



Enabling  
a Microelectronic  
World®



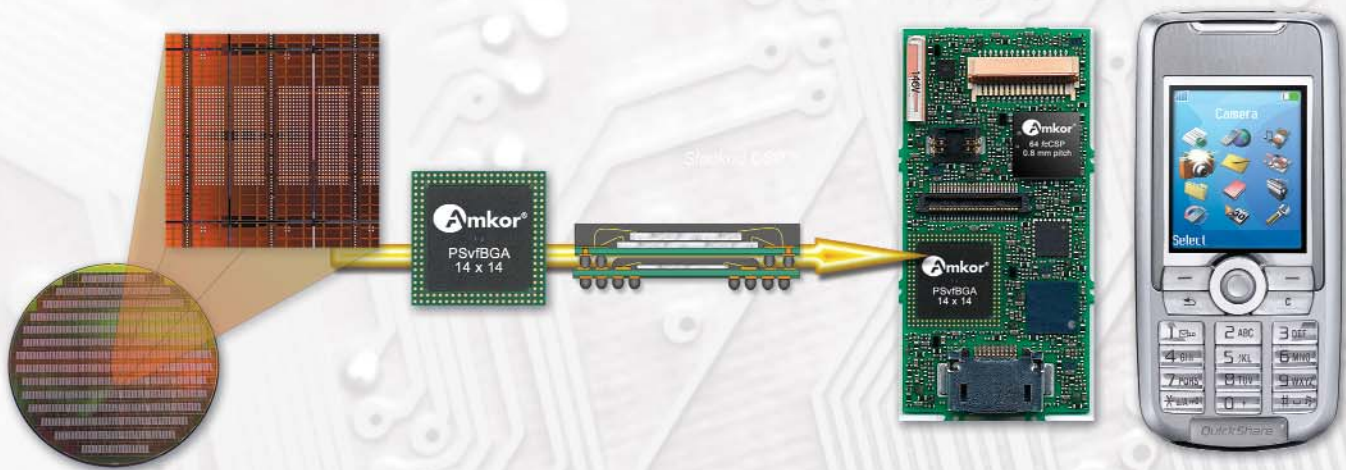
2005 Annual Report



# Enabling a Microelectronic World®

Amkor is one of the world's largest providers of contract semiconductor assembly and test services. Founded in 1968, Amkor pioneered the concept of having a highly focused third party provide assembly and test to semiconductor manufacturers. By capitalizing on strong outsourcing trends and consistently meeting customer needs, Amkor has enjoyed significant growth over the past three decades.

Today we are a strategic manufacturing partner for many of the world's leading semiconductor companies and electronics OEMs, providing our customers with a broad array of package design, assembly and test solutions. Amkor's operational base encompasses more than 5 million square feet of manufacturing facilities, product development centers, and sales & support offices located in key electronics manufacturing regions in Asia, Europe and the United States.



Semiconductor manufacturing is generally defined in two stages. In the first stage, called the "front end", complex electronic circuitry is deposited onto silicon wafers through a process called wafer fabrication. In the "back end", also known as packaging, or assembly, the silicon wafer is cut into individual chips, and each chip is placed in a protective housing that provides a proper electrical connection between the chip and the system board. For most advanced semiconductor devices, these packages are custom designed for specific applications.

The assembly process is responsible for managing the electrical connections between the very fine pitch of the chip and the larger geometry of the system board. Amkor's industry-leading technology, design, assembly and test capabilities represent critical operational requirements for many the world's leading semiconductor companies.

If you look inside a microelectronic product you won't see Amkor's name on the actual packages, but you will see the names of our customers - more than 175 of the world's leading semiconductor suppliers.

# Letter to SHAREHOLDERS

In last year's report to shareholders I outlined two key goals for 2005: 1) execute on business opportunities arising from our 2004 acquisition of Unitive and strategic alliance with IBM; and 2) drive profitable revenue growth. I am pleased to say that we exited 2005 having made excellent progress toward achieving these goals.

During 2005 we saw a broad based recovery in the semiconductor market, and our revenue rose 10% to a record \$2.1 billion from \$1.9 billion in 2004. Our full year 2005 results mask the magnitude of the business recovery we experienced as the year progressed, with revenue rising from \$417 million in the first quarter to \$643 million in the fourth quarter.

Our full year 2005 loss was \$137 million, or (\$.78) per share, compared with a loss of \$38 million, or (\$.21) per share, in 2004. Our 2005 loss included a first quarter provision of \$50 million for legal settlements. The strengthening of business conditions throughout the year was evident when we achieved net income of \$54 million in the fourth quarter.

## **Aligning Management for the Future**

In 2005 I began a process of realigning our management structure so that Amkor can better respond to a changing industry environment and focus on long-term success. Following the retirement of John Boruch at the end of the year, we promoted Oleg Khaykin to Chief Operating Officer and expanded the responsibilities of Ken Joyce, Chief Financial Officer.

I am committed to the process of transforming Amkor into a company that is consistently profitable, and our management team is sharply focused on this objective. We intend to earn your confidence in our business strategy and our management team, and we ask that you observe the progress we make and evaluate our performance as our strategy unfolds.

## **An Evolving Business**

Amkor was founded in 1968, and at that time we pioneered the outsourcing of semiconductor assembly and test. Over the past 37 years, a great many companies have entered this industry. Several have succeeded and many have failed. In my experience, the most critical factor for long-term success in our business is not better factories or technology or systems. Of course, these are all very important. But the most critical success factor is the ability to adapt to changing dynamics in a rapidly evolving industry.

The semiconductor industry, together with the entire electronics supply chain, has indeed evolved rapidly, driving unprecedented increases in end-product performance and cost efficiency. Because the pace of technological change is so rapid, we sometimes lose sight of the incredible developments that have shaped our industry - and our lives - in such a short time span.

During the past several years Amkor has achieved many successes; however the underlying business model for the outsourced assembly and test industry has been flawed. If Amkor is going to succeed in the long term, we must generate an appropriate return on our capital investments, improve profitability, increase operating cash flow and reduce debt. Our financial performance must rise to the market's expectations - and indeed to our own expectations.

In my view, Amkor must achieve gross margins in the mid-20% range. These margins should be sustainable through most of the semiconductor cycle, depending on the magnitude of inventory corrections within the semiconductor supply chain. We must also bring our operating costs in line with industry norms by better aligning our factory operations and support structures. We must be selective in our capital spending and generate levels of free cash flow that will permit us to take affirmative steps to de-lever our balance sheet.

These objectives are the primary focus of our management team.

In the second half of 2005 we began a program of reducing SG&A expenses, and we are continuing that effort this year. As we go through this process, some of the functions historically carried out in our Chandler, Arizona headquarters are being transferred to our factories. We are doing this not only to reduce our costs, but also to improve information flow and decision making, so we can better serve our customers.

During 2005 we completed a series of financing transactions designed to improve our liquidity. These initiatives, together with our margin improvement and cost reduction activities, should strengthen our liquidity and increase cash flow as we prepare to address our upcoming debt maturities in 2006 and beyond.

### **Leveraging our Strategic Initiatives**

During 2005 we began to benefit from the strategic initiatives that preoccupied us in 2004. Through the acquisition of Unitive, we have established what we believe are industry-leading technologies for wafer bumping and wafer level processing. We are seeing strong customer acceptance of these capabilities as flip chip and wafer level interconnect solutions become more widely adopted.

Our strategic alliance with IBM continues to develop very well. During 2005 we successfully increased our capabilities for turnkey wafer bump, wafer probe, flip chip assembly and test services to support next generation gaming consoles using IBM-based processors. In late 2005 we began to support the early roll out of these consoles, and we have positioned Amkor to be a preferred provider of turnkey flip chip services for game consoles and other advanced applications.

Another key growth area for Amkor is 3D packaging, in which individual chips are stacked vertically in a single package, or where extra thin packages are stacked on each other. 3D package technology is vital to support increased functionality, such as multimedia processing, that is being designed

into cell phones and other handheld products. Amkor has always had a leadership position in 3D packaging, and during 2005 we strengthened our capabilities in advanced die stacking and package-on-package solutions to enable more integration of memory and logic in these devices.

### **The Global Economy**

The semiconductor industry is becoming more global. Each year, semiconductor dependency on U.S., European and Japanese economies is being offset by a growing reliance on emerging economies in China, India and other regions.

As standards of living rise in these emerging economies, we are seeing more demand for consumer goods, and therefore more demand for semiconductors. In this way, the health of the semiconductor industry is becoming increasingly tied to global GDP, which should help the industry maintain its long-term growth trend.

In my opinion, this dynamic will have a stabilizing influence on the cyclicity of our industry - subject of course to normal supply chain corrections. While we can not predict or control these corrections, we can better adapt our company to manage through them, and that is where our energies are focused.

As we approach the next phase of Amkor's growth, I assure you that we will not waver from our goal of improving profitability and cash flow.

Sincerely,



James J. Kim  
Chairman and  
Chief Executive Officer



# Corporate Information

## Board of Directors

James J. Kim  
Chairman and  
Chief Executive Officer  
Amkor Technology, Inc.

Roger Carolin<sup>2</sup>  
Venture Partner  
SCP Partners

Winston J. Churchill<sup>1,3</sup>  
*Chair: Compensation  
Committee*  
*Chair: Nominating and  
Governance Committee*  
Managing General Partner,  
SCP Partners and Chairman,  
CIP Capital Management, Inc.

Gregory K. Hinckley<sup>2</sup>  
President & Chief Operating  
Officer  
Mentor Graphics Corporation

John T. Kim  
Director

Constantine N. Papadakis<sup>1</sup>  
President  
Drexel University

James W. Zug<sup>2,3</sup>  
Chair: Audit Committee  
Retired Managing Director  
PriceWaterhouseCoopers LLP

<sup>1</sup> Member Compensation Committee

<sup>2</sup> Member Audit Committee

<sup>3</sup> Member Nominating & Governance Committee

## Corporate Management

James J. Kim  
Chairman and  
Chief Executive Officer

Oleg Khaykin  
Executive Vice President and  
Chief Operating Officer

Kenneth T. Joyce  
Executive Vice President and  
Chief Financial Officer

Joo Ho Kim  
Corporate Vice President  
Information Technology  
Services

James Fusaro  
Corporate Vice President  
Product Management

Michael J. Lamble  
Corporate Vice President  
Worldwide Sales

## Corporate Headquarters

1900 S. Price Road  
Chandler, AZ 85248  
Tel: 480-821-5000

## Stock Trading

Amkor Technology, Inc.'s  
common stock is traded on the  
Nasdaq Stock Market under the  
symbol AMKR.

## Transfer Agent and Registrar

Computershare Trust Co. N.A.

First Class, Registered & Certified:  
P.O. Box 43023  
Providence, RI 02940-3023

Overnight Courier:  
250 Royall Street  
Canton, MA 02021

Phone: 877-498-8861  
Fax: 617-360-6900

International Shareholders:  
Phone: 781-575-2879

## Independent Auditors

PricewaterhouseCoopers LLP  
1850 North Central Avenue  
Phoenix, AZ 84004  
602-364-8000

## Legal Counsel

Wilson Sonsini Goodrich & Rosati PC  
650 Page Mill Road  
Palo Alto, CA 94304

A copy of the company's Form  
10-K, filed with the Securities and  
Exchange Commission is available  
upon written request to:

Jeffrey Luth  
VP, Corporate Communications  
Amkor Technology, Inc.  
1900 South Price Road  
Chandler, AZ 85248

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