projects or investments in the Republic of Korea, then Anam agrees to use its best efforts, upon TI request, to convince the government that the transfer of Advanced Available Technology by TI and sales of TI Products to TI hereunder should be credited for offset purposes.

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16.03 In the event that any of the provisions of this Agreement, or portions thereof, or documents referenced herein are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby. If the purposes of this Agreement are substantially frustrated by any events contemplated by this Section 16.03 any Party may terminate this Agreement in the manner as if the conditions of Section 13.01 (iii) existed.

16.04. No Party, without the prior written consent of the other, shall either issue or cause the issuance of a press release or public announcement or disclose to any third party, either the existence or contents of this Agreement or the transactions contemplated thereby. Provided, however, that Anam may disclose to its potential customers that no patent license exists between TI and Anam. Under this requirement a Party shall be permitted to disclose, under confidentiality and use restrictions, such terms of this Agreement as are reasonably required to be disclosed in response to reasonable requests made by governmental authorities or potential investors or lenders not affiliated with any semiconductor developer or manufacturer in the ordinary course of seeking governmental approvals or for obtaining debt or equity financing, bank credit or the like; provided however that in such event the Party making such a request for approval must seek the review and approval of the other Party, in which case, the requesting Party shall use its best efforts to comply with the recommendations of the other Party as concerns disclosure and confidentiality.

16.05 The headings of the Articles and Sections of this Agreement are for reference purposes only and shall not be deemed to affect in way the meaning or interpretation of the Articles to which they refer.

16.06 The failure on the part of any Party to exercise or enforce any rights conferred on it hereunder shall not be deemed to constitute a waiver of any rights nor operate to bar the exercise or enforcement of any rights at any time or at times thereafter.

16.07 The Parties agree to execute and deliver to each other all additional instruments, to provide all information, and to do or refrain from doing all further acts and things as may be necessary or as may be reasonably requested by any Party hereto, more fully to vest in, and to assure each Party of, all rights, powers, privileges, and remedies herein intended to be granted to or conferred upon such Party.

16.08 Anam shall not sell, assign, delegate, transfer, or otherwise dispose of this Agreement or any right or duty under this Agreement or portion thereof (including an assignment or delegation by operation of law), without the prior written consent of TI. Any such attempted sale, assignment, transfer, delegation, disposition, etc. shall be null and void and shall constitute a

Material Breach under Section 13.01(iv) of this Agreement.

16.09 Except as specifically set forth or referred to herein, nothing express or implied in this Agreement is intended to or shall be construed to confer upon or to give any person other than

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the Parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

16.10 All notices and formal communications pursuant to this Agreement shall be served on each Party in writing via facsimile transmission (confirmed by registered letter), registered letter, telex or prepaid cable to the following persons at the following addresses and fax numbers:

if to TI:

Mr. Joseph Brennan
8505 Forest Lane M/S 8641
Dallas, Texas 75243
Fax: 972/480-2088

with a copy to:

General Counsel
13510 North Central Expressway, M/S 241
Dallas, Texas 75243
Fax: 972/995-3511

if to Anam:

Mr. K.O. Park
3d Floor Taeyang Building
59, Nae-Dong, Ojung-ku, Buchon
Kyunggi-do, Korea 421-160
Fax: 032-683-8104

Either Party may change the above addresses by furnishing notice to that effect in the manner provided above.

16.11 All correspondence of which TI is a recipient or sender shall be in English. All documents which are issued in Korea pursuant to the Agreement shall be provided to TI in English translation.

16.12 This Agreement may be executed in one or more counterparts, in English, each of which shall be enforceable by or against the Parties executing such counterparts, and all of which together shall constitute one instrument.

16.13 Anam shall obtain and maintain throughout the Term such kinds and amounts of insurance as are reasonable and customary in the trade, including but not limited to insurance covering product liability, theft, fire, worker's compensation, etc.

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16.14 During the Term, neither Party nor an Affiliate shall solicit whether directly or indirectly for employment; or hire, employ or other wise retain any employee of the other Party with whom they have come into direct contact in connection with the transactions contemplated by this Agreement without the prior written consent of the other Party.

16.15 Articles, 9.00, 10.0, 11.00, 12.00, 15.00, and Sections 2.09, 8.01.04, and 13.05.03 shall survive the cancellation termination or expiration, of this Agreement.

16.16 This Agreement contains the entire understanding and agreement among the Parties with respect to the subject matter hereof and supersedes all prior oral and written understandings and agreements relating thereto, and may not be modified, discharged or terminated except by the written consent of the Parties.

ARTICLE 17
TERM

17.01 Initial Term. The Term shall commence on the Effective Date and shall continue through July 15, 2006, unless (i) terminated under Article 13.00 of this Agreement, or (ii) the Parties fail to negotiate in good faith either a new technical assistance agreement or an amendment to this Agreement for Future Technology Nodes on or before December 31, 1998.

17.02 In the event the Parties are unable successfully to negotiate such new technical assistance agreement, or an amendment to this Agreement, then either Party may give the other Party a two-year notice of termination, whereupon the Parties shall agree on a transition schedule; provided, however, to the extent that the Parties cannot agree on a reasonable transition schedule, TI's minimum loading commitment during said remainder two-year period shall be lowered to twenty percent (20%).

ARTICLE 18
ADDITIONAL REPRESENTATIONS, WARRANTIES, AND COVENANTS

Anam additionally represents and warrants to TI as follows:

18.01 ENFORCEABLE OBLIGATIONS. Anam will be at the time of execution a corporate citizen of the Republic of Korea in good standing and not subject to any criminal penalty, criminal charges, disciplinary proceedings or criminal proceedings under the Korean Laws or any other country. With respect to this Agreement Anam will have the authority and legal right to execute and deliver such Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement will constitute, when executed and delivered, the valid, legal and binding obligations of Anam, enforceable against Anam, in accordance with their respective terms, except (a) as such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or thereafter in

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effect relating to creditors' rights, and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

18.02 VALIDITY OF CONTEMPLATED TRANSACTIONS. The execution, delivery and performance of this Agreement by Anam does not and will not (i) violate, conflict with or result in the breach (collectively, "Breach") of any term, condition or provision of, or result in the creation of any encumbrance under, (a) any existing law, ordinance, or governmental rule or regulation to which Anam is subject, (b) any judgment, order, writ, injunction, decree or award of any governmental entity which is applicable to Anam, (c) the charter documents of companies affiliated with Anam in carrying out this Agreement or any securities issued by such companies, or (d) any mortgage, indenture, agreement, contract, commitment, lease, plan, authorization, or other instrument, document or understanding, oral or written, to which Anam is a party or by which Anam may have rights, except, as to such performance, such Breaches and encumbrances as would, if occurred or created, not have a material adverse effect on the ability of Anam to perform his obligations hereunder and thereunder, or (ii) give any party with rights thereunder the right to terminate, modify, accelerate or otherwise change the existing rights or obligations of Anam.

18.03 RESTRICTIONS. Anam neither is nor will be a party to any indenture, agreement, contract, commitment, lease, license, permit, authorization or other

instrument, document or understanding, oral or written, nor subject to any restriction in any charter document or other corporate restriction or any judgment, order, writ, injunction, decree or award which materially adversely affects or materially restricts or, to the knowledge of Anam, may in the future materially adversely affect or materially restrict, the business of Anam after consummation of the transactions contemplated hereby.

18.04 CONSENT. No consent or approval by, or notification of, or filing with, any person is required which has not been obtained in connection with the execution, delivery and performance by Anam of this Agreement, or the consummation of the transactions contemplated hereby, other than such consents or approvals as would, if not obtained, not have a material adverse effect on the ability of Anam to perform its obligations hereunder.

18.05 FUTURE TECHNOLOGY NODES.

[PURSUANT TO SECTION 16.04 HEREOF THE PARTIES TO THIS AGREEMENT HAVE NOT CONSENTED TO DISCLOSURE OF THE OMITTED MATERIAL.]

18.06 ARM'S LENGTH PRICING. In all transactions with Affiliates concerning assembly and test services for third party customers, Anam shall maintain separate, independent and arm's length

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pricing structures so that the "back log" wafer price is separate and distinguishable from any assembly and test or "turnkey" price to third parties.

18.07 FACILITY EXPANSION.

18.07.01 Anam agrees that it will not expand the Facility or the Capacity without advanced, prior written notification to TI, which notification shall provide in detail plans for any such expansion, including anticipated additional Capacity.

18.07.02 Anam shall provide TI with the right of first refusal to any such additional Capacity in accordance with TI's loading rights pursuant to Article 8.00 of this Agreement, provided however, TI shall have the right not to load such additional Capacity, in part or in whole, in accordance with Section 8.01.01, in which such case, Anam shall be responsible solely for filling any such additional Capacity; and further provided, all other terms and conditions of this Agreement shall apply to such additional Capacity.

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IN WITNESS WHEREOF, and intending to be legally bound hereby, TI and Anam have caused their duly authorized representatives to execute this Agreement.

ANAM INDUSTRIAL CO., LTD.

TEXAS INSTRUMENTS INCORPORATED

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

I. PRODUCTS: The Products shall be as defined in Section 1.06 of this Agreement.

II. TECHNICAL ASSISTANCE FEE:

[*]

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

[*]

III. PRICING FORMULA. The Pricing Formula shall be established on the following model: (All monetary numbers are in U.S. dollars).

[*]

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

IV. TI PRODUCT FORECAST

A. Annual Quantity Projections.

(i) Beginning 30 days after the Effective Date of this Agreement and in [*] of each year thereafter, TI shall provide to Anam the annual quantities of Products (wafers) estimated to be purchased from Anam by TI for the upcoming [*] year time period (the "Annual Quantity Projections").

(ii) The Annual Quantity Projections shall be communicated by TI technology. Anam shall acknowledge, in writing to TI, Annual Quantity Projections within one (1) month of receipt thereof. Such Annual Quantity Projections shall not constitute a binding purchase obligation for TI and shall be the responsibility of the Program Coordinator.

B Rolling Quarterly Forecasts

(i) Beginning 30 days after the Effective Date of this Agreement and each quarter thereafter, TI shall provide to Anam the quantity of Products estimated to be purchased by TI from Anam for the upcoming [*] (the "Rolling Quarterly Forecasts"). Each such forecast shall indicate TI's estimated purchases of Products on a monthly basis for the next succeeding quarter.

(ii) The Rolling Quarterly Forecasts shall be made available to Anam within 10 days after the end of the preceding quarter. The Rolling Quarterly Forecast shall not constitute a binding purchase obligation for TI and shall be the responsibility of the Program Coordinator.

(iii) The Program Coordinators will work in good faith to finalize loadings forecasts to meet the requirements of both TI and Anam. However, if TI requests the TI loadings to go from the minimum 40% of Capacity to the maximum of 70% of capacity, Anam shall have a [*] to

meet the 70% request. The Program Coordinators shall work the interim loading plan.

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

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C Purchase Order Process.

(i) Purchase Orders. Simultaneously with delivery of the Rolling Quarterly Forecasts, TI shall supply to Anam a written purchase order hereto for the first month of the upcoming quarter. The types of TI Product, quantities, and delivery dates and locations indicated on such purchase order shall be consistent with the first month of the corresponding Rolling Quarterly Forecast and shall be agreed to and approved by the Program Coordinators.

(ii) Purchase Order Acknowledgment. Anam shall acknowledge, in writing to TI, each purchase order which has been provided by TI and approved by the Program Coordinators within five (5) business days of receipt thereof. Such acknowledgment shall be made by product and specification.

(iii) Modifications/Additions. TI reserves the right to modify or add purchase orders, subject to the acceptance thereof by Anam. Such changes shall be communicated in writing to the Anam Program Coordinator. Anam agrees to exercise reasonable efforts to accept any such TI modified or additional purchase order, provided that any such purchase order reasonably reflects TI's most recent Rolling Quarterly Forecast, and does not require delivery with a lead time which is commercially unreasonable.

D Unnecessary Variations. TI and Anam shall each use commercially reasonable efforts to minimize unnecessary variations in order to achieve as nearly as possible linear weekly shipments.

E Time Period Revisions. ANNEX A, Section V is intended to permit TI wafer fabs to follow procedures substantially similar to those then currently existing in Anam to facilitate the transition to Anam operation. The Parties may agree in writing to revise the periods covered by the rolling forecasts or the forecasting and ordering process from time-to-time.

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SCHEDULE 1

TECHNOLOGY TO BE TRANSFERRED

PURSUANT TO SECTION 16.04 HEREOF, THE PARTIES TO THIS AGREEMENT HAVE NOT CONSENTED TO DISCLOSURE OF THE OMITTED MATERIAL.

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SCHEDULE 2

PURSUANT TO SECTION 16.04 HEREOF, THE PARTIES TO THIS AGREEMENT HAVE NOT CONSENTED TO DISCLOSURE OF THE OMITTED MATERIAL.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this Amendment No. 2 to the Registration Statement (no. 333-37235) on Form S-1.

ARTHUR ANDERSEN LLP

Philadelphia, Pa.
December 29, 1997

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