AMKOR TECHNOLOGY INC
Form 10-Q
November 08, 2007

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

þ	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Quarterly Period Ended September 30, 2007**
	or
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from to**

Commission File Number 000-29472

AMKOR TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	**23-1722724**
(State of incorporation)	*(I.R.S. Employer Identification Number)*

1900 South Price Road
Chandler, AZ 85286
(480) 821-5000
(Address of principal executive offices and zip code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a nonaccelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Exchange Act). Yes o No þ

The number of outstanding shares of the registrant s Common Stock as of October 31, 2007 was 181,774,586.

QUARTERLY REPORT ON FORM 10-Q
September 30, 2007

TABLE OF CONTENTS

		Page No.
	PART I. Financial Information	
Item 1.	Financial Statements (unaudited)	2
	Consolidated Statements of Income Three and Nine Months Ended September 30, 2007 and 2006	2
	Consolidated Balance Sheets September 30, 2007 and December 31, 2006	3
	Condensed Consolidated Statements of Cash Flows Nine Months Ended September 30, 2007 and 2006	4
	Notes to Consolidated Financial Statements	5
Item 2.	Management s Discussion and Analysis of Financial Condition and Results of Operations	25
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	34
Item 4.	Controls and Procedures	35
	PART II. Other Information	
Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	36
Item 4.	Submission of Matters to a Vote of Security Holders	48
Item 5.	Other Information	49
Item 6.	Exhibits	51
Signatures		52

EX-3.1
EX-12.1
EX-31.1
EX-31.2
EX-32

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands, except per share data)			
Net sales	$ 689,083	$ 713,829	$ 1,992,557	$ 2,045,549
Cost of sales	519,152	536,062	1,513,596	1,543,721
Gross profit	169,931	177,767	478,961	501,828
Operating expenses:				
Selling, general and administrative	64,080	68,477	189,107	188,648
Research and development	10,282	9,653	30,930	29,398
Gain on sale of specialty test operations	(1,717)		(1,717)	
Total operating expenses	72,645	78,130	218,320	218,046
Operating income	97,286	99,637	260,641	283,782
Other (income) expense:				
Interest expense, net	29,336	36,573	95,610	118,330
Interest expense, related party	1,563	1,563	4,688	4,914
Foreign currency loss	3,399	6,465	7,946	11,472
Debt retirement costs			15,875	27,389
Other (income) expense	254	(878)	(964)	1,497
Total other expense, net	34,552	43,723	123,155	163,602
Income before income taxes and minority interests	62,734	55,914	137,486	120,180
Income tax expense	1,194	2,881	9,573	8,465
Income before minority interests	61,540	53,033	127,913	111,715
Minority interests, net of tax	(920)	(223)	(1,713)	(678)
Net income	$ 60,620	$ 52,810	$ 126,200	$ 111,037
Net income per common share:				
Basic	$ 0.33	$ 0.30	$ 0.70	$ 0.63

Diluted	$	0.30	$	0.27	$	0.65	$	0.60
Shares used in computing net income per common share:								
Basic		181,664		178,108		180,200		177,537
Diluted		209,868		204,482		208,812		197,539

The accompanying notes are an integral part of these statements.

Table of Contents

AMKOR TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2007	December 31, 2006
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 334,955	$ 244,694
Restricted cash	2,576	2,478
Accounts receivable:		
Trade, net of allowances	385,396	380,888
Other	5,568	5,969
Inventories, net	150,052	164,178
Other current assets	38,051	39,650
Total current assets	916,598	837,857
Property, plant and equipment, net	1,425,769	1,443,603
Goodwill	672,654	671,900
Intangibles, net	22,443	29,694
Investments	5,318	6,675
Restricted cash	1,703	1,688
Other assets	48,495	49,847
Total assets	$ 3,092,980	$ 3,041,264
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	$ 161,918	$ 185,414
Trade accounts payable	320,585	291,847
Accrued expenses	163,639	145,501
Total current liabilities	646,142	622,762
Long-term debt	1,541,528	1,719,901
Long-term debt, related party	100,000	100,000
Pension and severance obligations	206,008	170,070
Other non-current liabilities	33,718	30,008
Total liabilities	2,527,396	2,642,741
Commitments and contingencies (see Note 14)		
Minority interests	6,282	4,603
Stockholders equity:		

Preferred stock, $0.001 par value, 10,000 shares authorized, designated Series A, none issued		
Common stock, $0.001 par value, 500,000 shares authorized, issued and outstanding of 181,720 in 2007 and 178,109 in 2006	182	178
Additional paid-in capital	1,480,401	1,441,194
Accumulated deficit	(915,190)	(1,041,390)
Accumulated other comprehensive loss	(6,091)	(6,062)
Total stockholders equity	559,302	393,920
Total liabilities and stockholders equity	$ 3,092,980	$ 3,041,264

The accompanying notes are an integral part of these statements.

3

Table of Contents

AMKOR TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	September 30, 2007	September 30, 2006
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 126,200	$ 111,037
Depreciation and amortization	215,679	203,065
Debt retirement costs	6,875	27,389
Other operating activities and non-cash items	8,769	29,492
Changes in assets and liabilities	56,945	9,673
Net cash provided by operating activities	414,468	380,656
Cash flows from investing activities:		
Payments for property, plant and equipment	(159,942)	(252,401)
Proceeds from the sale of property, plant and equipment	5,130	2,524
Other investing activities	(1,778)	(2,578)
Net cash used in investing activities	(156,590)	(252,455)
Cash flows from financing activities:		
Borrowings under revolving credit facilities	80,340	143,659
Payments under revolving credit facilities	(95,398)	(134,419)
Proceeds from issuance of long-term debt	300,000	590,000
Payments for debt issuance costs	(3,441)	(15,087)
Payments of long-term debt	(486,888)	(734,861)
Proceeds from issuance of stock through stock compensation plans	36,380	4,981
Net cash used in financing activities	(169,007)	(145,727)
Effect of exchange rate fluctuations on cash and cash equivalents	1,390	1,518
Net increase (decrease) in cash and cash equivalents	90,261	(16,008)
Cash and cash equivalents, beginning of period	244,694	206,575
Cash and cash equivalents, end of period	$ 334,955	$ 190,567
Cash paid during the period for:		
Interest	$ 89,810	$ 121,078
Income taxes	$ 10,523	$ 6,123
Non cash investing and financing activities:		
Application of deposit upon closing of acquisition of minority interest	$	$ 17,822

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Interim Financial Statements

Basis of Presentation. The Consolidated Financial Statements and related disclosures as of September 30, 2007 and for the three and nine months ended September 30, 2007 and 2006 are unaudited, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The December 31, 2006 Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (U.S.). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair statement of the results for the interim periods. These financial statements should be read in conjunction with the financial statements included in our latest annual report for the year ended December 31, 2006 filed on Form 10-K with the SEC on February 26, 2007. The results of operations for the three and nine months ended September 30, 2007 are not necessarily indicative of the results to be expected for the full year.

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

New Accounting Standards

Recently Adopted Standards

In February 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 155, *Accounting for Certain Hybrid Financial Instruments* (SFAS No. 155), which amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133) and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SFAS No. 140). SFAS No. 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 also clarifies and amends certain other provisions of SFAS No. 133 and SFAS No. 140. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal years beginning after September 15, 2006. We adopted the provisions of SFAS No. 155 on January 1, 2007. The adoption of this statement did not have an impact on our financial statements and disclosures.

In June 2006, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-03, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)* (Issue No. 06-03). Under Issue No. 06-03, a company must disclose its accounting policy regarding the gross or net presentation of certain taxes. If taxes included in gross revenues are significant, a company must disclose the amount of such taxes for each period for which an income statement is presented (i.e., both interim and annual periods). Taxes within the scope of this Issue are those that are imposed on and concurrent with a specific revenue-producing transaction. Taxes assessed on an entity s activities over a period of time, such as gross receipts

taxes, are not within the scope of the issue. Issue No. 06-03 is effective for the first annual or interim reporting period beginning after December 15, 2006. We adopted the provisions of EITF Issue No. 06-03 on January 1, 2007. We present applicable taxes on a net basis in our consolidated financial statements. The adoption of Issue No. 06-03 did not have an impact on our financial statements and disclosures.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), which clarifies the accounting and disclosure for uncertainty in income tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. FIN 48 requires that we recognize in our consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosures. This interpretation is effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings. We adopted the provisions of FIN 48 on January 1, 2007. The adoption of FIN 48 did not have an impact on the opening balance of retained earnings. See Note 4 for more information.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of SFAS Statement No. 87, Employers Accounting for Pensions, SFAS No. 88, Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and Termination Benefits, SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, and SFAS No. 132(R), Employers Disclosure about Pensions and Other Postretirement Benefits* (SFAS No. 158). SFAS No. 158 requires the recognition of the funded status of a defined benefit pension plan (other than a multi-employer plan) as an asset or liability in the statement of financial position and the recognition of changes in the funded status through comprehensive income in the year in which such changes occur. We adopted the recognition provisions of SFAS No. 158 and initially applied those to the funded status of our defined benefit pension plans as of December 31, 2006. The initial recognition of the funded status of our defined benefit pension plans resulted in a decrease in stockholders equity of $11.8 million, which was net of a tax benefit of $0.8 million.

SFAS No. 158 also requires that the funded status of a plan be measured as of the date of the year-end statement of financial position effective for fiscal years ending after December 15, 2008. We currently measure our funded status as of the balance sheet date. Accordingly, the adoption of the measurement provisions of SFAS No. 158 will have no impact on our financial statements.

Recently Issued Standards

The FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157), which provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors requests for more information about (1) the extent to which companies measure assets and liabilities at fair value, (2) the information used to measure fair value, and (3) the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements and disclosures.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159). SFAS No. 159 provides the option to report certain financial assets and liabilities at fair value, with the intent to mitigate volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. SFAS No. 159 also amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities,* by providing the option to record unrealized gains and losses on held-for-sale and

held-to-maturity securities currently. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements and disclosures.

2. Stock Compensation Plans

We account for our stock option plans in accordance with SFAS No. 123(R), Share-Based Payments (SFAS No. 123(R)). SFAS No. 123(R) requires that all share-based payments to employees, including grants

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of employee stock options, be measured at fair value and expensed over the service period (generally the vesting period).

The following table presents stock-based employee compensation expense included in the Consolidated Statements of Income:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
Cost of sales	$ 332	$ 923	$ 1,013	$ 1,561
Selling, general, and administrative	667	293	1,817	1,952
Stock-based compensation expense	$ 999	$ 1,216	$ 2,830	$ 3,513

Stock Option Plans. Substantially all of the options granted are generally exercisable pursuant to a two, three or four-year vesting schedule and the term of the options granted is no longer than ten years. On August 6, 2007, the shareholders approved a new stock plan (2007 Equity Incentive Plan) that provides for the grant of the following types of incentive awards: (i) stock options, (ii) restricted stock, (iii) restricted stock units, (iv) stock appreciation rights, (v) performance units and performance shares, and (vi) other stock or cash awards. The effective date of this plan is January 1, 2008 and there are 17,000,000 shares of our common stock reserved for issuance under the 2007 Equity Incentive Plan.

A summary of the current stock option plans and the respective plan termination dates and shares available for grant as of September 30, 2007 is shown below.

Stock Option Plans	1998 Director Option Plan	1998 Stock Plan	2003 Inducement Plan
Contractual Life (yrs)	10	10	10
Plan termination date	January 2008	January 2008	Board of Directors Discretion
Shares available for grant at September 30, 2007	71,666	7,342,211	380,000

In order to calculate the fair value of stock options at the date of grant, we used the Black-Scholes option pricing model. Expected volatilities are weighted based on the historical performance of our stock. We also use historical data to estimate the timing and amount of option exercises and forfeitures within the valuation model. The expected term of the options is based on evaluations of historical and expected future employee exercise behavior and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The following assumptions were used to calculate weighted average fair values of the options granted for the three and nine months ended September 30, 2007 and 2006:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Expected life (in years)	5	5.8	5	5.8
Risk-free interest rate	4.6%	4.9%	4.6%	4.6%
Volatility	74%	86%	74%	78%
Dividend yield				
Weighted average grant date fair value per option granted	$ 6.91	$ 4.35	$ 6.91	$ 4.82

7

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The intrinsic value of options exercised for the three and nine months ended September 30, 2007 was $1.2 million and $12.0 million, respectively. The intrinsic value of options exercised for the three and nine months ended September 30, 2006 was less than $0.1 million and $1.5 million, respectively.

The following is a summary of all option activity for the nine months ended September 30, 2007:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	15,334,089	$ 10.47		
Granted	170,000	11.01		
Exercised	(3,611,361)	10.07		
Forfeited or expired	(733,521)	12.36		
Outstanding at September 30, 2007	11,159,207	10.50	4.77	$ 20,484,540
Exercisable at September 30, 2007	9,547,385	11.18	4.23	$ 12,331,965
Fully vested and expected to vest at September 30, 2007	10,945,315	10.58	4.71	$ 19,380,645

Total unrecognized compensation expense from stock options, excluding any forfeiture estimate, was $5.0 million as of September 30, 2007, which is expected to be recognized over a weighted-average period of 1.05 years beginning October 1, 2007.

For the nine months ended September 30, 2007 and 2006, cash received from option exercises under all share-based payment arrangements was $36.4 million and $5.0 million, respectively. There was no tax benefit realized. The related cash receipts are included in financing activities in the accompanying Condensed Consolidated Statements of Cash Flows.

3. Comprehensive Income

The components of comprehensive income are summarized below:

	For the Three Months Ended	For the Nine Months Ended

	September 30,		September 30,	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
Net income	$ 60,620	$ 52,810	$ 126,200	$ 111,037
Unrealized gain (loss) on investments, net of tax		2,018	(1,004)	(553)
Reclassification adjustment for losses included in net income	44		44	2,624
Change in unrecognized pension costs, net of tax	129		380	
Foreign currency translation adjustment	2,216	(1,166)	551	1,064
Total comprehensive income	$ 63,009	$ 53,662	$ 126,171	$ 114,172

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of accumulated other comprehensive loss consisted of the following:

	September 30, 2007	December 31, 2006
	(In thousands)	
Unrealized gains (losses) on securities	$	$ 960
Unrecognized pension costs	(11,455)	(11,835)
Cumulative unrealized foreign currency translation gains	5,364	4,813
Total accumulated other comprehensive loss	$ (6,091)	$ (6,062)

4. Income Taxes

We operate in and file income tax returns in various U.S. and foreign jurisdictions that are subject to examination by tax authorities. Our estimated tax liability is subject to change as examinations of our tax returns are completed by the tax authorities in the respective jurisdictions. We believe that any additional taxes or related interest over the amounts accrued will not have a material effect on our financial condition, results of operations or cash flows, nor do we expect that such examinations will result in a material favorable impact. However, resolution of these matters involves uncertainties and there are no assurances that the outcome will be favorable.

Income tax expense for the three and nine months ended September 30, 2007 and 2006 is attributable to foreign withholding taxes and income taxes at certain of our profitable foreign operations. Our effective tax rate of 7.0% for the nine months ended September 30, 2007 reflects the utilization of foreign net operating loss carryforwards and tax holidays in certain foreign jurisdictions. We also released a valuation allowance during the three months ended September 30, 2007 related to deferred tax assets of certain international locations which decreased income tax expense by $5.1 million for the three and nine months ended September 30, 2007. Management believes that sufficient positive evidence now exists to release the remaining valuation allowance for these deferred tax assets. The positive evidence we considered was: (i) the consistent profitability of these operations over a two year period; (ii) the increase in profitability experienced in the third quarter of 2007 based on demand for the products from these operations; and (iii) the visibility we have over the next two years for these operations which is the time frame we expect to realize the deferred tax assets. At September 30, 2007, we had U.S. net operating loss carryforwards totaling $345.0 million, which expire at various times through 2027. Additionally, at September 30, 2007, we had $48.2 million of non-U.S. operating loss carryforwards, which expire at various times through 2012.

We maintain a valuation allowance on all of our U.S. net deferred tax assets, including our net operating loss carryforwards. We also have valuation allowances on certain deferred tax assets in certain foreign jurisdictions. We will release such valuation allowance as the related tax benefits are realized on our tax returns or when sufficient net positive evidence exists to conclude that the deferred tax assets will be realized.

We adopted the provisions of FIN 48 on January 1, 2007. We recognized no cumulative effect of the adoption of FIN 48 to the opening balance of retained earnings as a result of the implementation of FIN 48. The gross amount of

unrecognized tax benefits upon adoption of FIN 48 was $11.8 million. The gross amount of unrecognized tax benefits resulting from prior periods increased by $0.1 million during the three months ended September 30, 2007. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $1.6 million as of January 1, 2007 and $1.7 million as of September 30, 2007. It is reasonably possible that the total amount of unrecognized tax benefits will decrease within 12 months due to statutes of limitations expiring in certain foreign jurisdictions which would decrease our non-US unrecognized tax benefits related to historical foreign revenue attribution by less than $1.0 million.

We have recognized $0.1 million of interest and penalties in the Consolidated Statement of Income for the nine months ended September 30, 2007 in connection with our unrecognized tax benefits. Interest and penalties are classified as income taxes in the financial statements. The total amount of interest and penalties included in long-

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

term liabilities in connection with our unrecognized tax benefits is $0.3 million and $0.5 million as of January 1, 2007 and September 30, 2007, respectively.

As of January 1, 2007 and September 30, 2007, the following tax years remain subject to examination in the following major tax jurisdictions:

China 2001 through 2006
Japan 2001 through 2006
Korea 2001 through 2006
Philippines 2003 through 2006
Singapore 2004 through 2006
Taiwan 2001 through 2006
United States (Federal) 2003 through 2006

5. Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS adjusts net income and the outstanding shares for the dilutive effect of stock options and convertible debt. The following table summarizes the computation of basic and diluted EPS:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands, except per share data)		(In thousands, except per share data)	
Net income	$ 60,620	$ 52,810	$ 126,200	$ 111,037
Adjustment for dilutive securities on net income:				
Interest on 2.5% convertible notes due 2011, net of tax	1,491	1,187	3,866	1,636
Interest on 6.25% convertible notes due 2013, net of tax	1,592	1,563	4,717	4,913
Net income diluted	$ 63,703	$ 55,560	$ 134,783	$ 117,586
Weighted average shares outstanding basic	181,664	178,108	180,200	177,537
Effect of dilutive securities:				
Stock options	1,830		2,238	545
2.5% convertible notes due 2011	13,023	13,023	13,023	6,106
6.25% convertible notes due 2013	13,351	13,351	13,351	13,351

Weighted average shares outstanding diluted		209,868		204,482		208,812		197,539
EPS:								
Basic	$	0.33	$	0.30	$	0.70	$	0.63
Diluted	$	0.30	$	0.27	$	0.65	$	0.60

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the potential shares of common stock that were excluded from diluted EPS, because the effect of including these potential shares was antidilutive:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
Stock options	4,172	14,223	2,124	12,652
5.0% convertible notes due 2007		2,484	673	2,484
5.75% convertible notes due 2006				2,095
Total potentially dilutive shares	4,172	16,707	2,797	17,231

6. Accounts Receivable

Accounts receivable, trade consists of the following:

	September 30, 2007	December 31, 2006
	(In thousands)	
Accounts receivable	$ 392,633	$ 392,370
Allowance for sales credits	(6,221)	(9,247)
Allowance for doubtful accounts	(1,016)	(2,235)
	$ 385,396	$ 380,888

7. Inventories

Inventories consist of the following:

	September 30, 2007	December 31, 2006
	(In thousands)	
Raw materials and purchased components	$ 108,941	$ 126,492
Work-in-process	39,611	34,676

Finished goods	1,500	3,010
	$ 150,052	$ 164,178

We report inventories net of the allowance for excess and obsolete inventory of $31.8 million and $25.5 million at September 30, 2007 and December 31, 2006, respectively.

8. Property, Plant and Equipment

Property, plant and equipment consists of the following:

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	September 30, 2007	December 31, 2006
	(In thousands)	
Land	$ 110,364	$ 110,730
Land use rights in China	19,945	19,945
Buildings and improvements	796,919	790,847
Machinery and equipment	2,154,781	2,057,939
Furniture, fixtures and other equipment	163,694	141,621
Construction and assets in progress	11,515	8,617
	3,257,218	3,129,699
Less Accumulated depreciation and amortization	(1,831,449)	(1,686,096)
	$ 1,425,769	$ 1,443,603

The following table reconciles our activity related to property, plant and equipment as presented on the Condensed Consolidated Statements of Cash Flows to property, plant and equipment additions as reflected in the Consolidated Balance Sheets:

	For the Nine Months Ended September 30,	
	2007	2006
	(In thousands)	
Payments for property, plant, and equipment	$ 159,942	$ 252,401
Net increase (decrease) in related accounts payable and deposits	32,624	(8,234)
Property, plant and equipment additions	$ 192,566	$ 244,167

9. Goodwill and Other Intangibles Assets

The change in the carrying value of goodwill, all of which relates to our packaging services segment, is as follows:

	(In thousands)
Balance as of December 31, 2006	$ 671,900
Additions	782

Translation adjustments		(28)
Balance as of September 30, 2007	$	672,654

In March 2007, we increased goodwill by $0.8 million for additional consideration paid with respect to an earn-out provision in connection with our investment in Unitive Semiconductor Taiwan.

During the second quarter of 2007, in accordance with the provisions of FASB Statement No. 142, *Goodwill and Other Intangible Assets,* we performed our annual impairment test on goodwill and concluded that goodwill was not impaired.

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Intangibles as of September 30, 2007 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	$ 75,241	$ (56,968)	$ 18,273
Customer relationship and supply agreements	8,858	(4,688)	4,170
	$ 84,099	$ (61,656)	$ 22,443

Intangibles as of December 31, 2006 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	$ 74,468	$ (50,167)	$ 24,301
Customer relationship and supply agreements	8,858	(3,465)	5,393
	$ 83,326	$ (53,632)	$ 29,694

Amortization of identifiable intangible assets was $2.4 million for each of the three months ended September 30, 2007 and 2006. Amortization of identifiable intangible assets was $8.0 million and $7.1 million for the nine months ended September 30, 2007 and 2006, respectively.

Based on the amortizing intangible assets recognized in our balance sheet at September 30, 2007, amortization for each of the next five fiscal years is estimated as follows:

2007 Remaining	$ 2,370
2008	9,482
2009	4,725
2010	2,756
2011	991
Thereafter	2,119
Total	$ 22,443

10. Accrued Expenses

Accrued expenses consist of the following:

	September 30, 2007	December 31, 2006
	(In thousands)	
Payroll and benefits	$ 71,203	$ 63,222
Accrued interest	35,228	22,721
Customer advances	9,561	17,533
Income taxes payable	6,662	5,382
Other accrued expenses	40,985	36,643
	$ 163,639	$ 145,501

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Debt

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

	September 30, 2007	December 31, 2006
	(In thousands)	
Debt of Amkor Technology, Inc.		
Senior secured credit facilities		
$100 million revolving credit facility, LIBOR plus 1.5% 2.25%, due November 2009	$	$
Second lien term loan, LIBOR plus 4.5%, due October 2010		300,000
Senior notes		
9.25% Senior notes due February 2008	88,206	88,206
7.125% Senior notes due March 2011	249,052	248,877
7.75% Senior notes due May 2013	425,000	425,000
9.25% Senior notes due June 2016	400,000	400,000
Senior subordinated notes		
10.5% Senior subordinated notes due May 2009		21,882
2.5% Convertible senior subordinated notes due May 2011	190,000	190,000
Subordinated notes		
5.0% Convertible subordinated notes due March 2007, convertible at $57.34 per share		142,422
6.25% Convertible subordinated notes due December 2013, convertible at $7.49 per share, related party	100,000	100,000
Debt of subsidiaries		
Secured term loans		
Term loan, Woori Bank base rate plus 0.5% due April 2014	289,278	
Term loan, Taiwan 90-Day Commercial Paper secondary market rate plus 2.25% due June 20, 2008	6,833	8,411
Term loan, Taiwan 90-Day Commercial Paper primary market rate plus 1.2%, due November 2010	39,117	45,024
Secured equipment and property financing	8,171	12,626
Revolving credit facilities	7,789	22,571
Other debt		296
	1,803,446	2,005,315
Less: Short-term borrowings and current portion of long-term debt	(161,918)	(185,414)
Long-term debt (including related party)	$ 1,641,528	$ 1,819,901

Debt of Amkor Technology Inc.

Senior Secured Credit Facilities

In November 2005, we entered into a $100.0 million first lien revolving credit facility available through November 2009, with a letter of credit sub-limit of $25.0 million. Interest is charged under the credit facility at a floating rate based on the base rate in effect from time to time plus the applicable margins which range from 0.0% to 0.5% for base rate revolving loans, or LIBOR plus 1.5% to 2.25% for LIBOR revolving loans. The LIBOR-based

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

interest rate at September 30, 2007 was 6.73%; however, no borrowings were outstanding on this credit facility. As of September 30, 2007, we had utilized $0.2 million of the available letter of credit sub-limit, and had $99.8 million available under this facility. The borrowing base for the revolving credit facility is based on the valuation of our eligible accounts receivable. We incur commitment fees on the unused amounts of the revolving credit facility ranging from 0.25% to 0.50%, based on our liquidity. This facility includes a number of affirmative and negative covenants, which could restrict our operations. If we were to default under the first lien revolving credit facility, we would not be permitted to draw additional amounts, and the banks could accelerate our obligation to pay all outstanding amounts.

In October 2004, we entered into a $300.0 million second lien term loan with a group of institutional lenders. The term loan bore interest at a rate of LIBOR plus 450 basis points (9.87% at December 31, 2006); and would have matured in October 2010. The loan was secured by a second lien on substantially all of our U.S. subsidiaries assets, including a portion of the shares of certain of our foreign subsidiaries. The second lien term loan was refinanced and paid in full in April 2007 with the proceeds of the $300.0 million, 7-year secured credit facility with Woori Bank in Korea. In connection with the prepayment of the second lien term loan, we recorded a loss on debt retirement of $15.7 million in April 2007, which included $9.0 million in prepayment fees and $6.7 million of unamortized deferred debt issuance costs. This repayment transaction fully discharged all of our obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan.

Senior and Senior Subordinated Notes

In February 2001, we issued $500.0 million of 9.25% Senior Notes due February 2008 (the 2008 Notes). As of December 31, 2005, we had purchased $29.5 million of these notes. In January 2006, we purchased an additional $30.0 million of these notes and recorded a gain on extinguishment of $0.7 million which is included in debt retirement costs, net, which was partially offset by the write-off of a proportionate amount of our deferred debt issuance costs of $0.2 million. A portion of the 2008 Notes are not redeemable prior to their maturity. In April 2006, we announced a tender offer for the 2008 Notes. We used the net proceeds from the 2016 Notes (described below) to purchase $352.3 million in notes tendered. We recorded a $20.2 million loss on extinguishment related to premiums paid for the purchase of the 2008 Notes and a $2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net in the Consolidated Statements of Income.

In March 2004, we issued $250.0 million of 7.125% Senior Notes due March 2011 (the 2011 Notes). The 2011 Notes were priced at 99.321%, yielding an effective interest rate of 7.25%. The 2011 Notes are redeemable by us at any time provided we pay the holders a make-whole premium.

In May 2003, we issued $425.0 million of 7.75% Senior Notes due May 2013 (the 2013 Notes). The 2013 Notes are not redeemable at our option until May 2008 whereupon the notes become redeemable at specified prices.

In May 2006, we issued $400.0 million of 9.25% Senior Notes due June 2016 (the 2016 Notes). The Notes are redeemable by us prior to June 1, 2011 provided we pay the holders a make-whole premium. After June 1, 2011, the 2016 Notes are redeemable at specified prices. In addition, prior to June 1, 2009, we may redeem up to 35% of the 2016 Notes at a specified price with the proceeds of certain equity offerings. After deducting fees to the underwriter, the net proceeds were used to purchase a portion of the 2008 Notes, and to pay respective accrued interest and tender premiums.

In May 1999, we issued $200.0 million of 10.5% Senior Subordinated Notes due May 2009 (the 2009 Notes). In June 2006, we used the proceeds from the May 2011 Notes (described below) in connection with a partial call of the 2009 Notes for which $178.1 million of the 2009 Notes were repurchased. We recorded a $3.1 million loss on extinguishment related to premiums paid for the purchase of the 2009 Notes and a $2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net. In June 2007, we redeemed the remaining $21.9 million of the 2009 Notes outstanding with cash on hand,

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and the indenture has been terminated. We recorded a charge of $0.2 million to write-off the unamortized deferred debt issuance costs in June 2007.

The senior notes contain a number of affirmative and negative covenants, which could restrict our operations.

Senior Subordinated and Subordinated Convertible Notes

In May 2006, we issued $190.0 million of our 2.5% Convertible Senior Subordinated Notes due May 2011 (the May 2011 Notes). The May 2011 Notes are convertible at any time prior to the maturity date into our common stock at a price of $14.59 per share, subject to adjustment. The May 2011 Notes are subordinated to the prior payment in full of all of our senior debt. After deducting fees to the underwriter, the net proceeds from the issuance of the May 2011 Notes were used to repurchase a portion of the 2009 Notes, pay respective accrued interest and call premiums. The senior subordinated notes contain a number of affirmative and negative covenants which could restrict our operations.

In March 2000, we issued $258.8 million of our 5.0% Convertible Subordinated Notes due March 2007 (the 2007 Notes). The 2007 Notes were subordinated to the prior payment in full of all of our senior and senior subordinated debt. In November 2003, we repurchased $112.3 million of our 2007 Notes with the proceeds of an equity offering. In June 2006, we repurchased $4.0 million of our 2007 Notes at 99.875%. In March 2007, we repaid the remaining balance of $142.4 million at the maturity date with cash on hand.

In November 2005, we issued $100.0 million of our 6.25% Convertible Subordinated Notes due December 2013 (the December 2013 Notes) in a private placement to James J. Kim, our Chairman and Chief Executive Officer, and certain Kim family members. The December 2013 Notes are presented as long-term debt, related party on the Consolidated Balance Sheets. The December 2013 Notes are convertible at any time prior to the maturity date into our common stock at an initial price of $7.49 per share (the market price of our common stock on the date of issuance of the December 2013 Notes was $6.20 per share), subject to adjustment. The December 2013 Notes are subordinated to the prior payment in full of all of our senior and senior subordinated debt. In March 2006, we filed a registration statement with the SEC registering the notes and the shares of common stock issuable upon conversion, pursuant to the requirements of a registration rights agreement. The proceeds from the sale of the December 2013 Notes were used to purchase a portion of the 2006 Notes described above. The December 2013 Notes are not redeemable at our option until December 2010.

Debt of Subsidiaries

Secured Term Loans

In April 2007, Amkor Technology Korea, Inc., a Korean subsidiary (ATK), entered into a $300.0 million, 7-year secured term loan (Term Loan) with Woori Bank. The Term Loan is guaranteed on an unsecured basis by Amkor Technology, Inc (Amkor). The Term Loan is secured by substantially all the land, factories, and equipment located at our ATK facilities. The Term Loan bears interest at Woori s base rate plus 50 basis points (6.61% as of September 30, 2007) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Term Loan were used to refinance Amkor s existing $300.0 million second lien term loan, due October 2010 (see above). We incurred $3.4 million in debt issuance costs in connection with the Woori loan, which amount was funded from cash on hand.

In June 2005, Unitive Semiconductor Taiwan, a Taiwanese subsidiary, entered into a New Taiwan Dollar (NT$) 400.0 million (approximately $12.2 million) term loan due June 20, 2008 (the UST Note), which accrues interest at the Taiwan 90-Day Commercial Paper Secondary Market rate plus 2.25% (4.72% and 4.23% as of September 30, 2007 and December 31, 2006, respectively). Interest payments are due monthly and principal payments are due quarterly. The proceeds of the UST Note were used to satisfy notes previously held by Unitive Semiconductor Taiwan. Amkor has guaranteed the repayment of this loan. The agreement governing the UST Note

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

includes a number of affirmative and negative covenants which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

In November 2005, Amkor Technology Taiwan, Inc., a Taiwanese subsidiary, entered into a NT$1.8 billion (approximately $53.5 million) syndication loan due November 2010 (the Syndication Loan), which accrues interest at the Taiwan 90-Day Commercial Paper Primary Market rate plus 1.2% (4.13% and 3.22% as of September 30, 2007 and December 31, 2006, respectively). Interest payments are due quarterly and principal payments are due semi-annually. Amkor has guaranteed the repayment of this loan. The agreement governing the Syndication Loan includes a number of affirmative, negative and financial covenants, which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

Secured Equipment and Property Financing

Our secured equipment and property financing consists of loans secured with specific assets at our Japanese, Singaporean and Chinese subsidiaries. Our credit facility in Japan provides for equipment financing on a three-year basis for each piece of equipment purchased. The Japanese facility accrues interest at 3.59% on all outstanding balances and has maturities at various times between 2006 and 2008. In December 2005, our Singaporean subsidiary entered into a loan with a finance company for $10.0 million, which accrues interest at 4.86% and is due December 2008. The loan, guaranteed by Amkor is secured by a monetary security deposit and certain equipment in our Singapore facility. In May 2004, our Chinese subsidiary entered into a $5.5 million credit facility secured with buildings at one of our Chinese production facilities and is payable ratably through January 2012. The interest rate for the Chinese financing at September 30, 2007 and December 31, 2006, was 6.73% and 6.14%, respectively. These equipment and property financings contain affirmative and negative covenants, which could restrict our operations, and, if we were to default on our obligations under these financings, the lenders could accelerate our obligation to repay amounts borrowed under such facilities.

Revolving Credit Facilities

Amkor Iwate Corporation, a Japanese subsidiary (AIC), had a revolving line of credit with a Japanese bank for 2.5 billion Japanese yen (approximately $21.2 million) that matured in September 2007. We renewed this facility for 2.5 billion Japanese yen (approximately $21.6 million). The line of credit matures in September 2008 and accrues interest at the Tokyo Interbank Offering Rate (TIBOR) plus 0.6%. The interest rate at September 30, 2007 ranged from 1.34% to 1.35%, and December 31, 2006 ranged from 0.97% to 1.04%. Amounts drawn on the line of credit were $6.9 million and $7.6 million at September 30, 2007 and December 31, 2006, respectively.

Additionally, AIC has a revolving line of credit at a Japanese bank for 300.0 million Japanese yen (approximately $2.4 million), maturing in June 2008, that accrues interest at TIBOR plus 0.5%. The interest rate at September 30, 2007 and at December 31, 2006 was 1.24% and 0.92%, respectively. There was $0.9 million drawn on the line of credit as of September 30, 2007. There were no amounts outstanding at December 31, 2006.

Our Philippine subsidiary has a revolving line of credit of 895.0 million Philippine peso (approximately $18.5 million), maturing in October 2007, that accrues interest at LIBOR plus 1.0% (6.23% at September 30, 2007 and December 31, 2006). There were no amounts outstanding at September 30, 2007 and December 31, 2006.

In January 2006, Amkor Assembly & Test (Shanghai) Co. Ltd., a Chinese subsidiary (AATS), entered into a $15.0 million working capital facility which accrues interest at LIBOR plus 1.25%, and was paid off at maturity in January 2007 with cash on hand. The borrowings outstanding as of December 31, 2006 were $15.0 million. At December 31, 2006, the interest rate ranged from 6.62% to 6.81% based on the dates of borrowing.

Unitive Semiconductor Taiwan had a revolving line of credit with a Taiwan bank for NT$60.0 million (approximately $1.9 million) that matured in June 2007. We renewed this facility for NT$20.0 million (approximately $0.6 million) in August 2007. The line of credit matures in June 2008 and accrues interest at a variable

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

interest rate. The interest rate at September 30, 2007 and December 31, 2006 was 4.44% and 3.60%, respectively. There were no amounts drawn on the line of credit as of September 30, 2007 and December 31, 2006.

These lines of credit contain certain affirmative and negative covenants, which could restrict our operations. If we were to default on our obligations under any of these lines of credit, we would not be permitted to draw additional amounts, and the lenders could accelerate our obligation to pay all outstanding amounts.

Other Debt

Other debt includes debt related to our Taiwanese subsidiaries with fixed and variable interest rates that matured in June 2007. The interest rate on this debt ranged from 3.14% to 4.5% as of December 31, 2006.

Interest expense related to short-term borrowings and long-term debt is presented net of interest income in the accompanying Consolidated Statements of Income. Interest income for the three and nine months ended September 30, 2007 was $2.8 million and $6.6 million, respectively. For the three and nine months ended September 30, 2006, interest income was $1.3 million and $4.9 million, respectively.

Compliance with Debt Covenants

We were in compliance with all of our covenants as of September 30, 2007 and December 31, 2006.

12. Pension and Severance Plans

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
Components of net periodic pension cost				
Service cost	$ 1,597	$ 1,102	$ 4,666	$ 3,285
Interest cost	926	713	2,688	2,080
Expected return on plan assets	(478)	(405)	(1,388)	(1,181)
Amortization of transitional obligation	16	17	54	51
Amortization of prior service cost	19	17	55	52
Recognized actuarial loss	102		322	
Total net periodic pension cost	$ 2,182	$ 1,444	$ 6,397	$ 4,287

For the three and nine months ended September 30, 2007, $0.5 million and $1.4 million, respectively, was contributed to fund the pension plans. In the fourth quarter of 2007, we anticipate contributing an additional $8.0 million to fund the pension plans.

Our Korean subsidiary participates in an accrued severance plan that covers employees and directors with at least one year of service. Eligible employees are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service, seniority and rate of pay at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. Our contributions to the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities. For the three months ended September 30, 2007 and 2006, the provision recorded for severance benefits was $9.7 million and $7.6 million, respectively. For the nine months ended September 30, 2007

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and 2006, the provision recorded for severance benefits was $33.1 million and $24.7 million, respectively. The balance recorded in pension and severance obligations for accrued severance at our Korean subsidiary was $170.2 million and $142.3 million at September 30, 2007 and December 31, 2006, respectively.

13. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	September 30, 2007		December 31, 2006	
	(In thousands)			
Customer advances	$	21,148	$	24,397
Other non-current liabilities		12,570		5,611
	$	33,718	$	30,008

Customer advances relate to supply agreements with customers where we commit capacity in exchange for customer prepayment of services.

14. Commitments and Contingencies

As of September 30, 2007, we have outstanding $0.2 million of standby letters of credit and have available an additional $24.8 million. Such standby letters of credit are used in the ordinary course of our business and are collateralized by our cash balances.

We generally warrant that our services will be performed in a professional and workmanlike manner and in compliance with our customers specifications. We accrue costs for known warranty issues. Historically, our warranty costs have been immaterial.

Legal Proceedings

We are involved in claims and legal proceedings and we may become involved in other legal matters arising in the ordinary course of our business. We evaluate these claims and legal matters on a case-by-case basis to make a determination as to the impact, if any, on our results of operations or financial condition. Except as indicated below, we currently believe that the ultimate outcome of these claims and proceedings, individually and in the aggregate, will not have a material adverse impact on our financial position, results of operations or cash flows. Our evaluation of the potential impact of these claims and legal proceedings on our financial position, results of operations or cash flows could change in the future. We currently are party to the legal proceedings described below. Attorney fees related to legal matters are expensed as incurred.

Tessera, Inc. v. Amkor Technology, Inc.

On March 2, 2006, Tessera, Inc. filed a Request for Arbitration (the Request) with the International Court of Arbitration of the International Chamber of Commerce, captioned *Tessera, Inc. v. Amkor Technology, Inc.* The subject matter of the arbitration is a Limited TCC License Agreement (Agreement) entered into between Tessera and our predecessor in 1996. The Agreement licenses certain patents and know-how relating to semiconductor packaging. In their Request, Tessera alleges breach of contract and asserts Amkor owes Tessera royalties under the Agreement in an amount between $85 and $115 million for semiconductor packages assembled by us through 2005 and that Amkor has thereafter continued to assemble semiconductor packages subject to additional royalties, which Tessera alleges are substantial. In our Answer and Counterclaim, we denied that any royalties were owed, and asserted that we are not using any of the licensed Tessera patents or know-how. We also asserted defenses and counterclaims of invalidity and unenforceability of the four patents identified by Tessera in their Request as the basis for their claim (U.S. Patent Nos. 5,679,977, 5,852,326, 6,433,419 and 6,465,893). On November 10, 2006,

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tessera provided their Preliminary Claim Charts and added two additional patents to the proceeding, U.S. Patent Nos. 6,133,627 and 5,861,666.

On April 17, 2007, Tessera served notice to Amkor that it has terminated the Agreement, which is the basis for the breach of contract dispute in the ICC Arbitration. Amkor has disputed Tessera s purported notice that it is entitled to terminate the Agreement and the Arbitration Panel has denied Tessera s pre-hearing motion to terminate the Agreement and deferred that issue until the hearing. Also on April 17, 2007, Tessera instituted an action in Federal District Court for the Eastern District of Texas against certain of Amkor s customers, and on May 15, 2007, at Tessera s request, the United States International Trade Commission (ITC) instituted an investigation of certain Amkor customers. Both the ITC investigation and the Texas action allege infringement of two of the same patents asserted by Tessera in the arbitration, and Tessera may seek to include in those actions some of the same products packaged by Amkor that are at issue in the arbitration. Although Amkor has not been named as a respondent in the ITC investigation or a defendant in the Texas action, Amkor has received notification from a customer of a request for indemnification in connection with Tessera s claims in those actions. Amkor has not accepted such request for indemnification.

The arbitration is currently set for a hearing beginning March 2008. Although we believe that we have meritorious defenses and counterclaims in this matter and will seek a judgment in our favor, it is not possible to predict the outcome of the arbitration or the total cost of resolving this controversy including the impact of possible future claims of additional royalties by Tessera. The final resolution of this controversy could result in significant liabilities and could have a material adverse effect on our financial condition, results of operations and cash flows.

Securities Class Action Litigation

On January 23, 2006, a purported securities class action suit entitled *Nathan Weiss et al. v. Amkor Technology, Inc.* et al., was filed in U.S. District Court for the Eastern District of Pennsylvania against Amkor and certain of its current and former officers. Subsequently, other law firms filed two similar cases, which were consolidated with the initial complaint. In August 2006 and again in November 2006, the plaintiffs amended the complaint. The plaintiffs added additional officer, director and former director defendants and allege improprieties in certain option grants. The amended complaint further alleges that defendants improperly recorded and accounted for the options in violation of generally accepted accounting principles and made materially false and misleading statements and omissions in its disclosures in violation of the federal securities laws, during the period from July 2001 to July 2006. The amended complaint seeks certification as a class action pursuant to Fed. R. Civ. Proc. 23, compensatory damages, costs and expenses, and such other further relief as the Court deems just and proper. On December 28, 2006, pursuant to motion by defendants, the U.S. District Court for the Eastern District of Pennsylvania transferred this action to the U.S. District Court for the District of Arizona.

On September 25, 2007, the U.S. District Court for the District of Arizona dismissed this case with prejudice. On October 23, 2007, plaintiffs filed a notice of appeal from the dismissal in the U.S. Circuit Court of Appeals for the Ninth Circuit.

Shareholder Derivative Lawsuits

On February 23, 2006, a purported shareholder derivative lawsuit entitled Scimeca v. Kim, et al. was filed in the U.S. District Court for the District of Arizona against certain of Amkor s current and former officers and directors. Amkor is named as a nominal defendant. In September 2006 and again in November 2006, the plaintiff amended the complaint to add allegations relating to option grants and added additional defendants, including the remaining members of the current board, former board members, and former officers. The complaint includes claims for violation of Section 14(a) of the Exchange Act, breach of fiduciary duty, abuse of control, waste of corporate assets, unjust enrichment and mismanagement, and is generally based on the same allegations as in the securities class action litigation described above.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On August 29, 2007, the U.S. District Court for the District of Arizona granted our motion to dismiss this case. We do not know whether the plaintiffs will appeal the decision or take further action.

On March 2, 2006, a purported shareholder derivative lawsuit entitled *Khan v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor s current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment, and is based on allegations similar to those made in the previously filed federal shareholder derivative action. This action was stayed pending resolution of the federal derivative suit referenced above, and in July 2007, was dismissed by the court without prejudice.

On or about October 10, 2006, a purported shareholder derivative lawsuit entitled *Feldgus v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor s current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment and contains allegations relating to option grants similar to those made in the previously filed federal shareholder derivative action referred to above. This action has been stayed pending resolution of the federal derivative suit referenced above.

The derivative complaints seek monetary damages, an order directing us to take all necessary actions to improve corporate governance as may be necessary, equitable and/or injunctive relief as permitted by law, disgorgement, restitution, costs, fees, expenses and such other relief as the Court deems just and proper.

Securities and Exchange Commission Investigation

In August 2005, the Securities and Exchange Commission (SEC) issued a formal order of investigation regarding certain activities with respect to Amkor securities. The primary focus of the investigation appears to be activities during the period from June 2003 to July 2004. We believe that the investigation continues to relate primarily to transactions in our securities by certain individuals, and that the investigation may in part relate to whether tipping with respect to trading in our securities occurred. The matters at issue involve activities with respect to Amkor securities during the subject period by certain insiders or former insiders and persons or entities associated with them, including activities by or on behalf of certain current and former members of the Board of Directors and Amkor s Chief Executive Officer. Amkor has cooperated fully with the SEC on the formal investigation and the informal inquiry that preceded it. Amkor cannot predict the outcome of the investigation. In late 2006, our former general counsel, whose employment with us terminated in March of 2005, was indicted by the United States Attorney s Office for the Eastern District of Pennsylvania for violation of securities laws, on charges that the former general counsel traded in Amkor securities on the basis of material non-public information. In October 2007, a jury convicted the former general counsel on those charges. In April 2007, the SEC filed a civil action against our former general counsel based on substantially the same allegations as contained in the indictment.

As previously disclosed, in July 2006, the Board of Directors established a Special Committee to review our historical stock option practices and informed the SEC of these efforts. The SEC informed us in 2006 that it expanded the scope of its investigation and requested that we provide documentation related to these matters. We intend to continue to cooperate with the SEC.

Amkor Technology, Inc. v. Motorola, Inc.

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

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard in September 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola s motion for summary judgment. Motorola filed an appeal in the Supreme Court of Delaware. In May 2004, the Supreme Court reversed the Superior Court s decision, and remanded for further development of the factual record. The bench trial in this matter was concluded on January 27, 2006. Post-trial briefs were submitted and post-trial oral arguments were heard by the Court in April 2006. Additional post-trial oral arguments were heard by the Court on September 11, 2006. A decision from the Court is still pending. Although we believe that we have meritorious claims in this matter and will continue to seek judgment in our favor, as of the date of this quarterly report, it is not possible to predict the outcome of this litigation or the total cost of resolving this controversy, including the impact of possible future claims for royalties which may be made by Motorola if the final outcome is unfavorable. The final resolution of this controversy could result in potential liabilities that could have a material adverse effect on our financial condition, results of operations and cash flows.

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

On November 5, 1999, we agreed to sell certain semiconductor parts to Alcatel Microelectronics, N.V. (AME), a subsidiary of Alcatel S.A. The parts were manufactured for us by Anam Semiconductor, Inc. (ASI) and delivered to AME. AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems (ABS), which incorporated the parts into cellular phone products. In early 2001, a dispute arose as to whether the parts sold by us were defective.

Paris Commercial Court. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of approximately 50.4 million Euros (approximately $71.9 million based on the spot exchange rate at September 30, 2007.) We denied all liability associated with this claim. On March 27, 2007, the French Supreme Court (the highest court in the French judicial system) issued a final non-appealable ruling in our favor that the Paris Commercial Court does not have jurisdiction over this matter. Based on this ruling, we do not anticipate any further proceedings in the French courts on this matter.

Arbitration. In December 2006, ABS filed a demand with the American Arbitration Association (AAA) for arbitration in Pennsylvania under the November 1999 agreement, which demand is based on substantially the same claims raised in the French lawsuit described above. The arbitration filed with the AAA in December 2006 remains pending, and is not affected by the French Supreme Court s final ruling in our favor described above.

We previously entered into agreements with ASI whereby ASI agreed to indemnify us against all costs, liabilities, damages, expenses and judgments resulting from or arising out of the claims of AME, ABS and ABS insurer in the above matters. In January 2007, Dongbu Electronics (now known as Dongbu Hitek) (Dongbu), successor in interest to ASI, acknowledged that it is the indemnifying party with respect to claims against us in the now-ended French proceeding described above, and in this Arbitration matter, although Dongbu has subsequently questioned the scope of their indemnity obligation. We continue to believe that Dongbu is obligated to indemnify us for these claims.

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

In November 2003, we filed a complaint against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively Carsem) with the International Trade Commission (ITC) in Washington, D.C., alleging infringement of our United States Patent Nos. 6,433,277; 6,455,356 and 6,630,728 (collectively the Amkor Patents) and seeking an exclusionary order barring the importation by Carsem of infringing products.

Table of Contents

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsequently, we filed a complaint in the Northern District of California, alleging infringement of the Amkor Patents and seeking an injunction enjoining Carsem from further infringing the Amkor Patents, treble damages plus interest, costs and attorney s fees. We allege that by making, using, selling, offering for sale, or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *Micro* LeadFrame packaging technology claims in the Amkor Patents. The District Court action had been stayed pending resolution of the ITC case. The ITC Administrative Law Judge (ALJ) conducted an evidentiary hearing during July and August of 2004 in Washington D.C. and issued an initial determination that Carsem infringed some of our patent claims relating to our *Micro* LeadFrame package technology, that some of our 21 asserted patent claims are valid, and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of the Tariff Act. We filed a petition in November 2004 to have the ALJ s ruling reviewed by the full International Trade Commission. The ITC ordered a new claims construction related to various disputed claim terms and remanded the case to the ALJ for further proceedings. On November 9, 2005, the ALJ issued an Initial Determination that Carsem infringed some of our patent claims and ruled that Carsem violated Section 337 of the Tariff Act. The ITC subsequently authorized the ALJ to reopen the record on certain discovery issues related to third party documents. On February 9, 2006, the ITC ordered a delay in issuance of the Final Determination, pending resolution of the third party discovery issues. The discovery issues are the subject of a subpoena enforcement action which is pending in the District Court for the District of Columbia. The case we filed in 2003 in the Northern District of California remains stayed pending completion of the ITC investigation.

15. Related Party Transactions

We purchase leadframe inventory from Acqutek Semiconductor & Technology Co., Ltd. James J. Kim, our Chairman and Chief Executive Officer, owns approximately 17.7% of Acqutek Semiconductor & Technology Co., Ltd. The purchases are arms length and on terms consistent with our non-related party vendors. For the three months ended September 30, 2007 and 2006, purchases from Acqutek Semiconductor & Technology Co., Ltd. were $5.0 million and $4.3 million, respectively. For the nine months ended September 30, 2007 and 2006, purchases from Acqutek Semiconductor and Technology Co., Ltd. were $13.3 million and $11.7 million, respectively. Amounts due to Acqutek Semiconductor & Technology Co., Ltd. at September 30, 2007 and December 31, 2006 were $1.8 million and $1.3 million, respectively.

Mr. JooHo Kim is an employee of Amkor and a brother of Mr. James J. Kim, our Chairman and Chief Executive Officer. Mr. JooHo Kim, together with his wife and children, own 96.1% of Jesung C&M, a company that provides cafeteria services to Amkor Technology Korea, Inc. The services provided by Jesung C&M are subject to competitive bid. For the three months ended September 30, 2007 and 2006, purchases from Jesung C&M were $1.6 million. For the nine months ended September 30, 2007 and 2006, purchases from Jesung C&M were $4.6 million and $4.9 million, respectively. Amounts due to Jesung C&M at September 30, 2007 and December 31, 2006 were $0.5 million.

16. Business Segments

In accordance with SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information,* we have determined we have two reportable segments, packaging and test. Packaging and test are integral parts of the process of manufacturing semiconductor devices and our customers will engage with us for both packaging and test services, or just packaging or test services. Our packaging services process creates an electrical interconnect between the

semiconductor chip and the system board through wire bonding or bumping technologies. In packaging, individual chips are separated from the fabricated semiconductor wafers, attached to a substrate and then encased in a protective material to provide optimal electrical connectivity and thermal performance. Our test services include the probing of fabricated wafers and testing of packaged chips using sophisticated equipment to ensure that design specifications are satisfied.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The accounting policies for segment reporting are the same as those for our consolidated financial statements. We evaluate our operating segments based on gross margin and gross property, plant and equipment. We do not specifically identify and allocate total assets by operating segment. Summarized financial information concerning reportable segments is shown in the following table. The other column includes other corporate adjustments, sales office and corporate property, plant and equipment.

	Packaging	Test	Other	Total
		(In thousands)		
Three Months Ended Months September 30, 2007				
Net sales	$ 616,519	$ 73,072	$ (508)	$ 689,083
Gross profit	147,767	22,623	(459)	169,931
Three Months Ended Months September 30, 2006				
Net sales	$ 640,885	$ 73,120	$ (176)	$ 713,829
Gross profit	155,144	22,815	(192)	177,767
Nine Months Ended Months September 30, 2007				
Net sales	$ 1,779,061	$ 214,243	$ (747)	$ 1,992,557
Gross profit	412,899	65,337	725	478,961
Nine Months Ended Months September 30, 2006				
Net sales	$ 1,841,102	$ 205,042	$ (595)	$ 2,045,549
Gross profit	437,559	64,900	(631)	501,828
Gross Property, Plant and Equipment				
September 30, 2007	$ 2,512,028	$ 619,592	$ 125,598	$ 3,257,218
December 31, 2006	2,421,171	596,079	112,449	3,129,699

17. Restructuring and Reduction in Force

During the second quarter of 2007, we commenced a phased transition of wafer level processing production from our wafer bumping facility in North Carolina to our facility in Taiwan as part of our ongoing efforts to help our customers shorten time-to-market and get closer to the upstream production sources. The North Carolina facility will primarily focus on research and development activities after the transition is complete. We expect to complete the transition of production to Taiwan by April 2008. In April 2007, the specific details surrounding the related reduction in force were communicated to the impacted employees at our North Carolina facility. The costs associated with this activity are accounted for in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities (as amended)*. We recorded charges for termination benefits during the three and nine months ended September 30, 2007, respectively of $0.3 million and $0.7 million which were primarily included in cost of goods sold. The amount recorded in accrued expenses for termination benefits was $0.6 million as of September 30, 2007. We currently anticipate that an additional $0.4 million related to termination benefits will be charged primarily to cost of goods sold over the remaining employment service period through April 2008. We anticipate total termination benefits of $1.0 million will be paid through April 2008.

18. Sale of Specialty Test Operations

In October 2005, we divested a specialty test operation and recognized a gain of $4.4 million. In the three months ended September 30, 2007, we recognized an additional gain of $1.7 million as a result of an earn-out provision provided in the asset purchase agreement. We received the cash in October 2007.

Table of Contents

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

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

This report contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact are considered forward looking statements, including but not limited to statements regarding: trends in outsourcing and inventory levels in the supply chain, demand and selling prices for our services and products; future capacity utilization rates, revenue, gross margins and operating performance; our ability to focus capital investments on increasing advanced laminate, test services, wafer bump and flip chip packaging capacity and information systems and technology; entry into supply agreements with customers; forecasted customer demand; anticipated tax rate; sufficient cash flows and liquidity to fund working capital, estimated capital expenditures of $285 million to $300 million, and debt service requirements; no declaration of cash dividends; our substantial indebtedness; our expectations regarding continued compliance with our debt covenants; the continued service of key senior management and technical personnel; increase in the scope and growth of our operations and ability to implement expansion plans; our ability to offset an increase in fixed commodity prices; the favorable outcome of litigation proceedings; our ability to comply with environmental regulations and foreign laws; our ability to quickly respond to a natural disaster or terrorist attack; the condition, growth and cyclical nature of the semiconductor industry; our contractual obligations; and other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expects, plans, anticipates, believes, predicts, potential, continue, intend or the negative of these terms or other comparable terminology. These forward-looking statements involve a number of risks, uncertainties, assumptions and other factors that could affect future results and events to differ materially from historical and expected results and those expressed or implied in the forward looking statements, including, but not limited to, those set forth in the following discussion as well as in Risk Factors that May Affect Future Operating Performance set forth in this quarterly report on Form 10-Q in Part II, Item 1A Risk Factors. The following discussion provides information and analysis of our results of operations for the three and nine months ended September 30, 2007 and our liquidity and capital resources. You should read the following discussion in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this quarterly report, as well as other reports we file with the Securities and Exchange Commission.

Results of Operations

Overview

Amkor is one of the world s largest subcontractors of semiconductor packaging and test services. Packaging and test are integral parts of the process of manufacturing semiconductor devices. This process begins with silicon wafers and involves the fabrication of electronic circuitry into complex patterns, thus creating large numbers of individual chips on the wafers. The fabricated wafers are then probed to ensure the individual devices meet design specifications. The packaging process creates an electrical interconnect between the semiconductor chip and the system board. In packaging, individual chips are separated from the fabricated semiconductor wafers, and typically attached through wire bond or wafer bump technologies to a substrate or leadframe, and then encased in a protective material. Packages are designed to provide optimal electrical connectivity and thermal performance. The packaged chips are then tested using sophisticated equipment to ensure that each packaged chip meets its design specifications. Increasingly, packages are custom designed for specific chips and specific end-market applications. We are able to provide turnkey solutions including semiconductor wafer bump, wafer probe, wafer backgrind, package design and assembly, test and drop shipment services.

Our net income for the three months ended September 30, 2007 was $60.6 million, or $0.30 per diluted share, versus net income for the three months ended September 30, 2006 of $52.8 million, or $0.27 per diluted share. In the three months ended September 30, 2007, sales decreased $24.7 million or 3.5% to $689.1 million from $713.8 million in the three months ended September 30, 2006 driven by a decrease in leadframe packages and modules business partially offset by an increase in our advanced laminate packages.

Gross margin for the three months ended September 30, 2007 was 24.7% compared to 24.9% for the three months ended September 30, 2006 primarily resulting from higher labor costs offset by lower material costs due to a change in product mix.

We continue to manage our production lines, allocate assets and selectively expand our capacity. Capital additions during the three months ended September 30, 2007 totaled $77.7 million. We expect that our full year 2007 capital additions will be in the range of $285 million to $300 million, which is subject to adjustment based on business conditions. Our capital investments have been, and we expect will continue to be, primarily focused on increasing our advanced laminate, test services, wafer bump and flip chip packaging capacity. In addition, we continue to make investments in our information systems.

Cash provided by operating activities increased $33.8 million to $414.5 million for the nine months ended September 30, 2007 as compared to $380.7 million for the nine months ended September 30, 2006. Cash flows from operations generated during the nine months ended September 30, 2007 funded capital purchases of $159.9 million leaving $254.6 million of free cash flow (defined below). Please see the Liquidity and Capital Resources section below for a further analysis of the changes in our financial position and cash flows during the first nine months of 2007.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Net sales	100.0%	100.0%	100.0%	100.0%
Gross profit	24.7%	24.9%	24.0%	24.5%
Operating income	14.1%	14.0%	13.1%	13.9%
Income before income taxes and minority interests	9.1%	7.8%	6.9%	5.9%
Net income	8.8%	7.4%	6.3%	5.4%

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

Net Sales. Sales decreased $24.7 million, or 3.5%, to $689.1 million in the three months ended September 30, 2007 from $713.8 million in the three months ended September 30, 2006 driven by a decrease in leadframe packages and modules business partially offset by an increase in our advanced laminate packages.

Packaging Net Sales. Packaging net sales decreased $24.4 million, or 3.8%, to $616.5 million in the three months ended September 30, 2007 from $640.9 million in the three months ended September 30, 2006. While net sales decreased 3.8%, packaging unit volume increased 2.1% to 2.3 billion units in the three months ended September 30, 2007 from 2.2 billion units in the third quarter of 2006. The decrease in net sales is principally driven by a change in product mix that reflects a decrease in leadframe packages and our modules business partially offset by an increase in our advanced laminate packages. To a lesser extent, price reductions contributed to the decline in net sales.

Test Net Sales. Test net sales were unchanged at $73.1 million for both the three months ended September 30, 2007 and the three months ended September 30, 2006.

Cost of Sales. Our cost of sales consists principally of materials, labor, depreciation and manufacturing overhead. Because a substantial portion of our costs at our factories is fixed, relatively insignificant increases or decreases in capacity utilization rates can have a significant effect on our gross margin.

Material costs as a percent of revenue decreased to 37.3% for the three months ended September 30, 2007 from 39.2% for the three months ended September 30, 2006 because packages with less material content accounted for a larger portion of our sales resulting in lower overall material costs.

Labor costs as a percentage of net sales increased to 16.4% for the three months ended September 30, 2007 from 14.4% for the three months ended September 30, 2006 due to higher labor and benefit costs attributable in part to wage increases and the weakening of the U.S. dollar partially offset by a net reduction in headcount.

As a percentage of net sales, other manufacturing costs were essentially flat at 21.6% for the three months ended September 30, 2007 and 21.5% for the three months ended September 30, 2006.

Stock-based compensation included in cost of sales was $0.3 million for the three months ended September 30, 2007 and $0.9 million for the three months ended September 30, 2006.

Gross Profit. Gross profit decreased $7.9 million to $169.9 million, or 24.7% of net sales in the three months ended September 30, 2007 from $177.8 million, or 24.9% of net sales, in the three months ended September 30, 2006. The decrease in gross profit was due primarily to higher labor costs at our factories, partially offset by lower overall material costs due to a change in product mix.

Packaging Gross Profit. Gross profit for packaging decreased $7.3 million to $147.8 million, or 24.0% of packaging net sales, in the three months ended September 30, 2007 from $155.1 million, or 24.2% of packaging net sales, in the three months ended September 30, 2006. The packaging gross profit decrease was due primarily to higher labor costs at our factories, partially offset by lower overall material costs from a change in product mix.

Test Gross Profit. Gross profit for test decreased $0.2 million to $22.6 million, or 30.9% of test net sales, in the three months ended September 30, 2007 from $22.8 million, or 31.2% of test net sales, in the three months ended September 30, 2006. This slight decrease was primarily due to increased depreciation costs as a result of our capital expenditures for test equipment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $4.4 million, or 6.4%, to $64.1 million for the three months ended September 30, 2007, from $68.5 million for the three months ended September 30, 2006 principally reflecting higher spending in the three months ended September 30, 2006 for professional fees due to the stock option investigation and other related matters. This is partially offset by increased spending in the three months ended September 30, 2007 for professional fees related to our global enterprise resource planning implementation and increased legal costs.

Research and Development. Research and development activities are currently focused on advanced laminate, flip chip and wafer level packaging services. Research and development expenses increased $0.6 million to $10.3 million, or 1.5% of net sales for the three months ended September 30, 2007 from $9.7 million, or 1.4% of net sales in the three months ended September 30, 2006 primarily due to increased labor and benefits costs.

Gain on Sale of Specialty Test Operations. In October 2005, we divested a specialty test operation and recognized a gain of $4.4 million. In the three months ended September 30, 2007, we recognized an additional gain of $1.7 million as a result of an earn-out provision provided in the asset purchase agreement. We received the cash in October 2007.

Other (Income) Expense. Other expenses, net, decreased $9.2 million from the three months ended September 30, 2006 to the three months ended September 30, 2007. This decrease is primarily driven by a decrease of $7.2 million in net interest expense in the three months ended September 30, 2007 compared to the three months ended September 30, 2006, due to our continued focus on strengthening our liquidity by reducing debt as well as refinancing debt with lower interest rate borrowings.

Income Tax Expense. Income tax expense for the three months ended September 30, 2007 and 2006 is attributable to foreign withholding taxes and income taxes at certain of our profitable foreign operations. For the full year of 2007, we anticipate an effective income tax rate of approximately 7.6%, which reflects the utilization of foreign net operating loss carryforwards, tax holidays, and the release of a valuation allowance in certain foreign jurisdictions. The effective rate for the three months ended September 30, 2007 and 2006 was 1.9% and 5.2%, respectively. The decrease is primarily attributable to the release of a valuation allowance on certain foreign deferred tax assets during

the three months ended September 30, 2007. Management believes that sufficient positive evidence now exists to release the remaining valuation allowance for these deferred tax assets. The positive evidence we considered was: (i) the consistent profitability of these operations over a two year period; (ii) the increase in profitability experienced in the third quarter of 2007 based on demand for the products from these operations; and (iii) the visibility we have over the next two years for these operations which is the time frame we expect to realize the deferred tax assets.

Table of Contents

At September 30, 2007, we had U.S. net operating loss carryforwards totaling $345.0 million, which expire at various times through 2027. Additionally, at September 30, 2007, we had $48.2 million of non-U.S. operating loss carryforwards, which expire at various times through 2012. We maintain a valuation allowance on substantially all of our deferred tax assets, including our net operating loss carryforwards, and will release such valuation allowance as the related deferred tax benefits are realized on our tax returns or when sufficient net positive evidence exists to conclude that the deferred tax assets will be realized.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net Sales. Net sales decreased $53.0 million, or 2.6%, to $1,992.6 million for the nine months ended September 30, 2007 from $2,045.5 million for the nine months ended September 30, 2006 principally driven by a decrease in leadframe packages partially offset by an increase in our advanced laminate packages.

Packaging Net Sales. Packaging net sales decreased $62.0 million, or 3.4%, to $1,779.1 million in the nine months ended September 30, 2007 from $1,841.1 million in the nine months ended September 30, 2006. Packaging unit volume decreased 4.1% to 6.3 billion units in the nine months ended September 30, 2007 from 6.6 billion units in the 2006 period. The decrease in net sales and unit volume is principally attributed to a decrease in leadframe packages partially offset by an increase in our advanced laminate packages. To a lesser extent, price reductions contributed to the decline in net sales.

Test Net Sales. Test net sales increased $9.2 million, or 4.5%, to $214.2 million in the nine months ended September 30, 2007 from $205.0 million in the nine months ended September 30, 2006, principally due to increased test times resulting from a change in product mix.

Cost of Sales. Our cost of sales consists principally of materials, labor, depreciation and manufacturing overhead. Because a substantial portion of our costs at our factories is fixed, relatively insignificant increases or decreases in capacity utilization rates can have a significant effect on our gross margin.

Material costs as a percent of revenue decreased from 39.2% for the nine months ended September 30, 2006 to 37.7% for the nine months ended September 30, 2007 primarily due to a change in product mix resulting in lower material costs per product.

Labor as a percentage of net sales, increased to 16.5% for the nine months ended September 30, 2007, from 14.8% for the nine months ended September 30, 2006, due to increased labor wages at our factories, and the depreciation of the U.S. dollar, partially offset by a net reduction in headcount.

Other manufacturing costs increased to 21.8% for the nine months ended September 30, 2007, from 21.5% for the nine months ended September 30, 2006, due to lower revenue. Other manufacturing costs in absolute dollars decreased as a result of the decreased volume partially offset by increased depreciation costs as a result of our capital expenditures which are focused on increasing our advanced laminate, test services, wafer bump and flip chip packaging capacity.

Stock-based compensation included in cost of sales amount to $1.0 million for the nine months ended September 30, 2007 compared to $1.6 million for the nine months ended September 30, 2006.

Gross Profit. Gross profit decreased $22.8 million to $479.0 million, or 24.0% of net sales in the nine months ended September 30, 2007 from $501.8 million, or 24.5% of net sales, in the nine months ended September 30, 2006. This decrease in gross profit was due primarily to higher labor costs at our factories partially offset by lower overall material costs due to product mix.

Packaging Gross Profit. Gross profit for packaging decreased $24.7 million to $412.9 million, or 23.2% of packaging net sales, in the nine months ended September 30, 2007 from $437.6 million, or 23.8% of packaging net sales, in the nine months ended September 30, 2006. The packaging gross profit decrease was primarily due to higher labor costs at our factories offset by lower overall material costs due to a change in product mix.

Test Gross Profit. Gross profit for test increased $0.4 million to $65.3 million, or 30.5% of test net sales, in the nine months ended September 30, 2007 from $64.9 million, or 31.7% of test net sales, in the nine months ended

September 30, 2006. This increase was primarily due to increased test times resulting from a change in product mix partially offset by increased depreciation costs as a result of our capital expenditures.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased slightly by $0.5 million, or 0.2%, to $189.1 million for the nine months ended September 30, 2007, from $188.6 million for the nine months ended September 30, 2006. In the nine months ended, September 30, 2007 we had increased spending on professional fees related to our global enterprise resource planning implementation and increased litigation activity. For the nine months ended September 30, 2006, we had increased spending for professional fees due to the stock option investigation and other related matters.

Research and Development. Research and development activities are currently focused on advanced laminate, flip chip and wafer level packaging services. Research and development expenses increased $1.5 million to $30.9 million, or 1.6% of net sales for the nine months ended September 30, 2007 from $29.4 million, or 1.4% of net sales in the nine months ended September 30, 2006. Our increase in our research and development expenses was primarily related to increased labor and benefits costs.

Gain on Sale of Specialty Test Operations. In October 2005, we divested a specialty test operation and recognized a gain of $4.4 million. In the three months ended September 30, 2007, we recognized an additional gain of $1.7 million as a result of an earn-out provision provided in the asset purchase agreement. We received the cash in October 2007.

Other (Income) Expense. Other expenses, net, decreased $40.4 million to $123.2 million, or 6.2% of net sales, for the nine months ended September 30, 2007 from $163.6 million, or 8.0% of net sales, for the nine months ended September 30, 2006. In the nine months ended September 30, 2007 we recognized $15.9 million of debt retirement costs compared to $27.4 million in the nine months ended September 30, 2006. In addition, there was a decrease of $22.9 million in net interest expense in the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006, due to our continued focus to strengthen our liquidity by reducing debt as well as refinancing debt with lower interest rate instruments.

Income Tax Expense. Income tax expense for the nine months ended September 30, 2007 and 2006 is attributable to foreign withholding taxes and income taxes at certain of our profitable foreign operations. For the full year 2007, we anticipate an effective income tax rate of approximately 7.6%, which reflects the utilization of foreign net operating loss carryforwards and tax holidays in certain foreign jurisdictions. The effective rate for the nine months ended September 30, 2007 and 2006 was 7.0%. The decrease attributable to the release of a valuation allowance on certain foreign deferred tax assets for the nine months ended September 30, 2007 was offset by an increase in tax in certain profitable foreign jurisdictions. Additionally, the effective tax rate for the nine months ended September 30, 2007 reflects certain discrete period items recorded in the first and second quarters of 2007.

At September 30, 2007, we had U.S. net operating loss carryforwards totaling $345.0 million, which expire at various times through 2027. Additionally, we had $48.2 million of non-U.S. net operating loss carryforwards, which expire at various times through 2012. We maintain a full valuation allowance on substantially all of our deferred tax assets, including our net operating loss carryforwards, and will release such valuation allowance as the related deferred tax benefits are realized on our tax returns or when sufficient net positive evidence exists to conclude that the deferred tax assets will be realized.

Liquidity and Capital Resources

We generated net income of $126.2 million and $111.0 million for the nine months ended September 30, 2007 and 2006, respectively. During the nine months ended September 30, 2007 and 2006, we recorded in connection with refinancing transactions $15.9 million and $27.4 million, respectively of net debt retirement costs in connection with

refinancing transactions. Our operating activities provided cash totaling $414.5 million and $380.7 million in the nine months ended September 30, 2007 and 2006, respectively. In March 2007, we used existing cash resources to retire the remaining $142.4 million in 5% convertible notes at maturity, and in June 2007 we redeemed the remaining $21.9 million of the 2009 10.5% senior subordinated notes outstanding with cash on hand.

In April 2007, we entered into a $300.0 million, 7-year secured credit facility with Woori Bank (Term Loan). The Term Loan is secured by substantially all the land, factories, and equipment located at our Korean facilities. The Term Loan bears interest at Woori s base rate plus 50 basis points (6.61% as of September 30, 2007) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Term Loan were used to refinance a $300.0 million second lien term loan due October 2010, which bore interest at a rate of LIBOR plus 450 basis points (9.86% at March 31, 2007). This financing transaction, together with payment of prepayment fees and accrued and unpaid interest, fully discharged all of our obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan.

We have a significant level of debt, with $1,803.4 million outstanding at September 30, 2007, of which $161.9 million is current. The terms of our debt require significant scheduled principal payments in the coming years, including $27.7 million during the remainder of 2007, $151.5 million in 2008, $54.6 million in 2009, $54.7 million in 2010, $482.6 million in 2011 and $1,032.3 million thereafter.

The interest payments required on our debt are also substantial. For example, in the nine months ended September 30, 2007, we paid $89.8 million of interest. (See Capital Additions and Contractual Obligations below for a summary of principal and interest payments.) We were in compliance with all debt covenants at September 30, 2007 and expect to remain in compliance with these covenants through September 30, 2008.

In order to reduce leverage and future cash interest payments, we may from time to time repurchase our outstanding notes for cash or exchange shares of our common stock for our outstanding notes. Any such transactions may be made in the open market or through privately negotiated transactions and are subject to the terms of our indentures and other debt agreements, market conditions and other factors.

We operate in a capital intensive industry. Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures, which are generally made in advance of the related revenues and without any firm customer commitments. During the nine months ended September 30, 2007, we had capital additions of $192.6 million and for all of 2007 we currently anticipate making capital additions in the range of $285 million to $300 million, which estimate is subject to adjustment based on business conditions. Our 2007 capital additions budget remains focused on strategic growth areas of advanced laminate, test services, wafer bump and flip chip packaging capacity.

The source of funds for our operations, including making capital expenditures and servicing principal and interest obligations with respect to our debt, are cash flows from our operations, current cash and cash equivalents, borrowings under available debt facilities, or proceeds from any additional debt or equity financing. As of September 30, 2007, we had cash and cash equivalents of $335.0 million and $99.8 million available under our senior secured revolving credit facility.

We assess our liquidity based on our current expectations regarding sales, operating expenses, capital spending and debt service requirements. Based on this assessment, we believe that our cash flow from operating activities together with existing cash and cash equivalents and availability under our senior secured revolving credit facility will be sufficient to fund our working capital, capital expenditure and debt service requirements through at least September 30, 2008. Thereafter, our liquidity will continue to be affected by, among other things, the performance of our business, our capital expenditure levels and our ability to either repay debt out of operating cash flow or refinance debt with the proceeds of debt or equity offerings at or prior to maturity. If our performance or access to the capital markets differs materially from our expectations, our liquidity may be adversely impacted.

If we fail to generate the necessary net income or operating cash flows to meet the funding needs of our business beyond September 30, 2008 due to a variety of factors, including the cyclical nature of the semiconductor industry and

the other factors discussed in Part II, Item 1A Risk Factors , our liquidity would be adversely affected. We would consider taking a variety of actions, including: attempting to reduce our high fixed costs (for example, closing facilities and reducing the size of our work force), curtailing or reducing planned capital additions, raising additional equity, borrowing additional funds, refinancing existing indebtedness or taking other actions. There can be no assurance, however, that we will be able to successfully take any of these actions, including adjusting our expenses sufficiently or in a timely manner, or raising additional equity, increasing borrowings or completing

30

refinancings on any terms or on terms which are acceptable to us. Our inability to take these actions as and when necessary would materially adversely affect our liquidity, results of operations and financial condition.

Many of our debt agreements restrict our ability to pay dividends. We have never paid a dividend to our shareholders and we do not anticipate paying any cash dividends in the foreseeable future. We expect cash flows, if any, to be used in the operation and expansion of our business and the repayment of debt.

Cash flows

Cash provided by operating activities was $414.5 million for the nine months ended September 30, 2007 compared to $380.7 million for the nine months ended September 30, 2006. Free cash flow (defined below) increased by $126.2 million to $254.5 million for the nine months ended September 30, 2007 compared to $128.3 million for the nine months ended September 30, 2006.

Net cash provided by (used in) operating, investing and financing activities for the nine months ended September 30, 2007 and 2006 was as follows:

	For the Nine Months Ended September 30,	
	2007	2006
	(In thousands)	
Operating activities	$ 414,468	$ 380,656
Investing activities	(156,590)	(252,455)
Financing activities	(169,007)	(145,727)

Operating activities: Our cash flow from operating activities for the nine months ended September 30, 2007 increased $33.8 million to $414.5 million from $380.7 million for the nine months ended September 30, 2006. This increase in operating cash flows is a result of positive changes in assets and liabilities and lower interest paid, partially offset by the payment of prepayment fees in connection with refinancings. Our operating income for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 and adjusted for depreciation and amortization and other operating activities and non-cash items decreased $31.3 million largely attributed to decreased utilization of our capacity and our significant fixed costs at our factories. Net interest expense for the nine months ended September 30, 2007 decreased by $22.9 million as compared with the nine months ended September 30, 2006 as a result of reduced debt levels as well as refinancing debt with lower interest rate instruments. Operating cash flows for the nine months ended September 30, 2007 were reduced by $9.0 million for prepayment fees in connection with refinancing our second lien term loan. Changes in assets and liabilities increased operating cash flows by $47.3 million for the nine months ended September 30, 2007 compared with the nine months ended September 30, 2006 driven largely by reduced levels of receivables, inventory and accounts payable in line with the reduced unit volumes and changes in sales mix as well as an increase in employee benefit liabilities. Other changes in operating activities including foreign currency losses, other income and expenses, taxes and minority interest accounted for $3.8 million of the increase in operating cash flows.

Investing activities: Our cash flows used in investing activities for the nine months ended September 30, 2007 decreased by $95.9 million to $156.6 million from $252.5 million for the nine months ended September 30, 2006. This decrease was primarily due to a $92.5 million decrease in payments for property, plant and equipment from $252.4 million in the nine months ended September 30, 2006 to $159.9 million in the nine months ended September 30, 2007. Investing activities were higher in 2006 principally as a result of our expansion of our facilities

in China and Singapore. Investing activities during the nine months ended September 30, 2007 included increased proceeds from the sale of property, plant and equipment of $5.1 million primarily attributable to a sale of real property in Korea that had been used for administrative purposes.

Financing activities: Our net cash used in financing activities for the nine months ended September 30, 2007 was $169.0 million, compared with $145.7 million for the nine months ended September 30, 2006. The net cash used in financing activities for the nine months ended September 30, 2007 was primarily driven by the repayment of the $142.4 million of our 5% convertible notes at maturity in March 2007, and the redemption of the remaining $21.9 million 2009 10.5% senior subordinated notes in June 2007. The net cash used in financing activities for the nine months ended September 30, 2006 was primarily driven by the repayment of the $132.0 million for our 5.75%

Table of Contents

convertible subordinated notes at maturity in June 2006. Proceeds from the issuance of stock through our stock compensation plans for the nine months ended September 30, 2007 was $36.4 million, compared with $5.0 million for the nine months ended September 30, 2006.

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

	For the Nine Months Ended September 30,	
	2007	2006
	(In thousands)	
Net cash provided by operating activities	$ 414,468	$ 380,656
Less payments for property, plant and equipment	(159,942)	(252,401)
Free cash flow	$ 254,526	$ 128,255

Debt Instruments and Related Covenants

We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to service payments on our debt. (See table included in Capital Additions and Contractual Obligations below). Total debt decreased to $1,803.4 million at September 30, 2007 from $2,005.3 at December 31, 2006. In March 2007, we used existing cash resources to retire the remaining $142.4 million in 5% convertible notes at maturity. In June 2007, we redeemed the remaining $21.9 million of the 2009 10.5% Senior Subordinated Notes outstanding with cash on hand. Amkor Technology, Inc. also guarantees certain debt of our subsidiaries.

We were in compliance with all our debt covenants contained in our loan agreements at September 30, 2007. Additional details about our debt are available in Note 11 accompanying the Consolidated Financial Statements included within Part I, Item 1 of this quarterly report.

Capital Additions and Contractual Obligations

Our capital additions were $192.6 million for the nine months ended September 30, 2007. We expect that our full year 2007 capital additions will be in the range of $285 million to $300 million, as discussed above in the Overview. Ultimately, the amount of our 2007 capital additions will depend on several factors including, among others, the performance of our business, the need for additional capacity to service anticipated customer demand and the availability of suitable cash flow from operations or financing. The following table reconciles our activity related to property, plant and equipment payments as presented on the Condensed Consolidated Statements of Cash Flow statement to property, plant and equipment additions as reflected in the Consolidated Balance Sheets:

For the Nine Months Ended

	September 30,	
	2007	2006
	(In thousands)	
Payments for property, plant, and equipment	$ 159,942	$ 252,401
Net increase (decrease) in related accounts payable and deposits	32,624	(8,234)
Property, plant and equipment additions	$ 192,566	$ 244,167

The following table summarizes our contractual obligations at September 30, 2007, and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Total	2007 Remaining	2008	2009	2010	2011	Thereafter
				(In thousands)			
Total debt(1)	$ 1,803,446	$ 27,746	$ 151,463	$ 54,638	$ 54,679	$ 482,600	$ 1,032,320
Scheduled interest payment obligations(2)	692,582	30,993	118,222	114,005	110,672	89,811	228,879
Purchase obligations(3)	60,774	60,774					
Operating lease obligations	59,877	2,127	8,809	7,918	7,648	6,689	26,686
Total contractual obligations	$ 2,616,679	$ 121,640	$ 278,494	$ 176,561	$ 172,999	$ 579,100	$ 1,287,885

(1) The decrease in our total debt from the Annual Report on Form 10-K as of December 31, 2006, is primarily driven by the repayment of $142.4 million of our 5% convertible notes at maturity in March 2007, and $21.9 million for the redemption of the remaining 10.5% Senior Subordinated 2009 Notes outstanding in June 2007.

(2) Scheduled interest payment obligations were calculated using stated coupon rates for fixed rate debt and interest rates applicable at September 30, 2007 for variable rate debt.

(3) Represents capital-related purchase obligations.

In addition to the obligations identified in the table above, non-current liabilities recorded in our Consolidated Balance Sheet at September 30, 2007, include $206.0 million related to pension and severance obligations, which the timing of the ultimate payment of these obligations was uncertain at September 30, 2007. Additionally, $21.1 million of customer advances are included in non-current liabilities as of September 30, 2007 and relate to supply agreements with customers where we commit capacity in exchange for customer prepayment of services. Generally customers forfeit the prepayment if the capacity is not utilized per contract terms.

The table above excludes liabilities we have with respect to unrecognized tax benefits. As discussed in Note 4 to our Consolidated Financial Statements, we adopted the provisions of FIN 48 on January 1, 2007. At September 30, 2007, the gross amount of our unrecognized tax benefits was approximately $11.7 million, which does not generally represent future cash payments because of the interaction with other tax attributes available such as net operating loss or tax credit carryforwards. Due to the high degree of uncertainty regarding the amount and the timing of any future cash outflows associated with our FIN 48 liabilities, we are unable to reasonably estimate the amount and period of ultimate settlement with the various taxing authorities. As management would expect cash outflows with respect to FIN 48 liabilities to occur over an indeterminate number of future years, it is unlikely that any payment of existing liabilities would have a material adverse affect on liquidity in any future period.

Off-Balance Sheet Arrangements

We had no off-balance sheet guarantees or other off-balance sheet arrangements as of September 30, 2007. Operating lease commitments are included in the contractual obligation table above.

Contingencies, Indemnifications and Guarantees

Details about our contingencies, indemnifications and guarantees are available in Note 14 accompanying the Consolidated Financial Statements included within Part I, Item 1 of this quarterly report. As for our contingencies related to our patent litigation, securities litigation, and other litigation and legal matters, if an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our results of operations in the period in which the ruling occurs. Our evaluation of the potential impact from the legal proceedings, discussed in Note 14 accompanying the Consolidated Financial Statements, on our financial position, results of operations, or cash flows, could change in the future.

Critical Accounting Policies

Our critical accounting policies are disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006. During the nine months ended September 30, 2007, there have been no significant changes in our critical accounting policies.

New Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 1 to the Consolidated Financial Statements included within Part I, Item 1 of this quarterly report.

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

Market Risk Sensitivity

We are exposed to market risks, primarily related to foreign currency and interest rate fluctuations. In the normal course of business, we employ established policies and procedures to manage the exposure to fluctuations in foreign currency values and changes in interest rates. Our use of derivative instruments, including forward exchange contracts, has been historically insignificant.

Foreign Currency Risks

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

For an entity with various financial instruments denominated in a foreign currency in a net asset position, an increase in the exchange rate would result in less net assets when converted to U.S. dollars. Conversely, for an entity with various financial instruments denominated in a foreign currency in a net liability position, a decrease in the exchange rate would result in more net liabilities when converted to U.S. dollars. Changes period over period are caused by changes in our net asset or net liability position and changes in currency exchange rates. Based on our portfolio of foreign currency based financial instruments at September 30, 2007 and December 31, 2006, a 20% increase (decrease) in the foreign currency to U.S. dollar spot exchange rate would result in the following foreign currency risk for our entities in a net asset (liability) position:

	Chart of Foreign Currency Risk					
	Chinese Renminbi	Japanese Yen	Korean Won	Philippine Peso	Singapore Dollar	Taiwanese Dollar
	(In thousands)					
As of September 30, 2007	$ (1,144)	$ 2,384	$ (3,173)	$ (4,020)	$ (549)	$ (8,876)
As of December 31, 2006	(2,178)	2,048	(4,750)	(3,734)	(992)	(10,861)

In addition, at September 30, 2007 and December 31, 2006, we had other foreign currency denominated liabilities, including denominations of the Euro, Swiss franc and Great Britain pound, whereby a 20% decrease in the related

exchange rates would result in an aggregate of less than $0.4 million and $0.1 million, respectively, of additional foreign currency risk.

Interest Rate Risks

We have interest rate risk with respect to our long-term debt. As of September 30, 2007, we had a total of $1,803.4 million of debt of which 80.8% was fixed rate debt and 19.2% was variable rate debt. Our variable rate debt principally relates to our foreign borrowings and any amounts outstanding under our $100.0 million revolving line of credit, of which no amounts were drawn as of September 30, 2007 but which had been reduced by $0.2 million related to outstanding letters of credit at that date. The fixed rate debt consists of senior notes, senior subordinated notes and subordinated notes. In April 2007, our second lien term loan was refinanced with a new term loan which is

Table of Contents

also a variable interest rate debt. As of December 31, 2006, we had a total of $2,005.3 million of debt of which 80.9% was fixed rate debt and 19.1% was variable rate debt. Changes in interest rates have different impacts on our fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the fair value of the instrument but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not impact the fair value of the instrument. The fair value of the convertible notes is also impacted by changes in the market price of our common stock.

The table below presents the interest rates, maturities and fair value of our fixed and variable rate debt as of September 30, 2007.

	2007	2008	2009	2010	2011	Thereafter	Total	Fair Value
					(In thousands)			
Long term debt:								
Fixed rate debt	$ 833	$ 91,539	$	$	$ 439,052	$ 925,000	$ 1,456,424	$ 1,518,335
Average interest rate	4.9%	9.1%			5.1%	8.2%	7.4%	
Variable rate debt	$ 26,913	$ 59,924	$ 54,638	$ 54,679	$ 43,548	$ 107,320	$ 347,022	$ 347,022
Average interest rate	4.3%	6.0%	6.1%	6.1%	6.6%	6.6%	6.2%	

Equity Price Risks

We have convertible notes that are convertible into our common stock. We currently intend to repay our remaining convertible notes upon maturity, unless converted, repurchased or refinanced. If investors were to decide to convert their notes to common stock, our future earnings would benefit from a reduction in interest expense but our common stock outstanding would be increased. If we paid a premium to induce such conversion, our earnings could include an additional charge.

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

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports to the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as

appropriate, to allow timely decisions regarding required disclosure, based on the definition of disclosure controls and procedures in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934. In designing and evaluating the disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2007. Based on the foregoing, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2007.

Changes in Internal Control Over Financial Reporting

During the nine months ended September 30, 2007, we implemented several significant modules of SAP at our largest subsidiary and enhanced the version of SAP being used at another subsidiary. This began another phase of a

Table of Contents

multi-year program to implement a fully integrated suite of SAP application software on a company-wide basis. The implementation of an enterprise resource planning system represents a change in our internal control over financial reporting. Therefore, as appropriate, we have modified the design and documentation of internal control processes and procedures relating to the new system to supplement and complement existing internal control over financial reporting. Post-implementation reviews are being conducted by management to test whether the internal controls surrounding the system implementation processes, key applications, and the financial close process were properly designed and are operating effectively to prevent or detect material financial statement errors. Although management believes internal controls have been maintained or enhanced by the systems implemented, there is a risk that deficiencies may exist and not yet be identified that could constitute significant deficiencies or in the aggregate, a material weakness. Management will complete our evaluation and testing of the internal control changes as of December 31, 2007.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

Information about legal proceedings is set forth in Note 14 to the Consolidated Financial Statements included in this quarterly report.

Item 1A. *Risk Factors*

RISK FACTORS THAT MAY AFFECT FUTURE OPERATING PERFORMANCE

The factors discussed below are cautionary statements that identify important factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this report. For more information regarding the forward-looking statements contained in this report, see the introductory paragraph to Part I, Item 2 of this quarterly report. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this quarterly report, in considering our business and prospects. The risks and uncertainties described below are not the only ones facing Amkor. Additional risks and uncertainties not presently known to us also may impair our business operations. The occurrence of any of the following risks could affect our business, financial condition, results of operations or cash flows.

The matters relating to the Special Committee s review of our historical stock option granting practices and the restatement of our consolidated financial statements has resulted in expanded litigation and regulatory proceedings against us and may result in future litigation, which could have a material adverse effect on us.

On July 24, 2006, we established a Special Committee, consisting of independent members of the Board of Directors, to conduct a review of our historical stock option granting practices during the period from our initial public offering on May 1, 1998 through June 30, 2006. As previously disclosed, the Special Committee identified a number of occasions on which the measurement date used for financial accounting and reporting purposes for stock options granted to certain of our employees was different from the actual grant date. To correct these accounting errors, we amended our Annual Report on Form 10-K for the year ended December 31, 2005 and our quarterly report on Form 10-Q for the three months ended March 31, 2006, to restate our financial information from 1998 through March 31, 2006. The review of our historical stock option granting practices, related activities and the resulting restatements, required us to incur substantial expenses for legal, accounting, tax and other professional services and diverted our management s attention from our business and could in the future adversely affect our business, financial condition, results of operations and cash flows.

Our historical stock option granting practices and the restatement of our prior financial statements have exposed us to greater risks associated with litigation and regulatory proceedings. As described in Note 14 to our Consolidated Financial Statements, the complaints in several of our existing litigation matters were subsequently amended to include allegations relating to stock option grants. In addition, the scope of the existing SEC investigation that began in August 2005 has been expanded to include an investigation into our historical stock option grant practices. We cannot assure you that this litigation, the SEC investigation or any future litigation or regulatory action will result in the same conclusions reached by the Special Committee. The conduct and resolution

of these matters will be time consuming, expensive and distracting from the conduct of our business. Furthermore, if we are subject to adverse findings in any of these matters, we could be required to pay damages or penalties or have other remedies imposed upon us which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Pending SEC Investigation The Pending SEC Investigation Could Adversely Affect Our Business and the Trading Price of Our Securities.

In August 2005, the SEC issued a formal order of investigation regarding certain activities with respect to Amkor securities. We previously announced that the primary focus of the investigation appears to be activities during the period from June 2003 to July 2004. We believe that the investigation in part relates to transactions in Amkor s securities by certain individuals, and that the investigation may in part relate to whether tipping with respect to trading in Amkor securities occurred. The matters at issue involve activities with respect to Amkor securities during the subject period by certain insiders or former insiders and persons or entities associated with them, including activities by or on behalf of certain current and former members of the Board of Directors and Amkor s Chief Executive Officer. In late 2006, our former general counsel, whose employment with us terminated in March of 2005, was indicted by the United States Attorney s Office for the Eastern District of Pennsylvania for violation of securities laws, on charges that the former general counsel traded in Amkor securities on the basis of material non-public information. In October 2007, a jury convicted the former general counsel on those charges. In April 2007, the SEC filed a civil action against our former general counsel based on substantially the same allegations as contained in the indictment.

In July 2006, the Board of Directors established a Special Committee to review Amkor s historical stock option practices and informed the SEC of these efforts. The SEC informed us in 2006 that it expanded the scope of its investigation and has requested that Amkor provide documentation related to these matters. We have cooperated fully with the SEC on the formal investigation and the informal inquiry that preceded it. We cannot predict the outcome of the investigation. In the event that the investigation leads to SEC action against any current or former officer or director of Amkor, or Amkor itself, our business (including our ability to complete financing transactions) or the trading price of our securities may be adversely impacted. In addition, if the SEC investigation continues for a prolonged period of time, it may have the same impact regardless of the ultimate outcome of the investigation.

Fluctuations in Operating Results and Cash Flows Our Operating Results and Cash Flows Have Varied and May Vary Significantly as a Result of Factors That We Cannot Control.

Many factors could materially and adversely affect our net sales, gross profit, operating results and cash flows, or lead to significant variability of quarterly or annual operating results. Our profitability and ability to generate cash from operations is principally dependent upon demand for semiconductors, the utilization of our capacity, semiconductor package mix, the average selling price of our services and our ability to control our costs including labor, material, overhead and financing costs.

Our operating results and cash flows have varied significantly from period to period. Our net sales, gross margins, operating income and cash flows have historically fluctuated significantly as a result of many of the following factors, for which we have little or no control over and which we expect to continue to impact our business:

- Fluctuation in demand for semiconductors and conditions in the semiconductor industry;
- changes in our capacity utilization;
- changes in average selling prices;

changes in the mix of semiconductor packages;

evolving package and test technology;

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

Table of Contents

- changes in costs, availability and delivery times of raw materials and components;
- changes in labor costs to perform our services;
- the timing of expenditures in anticipation of future orders;
- changes in effective tax rates;
- the availability and cost of financing;
- intellectual property transactions and disputes;
- high leverage and restrictive covenants;
- warranty and product liability claims;
- costs associated with litigation judgments and settlements;
- international events or environmental or natural events, such as earthquakes, that impact our operations;
- difficulties integrating acquisitions; and
- our ability to attract qualified employees to support our geographic expansion.

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

- loss of key personnel or the shortage of available skilled workers;
- rescheduling and cancellation of large orders; and
- fluctuations in our manufacturing yields.

Dependence on the Highly Cyclical Semiconductor and Electronic Products Industries We Operate in Volatile Industries, and Industry Downturns Harm Our Performance.

Our business is tied to market conditions in the semiconductor industry, which is cyclical by nature. The semiconductor industry has experienced significant, and sometimes prolonged, downturns. Because our business is, and will continue to be, dependent on the requirements of semiconductor companies for subcontracted packaging and test services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as consumer electronic products, telecommunication devices, or computing devices could have a material adverse effect on our business and operating results. If industry conditions deteriorate, we could suffer significant losses, as we have in the past, which could materially impact our business, results of operations and financial condition.

High Fixed Costs Due to Our High Percentage of Fixed Costs, We Will Be Unable to Maintain Our Gross Margin at Past Levels if We Are Unable to Achieve Relatively High Capacity Utilization Rates.

Our operations are characterized by relatively high fixed costs. Our profitability depends in part not only on pricing levels for our products and services, but also on the utilization rates for our testing and packaging equipment, commonly referred to as capacity utilization rates. In particular, increases or decreases in our capacity utilization rates can significantly affect gross margins since the unit cost of packaging and test services generally decreases as fixed costs are allocated over a larger number of units. In periods of low demand, we experience relatively low capacity utilization rates in our operations, which lead to reduced margins during that period. From time to time we have experienced lower than optimum utilization rates in our operations due to a decline in worldwide demand for our packaging and test services. This can lead to significantly reduced margins during that period. Although our capacity utilization rates at times have been strong, we cannot assure you that we will be able to achieve or maintain relatively high capacity utilization rates, and if we fail to do so, our gross margins may

decrease. If our gross margins decrease, our results of operations and financial condition could be materially adversely affected.

In addition, our fixed operating costs have increased in part as a result of our efforts to expand our capacity through significant capital additions. In the event that forecasted customer demand for which we have made and, on a more limited basis, expect to make advance capital additions does not materialize, our sales may not adequately cover our substantial fixed costs resulting in reduced profit levels or causing significant losses, both of which may adversely impact our liquidity, results of operations and financial condition. Additionally, we could suffer significant losses if current industry conditions deteriorate, which could materially impact our business including our liquidity.

Guidance Our Failure to Meet Our Guidance or Analyst Projections Could Adversely Impact the Trading Prices of Our Securities.

We periodically provide guidance to investors with respect to certain financial information for future periods. Securities analysts also periodically publish their own projections with respect to our future operating results. As discussed above under Fluctuations in Operating Results and Cash Flows Our Operating Results and Cash Flows Have Varied and May Vary Significantly as a Result of Factors That We Cannot Control, our operating results and cash flows vary significantly and are difficult to accurately predict. To the extent we fail to meet or exceed our own guidance or the analyst projections for any reason, the trading prices of our securities may be adversely impacted. Moreover, even if we do meet or exceed that guidance or those projections, the analysts and investors may not react favorably, and the trading prices of our securities may be adversely impacted.

Declining Average Selling Prices The Semiconductor Industry Places Downward Pressure on the Prices of Our Products.

Prices for packaging and test services have generally declined over time. Historically, we have been able to partially offset the effect of price declines by successfully developing and marketing new packages with higher prices, such as advanced leadframe and laminate packages, by negotiating lower prices with our material vendors, recovering material cost increases from our customers, and by driving engineering and technological changes in our packaging and test processes which resulted in reduced manufacturing costs. We expect general downward pressure on average selling prices for our packaging and test services in the future. If we are unable to offset a decline in average selling prices, including developing and marketing new packages with higher prices, reducing our purchasing costs, recovering more of our material cost increases from our customers and reducing our manufacturing costs, our future operating results will suffer.

Decisions by Our IDM Customers to Curtail Outsourcing May Adversely Affect Our Business.

Historically, we have been dependent on the trend in outsourcing of packaging and test services by integrated device manufacturers (IDM). Our IDM customers continually evaluate the outsourced services against their own in-house packaging and test services. As a result, at any time, and for a variety of reasons, IDMs may decide to shift some or all of their outsourced packaging and test services to internally sourced capacity.

The reasons IDMs may shift their internal capacity include:

- their desire to realize higher utilization of their existing test and packaging capacity, especially during downturns in the semiconductor industry;
- their unwillingness to disclose proprietary technology;

their possession of more advanced packaging and test technologies; and

the guaranteed availability of their own packaging and test capacity.

Furthermore, to the extent we continue to limit capacity commitments for certain customers, these customers may begin to increase their level of in-house packaging and test capabilities, which could adversely impact our sales and profitability and make it more difficult for us to regain their business when we have available capacity. Any shift

Table of Contents

or a slowdown in this trend of outsourcing packaging and test services is likely to adversely affect our business, financial condition and results of operations.

In a downturn in the semiconductor industry, IDMs may be especially likely to respond by shifting some outsourced packaging and test services to internally serviced capacity on a short term basis. This would have a material adverse effect on our business, financial condition and results of operations, especially during a prolonged industry downturn.

High Leverage and Restrictive Covenants   Our Substantial Indebtedness Could Adversely Affect Our Financial Condition and Prevent Us from Fulfilling Our Obligations.

We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. As of September 30, 2007, our total debt balance was $1,803.4 million, of which $161.9 million was classified as a current liability. In addition, despite current debt levels, the terms of the indentures governing our indebtedness allow us or our subsidiaries to incur more debt, subject to certain limitations. If new debt is added to our consolidated debt level, the related risks that we now face could intensify.

Covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. The agreements also impose affirmative covenants on us including financial reporting obligations. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans and we are unable to amend such financial covenants. Bondholder groups may be aggressive and may attempt to call defaults for technical violations of covenants that have little or nothing to do with our financial performance in an effort to extract consent fees from us or to force a refinancing. A default and acceleration under one debt instrument may also trigger cross-acceleration under our other debt instruments. A default or event of default under one or more of our revolving credit facilities would also preclude us from borrowing additional funds under such facilities. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

For example, in August 2006 we received a default notice from the trustees for holders of various tranches of our outstanding notes for failure to provide certain financial information required under our indentures. We cured the alleged defaults by filing our quarterly report for the quarter ended June 30, 2006 within the requisite time period. However, had we not filed our quarterly report as required, the bondholders may have been able to accelerate all outstanding amounts under the above listed notes and trigger acceleration under our other debt agreements, which could have resulted in a material adverse effect.

Our substantial indebtedness could:

- Make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to service payments on our debt;
- limit our flexibility to react to changes in our business and the industry in which we operate;
- Place us at a competitive disadvantage to any of our competitors that have less debt; and

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

History of Losses.

Although we achieved net income and positive operating cash flow in 2006 and the first nine months of 2007, we have had net losses in four of the previous five years and negative operating cash flow in several previous

quarters. There is no assurance that we will be able to sustain our current profitability or avoid net losses in the future.

Ability to Fund Liquidity Needs.

We operate in a capital intensive industry. Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures, which are generally made in advance of the related revenues and without any firm customer commitments. During 2006, we had capital additions of $299 million and in 2007 we currently anticipate making capital additions of approximately $285 million to $300 million, which estimate is subject to adjustment based on business conditions. In addition, we have a significant level of debt, with $1,803.4 million outstanding at September 30, 2007, $161.9 million of which is current. The terms of such debt require significant scheduled principal payments in the coming years, including $27.7 million due during the remainder of 2007, $151.5 million due in 2008, $54.6 million due in 2009, $54.7 million due in 2010, $482.6 million due in 2011 and $1,032.3 million due thereafter. The interest payments required on our debt are also substantial. For example, in the nine months ended September 30, 2007, we paid $89.8 million of interest. (See Part I, Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations Capital Additions and Contractual Obligations for a summary of principal and interest payments.) The source of funds to fund our operations, including making capital expenditures and servicing principal and interest obligations with respect to our debt, are cash flows from our operations, current cash and cash equivalents, borrowings under available debt facilities, or proceeds from any additional debt or equity financing. As of September 30, 2007, we had cash and cash equivalents of $335.0 million and $99.8 million available under our senior secured revolving credit facility.

We assess our liquidity based on our current expectations regarding sales, operating expenses, capital spending and debt service requirements. Based on this assessment, we believe that our cash flow from operating activities together with existing cash and cash equivalents and availability under our senior secured revolving credit facility will be sufficient to fund our working capital, capital expenditure and debt service requirements through September 30, 2008. Thereafter, our liquidity will continue to be affected by, among other things, the performance of our business, our capital expenditure levels and our ability to repay debt out of our operating cash flow or refinance the debt with the proceeds of debt or equity offerings at or prior to maturity. If our performance or access to the capital markets differs materially from our expectations, our liquidity may be adversely impacted.

If we fail to generate the necessary net income or operating cash flows to meet the funding needs of our business beyond September 30, 2008 due to a variety of factors, including the cyclical nature of the semiconductor industry and the other factors discussed in this Risk Factors section, our liquidity would be adversely affected. We would consider taking a variety of actions, including: attempting to reduce our high fixed costs (for example, closing facilities and reducing the size of our work force), curtailing or reducing planned capital additions, raising additional equity, borrowing additional funds, refinancing existing indebtedness or taking other actions. There can be no assurance, however, that we will be able to successfully take any of these actions, including adjusting our expenses sufficiently or in a timely manner, or raising additional equity, or increasing borrowings or completing refinancings on any terms or on terms that are acceptable to us. Our inability to take these actions as and when necessary would materially adversely affect our liquidity, results of operations and financial condition.

Absence of Backlog The Lack of Contractually Committed Customer Demand May Adversely Affect Our Sales.

Our packaging and test business does not typically operate with any material backlog. Our quarterly net sales from packaging and test services are substantially dependent upon our customers demand in that quarter. None of our customers have committed to purchase any significant amount of packaging or test services or to provide us with binding forecasts of demand for packaging and test services for any future period, in any material amount. In addition, our customers often reduce, cancel or delay their purchases of packaging and test services for a variety of reasons including industry-wide, customer-specific and Amkor-related reasons. Recently, our customers demand for our

services has been stable; however, we cannot predict if this demand trend will continue. Because a large portion of our costs is fixed and our expense levels are based in part on our expectations of future revenues, we may not be able to adjust costs in a timely manner to compensate for any sales shortfall. If we are unable to do so, it

would adversely affect our margins, operating results, cash flows and financial condition. If customer demand does not materialize as anticipated, our net sales, margins, operating results, cash flows and financial condition will be materially and adversely affected.

Risks Associated With International Operations We Depend on Our Factories and Operations in China, Japan, Korea, the Philippines, Singapore and Taiwan. Many of Our Customers and Vendors Operations Are Also Located Outside of the U.S.

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

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

Our Management Information Systems May Prove Inadequate We Face Risks in Connection With Our Current Project to Install a New Enterprise Resource Planning System For Our Business.

We depend on our management information systems for many aspects of our business. Some of our key software has been developed by our own programmers and this software may not be easily integrated with other software and systems. We are implementing a new enterprise resource planning system to replace many of our existing systems at significant locations. We face risks in connection with our current project to install a new enterprise resource system for our business. These risks include:

- we may face delays in the design and implementation of that system;
- the cost of the system may exceed our plans and expectations; and
- such system may damage our ability to process transactions or harm our control environment.

Our business will be materially and adversely affected if our management information systems are disrupted or if we are unable to improve, upgrade, integrate or expand upon our systems, particularly in light of our intention to implement a new enterprise resource planning system.

Difficulties Expanding and Evolving Our Operational Capabilities We Face Challenges as We Integrate New and Diverse Operations and Try to Attract Qualified Employees to Support Our Operations.

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

qualified personnel and in effectively managing our growth. Our inability to attract, retain, motivate and train qualified new personnel could have a material adverse effect on our business.

Dependence on Materials and Equipment Suppliers Our Business May Suffer If The Cost, Quality or Supply of Materials or Equipment Changes Adversely.

We obtain from various vendors the materials and equipment required for the packaging and test services performed by our factories. We source most of our materials, including critical materials such as leadframes, laminate substrates and gold wire, from a limited group of suppliers. Furthermore, we purchase the majority of our materials on a purchase order basis. From time to time, we enter into supply agreements, generally up to one year in duration, to guarantee supply to meet projected demand. Our business may be harmed if we cannot obtain materials and other supplies from our vendors in a timely manner, in sufficient quantities, in acceptable quality or at competitive prices.

We need to purchase new test and packaging equipment if we decide to expand our operations (sometimes in anticipation of expected market demand), to manufacture some new types of packaging, perform some different testing or to replace equipment that breaks down or wears out. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by equipment vendors. For example, in the past, increased demand for equipment caused some equipment suppliers to only partially satisfy our equipment orders in the normal lead time frame or increase prices during market upturns for the semiconductor industry. The unavailability of equipment or failures to deliver equipment could delay implementation of our future expansion plans and impair our ability to meet customer orders. If we are unable to implement our future expansion plans or meet customer orders, we could lose potential and existing customers. Generally, we do not enter into binding, long-term equipment purchase agreements and we acquire our equipment on a purchase order basis, which exposes us to substantial risks. For example, changes in foreign currency exchange rates could result in increased prices for equipment purchased by us, which could have a material adverse effect on our results of operations.

We are a large buyer of gold and other commodity materials including substrates and copper. The price of gold and other commodities used in our business fluctuate. Historically, we have been able to partially offset the effect of commodity price increases through price adjustments to some customers and changes in our product designs. Significant price increases may adversely impact our gross margin in future quarters to the extent we are unable to pass along past or future commodity price increases to our customers.

Loss of Customers The Loss of Certain Customers May Have a Significant Adverse Effect on the Operations and Financial Results.

The loss of a large customer or disruption of our strategic partnerships or other commercial arrangements may result in a decline in our sales and profitability. Although we have over 300 customers, we have derived and expect to continue to derive a large portion of our revenues from a small group of customers during any particular period due in part to the concentration of market share in the semiconductor industry. Our five largest customers together accounted for approximately 29.7%, 27.9% and 25.2% of our net sales in the first nine months of 2007, and the years ended December 31, 2006 and 2005, respectively. No customer accounts for more than 10% of our net sales.

The demand for our services from each customer is directly dependent upon that customer s level of business activity, which could vary significantly from year to year. The loss of a large customer may adversely affect our sales and profitability. Our key customers typically operate in the cyclical semiconductor business and, in the past, order levels have varied significantly from period to period based on a number of factors. Our business is likely to remain subject to this variability in order levels, and we cannot assure you that these key customers or any other customers will continue to place orders with us in the future at the same levels as in past periods. The loss of one or more of our significant customers, or reduced orders by any one of them, and our inability to replace these customers or make up

for such orders could reduce our profitability. For example, our facility in Iwate, Japan, is primarily dedicated to a single customer, Toshiba Corporation. If we were to lose Toshiba as a customer or if it were to materially reduce its business with us, it could be difficult for us to find one or more new customers to utilize the capacity, which could have a material adverse effect on our operations and financial results.

Table of Contents

Capital Additions We Believe We Need To Make Substantial Capital Additions, Which May Adversely Affect Our Business If Our Business Does Not Develop As We Expect.

We believe that our business requires us to make significant capital additions in order to capitalize on what we believe is an overall trend to outsource packaging and test services. The amount of capital additions will depend on several factors, including the performance of our business, our assessment of future industry and customer demand, our capacity utilization levels and availability, our liquidity position and the availability of financing. Our ongoing capital addition requirements may strain our cash and short-term asset balances, and we expect that depreciation expense and factory operating expenses associated with our recent capital additions to increase production capacity will put downward pressure on our gross margin, at least over the near term.

Furthermore, if we cannot generate or borrow additional funds to pay for capital additions as well as research and development activities, our growth prospects and future profitability may be adversely affected. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for financing activities by semiconductor companies; and
- economic, political and other global conditions.

The lead time needed to order, install and put into service various capital additions is often significant, and as a result we often need to commit to capital additions in advance of our receipt of firm orders or advance deposits based on our view of anticipated future demand with only very limited visibility. Although we seek to limit our exposure in this regard, in the past we have from time to time expended significant capital for additions for which the anticipated demand did not materialize for a variety of reasons, many of which were outside of our control. To the extent this occurs in the future, our margins, liquidity, results of operations and financial condition could be materially adversely affected.

Impairment Charges Any Impairment Charges Required Under GAAP May Have a Material Adverse Effect on Our Net Income.

Under GAAP, we review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. In addition, goodwill and other intangible assets with indefinite lives are tested for impairment at least annually. We may be required in the future to record a significant charge to earnings in our financial statements during the period in which any impairment of our long-lived assets is determined. Such charges have a significant adverse impact on our results of operations and financial condition.

Increased Litigation Incident to Our Business Our Business May Suffer as a Result of Our Involvement in Various Lawsuits.

We are currently a party to various legal proceedings, including those described in Note 14 to the Consolidated Financial Statements included in the quarterly report. For example, we are engaged in an arbitration proceeding entitled *Tessera, Inc. v. Amkor Technology, Inc.* We were also named as a party in a purported securities class action suit entitled *Nathan Weiss et al. v. Amkor Technology, Inc. et al.* (and several similar cases which have now been consolidated), and in purported shareholder derivative lawsuits entitled *Scimeca v. Kim, et al., Khan v. Kim, et al. and Feldgus v. Kim, et al.* If an unfavorable ruling or outcome were to occur in arbitration or litigation, there exists the possibility of a material adverse impact on our results of operations, financial condition or cash flows. An unfavorable ruling or outcome could also have a negative impact on the trading price of our securities. Our evaluation of the

potential impact from the legal proceedings referred to in this quarterly report on our financial condition, results of operations or cash flows could change in the future.

We Could Suffer Adverse Tax and Other Financial Consequences if Taxing Authorities Do Not Agree with Our Interpretation of Applicable Tax Laws.

Our corporate structure and operations are based, in part, on interpretations of various tax laws, including withholding tax and other relevant laws of applicable taxing jurisdictions. From time to time, the taxing authorities

of the relevant jurisdictions may conduct examinations of our income tax returns and other regulatory filings. We cannot assure you that the taxing authorities will agree with our interpretations. To the extent they do not agree, we may seek to enter into settlements with the taxing authorities which require significant payments or otherwise adversely affect our results of operations or financial condition. We may also appeal the taxing authorities determinations to the appropriate governmental authorities, but we can not be sure we will prevail. If we do not prevail, we may have to make significant payments or otherwise record charges (or reduce tax assets) that adversely affect our results of operations or financial condition.

For example, the Internal Revenue Service (IRS) conducted examinations of our U.S. federal income tax returns in prior years which resulted in various adjustments, including reductions in our U.S. net operating loss carry-forwards. Future examinations by the taxing authorities in the United States or other jurisdictions may result in additional adverse tax consequences.

Rapid Technological Change Our Business Will Suffer If We Cannot Keep Up With Technological Advances in Our Industry.

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

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

Packaging and Test The Packaging and Test Process Is Complex and Our Production Yields and Customer Relationships May Suffer from Defects in the Services We Provide.

Semiconductor packaging and test are complex processes that require significant technological and process expertise. The packaging process is complex and involves a number of precise steps. Defective packages primarily result from:

- contaminants in the manufacturing environment;
- human error;
- equipment malfunction;
- changing processes to address environmental requirements;
- defective raw materials; or
- defective plating services.

Testing is also complex and involves sophisticated equipment and software. Similar to most software programs, these software programs are complex and may contain programming errors or bugs. The testing equipment is also subject to

malfunction. In addition, the testing process is subject to operator error by our employees who operate our testing equipment and related software.

These and other factors have, from time to time, contributed to lower production yields. They may also do so in the future, particularly as we expand our capacity or change our processing steps. In addition, to be competitive we must continue to expand our offering of packages. Our production yields on new packages typically are significantly lower than our production yields on our more established packages.

Table of Contents

Our failure to maintain high standards or acceptable production yields, if significant and prolonged, could result in loss of customers, increased costs of production, delays, substantial amounts of returned goods and claims by customers relating thereto. Any of these problems could have a material adverse effect on our business, financial condition and results of operations.

In addition, in line with industry practice, new customers usually require us to pass a lengthy and rigorous qualification process that may take several months, at a significant cost to the customer. If we fail to qualify packages with potential customers or customers with which we have recently become qualified, our operating results and financial condition could be adversely affected.

Competition We Compete Against Established Competitors in the Packaging and Test Business as Well as Internal Customer Capabilities.

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

We also face competition from the internal capabilities and capacity of many of our current and potential IDM customers.

In addition, we may in the future have to compete with a number of companies that may enter the market and with companies that may offer new or emerging technologies that compete with our products and services.

We cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our customers will not rely on internal sources for packaging and test services, or that our business, financial condition and results of operations will not be adversely affected by such increased competition.

Environmental Regulations Future Environmental Regulations Could Place Additional Burdens on Our Manufacturing Operations.

The semiconductor packaging process uses chemicals, materials and gases and generates byproducts that are subject to extensive governmental regulations. For example, at our foreign facilities we produce liquid waste when silicon wafers are diced into chips with the aid of diamond saws, then cooled with running water. In addition, semiconductor packages have historically utilized metallic alloys containing lead (Pb) within the interconnect terminals typically referred to as leads, pins or balls. Federal, state and local regulations in the U.S., as well as international environmental regulations, impose various controls on the storage, handling, discharge and disposal of chemicals used in our production processes and on the factories we occupy and are increasingly imposing restrictions on the materials contained in semiconductor products.

Increasingly, public attention has focused on the environmental impact of semiconductor operations and the risk to neighbors of chemical releases from such operations and to the materials contained in semiconductor products. For example, the European Union s recently enacted Directives on Waste Electrical and Electronic Equipment (WEEE), and Restriction of Use of Certain Hazardous Substances (RoHS) impose strict restrictions on the use of lead and other hazardous substances in electrical and electronic equipment. WEEE and RoHS became effective on July 1, 2006. In response to these directives, we have implemented changes in a number of our manufacturing processes in an effort to achieve RoHS compliance across all of our package types. Complying with existing and future environmental regulations may impose upon us the need for additional capital equipment or other process requirements, restrict our

ability to expand our operations, disrupt our operations, subject us to liability or cause us to curtail our operations.

Intellectual Property   We May Become Involved in Intellectual Property Litigation.

We maintain an active program to protect our investment in technology by augmenting and enforcing our intellectual property rights. Intellectual property rights that apply to our various products and services include patents, copyrights, trade secrets and trademarks. We have filed and obtained a number of patents in the U.S. and

abroad the duration of which varies depending on the jurisdiction in which the patent is filed. While our patents are an important element of our intellectual property strategy and our success as a whole, we are not materially dependent on any one patent or any one technology. We expect to continue to file patent applications when appropriate to protect our proprietary technologies, but we cannot assure you that we will receive patents from pending or future applications.

Any patents we do obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us. The semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. If any third party makes an enforceable infringement claim against us or our customers, we could be required to:

- discontinue the use of certain processes;
- cease to provide the services at issue;
- pay substantial damages;
- develop non-infringing technologies; or
- acquire licenses to the technology we had allegedly infringed.

We may need to enforce our patents or other intellectual property rights or defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources. Furthermore, if we fail to obtain necessary licenses, our business could suffer. We are currently involved in three legal proceedings involving the acquisition of intellectual property rights, the enforcement of our existing intellectual property rights or the enforcement of the intellectual property rights of others. We refer you to the matters of *Tessera, Inc. v. Amkor Technology, Inc.*, *Amkor Technology, Inc. v. Motorola, Inc., and Amkor Technology, Inc. v. Carsem, et al.*, which are described in more detail in Note 14 to the Consolidated Financial Statements included in this quarterly report. Unfavorable outcomes in one or more of these matters could result in significant liabilities and could have a material adverse effect on our financial condition, results of operations or cash flows. An unfavorable ruling or outcome could also have a negative impact on the trading price of our securities. The estimate of the potential impact from the legal proceedings referred to in this report on our financial condition, results of operations, or cash flows could change in the future.

Fire, Flood or Other Calamity With Our Operations Conducted in a Limited Number of Facilities, a Fire, Flood or Other Calamity at one of Our Facilities Could Adversely Affect Us.

We conduct our packaging and test operations at a limited number of facilities. Significant damage or other impediments to any of these facilities, whether as a result of fire, weather, disease, civil strife, industrial strikes, breakdowns of equipment, difficulties or delays in obtaining materials and equipment, natural disasters, terrorist incidents, industrial accidents or other causes could temporarily disrupt or even shut down our operations, which would have a material adverse effect on our business, financial condition and results of operations. In the event of such a disruption or shutdown, we may be unable to reallocate production to other facilities in a timely or cost-effective manner (if at all) and may not have sufficient capacity to service customer demands in our other facilities. For example, our operations in Asia are vulnerable to regional typhoons that can bring with them destructive winds and torrential rains, which could in turn cause plant closures and transportation interruptions. In addition, some of the processes that we utilize in our operations place us at risk of fire and other damage. For example, highly flammable gases are used in the preparation of wafers holding semiconductor devices for flip-chip packaging. While we maintain insurance policies for various types of property, casualty and other risks, we do not carry insurance for all

the above referred risks and with regard to the insurance we do maintain, we cannot assure you that it would be sufficient to cover all of our potential losses.

Table of Contents

SARS, Avian Flu and Other Contagious Diseases Any Recurrence of SARS or Outbreak of Avian Flu or Other Contagious Disease May Have an Adverse Effect on the Economies and Financial Markets of Certain Asian Countries and May Adversely Affect Our Results of Operations.

In the first half of 2003, various countries encountered an outbreak of severe acute respiratory syndrome, or SARS, which is a highly contagious form of atypical pneumonia. In addition, there have been outbreaks of avian flu and other contagious diseases in various parts of the world. There is no guarantee that an outbreak of SARS, avian flu or other contagious disease will not occur again in the future (and maybe with much more widespread and devastating effects) and that any such future outbreak of SARS, avian flu or other contagious disease, or the measures taken by the governments of the affected countries against such potential outbreaks, will not seriously disrupt our production operations or those of our suppliers and customers, including by resulting in quarantines or closures. In the event of such a facility quarantine or closure, if we were unable to quickly identify alternate manufacturing facilities, this would have a material adverse effect on our financial condition and results of operations, as would the inability of our suppliers to continue to supply us and our customers continuing to purchase from us.

Continued Control By Existing Stockholders Mr. James J. Kim and Members of His Family Can Substantially Control The Outcome of All Matters Requiring Stockholder Approval.

As of September 30, 2007, Mr. James J. Kim, our Chief Executive Officer and Chairman of the Board, and certain Family trusts beneficially owned approximately 45% of our outstanding common stock. This percentage includes beneficial ownership of the securities underlying our 6.25% convertible subordinated notes due 2013. Mr. James J. Kim s family, acting together, have the ability to effectively determine matters (other than interested party transactions) submitted for approval by our stockholders by voting their shares, including the election of all of the members of our Board of Directors. There is also the potential, through the election of members of our Board of Directors, that Mr. Kim s family could substantially influence matters decided upon by the Board of Directors. This concentration of ownership may also have the effect of impeding a merger, consolidation, takeover or other business consolidation involving us, or discouraging a potential acquirer from making a tender offer for our shares, and could also negatively affect our stock s market price or decrease any premium over market price that an acquirer might otherwise pay.

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

At our Annual Meeting of Stockholders held on August 6, 2007, the following proposals were adopted by the margins indicated.

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

	Number of Shares	
	Voted For	**Withheld**
James J. Kim	144,065,179	25,252,541
Roger A. Carolin	143,515,786	25,801,934
Winston J. Churchill	107,254,566	62,063,154
John F. Osborne	161,343,852	7,973,868
John T. Kim	144,111,057	25,206,663
Constantine N. Papadakis	138,200,667	31,117,053
James W. Zug	140,212,851	29,104,869

2. Approval of the 2007 Executive Incentive Bonus Plan. Votes totaled 149,794,366 for, 1,714,031 against, and 57,038 abstaining, with 17,752,285 broker non-votes.

3. Approval of the 2007 Equity Incentive Plan. Votes totaled 90,789,793 for, 60,711,329 against, and 64,313 abstaining, with 17,752,285 broker non-votes.

4. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007. Votes totaled 165,351,139 for, 3,920,222 against, and 46,359 abstaining.

Table of Contents

Item 5. *Other Information*

On November 7, 2007, our Board of Directors adopted amended and restated bylaws of Amkor (the Bylaws) effective as of the same date. The Bylaws were amended and restated to reflect, among other things, the following changes:

Article I, Section 1.1 (Annual Meetings): This section was amended to clarify that annual meetings of stockholders may be held by means of remote communication.

Article I, Section 1.2 (Special Meetings): This section was amended to clarify that special meetings of stockholders may be held by means of remote communication.

Article I, Section 1.3 (Notice of Meetings): This section was amended to clarify that notice of stockholder meetings may be given by electronic transmission and, if so given, the manner in which notice by electronic transmission may be given.

Article I, Section 1.4 (Nominations): This section was amended to modify the information and timing requirements for notice of director nominations to be brought before an annual or special meeting of stockholders. In the case of an annual meeting, for notice to be timely, it must be delivered not later than the ninetieth (90th) day nor earlier than the one hundred and twentieth (120th) day prior to the first anniversary of the preceding year s annual meeting, provided that if the meeting is scheduled more than thirty (30) days prior to or sixty (60) days following such anniversary, then notice must be delivered no later than the tenth (10th) day following the earlier of mailing of notice of the meeting or public announcement thereof. In the case of a special meeting, where permitted, for notice to be timely, it must be delivered no later than the tenth (10th) day following the earlier of mailing of notice of the meeting or public announcement thereof. Additionally, the amended provision stipulates the information that must be included in the stockholder s notice of any nominations.

Article I, Section 1.5 (Notice of Stockholder Business (New)): This section was added to stipulate the information and timing requirements for notice of any business to be brought before a meeting of stockholders other than nominations for directors. For stockholder notice of business to be brought before an annual meeting, to be timely, such notice must be delivered not later than the ninetieth (90th) day nor earlier than the one hundred and twentieth (120th) day prior to the first anniversary of the preceding year s annual meeting, provided that if the meeting is scheduled more than thirty (30) days prior to or sixty (60) days following such anniversary, then notice must be delivered no later than the tenth (10th) day following the earlier of mailing of notice of the meeting or public announcement thereof. Additionally, the new provision stipulates the information that must be included in the stockholder s notice of any business to be brought before a meeting.

Article I, Section 1.6 (Adjournments): This section was amended to clarify the power of the Chairman and the stockholders to adjourn a meeting of stockholders.

Article I, Section 1.7 (Quorum): This section was amended to clarify the requisite vote required to adjourn a meeting of stockholders to the extent that a quorum is not present.

Article I, Section 1.8 (Organization): This section was amended to clarify the manner and rules pursuant to which meetings of stockholders will be conducted.

Article I, Section 1.10 (Remote Communication (New)): This section was added to clarify the manner by which stockholders may participate in a meeting of stockholders by means of remote communication.

Article I, Section 1.11 (Fixing Date for Determination of Stockholders of Record): This section was amended to clarify the manner of setting a record date for actions of stockholders to be taken by written consent.

Article I, Section 1.12 (List of Stockholders Entitled to Vote): This section was amended to modify the manner in which we shall make available to stockholders the list of Amkor s stockholders in conjunction with a meeting of stockholders.

Table of Contents

Article II, Section 2.1 (Powers; Number; Qualifications): This section was amended to clarify the powers of the board of directors.

Article II, Section 2.2 (Election; Resignation; Vacancies): This section was amended to clarify that directors shall hold office until his/her successor is elected and qualified or until such director s earlier resignation or removal.

Article II, Section 2.4 (Special Meetings): This section was amended to clarify the persons who may call a special meeting of the board of directors.

Article IV, Section 4.1 (Executive Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies): This section was amended to clarify the authority of the board of directors to appoint executive officers of Amkor, the standing offices of Amkor unless otherwise determined by the board of directors and the power of the Chairman and the Chief Executive Officer, in their respective capacities, to appoint vice presidents of Amkor.

Article V, Section 5.1 (Certificates): This section was amended to clarify Amkor s authority to issue shares of stock in uncertificated form.

Article VII, Section 7.6 (Amendment of Bylaws): This section was amended to stipulate that the Bylaws may be amended by an affirmative vote of a majority of the voting power entitled to vote thereon.

The foregoing summary of the Bylaws is not complete and is qualified in its entirety by reference to the full text of the Bylaws, a copy of which is filed as Exhibit 3.1 to this report and incorporated herein by reference.

Table of Contents

Item 6. *Exhibits*

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1	Restated Bylaws, amended and restated as of November 6, 2007.
10.1	2007 Executive Incentive Bonus Plan, incorporated by reference to the Current Report on Form 8-K filed with the Commission on August 10, 2007.
10.2	2007 Equity Incentive Plan, incorporated by reference to the Current Report on Form 8-K filed with the Commission on August 10, 2007.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Kenneth T. Joyce, Executive Vice President and Chief Financial Officer of Amkor Technology, Inc., pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

SIGNATURES

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

AMKOR TECHNOLOGY, INC.

By: /s/ KENNETH T. JOYCE

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

Date: November 8, 2007

Table of Contents

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