AMKOR TECHNOLOGY INC
Form 10-Q
August 07, 2008

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 June 30, 2008

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, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

(Do not check if a smaller reporting company)

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 July 31, 2008 was 182,989,773.

QUARTERLY REPORT ON FORM 10-Q
June 30, 2008

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

AMKOR TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
	(In thousands, except per share data) (Unaudited)			
Net sales	$ 690,676	$ 652,486	$ 1,390,159	$ 1,303,474
Cost of sales	531,745	490,794	1,055,076	994,444
Gross profit	158,931	161,692	335,083	309,030
Operating expenses:				
Selling, general and administrative	67,441	62,360	132,890	128,143
Research and development	15,095	11,023	28,951	20,648
Gain on sale of real estate	(9,856)		(9,856)	(3,116)
Total operating expenses	72,680	73,383	151,985	145,675
Operating income	86,251	88,309	183,098	163,355
Other (income) expense:				
Interest expense, net	26,314	31,114	53,747	66,274
Interest expense, related party	1,562	1,562	3,125	3,125
Foreign currency (gain) loss	(11,597)	4,562	(21,074)	4,547
Debt retirement costs, net		15,875		15,875
Other (income) expense, net	107	(532)	(699)	(1,218)
Total other expense, net	16,386	52,581	35,099	88,603
Income before income taxes and minority interests	69,865	35,728	147,999	74,752
Income tax expense	4,298	4,272	10,238	8,379
Income before minority interests	65,567	31,456	137,761	66,373
Minority interests, net of tax	(335)	(466)	(533)	(793)
Net income	$ 65,232	$ 30,990	$ 137,228	$ 65,580
Net income per common share:				

Basic	$	0.36	$	0.17	$	0.75	$	0.37
Diluted	$	0.33	$	0.16	$	0.68	$	0.34
Shares used in computing net income per common share:								
Basic		182,759		180,392		182,446		179,456
Diluted		210,138		209,868		209,785		208,282

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

	June 30, 2008	December 31, 2007
	(In thousands)	
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 409,112	$ 410,070
Restricted cash	2,654	2,609
Accounts receivable:		
Trade, net of allowances	384,126	393,493
Other	5,603	4,938
Inventories	153,027	149,014
Other current assets	39,735	27,290
Total current assets	994,257	987,414
Property, plant and equipment, net	1,528,235	1,455,111
Goodwill	679,918	673,385
Intangibles, net	16,089	20,321
Restricted cash	1,839	1,725
Other assets	50,141	54,650
Total assets	$ 3,270,479	$ 3,192,606
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	$ 57,358	$ 152,489
Trade accounts payable	412,523	359,313
Accrued expenses	157,514	165,271
Total current liabilities	627,395	677,073
Long-term debt	1,485,505	1,511,570
Long-term debt, related party	100,000	100,000
Pension and severance obligations	193,799	208,387
Other non-current liabilities	27,266	33,935
Total liabilities	2,433,965	2,530,965
Commitments and contingencies (see Note 13)		
Minority interests	8,194	7,022
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 182,961 in 2008 and 181,799 in 2007	183	182
Additional paid-in capital	1,494,485	1,482,186
Accumulated deficit	(684,298)	(821,526)
Accumulated other comprehensive income (loss)	17,950	(6,223)
Total stockholders equity	828,320	654,619
Total liabilities and stockholders equity	$ 3,270,479	$ 3,192,606

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30, 2008	2007
	(In thousands) (Unaudited)	
Cash flows from operating activities:		
Net income	$ 137,228	$ 65,580
Depreciation and amortization	150,543	141,504
Debt retirement costs		6,875
Other operating activities and non-cash items	8,227	3,434
Changes in assets and liabilities	(11,300)	36,590
Net cash provided by operating activities	284,698	253,983
Cash flows from investing activities:		
Purchases of property, plant and equipment	(190,870)	(102,212)
Proceeds from the sale of property, plant and equipment	14,968	4,566
Proceeds from the sale of investment	2,460	
Other investing activities	(496)	(1,469)
Net cash used in investing activities	(173,938)	(99,115)
Cash flows from financing activities:		
Borrowings under revolving credit facilities	619	61,836
Payments under revolving credit facilities	(633)	(79,448)
Proceeds from issuance of long-term debt		300,000
Payments of long-term debt	(124,074)	(474,746)
Payments for debt issuance costs		(3,437)
Proceeds from issuance of stock through stock compensation plans	9,776	34,466
Net cash used in financing activities	(114,312)	(161,329)
Effect of exchange rate fluctuations on cash and cash equivalents	2,594	174
Net decrease in cash and cash equivalents	(958)	(6,287)
Cash and cash equivalents, beginning of period	410,070	244,694
Cash and cash equivalents, end of period	$ 409,112	$ 238,407
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 63,541	$ 71,142
Income taxes	$ 13,194	$ 6,872

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 June 30, 2008 and for the three and six months ended June 30, 2008 and 2007 are unaudited, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The December 31, 2007 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 Annual Report for the year ended December 31, 2007 filed on Form 10-K with the SEC on February 25, 2008. The results of operations for the three and six months ended June 30, 2008 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.

2. New Accounting Standards

Recently Adopted Standards

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value, and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We adopted the provisions of SFAS No. 159 on January 1, 2008, and have elected not to measure any of our current eligible financial assets or liabilities at fair value.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of SFAS 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. In addition, SFAS No. 158 requires that the funded status of a plan be measured as of the date of the year-end statement of financial position 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.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157), and in February 2008, the FASB amended SFAS No. 157 by issuing FASB Staff Position (FSP) FAS 157-1, *Application of*

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13, and FSP FAS 157-2, *Effective Date of FASB Statement No. 157* (collectively SFAS No. 157). SFAS No. 157 defines fair value, establishes a frame work for measuring fair value and expands disclosure of fair value measurements. SFAS No. 157 is applicable to other accounting pronouncements that require or permit fair value measurements, except those relating to lease accounting, and accordingly does not require any new fair value measurements. SFAS No. 157 was effective for financial assets and liabilities in fiscal years beginning after November 15, 2007, and for non-financial assets and liabilities in fiscal years beginning after November 15, 2008 except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Our adoption of the provisions of SFAS No. 157 on January 1, 2008, with respect to financial assets and liabilities measured at fair value, did not have a material impact on our fair value measurements or our financial statements for the three and six months ended June 30, 2008. We are currently evaluating the impact the application of SFAS No. 157 will have on our financial statements as it relates to the measurement of the funded status of our defined benefit pension plans as of December 31, 2008 and the valuation of our non-financial assets and liabilities, including for the purpose of assessing goodwill impairment and the valuation of property, plant, and equipment when assessing long-lived asset impairment.

Recently Issued Standards

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 162). SFAS No. 162 seeks to clarify the hierarchy of accounting principles by raising FASB Statements of Accounting Concepts to the same level as FASB Statements of Accounting Standards and directing the Statement of Auditing Standards No. 69 to entities rather than to auditors. SFAS No. 162 is effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board s amendment to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. We do not expect the adoption of SFAS No. 162 to have a material impact on our financial statements.

In May 2008, the FASB issued FASB Staff Position (FSP) No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (FSP No. APB 14-1). FSP No. APB 14-1 applies to convertible debt instruments that, by their stated terms, may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option is required to be separately accounted for as a derivative. FSP No. APB 14-1 specifies that issuers of convertible debt instruments should separately account for the liability and equity components in a manner that will reflect the entity s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP No. APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We are currently evaluating the impact, if any, that the adoption of this standard will have on our financial statements.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of Useful Life of Intangible Assets* (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets*. FSP FAS 142-3 also requires expanded disclosures related to the determination of intangible asset useful lives. This standard applies prospectively to intangible assets acquired and/or recognized on or after January 1, 2009. We are currently evaluating the impact of this standard on our financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS No. 161). SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 161 will have no impact on our financial statements as we have not entered into any derivative transactions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of Accounting Research Bulletin (ARB) No. 51, Consolidated Financial Statements* (SFAS No. 160). SFAS No. 160 requires (1) that non-controlling (minority) interests be reported as a component of stockholders equity, (2) that net income attributable to the parent and to the non-controlling interest be separately identified in the consolidated statement of operations, (3) that changes in a parent s ownership interest while the parent retains its controlling interest be accounted for as equity transactions, (4) that any retained non-controlling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value and (5) that sufficient disclosures are provided that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (SFAS No. 141(R)). SFAS No. 141(R) will significantly change the accounting for business combinations. Under SFAS 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141(R) will change the accounting treatment for certain specific acquisition related items including: (1) expensing acquisition related costs as incurred; (2) valuing noncontrolling interests at fair value at the acquisition date of a controlling interest; and (3) expensing restructuring costs associated with an acquired business. SFAS No. 141(R) also includes a substantial number of new disclosure requirements. SFAS No. 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2009. SFAS No. 141(R) will have an impact on our accounting for any future business combinations once adopted.

3. 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 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:

Stock Option Plans

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
	(In thousands)		(In thousands)	
Cost of sales	$ 224	$ 352	$ 520	$ 681

Selling, general, and administrative	777	678	1,643	1,150
Research and development	170		361	
Total stock-based compensation expense	$ 1,171	$ 1,030	$ 2,524	$ 1,831

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following is a summary of all option activity for the six months ended June 30, 2008:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2007	11,907,234	$ 10.24		
Granted	575,000	11.46		
Exercised	(1,162,528)	8.41		
Forfeited or expired	(637,073)	10.87		
Outstanding at June 30, 2008	10,682,633	10.46	5.07	$ 12,744,940
Exercisable at June 30, 2008	8,649,757	10.78	4.11	$ 9,418,740
Fully vested and expected to vest at June 30, 2008	10,347,620	10.51	4.94	$ 12,163,704

The following assumptions were used in the Black-Scholes option pricing model to calculate weighted average fair values of the options granted for the three and six months ended June 30, 2008. There were no grants during the three and six months ended June 30, 2007:

	For the Three Months Ended June 30, 2008	For the Six Months Ended June 30, 2008
Expected life (in years)	5.3	6.0
Risk-free interest rate	3.3%	3.3%
Volatility	71%	77%
Dividend yield		
Weighted average grant date fair value per option granted	$ 7.34	$ 7.85

The intrinsic value of options exercised for the three months ended June 30, 2008 and 2007 was $1.0 million and $7.5 million, respectively. The intrinsic value of options exercised for the six months ended June 30, 2008 and 2007 was $3.9 million and $10.9 million, respectively.

Total unrecognized compensation expense from stock options, excluding any forfeiture estimate, was $12.9 million as of June 30, 2008, which is expected to be recognized over a weighted-average period of 3.5 years beginning July 1, 2008.

For the six months ended June 30, 2008 and 2007, cash received under all share-based payment arrangements was $9.8 million and $34.5 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.

4. Income Taxes

Income tax expense for the three and six months ended June 30, 2008 and 2007 is generally attributable to foreign withholding taxes and income taxes at certain of our profitable foreign operations. A tax benefit associated with the utilization of the acquired foreign net operating loss carryforwards, for the six months ended June 30, 2008, was recorded as a $1.4 million credit to goodwill.

Our effective tax rate of 6.9% for the six months ended June 30, 2008 reflects tax holidays in certain foreign jurisdictions and the utilization of foreign net operating loss carryforwards. At June 30, 2008, we had U.S. net operating loss carryforwards totaling $390.8 million, which expire at various times through 2028. Additionally, at

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

June 30, 2008, we had $52.8 million of non-U.S. net operating loss carryforwards, which expire at various times through 2015.

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 it is more likely than not that the deferred tax assets will be realized.

The gross amount of unrecognized tax benefits at June 30, 2008 was $15.4 million. The gross amount of unrecognized tax benefits as a result of tax positions taken during the current and prior periods increased by $0.2 million and $0.8 million, respectively, during the six months ended June 30, 2008. The gross amount of unrecognized tax benefits as a result of tax positions taken during prior periods decreased by $3.2 million during the six months ended June 30, 2008. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $1.8 million and $1.9 million as of June 30, 2008 and December 31, 2007, respectively. It is reasonably possible that the total amount of unrecognized tax benefits will decrease within twelve months due to statutes of limitations expiring in certain jurisdictions which would decrease our unrecognized tax benefits related to revenue attribution by up to $2.1 million.

Our unrecognized tax benefits are subject to change as examinations of specific tax years are completed in the respective jurisdictions. We believe that any taxes, or related interest and penalties, 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 to be completed in the near term would have a material favorable impact. However, tax return examinations involve uncertainties and there can be no assurances that the outcome of examinations will be favorable.

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 June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
	(In thousands)		(In thousands)	
Net income basic	$ 65,232	$ 30,990	$ 137,228	$ 65,580
Adjustment for dilutive securities on net income:				
Interest on 2.5% convertible notes due 2011, net of tax	1,491	1,187	2,982	2,375
Interest on 6.25% convertible notes due 2013, net of tax	1,593	1,562	3,185	3,125
Net income diluted	$ 68,316	$ 33,739	$ 143,395	$ 71,080

Weighted average shares outstanding	basic	182,759	180,392	182,446	179,456
Effect of dilutive securities:					
Stock options		1,005	3,102	965	2,452
2.5% convertible notes due 2011		13,023	13,023	13,023	13,023
6.25% convertible notes due 2013		13,351	13,351	13,351	13,351
Weighted average shares outstanding	diluted	210,138	209,868	209,785	208,282
EPS:					
Basic		$ 0.36	$ 0.17	$ 0.75	$ 0.37
Diluted		$ 0.33	$ 0.16	$ 0.68	$ 0.34

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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 June 30, 2008	For the Three Months Ended June 30, 2007	For the Six Months Ended June 30, 2008	For the Six Months Ended June 30, 2007
	(In thousands)		(In thousands)	
Stock options	8,295	1,148	8,338	2,007
5.0% convertible notes due 2007				1,021
Total potentially dilutive shares	8,295	1,148	8,338	3,028

6. Comprehensive Income

The components of comprehensive income are summarized below:

	For the Three Months Ended June 30, 2008	For the Three Months Ended June 30, 2007	For the Six Months Ended June 30, 2008	For the Six Months Ended June 30, 2007
	(In thousands)		(In thousands)	
Net income	$ 65,232	$ 30,990	$ 137,228	$ 65,580
Unrealized loss on investments, net of tax		(292)	(80)	(1,004)
Reclassification adjustment for losses included in income, net of tax	80		80	
Change in unrecognized pension costs, net of tax	204	128	407	251
Foreign currency translation adjustment	(6,725)	(824)	23,766	(1,665)
Total comprehensive income	$ 58,791	$ 30,002	$ 161,401	$ 63,162

The components of accumulated other comprehensive income (loss) consists of the following:

	June 30, 2008	December 31, 2007
	(In thousands)	

Unrealized foreign currency translation gains	$ 32,514	$ 8,748
Unrecognized pension costs	(14,564)	(14,971)
Total accumulated other comprehensive income (loss)	$ 17,950	$ (6,223)

The unrecognized pension costs are net of deferred income taxes of $0.9 million and $1.0 million at June 30, 2008 and December 31, 2007, respectively. No income taxes are provided on foreign currency translation gains or losses as foreign earnings are considered permanently invested.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

7. Inventories

Inventories consist of the following:

	June 30, 2008	December 31, 2007
	(In thousands)	
Raw materials and purchased components	$ 113,650	$ 109,283
Work-in-process	39,377	39,731
Total inventories	$ 153,027	$ 149,014

8. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30, 2008	December 31, 2007
	(In thousands)	
Land	$ 107,810	$ 110,568
Land use rights	19,945	19,945
Buildings and improvements	822,231	800,507
Machinery and equipment	2,362,988	2,221,954
Software and computer equipment	145,732	132,924
Furniture, fixtures and other equipment	30,185	29,382
Construction in progress	34,276	20,441
	3,523,167	3,335,721
Less accumulated depreciation and amortization	(1,994,932)	(1,880,610)
Total property, plant and equipment, net	$ 1,528,235	$ 1,455,111

During April 2008, we sold land and a warehouse in Korea for $14.3 million in cash and reported a gain of $9.9 million, with no net tax effect.

The following table reconciles our activity related to property, plant and equipment purchases as presented on the Condensed Consolidated Statement of Cash Flows to property, plant and equipment additions reflected on the

Consolidated Balance Sheets:

	For the Six Months Ended June 30, 2008	2007
	(In thousands)	
Purchases of property, plant and equipment	$ 190,870	$ 102,212
Net change in related accounts payable and deposits	26,648	12,607
Property, plant and equipment additions	$ 217,518	$ 114,819

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

9. Goodwill and Intangible 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, 2007	$ 673,385
Pre-acquistion tax benefit adjustment	(1,423)
Translation adjustments	7,956
Balance as of June 30, 2008	$ 679,918

In the six months ended June 30, 2008, we recognized a $1.4 million tax benefit associated with the utilization of acquired foreign net operating loss carryforwards and reduced goodwill.

During the three months ended June 30, 2008, 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.

Intangible assets as of June 30, 2008 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	$ 76,001	$ (63,008)	$ 12,993
Customer relationship and supply agreements	8,858	(5,762)	3,096
Total intangibles	$ 84,859	$ (68,770)	$ 16,089

Intangible assets as of December 31, 2007 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	$ 75,532	$ (59,049)	$ 16,483
Customer relationship and supply agreements	8,858	(5,020)	3,838

Total intangibles	$ 84,390	$ (64,069)	$ 20,321

Amortization of identifiable intangible assets for the three months ended June 30, 2008 and 2007 was $2.5 million and $2.4 million, respectively. Amortization of identifiable intangible assets for the six months ended June 30, 2008 and 2007 was $4.9 million and $5.6 million, respectively. Based on the amortizing assets recognized in our balance sheet at June 30, 2008, amortization for each of the next five years is estimated as follows:

	(In thousands)
2008 Remaining	$ 4,935
2009	4,896
2010	2,646
2011	1,039
2012	921
Thereafter	1,652
Total amortization	$ 16,089

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

10. Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2008	December 31, 2007
	(In thousands)	
Payroll and benefits	$ 61,700	$ 68,431
Customer advances and deferred revenue	35,005	31,189
Accrued interest	17,037	21,138
Income taxes payable	6,090	9,933
Other accrued expenses	37,682	34,580
Total accrued expenses	$ 157,514	$ 165,271

11. Debt

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

	June 30, 2008	December 31, 2007
	(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	$	$
Senior notes		
7.125% Senior notes due March 2011	249,237	249,112
7.75% Senior notes due May 2013	422,000	422,000
9.25% Senior notes due June 2016	390,000	390,000
9.25% Senior notes due February 2008		88,206
Senior subordinated notes		
2.5% Convertible senior subordinated notes due May 2011	190,000	190,000
Subordinated notes:		
6.25% Convertible subordinated notes due December 2013, related party	100,000	100,000
Debt of subsidiaries:		
Secured term loans:		
	30,243	33,938

Term loan, Taiwan 90-Day Commercial Paper primary market rate plus 1.2%, due November 2010		
Term loan, bank base rate plus 0.5% due April 2014	257,136	278,564
Secured equipment and property financing	4,247	6,859
Term loan, Taiwan 90-Day Commercial Paper secondary market rate plus 2.25% due June 20, 2008		5,380
	1,642,863	1,764,059
Less: Short-term borrowings and current portion of long-term debt	(57,358)	(152,489)
Long-term debt (including related party)	$ 1,585,505	$ 1,611,570

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

In February 2008, we repaid the remaining balance of $88.2 million of our 9.25% senior notes at the maturity date with cash on hand. With respect to our foreign subsidiaries, we repaid $36.5 million of debt during the six months ended June 30, 2008.

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 months ended June 30, 2008 and 2007 was $2.0 million and $1.7 million, respectively. Interest income for the six months ended June 30, 2008 and 2007 was $4.8 million and $3.8 million, respectively.

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 actuarial analyses. The components of net periodic pension cost for these defined benefit plans are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
	(In thousands)		(In thousands)	
Components of net periodic pension cost				
Service cost	$ 1,921	$ 1,564	$ 3,875	$ 3,069
Interest cost	1,134	902	2,310	1,762
Expected return on plan assets	(750)	(466)	(1,529)	(910)
Amortization of transitional obligation	19	19	37	38
Amortization of prior service cost	17	18	35	36
Recognized actuarial loss	183	113	365	220
Total net periodic pension cost	$ 2,524	$ 2,150	$ 5,093	$ 4,215

For the three and six months ended June 30, 2008, we contributed $0.6 million and $1.1 million to the pension plans, respectively. We expect to contribute an additional $9.0 million during 2008.

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 employment, based on their length of service, seniority and average monthly wages at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. The provision recorded for severance benefits for the three months ended June 30, 2008 and 2007 was $3.4 million and $8.9 million, respectively. The provision recorded for severance benefits for the six months ended June 30, 2008 and 2007 was $6.9 million and $23.4 million, respectively. The balance recorded in pension and severance obligations for accrued severance at our Korean subsidiary was $153.4 million and $170.9 million at June 30, 2008 and December 31, 2007, respectively. In April 2008, we completed an early voluntary retirement program at our Korean subsidiary that resulted in $2.3 million in additional special termination benefits (see Note 15).

13. Commitments and Contingencies

We have a $100.0 million first lien revolving credit facility with a letter of credit sub-limit of $25.0 million. As of June 30, 2008, we have outstanding $0.2 million of standby letters of credit and have available an additional $24.8 million for letters of credit. Such standby letters of credit are used in the ordinary course of our business and are collateralized by our cash balances.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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 business, liquidity, results of operations, financial condition or cash flows. 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 license agreement (Agreement) entered into between Tessera and our predecessor in 1996. The Agreement pertains to certain patents and know-how relating to semiconductor packaging. In its Request, Tessera alleges breach of contract and asserts that Amkor owes Tessera royalties under the Agreement in an amount between $85 and $115 million for semiconductor packages assembled by us through 2005 and claims additional royalties for all accused semiconductor packages that Amkor has assembled thereafter. Since its initial Request, Tessera has asserted royalty claims against additional package types assembled by us and updated their claims to reflect post 2005 packages. As a result, the aggregate royalty amounts alleged by Tessera to date, excluding interest, are substantially higher than $115 million. Tessera has identified a total of six United States patents (U.S. Patent Nos. 5,679,977, 5,852,326, 5,861,666, 6,133,627, 6,433,419 and 6,465,893), and unspecified know-how as the basis for its claim that royalties are owed under the Agreement. In our Answer and Counterclaim, we denied that any royalties were owed, and asserted, among other defenses, that we are not using any of the licensed Tessera patents or know-how.

On April 17, 2007, Tessera sent us a notice of termination of the Agreement. We responded on April 20, 2007, denying that Tessera has the right to terminate the Agreement. The Arbitration Panel 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 this arbitration, and Tessera may seek to include in those actions some of the same products packaged by Amkor that are at issue in this arbitration. The Arbitration Panel denied our pre-hearing motion to enjoin Tessera insofar as it is pursuing Amkor-assembled packages in the ITC investigation and deferred that issue until the hearing, but stated that it will decide all of the issues related to any dispute between Tessera and us that arises out of the Agreement, including whether the packages prepared by us for our customers utilize Tessera patents.

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 certain customers of requests for indemnification in connection with Tessera s claims in those actions. Amkor has not accepted such requests for indemnification.

The arbitration hearing took place from March 31 through April 8, 2008 and final oral argument was held on June 10, 2008. The parties have completed briefing of the case and are awaiting the decision of the Panel. Although we believe that we have meritorious defenses and counterclaims in this matter and will seek a judgment in our favor,

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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 in the form of a one-time payment, ongoing royalty obligations, or both and could have a material adverse effect on our business, liquidity, results of operations, financial condition 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 alleged 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 an appeal from the dismissal to the U.S. Court of Appeals for the Ninth Circuit. The parties have completed briefing of the appeal. Although we believe that we have meritorious defenses in this matter and will continue to seek a judgment in our favor, it is not possible to predict the outcome of this litigation. An adverse decision in this matter could result in material liabilities and could have a material adverse effect on our liquidity, results of operations, financial condition and cash flows.

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. In October 2007, our former general counsel, whose employment with us terminated in March of 2005, was convicted of violating the securities laws for trading in Amkor securities on the basis of material non-public information. In April 2007, the SEC filed a civil action against our former general counsel based on substantially the same allegations that were charged in the criminal case.

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 provided the requested documentation and intend to continue to cooperate with the SEC. We cannot predict the outcome of the investigation.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Amkor Technology, Inc. v. Motorola, Inc.

In August 2002, we filed a complaint against Motorola, Inc. (Motorola) in the Superior Court of Delaware 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.

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 remain pending.

We and Motorola both filed motions for summary judgment on the remaining claims, and on October 6, 2003, the Superior Court of Delaware granted our motion for summary judgment. Motorola filed an appeal in the Supreme Court of Delaware and 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 and in November 2007, the court ruled that the assignment by Citizen to Amkor was effective and that Amkor successfully acquired Citizen s rights in the License Agreement and 133 and 278 patents. In December 2007, Motorola appealed the court s ruling to the Supreme Court of Delaware. Oral argument was heard by the Court on April 30, 2008, and a decision is pending.

Although we believe that we have meritorious claims in this matter and will continue to seek final judgment in our favor, 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 liquidity, results of operations, financial condition 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), a predecessor to Dongbu Hitek Co., Ltd. (Dongbu), and delivered to AME. AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems (ABS), which incorporated the parts into mobile 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 $79.6 million based on the spot exchange rate at June 30, 2008). 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

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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. In May 2008, Dongbu re-confirmed its indemnification obligation to us and assumed the defense of the claims against us. Although we believe that Dongbu will continue to indemnify us and that we have meritorious defenses to the underlying claims, it is not possible to predict the outcome of this matter. If indemnification is not available to us, an adverse decision in this matter could have a material adverse effect on our liquidity, results of operations, financial condition and cash flows.

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. 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.

14. 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. The packaging process creates an electrical interconnect between the semiconductor chip and the system board. In packaging, fabricated semiconductor wafers are separated into individual chips. These chips are typically attached through wire bond or wafer bump technologies to a substrate or leadframe and then encased in a protective material. In the case of an advanced wafer level package, the package is assembled on the surface of a wafer. The packaged chips are then tested using sophisticated equipment to ensure that each packaged chip meets its design and performance specifications.

AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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 reflects other corporate adjustments to net sales and gross profit and the property, plant and equipment of our sales and corporate offices.

	Packaging	Test	Other	Total
		(In thousands)		
Three months ended months June 30, 2008				
Net sales	$ 608,611	$ 81,686	$ 379	$ 690,676
Gross profit	134,315	24,495	121	158,931
Three months ended months June 30, 2007				
Net sales	$ 583,818	$ 68,668	$	$ 652,486
Gross profit	142,417	19,751	(476)	161,692
Six months ended months June 30, 2008				
Net sales	$ 1,226,555	$ 162,941	$ 663	$ 1,390,159
Gross profit	283,651	51,174	258	335,083
Six months ended months June 30, 2007				
Net sales	$ 1,162,543	$ 141,171	$ (240)	$ 1,303,474
Gross profit	265,132	42,715	1,183	309,030
Gross property, plant and equipment				
June 30, 2008	$ 2,688,889	$ 697,206	$ 137,072	$ 3,523,167
December 31, 2007	2,573,142	643,298	119,281	3,335,721

15. Reduction in Force

We implemented an early voluntary retirement program with special termination benefits to employees at our Korean subsidiary during April 2008. The offer was accepted by 62 employees. We recorded a charge in the three months ended June 30, 2008 for the special termination benefits of $2.3 million, including $2.0 million charged to cost of sales and $0.3 million charged to selling, general and administrative expenses. During the three months ended June 30, 2008, we paid $1.8 million in cash for severance obligations (see Note 12) and $1.5 million for special termination benefits related to this program. The amount remaining in accrued expenses for severance obligations and special termination benefits was $0.7 million and $0.8 million as of June 30, 2008, respectively, which will be paid in the three months ended September 30, 2008.

Subsequent to June 30, 2008, we commenced additional employee workforce reductions at certain other locations in our ongoing efforts to improve factory performance and manage costs. In the three months ended September 30, 2008, we currently estimate that we will incur $11 million in charges for special termination benefits and a pension plan curtailment loss. Approximately $10 million of the charge is expected to be recorded in cost of sales with the remainder recorded in selling, general and administrative expenses.

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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, including but not limited to statements regarding: (1) the strategic management of our production lines, (2) allocation of our assets and capacity expansion, (3) the focus and amount of our capital additions, (4) investments in our information systems and cost savings initiatives, (5) estimates of cash payments and operating income reductions due to early retirement and workforce reduction programs, (6) our ability to fund cash requirements for the next twelve months, (7) the payment of dividends and expected use of cash flows, if any in the future, (8) compliance with our covenants, (9) the effect of foreign currency exchange rate exposure on our financial results, (10) the release of valuation allowances related to taxes in the future, (11) the repurchase of outstanding debt, (12) expected curtailment losses from benefit plans, (13) expected labor cost reductions, and (14) 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. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the following discussion as well as in Part II, Item 1A Risk Factors of this Quarterly Report. The following discussion provides information and analysis of our results of operations for the three and six months ended June 30, 2008 and our liquidity and capital resources. You should read the following discussion in conjunction with Item 1, Financial Statements 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 steps in the process of manufacturing semiconductor devices. The manufacturing 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 probe tested to ensure the individual devices meet electrical specifications. The packaging process creates an electrical interconnect between the semiconductor chip and the system board. In packaging, fabricated semiconductor wafers are separated into individual chips. These chips are typically attached through wire bond or wafer bump technologies to a substrate or leadframe and then encased in a protective material. In the case of an advanced wafer level package, the package is assembled on the surface of a wafer.

Our packages are designed for application specific body size and electrical connection requirements 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 and performance specifications. Increasingly, packages are custom designed for specific chips and specific end-market applications. We are able to provide turnkey assembly and test solutions including semiconductor wafer bump, wafer probe, wafer backgrind, package design, assembly, test and drop shipment services.

Our net sales for the three months ended June 30, 2008 and 2007 were $690.7 million and $652.5 million, respectively. In the three months ended June 30, 2008, sales increased $38.2 million or 5.9% from the three months ended June 30, 2007 due to growth of our advanced packaging solutions and the benefit of our investments in 3D packaging, flip chip and wafer level packaging, as well as test services. The strength in these areas was partially offset by a decrease in our traditional leadframe packaging services. Our net sales in the three months ended June 30, 2008 were adversely impacted by production disruptions we experienced as a result of our enterprise resource planning (ERP) implementation in the Philippines. We believe that our net sales were negatively impacted by approximately $10 million to $15 million by the ERP disruption.

Gross margin for the three months ended June 30, 2008 was 23.0% compared to 24.8% for the three months ended June 30, 2007 primarily as a result of lower than anticipated sale due to the production disruptions in the

Philippines, a change in product mix to packages with a higher material content as a percentage of net sales and higher depreciation costs as a result of our capital expenditures.

Net interest expense in the three months ended June 30, 2008 decreased $4.8 million compared to the three months ended June 30, 2007 primarily due to reduced debt and the refinancing of certain debt with lower interest rate instruments.

Net income for the three months ended June 30, 2008 was $65.2 million, or $0.33 per diluted share, compared with net income for the three months ended June 30, 2007 of $31.0 million, or $0.16 per diluted share. The increase primarily results from a gain on sale of real estate, reduced interest expense, no debt retirement costs in the three months ended June 30, 2008, and a net foreign currency gain from the remeasurement of certain subsidiaries balance sheet items. During April 2008, we sold land and a warehouse in Korea for $14.3 million in cash and reported a gain of $9.9 million, or $0.05 per diluted share.

Capital additions during the three months ended June 30, 2008 totaled $122.4 million. We continue to strategically manage our production lines, allocate assets and selectively expand our capacity. We currently expect that our full year 2008 capital additions will be approximately 14% of net sales. Our capital additions are aligned with our advanced product development plans and are focused on expanding our product portfolio capabilities in support of our largest customers. We expect our capital additions in 2008 to be primarily focused on our wafer bump and flip chip packaging capacity, advanced laminate packaging services and test services. In addition, we expect to make investments in our information systems and cost savings initiatives centered on improving manufacturing efficiency.

Cash provided by operating activities increased $30.7 million to $284.7 million for the six months ended June 30, 2008 as compared to $254.0 million for the six months ended June 30, 2007. Cash flows from operations during the six months ended June 30, 2008 funded capital purchases of $190.9 million leaving $93.8 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 balance sheet and cash flows during the six months ended June 30, 2008.

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

	For the Three Months Ended June 30,		**For the Six Months Ended June 30,**	
	2008	**2007**	**2008**	**2007**
Net sales	100.0%	100.0%	100.0%	100.0%
Gross profit	23.0%	24.8%	24.1%	23.7%
Depreciation and amortization	11.2%	10.7%	10.8%	10.9%
Operating income	12.5%	13.5%	13.2%	12.5%
Income before income taxes and minority interests	10.1%	5.5%	10.6%	5.7%
Net income	9.4%	4.7%	9.9%	5.0%

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Net Sales. Net sales increased $38.2 million, or 5.9%, to $690.7 million in the three months ended June 30, 2008 from $652.5 million in the three months ended June 30, 2007. The increase is due to growth of our advanced packaging solutions and the benefit of our investments in 3D packaging, flip chip and wafer level packaging, as well as test services. Our increased sales are primarily attributable to strength in wireless communications products partially offset by a decrease in our traditional leadframe packaging services. Our net sales in the three months ended June 30, 2008 were adversely impacted by production disruptions we experienced as a result of our ERP implementation in the Philippines. We believe that our net sales were negatively impacted by approximately $10 million to $15 million by the ERP disruption.

Packaging Net Sales. Packaging net sales increased $24.8 million, or 4.2%, to $608.6 million in the three months ended June 30, 2008 from $583.8 million in the three months ended June 30, 2007 due primarily to improved product mix. The improvement in product mix reflected a continued shift to advanced technologies including flip chip and 3D packaging. Packaging unit volume was 2.1 billion units in the three months ended June 30, 2008 and 2007.

Test Net Sales. Test net sales increased $13.0 million, or 18.9%, to $81.7 million in the three months ended June 30, 2008 from $68.7 million in the three months ended June 30, 2007. This increase was primarily due to an increase in the number of units tested in our test facilities.

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

Material costs in absolute dollars increased due to the increase in unit volume. Material costs as a percentage of net sales increased to 39.1% in the three months ended June 30, 2008 from 36.7% in the three months ended June 30, 2007 due to a change in product mix to packages with higher material content as a percentage of net sales.

Labor costs as a percentage of net sales, decreased to 15.5% in the three months ended June 30, 2008 from 16.5% in the three months ended June 30, 2007 primarily due to the depreciation of the Korean Won partially offset by salary and benefits increases.

As a percentage of net sales, other manufacturing costs increased to 22.4% in the three months ended June 30, 2008 from 22.0% in the three months ended June 30, 2007. Other manufacturing costs increased due to higher depreciation costs as a result of our capital expenditures, which are focused on increasing our wafer bump and flip chip packaging capacity, advanced laminate packaging services and test services.

Gross Profit. Gross profit decreased $2.8 million to $158.9 million, or 23.0% of net sales in the three months ended June 30, 2008 from $161.7 million, or 24.8% of net sales, in the three months ended June 30, 2007. The decrease in gross profit and gross margin was due primarily to lower than anticipated sales due to the production disruptions in the Philippines, a change in product mix to packages with a higher material content as a percentage of net sales and higher depreciation costs as a result of our capital expenditures.

Packaging Gross Profit. Gross profit for packaging decreased $8.1 million to $134.3 million, or 22.1% of packaging net sales, in the three months ended June 30, 2008 from $142.4 million, or 24.4% of packaging net sales, in the three months ended June 30, 2007. The packaging gross profit decrease was primarily due to a change in product mix to packages with a higher material content as a percentage of net sales as well as lower capacity utilization.

Test Gross Profit. Gross profit for test in the three months ended June 30, 2008 increased $4.7 million to $24.5 million, or 30.0% of test net sales from $19.8 million, or 28.8% of test net sales, in the three months ended June 30, 2007. This increase was primarily due to increased volume partially offset by higher depreciation costs as a result of our capital expenditures.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $5.1 million, or 8.1%, to $67.4 million in the three months ended June 30, 2008, from $62.4 million in the three months ended June 30, 2007 due primarily to salary and benefit increases and the costs incurred in connection with the implementation and subsequent stabilization of a new ERP system in the Philippines.

Gain on Sale of Real Estate. In the three months ended June 30, 2008, we sold land and a warehouse in Korea for $14.3 million in cash and reported a gain of $9.9 million, with no net tax effect.

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 $4.1 million to $15.1 million, or 2.2% of net sales in the three months ended June 30, 2008 from $11.0 million, or 1.7% of net sales in the three months ended June 30, 2007. The increase in our research and development expenses was partially due to specific research and development projects and investments in information technology to support our development efforts.

Other (Income) Expense. Other expense, net decreased $36.2 million to $16.4 million, or 2.4% of net sales in the three months ended June 30, 2008 from $52.6 million, or 8.1% of net sales in the three months ended June 30, 2007. In the three months ended June 30, 2007, we recognized $15.9 million of debt retirement costs, net. In addition, this decrease is driven by a $11.6 million foreign currency gain due to the depreciation of the Korean won and the remeasurement of the Korean won denominated severance obligation, as well as a $4.8 million reduction in net interest expense due to reduced debt and the refinancing of certain debt with lower interest rate instruments.

Income Tax Expense. In the three months ended June 30, 2008, we recorded an income tax expense of $4.3 million reflecting an effective tax rate of 6.2% as compared to an income tax expense of $4.3 million in the three months ended June 30, 2007 reflecting an effective tax rate of 12.0%. Generally, our effective tax rate is substantially below the U.S. federal tax rate of 35% because we have experienced taxable losses in the U.S. and our income is taxed in foreign jurisdictions where we benefit from tax holidays or tax rates lower than the U.S. statutory tax rate. Income tax expense primarily consists of taxes related to our profitable foreign tax jurisdictions and foreign withholding taxes. Our effective tax rate fluctuates principally as the relative amount of income tax and foreign withholding taxes varies across those jurisdictions.

At June 30, 2008, we had U.S. net operating loss carryforwards totaling $390.8 million, which expire at various times through 2028. At June 30, 2008, we continued to record a valuation allowance on a substantial portion of our deferred tax assets, including all of our U.S. net operating loss carryforwards, and 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 it is more likely than not that the deferred tax assets will be realized.

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Net Sales. Net sales increased $86.7 million, or 6.7%, to $1,390.2 million for the six months ended June 30, 2008 from $1,303.5 million for the six months ended June 30, 2007. The increase is due to growth of our advanced packaging solutions and the benefit of our investments in 3D packaging, flip chip and wafer level packaging, as well as test services. Our increased sales are primarily attributable to strength in wireless communications products partially offset by a decrease in our traditional leadframe packaging services. Our net sales in the six months ended June 30, 2008 were adversely impacted by production disruptions we experienced as a result of our ERP implementation in the Philippines. We believe that our net sales were negatively impacted by approximately $10 million to $15 million by the ERP disruption.

Packaging Net Sales. Packaging net sales increased $64.1 million, or 5.5%, to $1,226.7 million in the six months ended June 30, 2008 from $1,162.5 million in the six months ended June 30, 2007 due primarily to increased unit volumes and improved product mix. The improvement in product mix reflected a continued shift to advanced technologies including flip chip and 3D packaging. Packaging unit volume increased to 4.3 billion units in the six months ended June 30, 2008 from 4.1 billion units in the six months ended June 30, 2007.

Test Net Sales. Test net sales increased $21.7 million, or 15.4%, to $162.9 million in the six months ended June 30, 2008 from $141.2 million in the six months ended June 30, 2007. This increase was primarily due to an increase in the number of units tested in our test facilities.

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

Material costs in absolute dollars increased due to the increase in unit volume. Material costs as a percentage of net sales increased slightly to 38.1% for the six months ended June 30, 2008 from 38.0% for the six months ended June 30, 2007.

As a percentage of net sales, labor costs decreased to 15.6% for the six months ended June 30, 2008 from 16.5% for the six months ended June 30, 2007 due to increased labor utilization and productivity and the depreciation of the

Korean Won partially offset by salary and benefits increases.

As a percentage of net sales, other manufacturing costs increased to 22.2% for the six months ended June 30, 2008 from 21.8% for the six months ended June 30, 2007. Other manufacturing costs increased due to higher depreciation costs as a result of our capital expenditures, which are focused on increasing our wafer bump and flip chip packaging capacity, advanced laminate packaging services and test services.

Gross Profit. Gross profit increased $26.1 million to $335.1 million, or 24.1% of net sales in the six months ended June 30, 2008 from $309.0 million, or 23.7% of net sales, in the six months ended June 30, 2007. The increase in gross profit and gross margin was due to enriched product mix and improved factory performance. This increase was partially offset by lower than anticipated sales in the six months ended June 30, 2008 due to the production disruptions in the Philippines and higher depreciation costs as a result of our capital expenditures.

Packaging Gross Profit. Gross profit for packaging increased $18.6 million to $283.7 million, or 23.1% of packaging net sales, in the six months ended June 30, 2008 from $265.1 million, or 22.8% of packaging net sales, in the six months ended June 30, 2007. The packaging gross profit increase was primarily due to a decrease in our traditional, lower margin leadframe packages offset by improved product mix, consisting of an increase in our advanced package technologies including flip chip and 3D packages.

Test Gross Profit. Gross profit for test in the six months ended June 30, 2008 increased $8.5 million to $51.2 million, or 31.4% of test net sales from $42.7 million, or 30.2% of test net sales, in the six months ended June 30, 2007. This increase was primarily due to increased volume partially offset by higher depreciation costs as a result of our capital investments.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $4.7 million, or 3.7%, to $132.9 million for the six months ended June 30, 2008, from $128.1 million for the six months ended June 30, 2007 due primarily to salary and benefit increases and the costs incurred in connection with the implementation and subsequent stabilization of a new ERP system in the Philippines.

Gain on Sale of Real Estate. In the six months ended June 30, 2008, we sold land and a warehouse in Korea for $14.3 million in cash and reported a gain of $9.9 million, with no net tax effect. In the six months ended June 30, 2007, we recognized a gain of $3.1 million in connection with the disposition of real property in Korea used for administrative purposes.

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 $8.3 million to $29.0 million, or 2.1% of net sales for the six months ended June 30, 2008 from $20.6 million, or 1.6% of net sales for the six months ended June 30, 2007. The increase in our research and development expenses was partially due to specific research and development projects and investments in information technology to support our development efforts.

Other (Income) Expense. Other expense, net decreased $53.5 million to $35.1 million, or 2.5% of net sales for the six months ended June 30, 2008 from $88.6 million, or 6.8% of net sales in the three months ended June 30, 2007. In the six months ended June 30, 2007, we recognized $15.9 million of debt retirement costs, net. In addition, this decrease is driven by a $21.1 million foreign currency gain primarily due to the depreciation of the Korean won and the remeasurement of the Korean won denominated severance obligation. In addition, there was a $12.5 million reduction in net interest expense due to reduced debt and the refinancing of certain debt with lower rate instruments.

Income Tax Expense. In the six months ended June 30, 2008, we recorded an income tax expense of $10.2 million reflecting an effective tax rate of 6.9% as compared to an income tax expense of $8.4 million in the six months ended June 30, 2007 reflecting an effective tax rate of 11.2%. Generally, our effective tax rate is substantially below the U.S. federal tax rate of 35% because we have experienced taxable losses in the U.S. and our income is taxed in foreign jurisdictions where we benefit from tax holidays or tax rates lower than the U.S. statutory tax rate. Income tax expense primarily consists of taxes related to our profitable foreign tax jurisdictions and foreign withholding taxes. Our effective tax rate fluctuates principally as the relative amount of income tax and foreign withholding taxes varies across those jurisdictions.

At June 30, 2008, we had U.S. net operating loss carryforwards totaling $390.8 million, which expire at various times through 2028. At June 30, 2008, we continued to record a valuation allowance on a substantial portion of our deferred tax assets, including all of our U.S. net operating loss carryforwards, and 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 it is more likely than not that the deferred tax assets will be realized.

Liquidity and Capital Resources

We generated net income of $137.2 million and $65.6 million for the six months ended June 30, 2008 and 2007, respectively. Our operating activities provided cash totaling $284.7 million and $254.0 million in the six months ended June 30, 2008 and 2007, respectively. Cash flow from operating activities was sufficient to fully cover cash used for investing activities as well as decrease our debt.

Although we have a significant level of debt, with $1,642.9 million outstanding at June 30, 2008, of which $57.4 million is current, we have continued to strengthen our liquidity by using existing cash to reduce our debt and by refinancing debt with lower interest rates and favorable terms as demonstrated by the following:

February 2008, we repaid the remaining balance of $88.2 million of our 9.25% senior notes at the maturity date with cash on hand;

November 2007, we used existing cash resources to repurchase $3.0 million of our 7.75% Senior notes due May 2013 and $10.0 million of our 9.25% senior notes due June 2016;

June 2007, we redeemed the remaining $21.9 million of our 2009 10.5% senior subordinated notes outstanding with cash on hand;

April 2007, we refinanced our $300.0 million second lien term loan due in 2010 with a lower interest secured credit facility that amortizes in 28 equal quarterly payments through April 2014; and

March 2007, we used existing cash resources to retire the remaining $142.4 million in 5% convertible notes at maturity.

We were in compliance with all debt covenants at June 30, 2008 and expect to remain in compliance with these covenants for at least the next twelve months. The interest payments required on our debt are significant. For example, in the six months ended June 30, 2008, we paid $63.5 million of interest.

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 first six months of 2008, we had capital additions of $217.5 million compared to $114.8 million in the six months ended June 30, 2007. For all of 2008, we expect that our capital additions will be approximately 14% of net sales, of which 60% is expected to be in support of packaging, 20% for test and 20% for research and development, infrastructure and information technology investments. During the three months ended June 30, 2008, we sold land and a warehouse in Korea for $14.3 million in cash and reported a gain of $9.9 million, with no net tax effect.

As part of our ongoing efforts to improve factory performance and manage costs, from time to time we evaluate the need for selective reductions in force. In April 2008, we implemented an early voluntary retirement program with special termination benefits to employees at our Korean subsidiary. The offer was accepted by 62 employees and we accrued $2.3 million of expense for the special termination benefits in the second quarter of 2008. During the three months ended June 30, 2008 we paid $1.8 million in cash for severance plan obligations and $1.5 million for special termination benefits related to this early retirement program. The amount recorded in accrued expenses for severance obligations and special termination benefits was $0.7 and $0.8 million as of June 30, 2008, respectively, which will be paid in the third quarter of 2008. In addition, during the three months ended September 30, 2008, we have commenced employee workforce reductions at certain other locations. We estimate a charge of approximately $9 million related to termination benefits which will be paid in the three months ended September 30, 2008. In addition, we expect to record a curtailment loss from a foreign defined benefit plan related to the reduction in workforce. We currently expect the curtailment loss to be approximately $2 million. We estimate our labor costs will decrease approximately $3 million per quarter after all the reductions take place. However, this estimate does not consider cost increases which will occur from normal hiring activity and wage increases.

The source of funds for our operations, including making capital expenditures, paying termination benefits 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 financings. As of June 30, 2008, we had cash and cash equivalents of $409.1 million and $99.8 million available under our $100 million first lien 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 first lien senior secured revolving credit facility will be sufficient to fund our working capital, capital expenditure and debt service requirements for at least the next twelve months. 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 at or prior to maturity with the proceeds of debt or equity offerings. If our performance or access to the capital markets differs materially from our expectations, our liquidity may be adversely impacted.

There is no assurance that we will generate the necessary net income or operating cash flows to meet the funding needs of our business beyond the next twelve months 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.

Many of our debt agreements restrict our ability to pay dividends. We have never paid a dividend to our stockholders and we do not currently anticipate doing so. We expect cash flows, if any, to be used in the operation and expansion of our business, the repayment or repurchase of debt and for other corporate purposes.

Cash flows

Cash provided by operating activities was $284.7 million for the six months ended June 30, 2008 compared to $254.0 million for the six months ended June 30, 2007. Free cash flow (defined below) decreased by $58.0 million to $93.8 million for the six months ended June 30, 2008 compared to $151.8 million for the six months ended June 30, 2007.

Net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2008 and 2007 was as follows:

	For the Six Months Ended June 30, 2008	For the Six Months Ended June 30, 2007
	(In thousands)	
Operating activities	$ 284,698	$ 253,983
Investing activities	(173,938)	(99,115)
Financing activities	(114,312)	(161,329)

Operating activities: Our cash flow from operating activities for the six months ended June 30, 2008 increased $30.7 million to $284.7 million from $254.0 million for the six months ended June 30, 2007. Our operating income for the six months ended June 30, 2008 compared to the six months ended June 30, 2007 and adjusted for depreciation and amortization and other operating activities and non-cash items increased $33.6 million largely attributable to increased net sales and the payment of prepayment fees in connection with a refinancing in 2007. Net interest expense for the six months ended June 30, 2008 decreased by $12.5 million as compared with the six months ended June 30, 2007 as a result of reduced debt levels as well as refinancing debt with lower interest rate instruments. Operating cash flows for the six months ended June 30, 2007 were reduced by $9.0 million in prepayment fees in connection with refinancing our second lien term loan. Changes in assets and liabilities decreased operating cash flows by $47.9 million for the six months ended June 30, 2008 compared with the six months ended June 30, 2007. This is principally due to a reduction in inventories in the six months ended June 30, 2007 as compared to an increase in the six months ended June 30, 2008 reflecting higher material costs. In addition, for the six months ended June 30, 2008 there is a greater reduction in the Korean severance obligation due to the depreciation of the Korean won offset by a greater increase in accounts payable reflecting increased capital expenditures. Foreign currency gains, other income and expenses, taxes and minority interest accounted for $23.5 million of the change in operating cash flows driven by a $21.1 million foreign currency gain primarily due to the depreciation of the Korean won and the remeasurement of the Korean won denominated severance obligation.

Investing activities: Our cash flows used in investing activities for the six months ended June 30, 2008 increased by $74.8 million to $173.9 million from $99.1 million for the six months ended June 30, 2007. This increase was primarily due to a $88.7 million increase in payments for property, plant and equipment from $102.2 million in the six months ended June 30, 2007 to $190.9 million in the six months ended June 30, 2008. Investing activities were higher in 2008 principally as a result of our higher level of capital expenditures driven in part by our increased investments in wafer bump. Investing activities during the six months ended June 30, 2008 included proceeds of $14.3 million from the sale of land and a warehouse in Korea. Investing activities during the six months ended June 30, 2007 included proceeds from the sale of real property used for administrative purposes for $3.6 million in Korea.

Financing activities: Our net cash used in financing activities for the six months ended June 30, 2008 was $114.3 million, compared with $161.3 million for the six months ended June 30, 2007. The net cash used in financing activities for the six months ended June 30, 2008 was primarily driven by the repayment of the remaining $88.2 million of our 9.25% senior notes at maturity in February 2008. In March 2007, we repaid $142.4 million of our 5% convertible notes at maturity. In June 2007 we redeemed the remaining $21.9 million 2009 10.5% senior subordinated notes. Proceeds from the issuance of stock through our stock compensation plans for the six months ended June 30, 2008 was $9.8 million, compared with $34.5 million for the six months ended June 30, 2007.

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 Six Months Ended June 30,	
	2008	**2007**
	(In thousands)	
Net cash provided by operating activities	$ 284,698	$ 253,983
Less purchases of property, plant and equipment	(190,870)	(102,212)
Free cash flow	$ 93,828	$ 151,771

Capital Additions and Contractual Obligations

Our capital additions for the six months ended June 30, 2008 were $217.5 million. We expect that our full year 2008 capital additions will be approximately 14% of net sales, as discussed above in the Overview. Ultimately, the amount of our 2008 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 purchases as presented on the Condensed Consolidated Statement of Cash Flows to property, plant and equipment additions reflected on the Consolidated Balance Sheets:

	For the Six Months Ended June 30,	
	2008	**2007**

	(In thousands)	
Purchases of property, plant, and equipment	$ 190,870	$ 102,212
Net change in related accounts payable and deposits	26,648	12,607
Property, plant and equipment additions	$ 217,518	$ 114,819

Our contractual obligations are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007. During the six months ended June 30, 2008, there have been no significant changes in our contractual obligations as reported in our 2007 Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We had no off-balance sheet guarantees or other off-balance sheet arrangements as of June 30, 2008. Operating lease commitments are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007. During the six months ended June 30, 2008, there have been no significant changes in our lease commitments as reported in our 2007 Annual Report on Form 10-K.

Contingencies, Indemnifications and Guarantees

We refer you to Note 13 Commitments and Contingencies to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for a discussion of our contingencies related to our patent related litigation, securities litigation and other litigation and legal matters. If an unfavorable ruling were to occur in these matters, there exists the possibility of a material adverse impact on our business, liquidity, results of operations, financial position and cash flows in the period in which the ruling occurs. The potential impact from the legal proceedings, on our business, liquidity, results of operations, financial position and 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 year ended December 31, 2007. During the six months ended June 30, 2008, there have been no significant changes in our critical accounting policies as reported in our 2007 Annual Report on Form 10-K.

New Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2 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, however, we continue to evaluate the use of hedge instruments to manage market risk. We have not entered into any derivative transactions in the six months ended June 30, 2008 and have no outstanding contracts as of June 30, 2008.

Foreign Currency Risks

We currently do not have forward contracts or other instruments to reduce our exposure to foreign currency gains and losses. To the extent possible, we have managed our foreign currency exposures by using natural hedging techniques to minimize the foreign currency rate risk.

The U.S. dollar is our reporting currency and the functional currency for the majority of our foreign subsidiaries including our largest subsidiaries in Korea and the Philippines and also our subsidiaries in China and Singapore. For our subsidiaries in Japan and Taiwan, the local currency is the functional currency. We have foreign currency exchange rate risk associated with the remeasurement of monetary assets and monetary liabilities on our Consolidated Balance Sheet that are denominated in currencies other than the functional currency. The most significant foreign denominated monetary asset or liability is our Korean severance obligation which represents approximately 75% of the net monetary exposure. For the six months ended June 30, 2008, $16.7 million of the $21.1 million foreign currency gain reported in our Consolidated Statements of Income was related to remeasurement of this severance obligation. We performed a sensitivity analysis of our foreign currency exposure as of June 30, 2008, to assess the potential impact of fluctuations in exchange rates for all foreign denominated assets and liabilities. Assuming a 10% adverse movement for all currencies against the U.S. dollar as of June 30, 2008, our income before income taxes and minority interests would have been approximately $22.9 million lower.

In addition, we have foreign currency exchange rate exposure on our results of operations. For the six months ended June 30, 2008, approximately 87% of our net sales are denominated in U.S. dollars and the remaining currency exposure is principally Japanese yen, Korean won and Taiwanese dollars in support of local country sales. For the six months ended June 30, 2008, approximately 53% of our cost of sales and operating expenses are denominated in U.S. dollars and are largely expenditures for raw materials and factory supplies. The remaining portion of our cost of sales and operating expenses is principally denominated in the Asian currency where our production facilities are located and are largely for labor and utilities. To the extent that the U.S. dollar weakens against these Asian-based currencies, these foreign currency denominated transactions will result in higher sales and higher operating expenses. Similarly, our sales and operating expenses will decrease if the U.S. dollar strengthens against these foreign currencies. We performed a sensitivity analysis of our foreign currency exposure as of June 30, 2008 to assess the potential impact of fluctuations in exchange rates for all foreign denominated sales and expenses. Assuming a 10% adverse movement from the six months ended June 30, 2008 exchange rates of the U.S. dollar compared to all these Asian-based currencies as of June 30, 2008, our operating income would have been approximately $37.9 million lower.

We have foreign currency exchange rate exposure on our stockholders equity as a result of the translation of our subsidiaries in Japan and Taiwan where the local currency is the functional currency. To the extent the U.S. dollar strengthens against the Japanese yen and the Taiwanese dollar, the translation of these foreign currency denominated transactions results in reduced sales, operating expenses, assets and liabilities. Similarly, our sales, operating expenses, assets and liabilities will increase if the U.S. dollar weakens against the Japanese yen and the Taiwanese dollar. The effect of foreign exchange rate translation on our Consolidated Balance Sheet for the six months ended June 30, 2008 and 2007, was a net foreign translation gain of $23.8 million and a loss of $1.7 million, respectively. The gain or loss was recognized as an adjustment to stockholders equity through other comprehensive income.

There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that foreign exchange rate movements across multiple jurisdictions are similar and would be linear and instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex market or other changes that could arise which may positively or negatively affect our results of operations.

Interest Rate Risks

We have interest rate risk with respect to our long-term debt. As of June 30, 2008, we had a total of $1,642.9 million of debt of which 82.4% was fixed rate debt and 17.6% 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 June 30, 2008. The fixed rate debt consists of senior notes, senior subordinated notes and subordinated notes. As of December 31, 2007, we had a total of $1,764.1 million of debt of which 81.8% was fixed rate debt and 18.2% was variable rate debt.

The table below presents the interest rates and maturities of our fixed and variable rate debt as of June 30, 2008.

	For the Year Ending December 31,						
	2008 - Remaining	**2009**	**2010**	**2011**	**2012**	**Thereafter**	**Total**
Long term debt:							
Fixed rate debt (In thousands)	$ 1,667	$	$	$ 439,237	$	$ 912,000	$ 1,352,904

Average interest rate	4.9%			5.1%		8.2%	7.2%
Variable rate debt							
(In thousands)	$ 27,933	$ 55,559	$ 55,600	$ 43,547	$ 43,036	$ 64,284	$ 289,959
Average interest rate	5.3%	5.3%	5.3%	5.6%	5.5%	5.5%	5.4%

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 June 30, 2008. Based on the foregoing, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2008.

Changes in Internal Control Over Financial Reporting

As previously reported, we are implementing SAP which is our new enterprise resource planning (ERP) system over a multi-year program on a company-wide basis. During the three months ended June 30, 2008, we implemented several significant modules of SAP at our Philippines subsidiary. The implementation of the ERP system represents a change in our internal control over financial reporting. Therefore, as appropriate, we are modifying 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 ERP systems implemented, there is a risk that deficiencies that exist 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, 2008.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

Information about legal proceedings is set forth in Note 13 to the Consolidated Financial Statements included in this Quarterly Report.

Item 1A. ***Risk Factors***

The factors discussed below are cautionary statements that identify important factors and risks 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 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, liquidity, results of operations, financial condition or cash flows.

The matters relating to the Special Committee s 2006 review of our historical stock option granting practices and the resultant 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.

In 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.

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 13 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 as disclosed in the 2006 Annual Report. The conduct and resolution of these matters have been and may continue to 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, results of operations, financial condition 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. 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. In October 2007, our former general counsel, whose employment with us terminated in March of 2005, was convicted of violating Federal securities laws for trading in Amkor securities on the basis of material non-public information. In April 2007, the SEC filed a civil action against our former general counsel based on substantially the same allegations that were charged in the criminal case.

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 have provided the requested documentation and intend to continue to cooperate with the SEC. 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 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 manage our capital expenditures in response to market conditions, 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, over which we have little or no control 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;

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

changes in labor costs to perform our services;

wage and commodity price inflation;

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 and the impact of quality excursions and customer disputes and returns;

costs associated with litigation judgments, indemnification claims and settlements;

international events, political instability, civil disturbances or environmental or natural events, such as earthquakes, that impact our operations;

difficulties integrating acquisitions;

our ability to attract and retain qualified employees to support our global operations and loss of key personnel or the shortage of available skilled workers;

fluctuations in foreign exchange rates;

delay, rescheduling and cancellation of large orders; and

fluctuations in our manufacturing yields.

We have historically been unable to accurately predict the impact of these factors upon our results for a particular period. These factors may materially and adversely affect our business, results of operations, financial condition and cash flows, or lead to significant variability of quarterly or annual operating results.

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, financial condition and cash flows.

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 packaging and test 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 world-wide 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 business, results of operations, financial condition and cash flows 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 capital investments and, on a more limited basis, expect to make capital investments 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, financial condition and cash flows. Additionally, we could suffer significant losses if current industry conditions deteriorate, which could materially impact our business, liquidity, results of operations, financial position and cash flows.

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 business, results of operations, financial condition and cash flows could be materially adversely affected.

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

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, results of operations, financial condition and cash flows especially during a prolonged industry downturn.

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 June 30, 2008, our total debt balance was $1,642.9 million, of which $57.4 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.

Our substantial indebtedness could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including our obligations under our indentures to purchase notes tendered as a result of a change in control of Amkor;

- 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.

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 2007, we had capital additions of $294 million and in 2008 we currently anticipate making capital additions in the range of approximately 14% of net sales. In addition, we have a significant level of debt, with $1,642.9 million outstanding at June 30, 2008, $57.4 million of which is current. The terms of such debt require significant scheduled principal payments in the coming years, including $29.6 million due during the remainder of 2008, $55.6 million due in 2009, $55.6 million due in 2010, $482.8 million due in 2011, $43.0 million due in 2012 and $976.3 million due thereafter. The interest payments required on our debt are also substantial. For example, in the six months ended June 30, 2008, we paid $63.4 million of interest. 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 June 30, 2008, we had cash and cash equivalents of $409.1 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 for at least the next twelve months. 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 the next twelve months 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.

Restrictive covenants in the indentures and agreements governing our current and future indebtedness could restrict our operating flexibility.

The indentures and agreements governing our existing debt, and debt we may incur in the future, contain affirmative and negative covenants that materially limit our ability to take certain actions, including our ability to incur debt, pay dividends and repurchase stock, make certain investments and other payments, enter into certain mergers and consolidations, engage in sale leaseback transactions and encumber and dispose of assets. In addition, our future debt agreements may contain financial covenants and ratios.

The breach of any of these covenants by us or the failure by us to meet any of these ratios or conditions could result in a default under any or all of such indebtedness. If a default occurs under any such indebtedness, all of the outstanding obligations there under could become immediately due and payable, which could result in a default under our other outstanding debt and could lead to an acceleration of obligations related to other outstanding debt. The existence of such a default or event of default could also preclude us from borrowing funds under our revolving credit facilities. Our ability to comply with the provisions of the indentures, credit facilities and other agreements governing our outstanding debt and indebtedness we may incur in the future can be affected by events beyond our control and a default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We have significant severance plan obligations associated with our manufacturing operations in Korea which could reduce our cash flow and negatively impact our financial condition.

We sponsor an accrued severance plan in our Korean subsidiary. Under the Korean plan, 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. Our severance plan obligation is significant and in the event of a reduction in force or other termination of employment in our Korean facilities, payments under the plan could have a material adverse effect on our financial condition and cash flows. See Note 12 to our Consolidated Financial Statements included in this Quarterly Report.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report financial results or prevent fraud.

Effective internal controls are necessary to provide reliable financial reports and to assist in the effective prevention of fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business. We must annually evaluate our internal procedures to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires management and auditors to assess the effectiveness of internal control over financial reporting. If we fail to remedy or maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we could be subject to regulatory scrutiny, civil or criminal penalties or shareholder litigation.

In addition, failure to maintain adequate internal controls could result in financial statements that do not accurately reflect our financial condition. There can be no assurance that we will be able to complete the work necessary to fully comply with the requirements of the Sarbanes-Oxley Act or that our management and external auditors will continue to conclude that our internal controls are effective.

We face product return and liability risks and the risk of negative publicity if our products fail.

Our packages are incorporated into a number of end products, and our business is exposed to product return and liability risk and the risk of negative publicity if our packages fail.

In addition, we are exposed to the product liability risk and the risk of negative publicity affecting our customers. Our sales may decline if any of our customers are sued on a product liability claim. We also may suffer a decline in sales from the negative publicity associated with such a lawsuit or with adverse public perceptions in general regarding our customers products. Further, if our packages are delivered with impurities or defects, we could incur additional development, repair or replacement costs, and our credibility and the market s acceptance of our products could be harmed.

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. 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, financial condition and cash flows. If customer demand does not materialize as anticipated, our business, results of operations, financial condition and cash flows 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 China, Japan, Korea, the Philippines, Singapore and Taiwan. Although we do not derive any revenue from, nor sell any products in, North Korea, any future increase in tensions between South Korea and North Korea which may occur, for example, an outbreak of military hostilities, could adversely affect our business, financial condition and results of operations. 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, including limitations or taxes imposed on the payment of dividends and other payments by non-U.S. subsidiaries;

fluctuations in currency exchange rates;

political, military, civil unrest and terrorist risks;

disruptions or delays in shipments caused by customs brokers or government agencies;

changes in regulatory requirements, tariffs, customs, duties and other restrictive trade barriers or policies;

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

disruptions resulting from the implementation of such system may damage our ability to process transactions and delay shipments to customers, impact our results of operations or financial condition, or harm our control environment.

For example, during the three months ended June 30, 2008, we believe our net sales were negatively impacted by approximately $10 million to $15 million by the disruption in conjunction with the implementation of the new enterprise resource planning system at our Philippines facilities.

Our business could 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 continue to implement a new enterprise resource planning system over a multi-year program on a company-wide basis.

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 do not have employment agreements with our key employees, including senior management or other contracts that would prevent our key employees from working for our competitors in the event they cease working for us. 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 purchase new packaging and test equipment to maintain and expand our operations. 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 time frame or to 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 approximately 250 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 ten largest customers together accounted for approximately 49.6%, 47.0% and 43.6% of our net sales in the first six months of 2008, and the years ended December 31, 2007 and 2006, respectively. No customer accounted for more than 10% of our net sales in any of these periods.

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. In addition, we have a long term supply agreement and actively collaborate with IBM. If we were to lose IBM as a customer, this could have a material adverse effect on our business, results of operations, financial condition and cash flows.

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 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 raise additional funds to pay for capital additions, particularly in some of the advanced packaging and bumping areas, 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 business, liquidity, results of operations, financial condition and cash flows could be materially adversely affected.

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

Under U.S. 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 13 to the Consolidated Financial Statements included in this 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). If an unfavorable ruling or outcome were to occur in arbitration or litigation, there exists the possibility of a material adverse impact on our business, liquidity, results of operations, financial condition and cash flows. An unfavorable ruling or outcome could also have a negative impact on the trading price of our securities.

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, compliance with tax holiday requirements, application of changes in tax law to our operations 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, financial condition and cash flows.

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 U.S. 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.

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.

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. If we fail to qualify packages with potential customers or customers, our business, results of operations, financial condition and cash flows 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 (including semiconductor foundry 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, results of operations, financial condition and cash flows 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 semiconductor 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.

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 Restriction of Use of Certain Hazardous Substances Directive (RoHS) imposes strict restrictions on the use of lead and other hazardous substances in electrical and electronic equipment. RoHS became effective on July 1, 2006. In response to this directive, and similar laws and developing legislation in countries like China, Japan and Korea, we have implemented changes in a number of our manufacturing processes in an effort to achieve 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. The process of seeking patent protection takes a long time and is expensive. There can be no assurance that patents will issue from pending or future applications or that, if patents issue, the rights granted under the patents will provide us with meaningful protection or any commercial advantage.

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.

Some of our technologies are not covered by any patent or patent application. The confidentiality agreements on which we rely to protect these technologies may be breached and may not be adequate to protect our proprietary technologies. There can be no assurance that other countries in which we market our services will protect our intellectual property rights to the same extent as the United States.

Our competitors may develop, patent or gain access to know-how and technology similar to our own. In addition, many of our patents are subject to cross licenses, several of which are with our competitors.

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 13 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 business, liquidity, results of operations, financial condition and cash flows. The potential impact from the legal proceedings referred to in this report on our results of operations, financial condition and 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, the outbreak of infectious diseases (such as SARs or flu), 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.

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 June 30, 2008, Mr. James J. Kim, our Chief Executive Officer and Chairman of the Board, members of Mr. Kim s immediate family and certain family trusts beneficially owned approximately 44% 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 May 5, 2008, 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	171,886,937	2,673,745
Roger A. Carolin	172,014,180	2,546,502
Winston J. Churchill	168,290,981	6,269,701
John T. Kim	172,004,463	2,556,219
John F. Osborne	172,016,492	2,544,190
Constantine N. Papadakis	171,121,792	3,438,890
James W. Zug	171,448,835	3,071,847

2. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2008. Votes totaled 174,317,346 for, 159,966 against, and 83,370 abstaining.

Item 6. ***Exhibits***

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
10.1	1998 Stock Plan as amended
10.2	2003 Nonstatutory Inducement Grant Stock Plan as amended
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, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Joanne Solomon, Corporate Vice President and Chief Financial Officer of Amkor Technology, Inc., pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
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.

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, thereunto duly authorized.

AMKOR TECHNOLOGY, INC.

By: /s/ JOANNE SOLOMON

Joanne Solomon
Corporate Vice President and
Chief Financial Officer
(Principal Financial Officer, Chief
Accounting Officer
and Duly Authorized Officer)

Date: August 7, 2008

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