
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the Quarterly Period Ended March 31, 2013

or

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
(State of incorporation)

23-1722724
*(I.R.S. Employer
Identification Number)*

**1900 South Price Road
Chandler, AZ 85286**
(Address of principal executive offices and zip code)

(480) 821-5000
(Registrant's telephone number, including area 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(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 No

The number of outstanding shares of the registrant's Common Stock as of April 26, 2013 was 153,166,190.

QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended March 31, 2013

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands, except per share data)	
Net sales	\$ 687,529	\$ 655,010
Cost of sales	572,576	550,029
Gross profit	114,953	104,981
Operating expenses:		
Selling, general and administrative	59,559	57,255
Research and development	14,306	13,425
Total operating expenses	73,865	70,680
Operating income	41,088	34,301
Other expense (income):		
Interest expense	22,078	18,586
Interest expense, related party	3,492	3,492
Interest income	(827)	(889)
Foreign currency (gain) loss, net	(1,166)	790
Equity in earnings of unconsolidated affiliate	(55)	(1,988)
Other income, net	(229)	(634)
Total other expense, net	23,293	19,357
Income before income taxes	17,795	14,944
Income tax expense	4,029	3,362
Net income	13,766	11,582
Net (income) loss attributable to noncontrolling interests	(384)	192
Net income attributable to Amkor	\$ 13,382	\$ 11,774
Net income attributable to Amkor per common share:		
Basic	\$ 0.09	\$ 0.07
Diluted	\$ 0.07	\$ 0.06
Shares used in computing per common share amounts:		
Basic	152,411	167,866
Diluted	235,087	250,688

The accompanying notes are an integral part of these statements.

AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Net income	\$ 13,766	\$ 11,582
Other comprehensive income (loss), net of tax:		
Adjustments to unrealized components of defined benefit pension plans, net of tax of \$58 and (\$35)	142	1,347
Cumulative translation adjustment, net of tax of \$1,289 and \$915	(4,252)	(2,769)
Total other comprehensive loss	(4,110)	(1,422)
Comprehensive income	9,656	10,160
Comprehensive (income) loss attributable to noncontrolling interests	(384)	192
Comprehensive income attributable to Amkor	\$ 9,272	\$ 10,352

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2013	December 31, 2012
(In thousands, except per share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 466,702	\$ 413,048
Restricted cash	2,680	2,680
Accounts receivable:		
Trade, net of allowances	379,370	389,699
Other	2,853	13,098
Inventories	235,330	227,439
Other current assets	45,778	45,444
Total current assets	1,132,713	1,091,408
Property, plant and equipment, net	1,825,161	1,819,969
Intangibles, net	4,226	4,766
Investments	35,560	38,690
Restricted cash	2,248	2,308
Other assets	74,823	68,074
Total assets	\$ 3,074,731	\$ 3,025,215
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ —	\$ —
Trade accounts payable	432,599	439,663
Accrued expenses	232,185	212,964
Total current liabilities	664,784	652,627
Long-term debt	1,353,000	1,320,000
Long-term debt, related party	225,000	225,000
Pension and severance obligations	135,578	139,379
Other non-current liabilities	19,475	21,415
Total liabilities	2,397,837	2,358,421
Commitments and contingencies (Note 16)		
Equity:		
Amkor 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, 197,758 and 197,709 shares issued, and 152,427 and 152,397 shares outstanding, in 2013 and 2012, respectively	198	198
Additional paid-in capital	1,614,677	1,614,143
Accumulated deficit	(743,262)	(756,644)
Accumulated other comprehensive income	7,131	11,241
Treasury stock, at cost, 45,331 and 45,312 shares in 2013 and 2012, respectively	(211,073)	(210,983)
Total Amkor stockholders' equity	667,671	657,955
Noncontrolling interests in subsidiaries	9,223	8,839
Total equity	676,894	666,794
Total liabilities and equity	\$ 3,074,731	\$ 3,025,215

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 13,766	\$ 11,582
Depreciation and amortization	97,148	88,446
Other operating activities and non-cash items	(840)	(1,772)
Changes in assets and liabilities	(11,400)	(42,150)
Net cash provided by operating activities	<u>98,674</u>	<u>56,106</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(112,543)	(121,087)
Proceeds from the sale of property, plant and equipment	24,614	621
Payments from unconsolidated affiliate	8,843	7,914
Other investing activities	(249)	1,683
Net cash used in investing activities	<u>(79,335)</u>	<u>(110,869)</u>
Cash flows from financing activities:		
Borrowings under short-term debt	—	20,000
Payments of short-term debt	—	(15,000)
Proceeds from issuance of long-term debt	33,000	158,742
Payments of long-term debt	—	(156,357)
Payments for repurchase of common stock	—	(4,505)
Proceeds from the issuance of stock through share-based compensation plans	—	69
Payments of tax withholding for restricted shares	(90)	(353)
Net cash provided by financing activities	<u>32,910</u>	<u>2,596</u>
Effect of exchange rate fluctuations on cash and cash equivalents	1,405	(1,332)
Net increase (decrease) in cash and cash equivalents	53,654	(53,499)
Cash and cash equivalents, beginning of period	413,048	434,631
Cash and cash equivalents, end of period	<u>\$ 466,702</u>	<u>\$ 381,132</u>

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 March 31, 2013 and for the three months ended March 31, 2013 and 2012, are unaudited, pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). The December 31, 2012, 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 U.S. generally accepted accounting principles ("U.S. GAAP") 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, 2012, filed on Form 10-K with the SEC on March 8, 2013. The results of operations for the three months ended March 31, 2013, are not necessarily indicative of the results to be expected for the full year. Unless the context otherwise requires, all references to "Amkor," "we," "us," "our" or the "company" are to Amkor Technology, Inc. and our subsidiaries.

Use of Estimates. The Consolidated Financial Statements have been prepared in conformity with U.S. GAAP, 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 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (Topic 220)*. ASU 2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. This ASU is effective for reporting periods beginning after December 15, 2012. ASU 2013-02 was adopted on January 1, 2013 and did not have a significant impact on our financial statements.

Recently Issued Standards

In March 2013, the FASB issued ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (Topic 405)*. ASU 2013-04 provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. This ASU is effective for reporting periods beginning after December 15, 2013. ASU 2013-04 is not expected to have a significant effect on our financial statements.

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AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

In March 2013, the FASB issued ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (Topic 830)*. ASU 2013-05 provides guidance to resolve the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This ASU is effective for reporting periods beginning after December 15, 2013. ASU 2013-05 may affect our financial statements to the extent we have transactions involving the derecognition of subsidiaries or groups of assets within a foreign entity.

3. Share-Based Compensation Plans

The following table presents share-based compensation expense attributable to stock options and restricted shares.

	For the Three Months Ended March 31,	
	2013	2012
(In thousands)		
Stock options	\$ 104	\$ 390
Restricted shares	430	412
Total share-based compensation expense	\$ 534	\$ 802

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

	For the Three Months Ended March 31,	
	2013	2012
(In thousands)		
Selling, general and administrative	\$ 466	\$ 699
Research and development	68	103
Total share-based compensation expense	\$ 534	\$ 802

There is no corresponding deferred income tax benefit for stock options or restricted shares.

Stock Options

The following table summarizes our stock option activity for the three months ended March 31, 2013:

	Number of Shares (In thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding at December 31, 2012	4,893	\$ 9.52		
Granted	20	4.68		
Exercised	—	—		
Forfeited or expired	(565)	10.58		
Outstanding at March 31, 2013	4,348	\$ 9.35	2.68	\$ 22
Fully vested and expected to vest at March 31, 2013	4,346	\$ 9.36	2.68	\$ 22
Exercisable at March 31, 2013	4,128	\$ 9.55	2.37	\$ 22

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AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The following assumptions were used to calculate weighted average fair values of the options granted in the three months ended March 31, 2013:

Expected life	6 years
Risk-free interest rate	1.1%
Volatility	61%
Dividend yield	—
Weighted average grant-date fair value per option granted	\$ 2.62

The intrinsic value of options exercised for the three months ended March 31, 2012 was less than \$0.1 million. For the three months ended March 31, 2012, cash received for option exercises was \$0.1 million. The related cash receipts are included in financing activities in the accompanying Condensed Consolidated Statements of Cash Flows. Total unrecognized compensation expense from stock options, including a forfeiture estimate, was approximately \$0.4 million as of March 31, 2013, which is expected to be recognized over a weighted-average period of 1.6 years beginning April 1, 2013. To the extent the actual forfeiture rate is different than what we have anticipated, share-based compensation expense related to these options will be different from our expectations.

Restricted Shares

The following table summarizes our restricted share activity for the three months ended March 31, 2013:

	Number of Shares (In thousands)	Weighted Average Grant-Date Fair Value (Per share)
Nonvested at December 31, 2012	816	\$ 5.61
Awards granted	—	—
Awards vested	(49)	7.11
Awards forfeited	(13)	5.74
Nonvested at March 31, 2013	754	\$ 5.51

The fair value of shares vested during the three months ended March 31, 2013 was \$0.2 million.

Unrecognized compensation cost, including a forfeiture estimate, was \$3.3 million as of March 31, 2013, which is expected to be recognized over a weighted average period of approximately 2.8 years beginning April 1, 2013. To the extent that the actual forfeiture rate is different than what we have anticipated, the share-based compensation expense related to these awards will be different from our expectations.

4. Income Taxes

Our income tax expense of \$4.0 million for the three months ended March 31, 2013, primarily reflects income taxes at certain of our foreign operations and foreign withholding taxes. Our income tax expense also reflects income taxed in foreign jurisdictions where we benefit from tax holidays. At March 31, 2013, we had U.S. net operating loss carryforwards totaling \$367.6 million, which expire at various times through 2031. Additionally, at March 31, 2013, we had \$83.5 million of non-U.S. net operating loss carryforwards, which expire at various times through 2023.

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 deferred tax assets in certain foreign jurisdictions. Such valuation allowances are released as the related tax benefits are realized or when sufficient net positive evidence exists to conclude it is more likely than not that the deferred tax assets will be realized.

AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

Our gross unrecognized tax benefits increased from \$8.2 million at December 31, 2012, to \$8.7 million as of March 31, 2013, primarily because of a \$0.5 million addition related to the application of a law change in a foreign jurisdiction. At March 31, 2013, \$6.5 million of our unrecognized tax benefits would reduce our effective tax rate, if recognized. Our unrecognized tax benefits are subject to change as examinations of tax years are completed. 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 attributable to Amkor common shareholders by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding includes restricted shares held by retirement eligible recipients and is reduced for treasury stock. Unvested share-based compensation awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities and are included in the computation of EPS pursuant to the two-class method. We grant restricted shares which entitle recipients to voting and nonforfeitable dividend rights from the date of grant. As a result, we have applied the two-class method to determine EPS.

Diluted EPS is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period. Dilutive potential common shares include outstanding stock options, unvested restricted shares and convertible debt. The following table summarizes the computation of basic and diluted EPS:

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands, except per share data)	
Net income attributable to Amkor	\$ 13,382	\$ 11,774
Income allocated to participating securities	(66)	(38)
Net income available to Amkor common stockholders	13,316	11,736
Adjustment for dilutive securities on net income:		
Net income allocated to participating securities in basic calculation	66	38
Interest on 6.0% convertible notes due 2014, net of tax	4,026	4,026
Net income attributable to Amkor — diluted	\$ 17,408	\$ 15,800
Weighted average shares outstanding — basic	152,411	167,866
Effect of dilutive securities:		
Stock options and restricted share awards	18	164
6.0% convertible notes due 2014	82,658	82,658
Weighted average shares outstanding — diluted	235,087	250,688
Net income attributable to Amkor per common share:		
Basic	\$ 0.09	\$ 0.07
Diluted	0.07	0.06

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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 March 31,	
	2013	2012
(In thousands)		
Stock options and restricted share awards	4,236	4,408
Total potentially dilutive shares	4,236	4,408

6. Equity and Accumulated Other Comprehensive Income

The following table reflects the changes in equity attributable to both Amkor and the noncontrolling interests:

	Attributable to Amkor	Attributable to Noncontrolling Interests	Total
(In thousands)			
Equity at December 31, 2012	\$ 657,955	\$ 8,839	\$ 666,794
Net income	13,382	384	13,766
Other comprehensive loss	(4,110)	—	(4,110)
Treasury stock acquired through surrender of shares for tax withholding	(90)	—	(90)
Share-based compensation expense	534	—	534
Equity at March 31, 2013	\$ 667,671	\$ 9,223	\$ 676,894

	Attributable to Amkor	Attributable to Noncontrolling Interests	Total
(In thousands)			
Equity at December 31, 2011	\$ 693,266	\$ 7,955	\$ 701,221
Net income	11,774	(192)	11,582
Other comprehensive loss	(1,422)	—	(1,422)
Issuance of stock through employee share-based compensation plans	69	—	69
Treasury stock acquired through surrender of shares for tax withholding	(353)	—	(353)
Share-based compensation expense	802	—	802
Repurchase of common stock	(4,505)	—	(4,505)
Equity at March 31, 2012	\$ 699,631	\$ 7,763	\$ 707,394

The following table reflects the changes in accumulated other comprehensive income, net of tax:

	Defined Benefit Pension	Foreign Currency	Total
(In thousands)			
Accumulated other comprehensive (loss) income at December 31, 2012	\$ (5,373)	\$ 16,614	\$ 11,241
Other comprehensive loss before reclassifications	—	(4,252)	(4,252)
Amounts reclassified from accumulated other comprehensive (loss) income	142	—	142
Other comprehensive income (loss)	142	(4,252)	(4,110)
Accumulated other comprehensive (loss) income at March 31, 2013	\$ (5,231)	\$ 12,362	\$ 7,131

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AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

	Defined Benefit Pension	Foreign Currency	Total
	(In thousands)		
Accumulated other comprehensive (loss) income at December 31, 2011	\$ (10,510)	\$ 21,359	\$ 10,849
Other comprehensive income (loss) before reclassifications	1,294	(2,769)	(1,475)
Amounts reclassified from accumulated other comprehensive (loss) income	53	—	53
Other comprehensive income (loss)	1,347	(2,769)	(1,422)
Accumulated other comprehensive (loss) income at March 31, 2012	\$ (9,163)	\$ 18,590	\$ 9,427

Amounts reclassified out of accumulated other comprehensive income are included as a component of net periodic pension cost (Note 13).

7. Inventories

Inventories consist of the following:

	March 31, 2013	December 31, 2012
	(In thousands)	
Raw materials and purchased components	\$ 175,165	\$ 166,691
Work-in-process	60,165	60,748
Total inventories	\$ 235,330	\$ 227,439

8. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	March 31, 2013	December 31, 2012
	(In thousands)	
Land	\$ 103,992	\$ 106,338
Land use rights	19,945	19,945
Buildings and improvements	876,341	904,919
Machinery and equipment	3,387,447	3,332,855
Software and computer equipment	188,287	191,132
Furniture, fixtures and other equipment	17,312	19,194
Construction in progress	34,621	24,670
	4,627,945	4,599,053
Less accumulated depreciation and amortization	(2,802,784)	(2,779,084)
Total property, plant and equipment, net	\$ 1,825,161	\$ 1,819,969

In January 2013, we sold office space and land located in Chandler, Arizona for \$22.8 million, net of selling costs of \$1.2 million.

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AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The following table presents depreciation expense as included in the Consolidated Statements of Income:

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Cost of sales	\$ 89,167	\$ 80,097
Selling, general and administrative	4,136	5,107
Research and development	2,995	2,080
Total depreciation expense	<u>\$ 96,298</u>	<u>\$ 87,284</u>

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

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Property, plant and equipment additions	\$ 124,270	\$ 123,935
Net change in related accounts payable and deposits	(11,727)	(2,848)
Purchases of property, plant and equipment	<u>\$ 112,543</u>	<u>\$ 121,087</u>

In February 2013, we entered into an agreement for the purchase of land for a factory and research and development center in Korea. The agreement to purchase the land for the facility is subject to our compliance with various construction, investment, hiring, regulatory and other requirements. We made a non-refundable deposit of ₩10.9 billion (approximately \$10 million) at signing with two remaining payments of ₩43.4 billion (approximately \$39 million) and ₩54.2 billion (approximately \$49 million) due in August 2013 and November 2013, respectively. As of March 31, 2013, the deposit is recorded in other assets on our Consolidated Balance Sheets.

9. Intangible Assets

Intangibles as of March 31, 2013, consist of the following:

	Gross	Accumulated Amortization	Net
		(In thousands)	
Patents and technology rights	\$ 22,473	\$ (19,921)	\$ 2,552
Customer relationships	8,000	(6,326)	1,674
Total intangibles	<u>\$ 30,473</u>	<u>\$ (26,247)</u>	<u>\$ 4,226</u>

Intangibles as of December 31, 2012, consist of the following:

	Gross	Accumulated Amortization	Net
		(In thousands)	
Patents and technology rights	\$ 22,169	\$ (19,636)	\$ 2,533
Customer relationships	8,000	(5,767)	2,233
Total intangibles	<u>\$ 30,169</u>	<u>\$ (25,403)</u>	<u>\$ 4,766</u>

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AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

Amortization of identifiable intangible assets for the three months ended March 31, 2013 and 2012 was \$0.8 million and \$1.2 million, respectively. Future amortization at March 31, 2013 is estimated as follows:

	(In thousands)
2013 remaining	\$ 2,560
2014	704
2015	411
2016	190
2017	152
Thereafter	209
Total amortization	<u>\$ 4,226</u>

10. Investments

Investments consist of the following:

	March 31, 2013		December 31, 2012	
	Carrying Value (In thousands)	Ownership Percentage	Carrying Value (In thousands)	Ownership Percentage
Investment in unconsolidated affiliate	\$ 35,560	30.0%	\$ 38,690	30.0%

J-Devices Corporation

In October 2009, Amkor and Toshiba Corporation ("Toshiba") invested in Nakaya Microdevices Corporation ("NMD") and formed a joint venture to provide semiconductor packaging and test services in Japan. As a result of the transaction, NMD changed its name to J-Devices Corporation ("J-Devices"). In April 2013, we completed the exercise of our option to increase our ownership interest of J-Devices from 30% to 60% for an aggregate purchase price of ¥6.7 billion (approximately \$67 million). J-Devices is now owned 60% by Amkor, 34% by the former shareholders of NMD and 6% by Toshiba.

At March 31, 2013, our investment includes our 30% equity interest and options to acquire additional equity interests. The options are exercisable at our discretion and permit us to increase our ownership interest in J-Devices up to 66% in 2014 by purchasing shares owned by Toshiba and up to 80% in 2015 by purchasing shares owned by the other shareholders. In 2014 and beyond, Toshiba has the option, at its discretion, to sell shares it owns to us. If we decline Toshiba's offer to sell their shares to us, then J-Devices shall have the obligation to purchase the shares. If J-Devices fails to purchase the shares offered by Toshiba, then we will be obligated to purchase the shares offered by Toshiba. The options in 2014 and 2015 become exercisable in the fourth quarter of such year, and if exercised, we would expect closing to occur in the first half of the following year, subject to regulatory approval. After we own 80% or more shares, the original shareholders of NMD have a put option which allows them to sell their shares to us. The exercise price for all options is payable in cash and is to be determined using a formula based upon the net book value and a multiple of earnings before interest, taxes, depreciation and amortization of J-Devices.

J-Devices is a separate business and is not integrated with our Japan-based businesses. The governance provisions currently applicable to J-Devices restrict our ability, even with our majority ownership, to cause J-Devices to take certain actions without the consent of the other investors. Accordingly, we account for our investment in J-Devices under U.S. GAAP using the equity method of accounting and will continue to account for J-Devices under the equity method of accounting after increasing our ownership interest to 60% in April 2013 as discussed above.

Under the equity method of accounting, we recognize our proportionate share of J-Devices' net income or loss, which is after J-Devices' income taxes in Japan, during each accounting period as a change in our investment in unconsolidated affiliate. In addition, we record equity method adjustments as a change in our investment in unconsolidated affiliate. These

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adjustments include the amortization of a basis difference as our carrying value exceeded our equity in the net assets of J-Devices at the date of investment, as well as other adjustments required by the equity method. For the three months ended March 31, 2013 and 2012, our equity in earnings in J-Devices, net of J-Devices' income taxes in Japan, was \$0.1 million and \$2.0 million, respectively.

In conjunction with entering into the joint venture, one of our subsidiaries in Japan purchased packaging and test equipment from Toshiba and leased the equipment to J-Devices under an agreement which was accounted for as a direct financing lease. At the end of the lease in October 2012, J-Devices exercised an option to purchase the remaining packaging and test equipment for ¥761.4 million. In January 2013, we received payment of ¥761.4 million (approximately \$8.8 million) for the purchased equipment.

11. Accrued Expenses

Accrued expenses consist of the following:

	March 31, 2013	December 31, 2012
	(In thousands)	
Payroll and benefits	\$ 60,531	\$ 56,651
Deferred revenue and customer advances	48,296	52,773
Accrued interest	41,378	19,048
Accrued royalties (Note 16)	33,324	33,324
Income taxes payable	11,486	8,341
Accrued severance plan obligations (Note 13)	10,078	9,516
Other accrued expenses	27,092	33,311
Total accrued expenses	<u>\$ 232,185</u>	<u>\$ 212,964</u>

Accrued royalties relate to our estimate of royalties due as a result of our pending patent license arbitration (Note 16).

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12. Debt

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

	March 31, 2013	December 31, 2012
	(In thousands)	
Debt of Amkor Technology, Inc.:		
Senior secured credit facilities:		
\$150 million revolving credit facility, LIBOR plus 1.5%-2.25%, due June 2017	\$ —	\$ —
Senior notes:		
7.375% Senior notes, due May 2018	345,000	345,000
6.625% Senior notes, due June 2021, \$75 million related party	400,000	400,000
6.375% Senior notes, due October 2022	300,000	300,000
Senior subordinated notes:		
6.0% Convertible senior subordinated notes, due April 2014, \$150 million related party	250,000	250,000
Debt of subsidiaries:		
Amkor Technology Korea, Inc.:		
\$41 million revolving credit facility, foreign currency funding-linked base rate plus 2.33%, due June 2013	—	—
Term loan, foreign currency funding-linked base rate plus 2.30%, due March 2015	100,000	100,000
Term loan, LIBOR plus 3.90% or 3.94%, due July 2017	150,000	137,000
Term loan, foreign currency funding-linked base rate plus 1.75%, due September 2017 (1)	10,000	—
Term loan, LIBOR plus 3.70%, due December 2019 (2)	23,000	13,000
Other:		
Revolving credit facility, TAIFX plus a bank-determined spread, due April 2015 (Taiwan) (3)	—	—
	<u>1,578,000</u>	<u>1,545,000</u>
Less: Short-term borrowings and current portion of long-term debt	—	—
Long-term debt (including related party)	<u>\$ 1,578,000</u>	<u>\$ 1,545,000</u>

- (1) In March 2013, Amkor Technology Korea, Inc. (“ATK”), a subsidiary in Korea, entered into a loan agreement with a Korean bank pursuant to which ATK may borrow up to \$150.0 million for a term of four and a half years. The loan is collateralized by substantially all the land, factories and equipment located at our ATK facilities. Principal is payable in quarterly installments of \$5.0 million each starting in December 2014, with the remaining balance due at maturity. Interest is paid quarterly, at a foreign currency funding-linked base rate plus 1.75% (3.58% as of March 31, 2013). As of March 31, 2013, \$140.0 million was available to be borrowed for capital expenditures.
- (2) In November 2012, ATK entered into a loan agreement with a Korean Bank pursuant to which ATK may borrow up to \$100.0 million by November 2013 for a term of seven years. The loan is collateralized by substantially all the land, factories and equipment located at our ATK facilities. Principal is payable upon maturity. Interest is payable quarterly in arrears, at LIBOR plus 3.70% (4.00% as of March 31, 2013). As of March 31, 2013, \$77.0 million was available to be borrowed for capital expenditures.

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- (3) In September 2012, Amkor Technology Taiwan Ltd, a subsidiary in Taiwan, entered into a revolving credit facility. The credit facility bears interest at the Taipei Foreign Exchange ("TAIFX") six month U.S. dollar rate plus a bank-determined spread. Availability under the revolving credit facility was originally \$44.0 million and subsequent availability steps down \$5.0 million every six months from the original available balance. Principal is payable at maturity. As of March 31, 2013, \$39.0 million was available to be drawn for general corporate purposes and capital expenditures.

In April 2013, ATK entered into a loan agreement with a Korean bank pursuant to which ATK may borrow up to \$150.0 million for a term of three years for working capital and the repayment of inter-company debt. The loan is collateralized by substantially all the land, factories and equipment located at our ATK facilities. Principal is payable at maturity. Interest is due quarterly beginning three months after the first draw down date. Interest is payable at a rate of LIBOR plus 3.80%.

The debt of Amkor Technology, Inc. is structurally subordinated in right of payment to all existing and future debt and other liabilities of our subsidiaries. Our collateralized bank debt agreements and the indentures governing our senior and senior subordinated notes contain a number of affirmative and negative covenants which could restrict our operations. We were in compliance with all of our covenants as of March 31, 2013.

13. Pension and Severance Plans

Foreign Defined Benefit Pension Plans

Our subsidiaries in Japan, the Philippines and Taiwan sponsor defined benefit pension 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 March 31,	
	2013	2012
(In thousands)		
Components of net periodic pension cost and total pension expense:		
Service cost	\$ 1,474	\$ 1,701
Interest cost	775	821
Expected return on plan assets	(911)	(783)
Amortization of transition obligation	2	2
Amortization of prior service cost	49	70
Recognized actuarial loss	33	51
Net periodic pension cost	1,422	1,862
Curtailement loss	—	1,089
Settlement gain	—	(100)
Total pension expense	\$ 1,422	\$ 2,851

For the three months ended March 31, 2012, we recognized net curtailment and settlement losses of \$1.0 million, resulting from the remeasurement of our defined benefit plan in Japan due to reductions in workforce (Note 18).

For the three months ended March 31, 2013, we contributed \$0.1 million to the defined benefit pension plans. We expect to contribute approximately \$2.3 million to the pension plans during the remainder of 2013.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Korean Severance Plan

Our subsidiary in Korea participates in an accrued severance plan that covers employees with at least one year of service. To the extent eligible employees are terminated, our subsidiary in Korea would be required to make lump-sum severance payments on behalf of these eligible employees based on their length of service, seniority and rate of pay at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. Our contributions to the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities.

The provision recorded for severance benefits for the three months ended March 31, 2013 and 2012, was \$5.5 million and \$0.4 million, respectively. The balance of our Korean severance obligation consists of the following:

	March 31, 2013	December 31, 2012
	(In thousands)	
Current (Accrued expenses)	\$ 10,078	\$ 9,516
Non-current (Pension and severance obligations)	113,936	116,997
Total Korean severance obligation	<u>\$ 124,014</u>	<u>\$ 126,513</u>

14. Treasury Stock***Stock Repurchase Program***

Our Board of Directors previously authorized the repurchase of up to \$300.0 million of our common stock, exclusive of any fees, commissions or other expenses. The purchase of stock under the program may be made in the open market or through privately negotiated transactions. Since inception of the program, we have purchased a total of 45.0 million shares at an aggregate purchase price of \$208.4 million, net of \$0.9 million of commissions. The timing, manner, price and amount of any repurchases will be determined by us at our discretion and will depend upon a variety of factors including economic and market conditions, the cash needs and investment opportunities for the business, price, applicable legal requirements and other factors. Our stock repurchase program has been and is expected to be funded with available cash and may be suspended or discontinued at any time.

During the three months ended March 31, 2013, we made no purchases under the stock repurchase program. During the three months ended March 31, 2012, we purchased 1.0 million shares of common stock for an aggregate purchase price of \$4.5 million, net of less than \$0.1 million of commissions, for an average price of \$4.62. At March 31, 2013, there were no unsettled shares, and there was approximately \$91.6 million available to repurchase common stock pursuant to the stock repurchase program.

15. Fair Value Measurements

The accounting framework for determining fair value includes a hierarchy for ranking the quality and reliability of the information used to measure fair value, which enables the reader of the financial statements to assess the inputs used to develop those measurements. The fair value hierarchy consists of three tiers as follows: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities and Level 3, defined as unobservable inputs that are not corroborated by market data.

Our assets and liabilities recorded at fair value on a recurring basis include cash equivalent money market funds, restricted cash money market funds and foreign currency forward contracts. Cash equivalent money market funds and restricted cash money market funds are invested in U.S. money market funds and various U.S. and foreign bank operating and time deposit accounts, which are due on demand or carry a maturity date of less than three months when purchased. No restrictions have

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been imposed on us regarding withdrawal of balances with respect to our cash equivalents as a result of liquidity or other credit market issues affecting the money market funds we invest in or the counterparty financial institutions holding our deposits. Money market funds are valued using quoted market prices in active markets for identical assets.

Our forward contracts are not traded on an exchange and are therefore valued using conventional calculations or models that are primarily based on observable inputs such as foreign currency exchange rates. During the three months ended March 31, 2013, we entered into foreign currency forward contracts to serve as an economic hedge for the payments related to the agreement to purchase land in Korea (See Note 8). The forward contracts are not designated as hedges for accounting purposes and changes in the fair value of these forward contracts are recorded immediately in earnings in foreign currency (gain) loss, net in our Consolidated Statements of Income. As of March 31, 2013, the total notional value was \$88.7 million. The fair value of the forward contracts at March 31, 2013 results in a liability of \$1.5 million and is recorded in accrued expenses in our Consolidated Balance Sheets.

We also measure certain assets and liabilities, including property, plant and equipment, intangible assets and an equity investment, at fair value on a nonrecurring basis. For the three months ended March 31, 2013 and 2012, such measurements included the consideration of third party valuation reports based on a combination of market and cost approach valuation techniques. The valuation reports contained various inputs including semiconductor industry data, replacement costs, price lists and general information regarding the assets being evaluated. Nonrecurring fair value measurements related to property, plant and equipment impairments reflect the fair value of the assets at the dates the impairments were taken during the period. Our fair value measurements consist of the following:

	March 31, 2013	December 31, 2012
	(In thousands)	
Recurring fair value measurements:		
Assets:		
Cash equivalent money market funds (Level 1)	\$ 214,370	\$ 151,066
Restricted cash money market funds (Level 1)	2,680	2,680
Liabilities:		
Foreign currency forward contracts (Level 2)	1,457	—
Nonrecurring fair value measurements:		
Long-lived assets held for use or disposal (Level 3)	\$ 516	\$ 868
	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Nonrecurring fair value measurements:		
Losses on long-lived assets held for use or disposal (Level 3)	\$ 481	\$ 235

For the three months ended March 31, 2013 and 2012, all impairment losses on property, plant and equipment were recorded in cost of sales.

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We measure the fair value of our debt on a quarterly basis for disclosure purposes. The following table presents the fair value of financial instruments that are not recorded at fair value on a recurring basis:

	March 31, 2013		December 31, 2012	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(In thousands)			
Senior notes (Level 1)	\$ 1,077,042	\$ 1,045,000	\$ 1,061,945	\$ 1,045,000
Convertible senior subordinated notes (Level 1)	350,525	250,000	371,975	250,000
Subsidiary revolvers and term loans (Level 2)	270,443	283,000	269,200	250,000
Total debt	\$ 1,698,010	\$ 1,578,000	\$ 1,703,120	\$ 1,545,000

The estimated fair value of the debt is based primarily on quoted market prices reported on or near the respective balance sheet dates for our senior and senior subordinated notes. The estimated fair value for the debt of our subsidiaries was calculated using a discounted cash flow analysis, which utilized market based assumptions including bond and credit default swap indices and was adjusted for credit risk.

16. Commitments and Contingencies

We have a letter of credit sub-facility of \$25.0 million under our \$150.0 million senior secured revolving credit facility that matures in June 2017. As of March 31, 2013, we had \$0.3 million of standby letters of credit outstanding and had an additional \$24.7 million available 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.

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 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 believe that the ultimate outcome of these claims and proceedings, individually and in the aggregate, will not have a material adverse impact to us. Our evaluation of the potential impact of these claims and legal proceedings on our business, liquidity, results of operations, financial condition or cash flows could change in the future.

In accordance with the accounting guidance for loss contingencies, including legal proceedings, lawsuits, pending claims and other legal matters, we accrue for a loss contingency when we conclude that the likelihood of a loss is probable and the amount of the loss can be reasonably estimated. When the reasonable estimate of the loss is within a range of amounts, and no amount in the range constitutes a better estimate than any other amount, we accrue for the amount at the low end of the range. We adjust our accruals from time to time as we receive additional information, but the loss we incur may be significantly greater than or less than the amount we have accrued. We disclose loss contingencies if there is at least a reasonable possibility that a loss has been incurred. Attorney fees related to legal matters are expensed as incurred.

Arbitration Proceedings with Tessera, Inc.

On March 2, 2006, Tessera, Inc. ("Tessera") filed a request for arbitration with the International Court of Arbitration of the International Chamber of Commerce (the "ICC"), captioned Tessera, Inc. v. Amkor Technology, Inc. (the "First Tessera Arbitration"). The subject matter of the arbitration was a license agreement ("License Agreement") entered into between Tessera and our predecessor in 1996. In its rulings in 2008 and 2009, the arbitration panel in the First Tessera Arbitration found that most of the packages accused by Tessera were not subject to the patent royalty provisions of the License Agreement,

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awarded Tessera \$60.6 million as damages for some infringing packages for the period March 2, 2002, through December 1, 2008, and denied Tessera's request to terminate the License Agreement. The final award, plus interest and the royalties through December 2008 amounting to \$64.7 million, was expensed in 2008 and paid when due in February 2009.

Following Tessera's favorable decision in the U.S International Trade Commission (the "ITC") in May 2009 against some of our customers, Tessera began making repeated statements to customers and others claiming that we were in breach of the royalty provisions of the License Agreement. We informed Tessera that we believed we were in full compliance with the License Agreement and of our intent to continue making the royalty payments when due in accordance with the terms of the License Agreement.

On August 7, 2009, we filed a request for arbitration in the ICC against Tessera, captioned Amkor Technology, Inc. v. Tessera, Inc. (the "Second Tessera Arbitration"). We instituted the action in order to obtain declaratory relief confirming that we were a licensee in good standing under our 1996 License Agreement with Tessera and that the License Agreement remained in effect.

On November 2, 2009, Tessera filed an answer to our request for arbitration and counterclaims in the ICC. In the answer and counterclaims, Tessera denied Amkor's claims, alleged breach of contract, sought termination of the License Agreement and asserted that Amkor owed Tessera additional royalties under the License Agreement, including royalties for use of thirteen U.S. and six foreign patents that Tessera did not assert in the First Tessera Arbitration. Tessera later dropped its claims on five of those patents. On February 17, 2011, Tessera sent Amkor a notice of termination of the License Agreement.

In May 2011, Tessera filed a new request for arbitration against Amkor with the ICC captioned Tessera, Inc. v. Amkor Technology, Inc. (the "Third Tessera Arbitration") seeking undisclosed damages and a declaration that the License Agreement had been terminated.

In July 2011, the panel issued its decision in the first phase of the Second Tessera Arbitration. The panel found that we did not owe any of the approximately \$18 million of additional royalties claimed by Tessera for packages assembled by us for customers who had been involved in proceedings with Tessera before the ITC. Our request for a declaration confirming that we were in compliance with the License Agreement and that our royalty calculations from the First Tessera Arbitration were correct was denied. The panel found that we had materially breached the License Agreement by not paying the full amount of royalties due and by failing to satisfy the audit provisions of the License Agreement. The final amount of royalties and interest owed relating to the first phase of the Second Tessera Arbitration was approximately \$0.5 million, which has been fully paid.

asserted U.S. patents remaining at issue but not on the other seven, royalties are due on four foreign patents related to U.S. patents that the panel found to be royalty bearing in the First Tessera Arbitration and that the License Agreement was terminated by Tessera as of February 17, 2011. We do not believe the termination of the License Agreement will interfere in any significant way with our ability to use our technology, conduct our business or service our customers. The panel also raised the question of whether Tessera intends to pursue its allegations regarding other patents which have not yet been addressed by the panel, and in July 2012, Tessera informed the panel that it intends to proceed on its claims related to three additional U.S. patents.

In February 2013, the panel issued another interim order in the second phase of the Second Tessera Arbitration. In the latest ruling, the panel determined that flip chip only packages and pin grid array only packages are not royalty bearing but that certain other packages, principally certain wirebond and combination flip chip wirebond packages are royalty bearing. The panel reserved for later decision the issues of the amount of royalties and pre-judgment interest due, and the allocation of costs. In February 2013, Tessera publicly announced its intention to seek an amount in excess of \$150 million in the arbitration.

During 2012, we recorded a charge of \$56.0 million based on our estimates of the damages and interest due to date in respect of the Second Tessera Arbitration. We believe that \$56.0 million of damages and interest is a reasonable estimate of the low end of the possible range of loss up to the amount claimed by Tessera. Because we believe that no amount in the range

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constitutes a better estimate than any other amount, we recorded the \$56.0 million estimate. Of the total charge, \$50.0 million was recorded as cost of goods sold and \$6.0 million was recorded as interest expense. The ultimate amount of damages and interest is subject to determination by the panel based on a number of complex factors, including the panel's determination of which package families the patents apply to, whether those packages meet criteria previously laid out by the panel, overlaps among the packages, the final date through which royalties are applicable and other factors. The final award could be more than the amount recognized, and we expect to record our estimate of interest accruing with the passage of time and may record additional charges as information develops or upon the issuance of the final award.

In August 2012, we paid \$19.9 million to Tessera representing the undisputed amount and related interest that we owe in connection with the Second Tessera Arbitration.

In July 2012, Tessera filed a complaint in the U.S. District Court for the District of Delaware. The complaint seeks injunctive relief and damages with respect to Amkor's alleged infringement of one of the U.S. patents that the panel found to be royalty bearing in the Second Tessera Arbitration. We strongly dispute Tessera's claims and intend to vigorously defend against them. However, the outcome of this matter is uncertain, and an adverse decision could have a material adverse effect on our results of operations, financial condition and cash flows.

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

On November 17, 2003, we filed a complaint against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively "Carsem") with the 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, under Section 337 of the Tariff Act of 1930, an exclusion order barring the importation by Carsem of infringing products. We allege that by making, using, selling, offering for sale or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Packages, Carsem has infringed on one or more of our *MicroLeadFrame* packaging technology claims in the Amkor Patents.

On November 18, 2003, we also filed a complaint in the U.S. District Court for the Northern District of California, alleging infringement of the Amkor Patents and seeking an injunction enjoining Carsem from further infringing the Amkor Patents, compensatory damages and treble damages due to willful infringement plus interest, costs and attorney's fees. This District Court action has 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, on November 18, 2004, issued an Initial Determination that Carsem infringed some of our patent claims relating to our *MicroLeadFrame* package technology, that some of our 21 asserted patent claims are valid, that we have a domestic industry in our patents and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of Section 337 of the Tariff Act.

We filed a petition in November 2004 to have the ALJ's ruling reviewed by the full ITC. On March 31, 2005, 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 on remand finding that Carsem infringed some of our patent claims and that Carsem had violated Section 337 of the Tariff Act.

On remand, the ITC had also authorized the ALJ to reopen the record on certain discovery issues related to a subpoena of documents from a third party. An order by the U.S. District Court for the District of Columbia enforcing the subpoena became final on January 9, 2009, and the third party produced documents pursuant to the subpoena.

On July 1, 2009, the ITC remanded the investigation for a second time to the ALJ to reopen the record to admit into evidence documents and related discovery obtained from the enforcement of the above-referenced third-party subpoena.

Following a two-day hearing, on October 30, 2009, the ALJ issued an Initial Determination reaffirming his prior ruling that the Carsem Dual and Quad Flat No-Lead Packages infringe some of Amkor's patent claims relating to *MicroLeadFrame* package technology, that all of Amkor's asserted patent claims are valid and that Carsem violated Section 337 of the Tariff Act.

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On December 16, 2009, the ITC ordered a review of the ALJ's Initial Determination. On February 18, 2010, the Commission reversed a finding by the ALJ on the issue of whether a certain invention constitutes prior art to Amkor's asserted patents. The ITC remanded the investigation to the ALJ to make further findings in light of the ITC's ruling. On March 22, 2010, the ALJ issued a Supplemental Initial Determination. Although the ALJ's ruling did not disturb the prior finding that certain Carsem Dual and Quad Flat No-Lead Packages infringe some patent claims of Amkor's U.S. Patent No. 6,433,277 (the "277 Patent"), the ALJ found that these infringed claims are invalid and, as a result, the ALJ did not find a statutory violation of the Tariff Act. On July 20, 2010, the ITC issued a Notice of Commission Final Determination, in which the ITC determined that there is no violation of Section 337 of the Tariff Act and terminated the investigation. We appealed the ITC's ruling of invalidity for the claims of the 277 Patent to the U.S. Court of Appeals for the Federal Circuit (the "Federal Circuit"), and oral arguments were heard in November 2011.

On August 22, 2012, the Federal Circuit issued a favorable ruling in Amkor's appeal in its patent infringement case against Carsem before the ITC. In its ruling, the Federal Circuit reversed the ITC's determination of invalidity on the 277 Patent, and remanded the matter to the ITC for further proceedings consistent with its opinion. On October 5, 2012, Carsem filed a Petition for Rehearing requesting the Federal Circuit to vacate its decision and affirm the ITC's determination of no violation of Section 337 of the Tariff Act. The Federal Circuit denied Carsem's petition on December 7, 2012, and remanded the matter to the ITC for further action consistent with its August 22, 2012 ruling.

In September 2012, Carsem, Inc. filed requests for Inter Partes Reexamination of the 277 Patent with the United States Patent and Trademark Office ("Patent Office"). In December 2012, the Patent Office granted the requests for Reexamination. On January 10, 2012, the Patent Office issued an Office Action rejecting all of the 277 Patent claims over certain prior art references. Amkor believes that all of the 277 Patent claims are valid and filed a response to the Office Action in March 2013.

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17. Business Segments

We have two reportable segments, packaging and test. Packaging and test are integral steps in the process of manufacturing semiconductor devices, and our customers may engage with us for both packaging and test services, or for packaging or test services individually. We have concluded that our packaging and test services constitute a group of similar services within each reportable segment.

The accounting policies for segment reporting are the same as those for our Consolidated Financial Statements as a whole. We evaluate our operating segments based on gross profit and gross property, plant and equipment. We do not specifically identify and allocate total assets by operating segment. Summarized financial information concerning reportable segments is shown in the following table. The “other” column includes corporate adjustments, gross property, plant and equipment of our corporate and sales offices and capital additions that do not directly support manufacturing operations, such as research and development and infrastructure projects.

	Packaging	Test	Other	Total
(In thousands)				
Three months ended March 31, 2013				
Net sales	\$ 593,375	\$ 94,154	\$ —	\$ 687,529
Depreciation expense	61,652	27,515	—	89,167
Gross profit	83,501	31,452	—	114,953
Capital additions	63,663	40,166	20,441	124,270
Three months ended March 31, 2012				
Net sales	\$ 581,511	\$ 73,499	\$ —	\$ 655,010
Depreciation expense	57,920	22,177	—	80,097
Gross profit	87,303	17,678	—	104,981
Capital additions	53,551	49,082	21,302	123,935
Gross property, plant and equipment				
March 31, 2013	\$ 3,412,124	\$ 1,100,370	\$ 115,451	\$ 4,627,945
December 31, 2012	3,372,071	1,076,513	150,469	4,599,053

AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

18. Exit Activities and Reductions in Force

As part of our ongoing efforts to improve our manufacturing operations and manage costs, we regularly evaluate our staffing levels and facility requirements compared to business needs. The following table summarizes our exit activities and reduction in force initiatives associated with these efforts. “Charges” represents the initial charge related to the exit activity. “Cash Payments” consists of the utilization of “Charges.” “Non-cash Amounts” consists of asset impairments, pension plan curtailments and settlements and foreign currency adjustments.

	Employee Separation Costs
	(In thousands)
Accrual at December 31, 2012	\$ 1,607
Charges	4,021
Cash Payments	(1,638)
Non-cash Amounts	31
Accrual at March 31, 2013	<u>\$ 4,021</u>

	Employee Separation Costs
	(In thousands)
Accrual at December 31, 2011	\$ —
Charges	7,160
Cash Payments	(3,398)
Non-cash Amounts	(1,066)
Accrual at March 31, 2012	<u>\$ 2,696</u>

Early Retirement Program

During the three months ended March 31, 2013, we reduced our workforce by approximately 50 employees at our manufacturing operations in Korea. We recorded \$4.0 million in charges for one-time termination benefits, of which \$3.5 million, \$0.2 million and \$0.3 million were charged to cost of sales; selling, general and administrative expenses and research and development expenses, respectively. All amounts accrued at March 31, 2013, are classified as current liabilities.

Reductions in Force

During the three months ended March 31, 2012, we reduced our workforce by approximately 120 employees at our manufacturing operations in Japan. We recorded \$7.2 million in charges for one-time termination benefits including \$1.0 million in net curtailment and settlement charges, of which \$5.5 million, \$1.6 million and \$0.1 million were charged to cost of sales; selling, general and administrative expenses and research and development expenses, respectively. All amounts were paid as of December 31, 2012.

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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 amount, timing and focus of our expected capital investments including expenditures in 2013 and beyond for a new facility in Korea, (2) our ability to fund our operating activities for the next twelve months, (3) the effect of capacity utilization rates on our gross margin, (4) the focus of our research and development activities, (5) the expiration of tax holidays in jurisdictions in which we operate and expectations regarding our effective tax rate, (6) the release of valuation allowances related to taxes in the future, (7) the expected use of future cash flows, if any, for the expansion of our business, capital expenditures, the repayment of debt and other corporate purposes, (8) our repurchase or repayment of outstanding debt or the conversion of debt in the future, (9) payment of dividends, (10) compliance with our covenants, (11) expected contributions to foreign pension plans, (12) liability for unrecognized tax benefits, (13) the effect of foreign currency exchange rate exposure on our financial results, (14) the volatility of the trading price of our common stock, (15) changes to our internal controls related to implementation of a new enterprise resource planning ("ERP") system and other systems, (16) funding for any payments due in conjunction with our litigation with Tessera, (17) the possible acquisition of Toshiba's packaging operation in Malaysia, and (18) other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "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 of this Quarterly Report. The following discussion provides information and analysis of our results of operations for the three months ended March 31, 2013, and our liquidity and capital resources. You should read the following discussion in conjunction with Item 1 in this Quarterly Report as well as other reports we file with the Securities and Exchange Commission ("SEC").

Overview

Amkor is one of the world's leading providers of outsourced semiconductor packaging and test services. Packaging and test are integral steps in the process of manufacturing semiconductor devices. The semiconductor manufacturing process begins with the fabrication of individual transistors, or multiple transistors and other electronic elements combined into an integrated circuit (generally known as a "chip" or "die"), onto semiconductor material such as a silicon wafer. Each chip on the wafer is probe tested. The good chips are identified and the wafer is then separated into individual die. Each good die is then assembled into a package that typically encapsulates the die for protection and creates the electrical connections used to connect the package to a printed circuit board, module or other part of the electronic device. In some packages, chips are attached to a substrate or leadframe carrier through wirebonding or flip chip interconnects and then encased in a protective material. Or, for a wafer-level package, the electrical interconnections are created directly on the surface of the die (while the wafer is still intact) so that the chip may be attached directly to other parts of an electronic device without a substrate or leadframe. The packages are then tested using sophisticated equipment to ensure that each packaged chip meets its design and performance specifications. The test services we offer include probe testing and final testing.

Our packaging services are designed to meet application and chip specific requirements including the type of interconnect technology employed; size; thickness and electrical, mechanical and thermal performance. We are able to provide turnkey packaging and test services including semiconductor wafer bump, wafer probe, wafer backgrind, package design, packaging, test and drop shipment services.

Our customers include, among others: Altera Corporation; Analog Devices, Inc.; Broadcom Corporation; Intel Corporation; LSI Corporation; Qualcomm Incorporated; Sony Corporation; STMicroelectronics N.V.; Texas Instruments Incorporated and Toshiba Corporation. The outsourced semiconductor packaging and test market is very competitive. We also compete with the internal semiconductor packaging and test capabilities of many of our customers.

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Our business is impacted by market conditions in the semiconductor industry, which is cyclical by nature and impacted by broad economic factors, such as world-wide gross domestic product and consumer spending. Historical trends indicate there has been a strong correlation between world-wide gross domestic product levels, consumer spending and semiconductor industry cycles. The semiconductor industry has experienced significant and sometimes prolonged cyclical downturns in the past. We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery.

Our net sales, gross profit, operating income, cash flows, liquidity and capital resources have historically fluctuated significantly from quarter to quarter as a result of many factors, including the seasonality of our business, the cyclical nature of the semiconductor industry and other factors discussed in Part II, Item 1A of this Quarterly Report.

Our net sales increased \$32.5 million or 5.0% to \$687.5 million for the three months ended March 31, 2013, from \$655.0 million for the three months ended March 31, 2012. The increase was driven by a \$20.7 million or 28.1% increase in test net sales as well as a \$11.9 million or 2.0% increase in packaging net sales. The increases in test and packaging net sales were driven by strong demand for test, flip chip and wafer-level processing services supporting mobile communications products and our recent investments in these areas. These increases were partially offset by a decrease in packaging net sales related to wirebond products for the consumer and computing end markets.

Gross margin for the three months ended March 31, 2013, increased to 16.7% from 16.0% for the three months ended March 31, 2012. The increase was driven by higher net sales of test, flip chip and wafer-level processing services supporting mobile communications products, partially offset by weakness in demand for wirebond products for the consumer and computing end markets.

We operate in a capital intensive industry and have a significant level of debt. 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. We fund our operations, including capital expenditures and debt service requirements, with cash flows from operations, existing cash and cash equivalents, borrowings under available credit facilities and proceeds from any additional financing. Maintaining an appropriate level of liquidity is important to our business and depends on, among other things, the performance of our business, our capital expenditure levels and our ability to repay debt out of our operating cash flows or proceeds from debt or equity financings.

Driven by strong customer demand for services supporting mobile communications products, our capital additions totaled \$124.3 million or 18.1% of net sales for the three months ended March 31, 2013, compared to \$123.9 million or 18.9% of net sales for the three months ended March 31, 2012. During the three months ended March 31, 2013, 51.2% of our capital additions were made in packaging, 32.3% in test and 16.5% in research and development and infrastructure projects. During the three months ended March 31, 2012, 43.2% of our capital additions were made in packaging, 39.6% in test and 17.2% in research and development and infrastructure projects.

Net cash provided by operating activities was \$98.7 million for the three months ended March 31, 2013, compared to \$56.1 million for the three months ended March 31, 2012. For the three months ended March 31, 2013, we experienced negative free cash flow of \$13.9 million, primarily due to our capital purchases to support anticipated customer demand for packaging and test services related to mobile communications. We define free cash flow as net cash provided by operating activities less purchases of property, plant and equipment. Free cash flow is not defined by U.S. generally accepted accounting principles ("U.S. GAAP"), and a reconciliation of free cash flow to net cash provided by operating activities is set forth under the caption "Cash Flows" below.

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Results of Operations

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

	For the Three Months Ended March 31,	
	2013	2012
Net sales	100.0%	100.0%
Materials	42.5%	44.9%
Labor	14.8%	14.0%
Other manufacturing costs	26.0%	25.1%
Gross margin	16.7%	16.0%
Depreciation and amortization	14.1%	13.5%
Operating income	6.0%	5.2%
Income before income taxes	2.6%	2.3%
Net income attributable to Amkor	1.9%	1.8%

Net Sales

	For the Three Months Ended March 31,			
	2013	2012	Change	
	(In thousands, except percentages)			
Net sales	\$ 687,529	\$ 655,010	\$ 32,519	5.0%
Packaging net sales	593,375	581,511	11,864	2.0%
Test net sales	94,154	73,499	20,655	28.1%

Net Sales. Net sales in the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012, as a result of higher net sales of our test and packaging services.

Packaging Net Sales. Packaging net sales in the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012. The increase was primarily driven by strong demand for flip chip and wafer-level processing services supporting mobile communications products, such as 28 nanometer chipsets and power management and connectivity applications. Our investments supporting mobile communications have provided opportunities to take advantage of the significant growth in this end market. The increase in net sales was partially offset by weakness in wirebond products in the consumer end market, including home electronics and gaming. Net sales were also partially offset by weakness in wirebond products in the computing end market as some of the business we gained in the prior year from customers whose supply chains were disrupted by the flooding in Thailand shifted back to their original suppliers. Packaging unit volume increased 0.4 billion units to 2.3 billion units during the three months ended March 31, 2013, compared to 1.9 billion units during the three months ended March 31, 2012, primarily due to an increase in wafer-level processing and certain wirebond services.

Test Net Sales. Test net sales in the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012. The increase was attributable to higher test services for mobile communications products and our recent investments in these areas.

Cost of Sales

	For the Three Months Ended March 31,			
	2013	2012	Change	
	(In thousands, except percentages)			
Cost of sales	\$ 572,576	\$ 550,029	\$ 22,547	4.1%

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Our cost of sales consists principally of materials, labor, depreciation and manufacturing overhead. Since 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 as a percentage of net sales decreased to 42.5% for the three months ended March 31, 2013, from 44.9% for the three months ended March 31, 2012. The decrease as a percentage of sales was primarily due to increased net sales related to test services and wafer-level processing services, which have lower material costs as a percentage of net sales.

Labor costs as a percentage of net sales increased to 14.8% for the three months ended March 31, 2013, from 14.0% for the three months ended March 31, 2012. Labor costs as a percentage of sales, and in absolute dollars, increased primarily due to increased headcount and compensation expense at certain foreign manufacturing locations and unfavorable foreign currency exchange rate movements as substantially all of our manufacturing operations' workforce is paid in local currencies.

Other manufacturing costs as a percentage of net sales increased to 26.0% for the three months ended March 31, 2013, from 25.1% for the three months ended March 31, 2012. The increase in other manufacturing costs as a percentage of sales, and in absolute dollars, was attributable to increased depreciation expense due to our continued investments in property, plant and equipment to service the demand of our customers.

Gross Profit

	For the Three Months Ended March 31,		
	2013	2012	Change
	(In thousands, except percentages)		
Gross profit	\$ 114,953	\$ 104,981	\$ 9,972
Gross margin	16.7%	16.0%	0.7%

Gross profit and gross margin for the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012. The increase was driven by higher net sales of test services and flip chip and wafer-level processing services supporting mobile communications, partially offset by weakness in demand for wirebond products in the consumer and computing end markets.

	For the Three Months Ended March 31,		
	2013	2012	Change
	(In thousands, except percentages)		
Packaging gross profit	\$ 83,501	\$ 87,303	\$ (3,802)
Packaging gross margin	14.1%	15.0%	(0.9)%

Packaging Gross Profit. Gross profit and gross margin for packaging net sales for the three months ended March 31, 2013, decreased compared to the three months ended March 31, 2012. The decrease in gross profit and gross margin was primarily due to weakness in demand for wirebond products in the consumer end market, including home electronics and gaming. The decrease in gross profit and gross margin was also attributable to weakness in demand for wirebond products in the computing end market as some of the business we gained in the prior year from customers whose supply chains were disrupted by the flooding in Thailand shifted back to their original suppliers. The decreases were partially offset by higher net sales of flip chip and wafer-level processing services supporting mobile communications.

	For the Three Months Ended March 31,		
	2013	2012	Change
	(In thousands, except percentages)		
Test gross profit	\$ 31,452	\$ 17,678	\$ 13,774
Test gross margin	33.4%	24.1%	9.3%

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Test Gross Profit. Gross profit and gross margin for test net sales for the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012. The increase in gross profit and margin was driven by higher test net sales. Costs of sales for test services are primarily fixed in nature and have relatively low material content. Accordingly, increases in net sales or utilization generally result in increased gross profit and gross margin due to the high degree of operating leverage for these services.

Selling, General and Administrative Expenses

	For the Three Months Ended March 31,			
	2013	2012	Change	
	(In thousands, except percentages)			
Selling, general and administrative	\$ 59,559	\$ 57,255	\$ 2,304	4.0%

Selling, general and administrative expenses for the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012. The increase was mainly attributable to higher professional fees.

Research and Development

	For the Three Months Ended March 31,			
	2013	2012	Change	
	(In thousands, except percentages)			
Research and development	\$ 14,306	\$ 13,425	\$ 881	6.6%

Research and development activities are focused on developing new packaging interconnect and test services and improving the efficiency and capabilities of our existing production processes. Areas of focus include 3D packaging, including embedded die, silicon interposers and Through Silicon Via technologies, fine pitch copper pillar packaging and wafer-level processing. The increase in research and development expenses for the three months ended March 31, 2013, compared to the three months ended March 31, 2012, was primarily attributable to increased depreciation from research and development capital additions as a result of our continued investment in research and development initiatives.

Other Expense, Net

	For the Three Months Ended March 31,			
	2013	2012	Change	
	(In thousands, except percentages)			
Interest expense, net	\$ 24,743	\$ 21,189	\$ 3,554	16.8 %
Foreign currency (gain) loss, net	(1,166)	790	(1,956)	247.6 %
Equity in earnings of unconsolidated affiliate	(55)	(1,988)	1,933	(97.2)%
Other income, net	(229)	(634)	405	(63.9)%
Total other expense, net	\$ 23,293	\$ 19,357	\$ 3,936	20.3 %

Interest expense for the three months ended March 31, 2013, increased compared to the three months ended March 31, 2012, due to additional interest expense from higher levels of long-term debt. Our equity in earnings of unconsolidated affiliate for the three months ended March 31, 2013, decreased compared to the three months ended March 31, 2012, due to the lower net income of J-Devices. These increases in other expense, net were partially offset by foreign currency gains during the three months ended March 31, 2013, at one of our subsidiaries in Japan due to favorable exchange rate movements.

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Income Tax Expense

	For the Three Months Ended			
	March 31,			
	2013	2012	Change	
	(In thousands, except percentages)			
Income tax expense	\$ 4,029	\$ 3,362	\$ 667	19.8%

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 rate. Income tax expense for the three months ended March 31, 2013 and 2012, was attributable to income tax on profits earned in certain foreign jurisdictions and foreign withholding taxes.

During 2013, our subsidiaries in Korea, the Philippines and Taiwan have operated under tax holidays which will continue to expire in whole or in part at various dates through 2017. We expect our effective tax rate to increase as the tax holidays expire as income earned in these jurisdictions will be subject to higher statutory income tax rates.

At March 31, 2013, we had U.S. net operating loss carryforwards totaling \$367.6 million, which expire at various times through 2031. Additionally, at March 31, 2013, we had \$83.5 million of non-U.S. net operating loss carryforwards, which expire at various times through 2023. We maintain a valuation allowance on all of our U.S. net deferred tax assets, including our net operating loss carryforwards, and on deferred tax assets in certain foreign jurisdictions. We will release such valuation allowances as the related tax benefits are realized or when sufficient net positive evidence exists to conclude that it is more likely than not that the deferred tax assets will be realized. As the trend of taxable operating results at one of our foreign jurisdictions has been improving over the past year, we believe a reasonable possibility exists that, within the next year, sufficient positive evidence may become available to reach a conclusion to release up to \$10.4 million of the valuation allowance maintained in this jurisdiction as of March 31, 2013.

Liquidity and Capital Resources

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 revolving credit facilities, 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, volatility in the global economy and credit markets, the performance of our business, our capital expenditure levels, other uses of our cash including the final amount of payments due in our disputes with Tessera, any purchases of stock under our stock repurchase program, any investments in joint ventures or acquisitions and our ability to either repay debt out of operating cash flow or refinance at or prior to maturity with the proceeds of debt or equity offerings. There can be 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 other factors discussed in Part II, Item 1A of this Quarterly Report.

Our primary source of cash and the source of funds for our operations are cash flows from operations, current cash and cash equivalents, borrowings under available debt facilities and proceeds from any additional debt or equity financings. As of March 31, 2013, we had cash and cash equivalents of \$466.7 million, \$1,578.0 million of debt and availability of \$149.7 million under our \$150.0 million first lien senior secured revolving credit facility. Additionally, our foreign subsidiaries had \$80.0 million available to be drawn under secured revolving credit facilities for general corporate purposes and capital expenditures and \$217.0 million available to be borrowed under secured term loan credit facilities for capital expenditures.

Included in our cash balance as of March 31, 2013, is \$246.1 million held offshore by our foreign subsidiaries. If we were to distribute this offshore cash to the U.S. as repatriated earnings of our foreign subsidiaries, we would incur foreign withholding taxes; however, we would not incur a significant amount of U.S. federal income taxes, due to the availability of tax loss carryovers and foreign tax credits.

We sponsor an accrued severance plan for our subsidiary in Korea, which under existing tax laws in Korea, limits our ability to currently deduct related severance expenses accrued under that plan. The purpose of these limitations is to encourage

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companies to migrate to a defined contribution or defined benefit plan. If we retain our existing severance plan, the deduction for severance expenses will be limited to severance payments made to retired employees, which results in a larger current income tax liability in Korea. If we decide to adopt a new plan, we would be required to fund a significant portion of the existing liability, which would provide a current tax deduction upon funding. Our Korean severance liability was \$124.0 million as of March 31, 2013.

We refer you to Note 16 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for a discussion of the pending arbitration relating to Amkor's license agreement with Tessera. We expect to use cash on hand, proceeds from borrowings under our existing lines of credit or other sources to make any payments due in connection with our litigation with Tessera.

We operate in a capital intensive industry. Servicing our current and future customers may require that we incur significant operating expenses and make significant capital investments, which are generally made in advance of the related revenues and without any firm customer commitments. Additionally, we recently announced the exercise of our option to increase our ownership interest of J-Devices and resumption of discussions with Toshiba regarding the possible acquisition of Toshiba Electronics Malaysia Sdn. Bhd. We refer you to "Investments" below for further discussion.

In January 2013, we sold office space and land located in Chandler, Arizona for \$22.8 million, net of selling costs of \$1.2 million.

Our \$250.0 million Convertible Senior Subordinated Notes ("2014 Notes") mature in April 2014. The 2014 Notes are convertible into shares of our common stock at any time prior to maturity at a conversion price of \$3.02 per share. Although the trading price of our common stock is currently above the conversion price, there can be no assurance that holders of the notes will convert their notes into shares of common stock rather than be paid at maturity. Our scheduled principal repayments include an additional \$5.0 million due in 2014, \$105.0 million due in 2015, \$150.0 million due in 2017 and \$1,068.0 million due thereafter. In April 2013, we entered into a loan agreement with a Korean bank pursuant to which we may borrow up to \$150.0 million for a term of three years for working capital and the repayment of inter-company debt. We expect cash flows to be used in the operation and expansion of our business, making capital expenditures, paying principal and interest on our debt and for other corporate purposes. We were in compliance with all of our debt covenants at March 31, 2013, and expect to remain in compliance with these covenants for at least the next twelve months.

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 transaction may be made in the open market, through privately negotiated transactions or otherwise and is subject to the terms of our indentures and other debt agreements, market conditions and other factors.

Certain debt agreements have restrictions on dividend payments and the repurchase of stock and subordinated securities, including our convertible notes. These restrictions are determined by calculations based upon cumulative net income. We have never paid a dividend to our stockholders, and we do not have any present plans for doing so. Amkor Technology, Inc. also guarantees certain debt of our subsidiaries.

Our Board of Directors previously authorized the repurchase of up to \$300.0 million of our common stock, exclusive of any fees, commissions or other expenses. We did not purchase any stock under the plan for the three months ended March 31, 2013. Since inception of the program, we have purchased a total of 45.0 million shares at an aggregate purchase price of \$208.4 million, net of \$0.9 million of commissions. At March 31, 2013, approximately \$91.6 million was available to repurchase common stock pursuant to the stock repurchase program. The purchase of stock may be made in the open market or through privately negotiated transactions. The timing, manner, price and amount of any repurchases will be determined by us at our discretion and will depend upon a variety of factors including economic and market conditions, the cash needs and investment opportunities for the business, price, applicable legal requirements and other factors. Our stock repurchase program may be suspended or discontinued at any time.

Investments

We expect that our 2013 capital additions will be approximately \$525 million, in addition to \$150 million of spending for the acquisition of land and preparation for construction relating to our new factory and research and development center in

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Korea. We refer you below for further discussion. Our expected capital additions for 2013 primarily support customer demand for packaging and test services related to mobile communications. During the three months ended March 31, 2013, our capital additions were \$124.3 million. Of this total, approximately 51.2% of our capital additions were made in packaging, 32.3% in test and 16.5% in research and development and infrastructure projects. Ultimately, the amount of our 2013 capital additions will depend on several factors including, among others, the timing and implementation of any capital projects under review, the performance of our business, economic and market conditions, the cash needs and investment opportunities for the business, the need for additional capacity to service anticipated customer demand and the availability of cash flows from operations or financing.

In February 2013, we entered into an agreement for the purchase of land for a factory and research and development center in Korea. The land purchase price is ₩108.5 billion (approximately \$98 million), payable in installments over ten months. We made a nonrefundable deposit of ₩10.9 billion (approximately \$10 million) at signing with two remaining payments of ₩43.4 billion (approximately \$39 million) and ₩54.2 billion (approximately \$49 million) due in August 2013 and November 2013, respectively. Over the next several years, we expect to spend a total of approximately \$300 million for the construction of the facility. The agreement to purchase the land for the facility is subject to our compliance with various construction, investment, hiring, regulatory and other requirements. There can be no assurance that the new facility project will proceed at all, or that the actual scope, costs, timeline or benefits of the project will be consistent with our current expectations.

In April 2013, we completed the exercise of our option to increase our ownership interest of J-Devices, a joint venture to provide semiconductor packaging and test services in Japan, from 30% to 60% for an aggregate purchase price of ¥6.7 billion (approximately \$67 million). We also have options to acquire additional equity interests in J-Devices. The options are exercisable at our discretion and permit us to increase our percentage ownership of J-Devices up to 66% in 2014 by purchasing shares owned by Toshiba and up to 80% in 2015 by purchasing shares owned by the other shareholders. In 2014 and beyond, Toshiba has the option, at its discretion, to sell shares it owns to us. If we decline Toshiba's offer to sell their shares to us, then J-Devices shall have the obligation to purchase the shares. If J-Devices fails to purchase the shares offered by Toshiba, then we will be obligated to purchase the shares offered by Toshiba. The options in 2014 and 2015 become exercisable in the fourth quarter of such year, and if exercised, we would expect closing to occur in the first half of the following year, subject to regulatory approval. After we own 80% or more shares, the original shareholders of NMD have a put option which allows them to sell their shares to us. The exercise price for all options is payable in cash and is to be determined using a formula based upon the net book value and a multiple of earnings before interest, taxes, depreciation and amortization of J-Devices.

In addition, we have resumed discussions with Toshiba regarding the possible acquisition of Toshiba Electronics Malaysia Sdn. Bhd., Toshiba's semiconductor packaging operation in Malaysia. Although any transaction is subject to the satisfactory conclusion of due diligence, negotiation and signing of definitive agreements and receipt of any necessary government approvals. The final purchase price has not yet been determined, but we currently expect to pay around ¥7.2 billion (approximately \$72 million) in cash, plus a license royalty to be determined, and provide additional working capital for the business following closing.

We are subject to risks associated with our capital additions, including those discussed in Part II, Item 1A of this Quarterly Report. The following table reconciles our activity related to property, plant and equipment additions as presented on the Consolidated Balance Sheets to purchases of property, plant and equipment as presented on the Consolidated Statements of Cash Flows:

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Property, plant and equipment additions	\$ 124,270	\$ 123,935
Net change in related accounts payable and deposits	(11,727)	(2,848)
Purchases of property, plant and equipment	\$ 112,543	\$ 121,087

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Contractual Obligations

The following table summarizes our contractual obligations at March 31, 2013, and the effect such obligations are expected to have on our liquidity and cash flow in future periods:

	Payments Due for Year Ending December 31,						
	Total	2013 - Remaining	2014	2015	2016	2017	Thereafter
	(In thousands)						
Total debt	\$ 1,578,000	\$ —	\$ 255,000	\$ 105,000	\$ —	\$ 150,000	\$ 1,068,000
Scheduled interest payment obligations (1)	620,726	94,813	90,228	79,266	78,338	75,165	202,916
Purchase obligations (2)	123,662	123,662	—	—	—	—	—
Operating lease obligations	28,185	8,522	8,474	5,898	1,242	1,148	2,901
Severance obligations (3)	124,014	10,062	8,559	7,926	7,331	6,775	83,361
Total contractual obligations	<u>\$ 2,474,587</u>	<u>\$ 237,059</u>	<u>\$ 362,261</u>	<u>\$ 198,090</u>	<u>\$ 86,911</u>	<u>\$ 233,088</u>	<u>\$ 1,357,178</u>

- (1) Scheduled interest payment obligations were calculated using stated coupon rates for fixed rate debt and interest rates applicable at March 31, 2013, for variable rate debt.
- (2) Represents capital-related purchase obligations outstanding at March 31, 2013.
- (3) Represents estimated benefit payments for our Korean subsidiary severance plan.

In addition to the obligations identified in the table above, other non-current liabilities recorded in our Consolidated Balance Sheet at March 31, 2013, include:

- \$21.6 million of net foreign pension plan obligations for which the timing and actual amount of funding required is uncertain. We expect to contribute approximately \$2.3 million to the defined benefit pension plans during the remainder of 2013.
- \$0.8 million net liability associated with unrecognized tax benefits. Due to the uncertainty regarding the amount and the timing of any future cash outflows associated with our unrecognized tax benefits, we are unable to reasonably estimate the amount and period of ultimate settlement, if any, with the various taxing authorities.

Off-Balance Sheet Arrangements

As of March 31, 2013, we had no off-balance sheet guarantees or other off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of SEC Regulation S-K, other than our operating lease obligations described above in “Contractual Obligations.”

Contingencies, Indemnifications and Guarantees

We refer you to Note 16 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for a discussion of our contingencies related to litigation and other 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 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, 2012. During the three months ended March 31, 2013, there have been no significant changes in our critical accounting policies as reported in our 2012 Annual Report on Form 10-K.

New Accounting Pronouncements

For information regarding recent accounting pronouncements, we refer you to Note 2 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

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Cash Flows

Cash provided by operating activities was \$98.7 million for the three months ended March 31, 2013, compared to cash provided by operating activities of \$56.1 million for the three months ended March 31, 2012. We experienced negative free cash flow of \$13.9 million for the three months ended March 31, 2013, primarily due to our capital purchases to support customer demand for packaging and test services related to mobile communications.

Net cash provided by (used in) operating, investing and financing activities for the three months ended March 31, 2013 and 2012, were as follows:

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Operating activities	\$ 98,674	\$ 56,106
Investing activities	(79,335)	(110,869)
Financing activities	32,910	2,596

Operating activities: Our cash flow provided by operating activities for the three months ended March 31, 2013, increased by \$42.6 million compared to the three months ended March 31, 2012. Operating income for the three months ended March 31, 2013, adjusted for depreciation and amortization, other operating activities and non-cash items, increased by \$16.4 million compared to the three months ended March 31, 2012. The increase is primarily attributable to increased gross profit and the related increase in operating income.

Changes in assets and liabilities decreased operating cash flow by \$11.4 million for the three months ended March 31, 2013, primarily as a result of a decrease in accounts payable. For the three months ended March 31, 2012, changes in assets and liabilities decreased operating cash flows by \$42.2 million due to an increase in accounts receivable from December 31, 2011.

Investing activities: Our cash flows used in investing activities for the three months ended March 31, 2013, decreased by \$31.5 million. The decrease in the three months ended March 31, 2013, was primarily due to an increase in proceeds from the sale of property, plant and equipment relating to the sale of office space and land located in Chandler, Arizona in January 2013 for \$22.8 million, net of selling costs of \$1.2 million, and a decrease in purchases of property, plant and equipment.

Financing activities: Our cash flows provided by financing activities for the three months ended March 31, 2013, increased by \$30.3 million. The net cash provided by financing activities for the three months ended March 31, 2013, primarily resulted from borrowings in accordance with the loan agreements at our subsidiary in Korea, totaling \$33.0 million.

The net cash provided by financing activities for the three months ended March 31, 2012, consisted primarily of borrowings of \$178.7 million offset by \$171.4 million of foreign debt repayments and the repurchase of \$4.5 million of common stock under our authorized stock repurchase program.

We provide the following supplemental data to assist our investors and analysts in understanding our liquidity and capital resources. We define free cash flow as net cash provided by operating activities less purchases of property, plant and equipment. Free cash flow is not defined by U.S. GAAP. We believe free cash flow to be relevant and useful information to our investors because it provides them with additional information in assessing our liquidity, capital resources and financial operating results. Our management uses free cash flow in evaluating our liquidity, our ability to service debt and our ability to fund capital additions. However, free cash flow has certain limitations, including that it does not represent the residual cash flow available for discretionary expenditures since other, non-discretionary expenditures, such as mandatory debt service, are not deducted from the measure. The amount of mandatory versus discretionary expenditures can vary significantly between periods. This measure should be considered in addition to, and not as a substitute for, or superior to, other measures of liquidity or financial performance prepared in accordance with U.S. GAAP, such as net cash provided by operating activities. Furthermore, our definition of free cash flow may not be comparable to similarly titled measures reported by other companies.

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	For the Three Months Ended	
	March 31,	
	2013	2012
	(In thousands)	
Net cash provided by operating activities	\$ 98,674	\$ 56,106
Purchases of property, plant and equipment	(112,543)	(121,087)
Free cash flow	\$ (13,869)	\$ (64,981)

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 hedging instruments to manage currency and other risks.

Foreign Currency Risk

In order to reduce our exposure to foreign currency gains and losses, we generally use natural hedging techniques to reduce 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, Singapore and Taiwan. For our subsidiaries and affiliate in Japan, the local currency is the functional currency.

We have foreign currency exchange rate risk associated with the remeasurement of monetary assets and liabilities on our Consolidated Balance Sheets that are denominated in currencies other than the functional currency. We performed a sensitivity analysis of our foreign currency exposure as of March 31, 2013, 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 March 31, 2013, our income before income taxes would have been approximately \$8 million lower.

In addition, we have foreign currency exchange rate exposure on our results of operations. For the three months ended March 31, 2013, approximately 94% of our net sales were denominated in U.S. dollars. Our remaining net sales were principally denominated in Japanese yen and Korean won for local country sales. For the three months ended March 31, 2013, approximately 62% of our cost of sales and operating expenses were denominated in U.S. dollars and were largely for raw materials and factory supplies. The remaining portion of our cost of sales and operating expenses was principally denominated in the Asian currency where our production facilities are located and largely consisted of labor and utilities. To the extent that the U.S. dollar weakens against these Asian-based currencies, similar foreign currency denominated transactions in the future will result in higher sales and higher operating expenses, with operating expenses having the greater impact on our financial results. 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 March 31, 2013, to assess the potential impact of fluctuations in exchange rates for all foreign denominated sales and expenses. Assuming a 10% adverse movement from the three months ended March 31, 2013, exchange rates of the U.S. dollar compared to all of these Asian-based currencies as of March 31, 2013, our operating income would have been approximately \$21 million lower.

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.

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We have foreign currency exchange rate exposure on our stockholders' equity as a result of the translation of our subsidiaries and an affiliate where the local currency is the functional currency. To the extent the U.S. dollar strengthens against the local currency, the translation of these foreign currency denominated balances will result 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 local currencies. The effect of foreign exchange rate translation on our Consolidated Balance Sheets for the three months ended March 31, 2013 and 2012, was a net foreign translation loss of \$4.3 million and a loss of \$2.8 million, respectively, and was recognized as an adjustment to equity through other comprehensive loss.

During the three months ended March 31, 2013, we entered into foreign currency forward contracts to serve as an economic hedge for the payments related to the agreement to purchase land in Korea (See Note 8 and Note 15). We performed a sensitivity analysis of our foreign currency forward contracts to assess the potential impact of fluctuations in exchange rates. Assuming a 10% adverse movement in the exchange rates as of March 31, 2013, our income before income taxes would have been approximately \$8 million lower.

Interest Rate Risk

We have interest rate risk with respect to our long-term debt. As of March 31, 2013, we had a total of \$1,578.0 million of debt of which 82.1% was fixed rate debt and 17.9% was variable rate debt. The fixed rate debt consists of senior notes and senior subordinated notes. Our variable rate debt principally relates to our foreign borrowings and revolving lines of credit and any amounts outstanding under our \$150.0 million senior secured revolving credit facility, of which no amounts were drawn as of March 31, 2013. As of December 31, 2012, we had a total of \$1,545.0 million of debt of which 83.8% was fixed rate debt and 16.2% was variable rate debt. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the fair value of the debt instrument but has no impact on interest expense or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not generally impact the fair value of the instrument. The fair value of the senior subordinated notes is also impacted by changes in the market price of our common stock.

The table below presents the interest rates, maturities and fair value of our fixed and variable rate debt as of March 31, 2013:

	2013 - Remaining	2014	2015	2016	2017	Thereafter	Total	Fair Value
Long term debt:								
Fixed rate debt (In thousands)	\$ —	\$ 250,000	\$ —	\$ —	\$ —	\$ 1,045,000	\$ 1,295,000	\$ 1,427,567
Average interest rate	—%	6.0%	—%	—%	—%	6.8%	6.6%	
Variable rate debt (In thousands)	\$ —	\$ 5,000	\$ 105,000	\$ —	\$ 150,000	\$ 23,000	\$ 283,000	\$ 270,443
Average interest rate	—%	3.6%	4.0%	—%	4.2%	4.0%	4.1%	

For information regarding the fair value of our long-term debt, see Note 15 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

Equity Price Risk

We have convertible notes that are convertible into our common stock. If investors were to decide to convert their notes to common stock, our future earnings would benefit from a reduction in interest expense and our common stock outstanding would be increased. If we paid a premium to induce such conversion, our earnings could include an additional charge.

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.

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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 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 our Chief Executive Officer and our 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, as amended. 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 March 31, 2013 and concluded those disclosure controls and procedures were effective as of that date.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As previously reported, we continue to implement an enterprise resource planning system over a multi-year program on a company-wide basis. In addition, we are also implementing a new shop floor system in certain of our factories.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

Information about legal proceedings is set forth in Note 16 to our Consolidated Financial Statements in Part I, Item 1 of 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 may also 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.

Dependence on the Highly Cyclical Semiconductor and Electronic Products Industries - We Operate in Volatile Industries and Industry Downturns and Declines in Global Economic and Financial Conditions Could Harm Our Performance.

Our business is impacted by market conditions in the semiconductor industry, which is cyclical by nature and impacted by broad economic factors, such as world-wide gross domestic product and consumer spending. The semiconductor industry has experienced significant and sometimes prolonged downturns in the past. For example, the financial crisis and global recession in 2008 and 2009 resulted in a downturn in the semiconductor industry that adversely affected our business and results of operations during those periods. Although the world economy recovered somewhat in 2010, economic growth slowed in 2011 and 2012 in the U.S. and internationally. In view of this slow growth and the current economic uncertainty worldwide, consumer demand in the U.S. and globally may be adversely impacted which may harm the semiconductor industry and our business.

Since our business is, and will continue to be, dependent on the requirements of semiconductor companies for outsourced 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. It is difficult to predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, which, in turn, makes it more challenging for us to forecast our operating results, make business decisions and identify risks that may affect our business, sources and uses of cash, financial condition and results of operations. Additionally, if industry conditions deteriorate, we could suffer significant losses, as we have in the past, which could materially impact our business, liquidity, results of operations, financial condition and cash flows.

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, including the impact of adverse economic conditions, could have a material adverse effect on 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, our ability to manage our capital expenditures in response to market conditions and our ability to control our costs including labor, material, overhead and financing costs. The downturn in demand for semiconductors in late 2008 and in 2009 resulted in significant declines in our operating results and cash flows as capacity utilization declined. Although the world economy recovered somewhat in 2010, the recent slow rate of economic growth in the U.S. and elsewhere and economic uncertainty worldwide, or the negative impact on economic growth resulting from the action or inaction of the U.S. government relating to federal income tax increases, the federal debt ceiling, the federal deficit and government spending restrictions, could adversely affect consumer demand in the U.S. and globally, which may negatively impact our operating results.

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Our net sales, gross profit, operating income and cash flows have historically fluctuated significantly from quarter to quarter 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 rates;
- changes in average selling prices;
- changes in the mix of semiconductor packages;
- evolving packaging 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, including precious metals;
- 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;
- pandemic illnesses that may impact our labor force and our ability to travel;
- difficulties integrating acquisitions and the failure of our joint ventures to operate in accordance with business plans;
- our ability to attract and retain qualified employees to support our global operations;
- loss of key personnel or the shortage of available skilled workers;
- fluctuations in foreign exchange rates and the cost of materials used in our packaging services such as gold and copper;
- delay, rescheduling and cancellation of large orders;
- fluctuations in our manufacturing yields and
- dependence on key customers or concentration of customers in certain market segments, such as mobile communications.

It is often difficult to predict the impact of these factors upon our results for a particular period. The downturn in the global economy and the semiconductor industry increased the risks associated with the foregoing factors as customer forecasts became more volatile, and there was less visibility regarding future demand and significantly increased uncertainty regarding

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the economy, credit markets and consumer demand. Although the world economy recovered somewhat in 2010, the recent slow rate of economic growth in the U.S. and elsewhere and economic uncertainty worldwide could continue to cause volatility in customer forecasts and reduce our visibility regarding future demand in the semiconductor industry. These factors may have a material and adverse effect on our business, liquidity, results of operations, financial condition and cash flows or lead to significant variability of quarterly or annual operating results. In addition, these factors may adversely affect our credit ratings which could make it more difficult and expensive for us to raise capital and could adversely affect the price of our securities.

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 packaging and test services, but also on the efficient utilization of our human resources and packaging and test equipment. In particular, increases or decreases in our capacity utilization 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 in our operations, which leads to reduced margins during that period. For example, we experienced lower than optimum utilization in late 2008 and in 2009 due to a decline in world-wide demand for our packaging and test services which impacted our gross margin. Transitions between different packaging technologies, such as the transition from gold wirebond to flip chip and copper wirebond packages, can also impact our capacity utilization if we do not efficiently redeploy our equipment assets. For example, in 2011 the migration of some customer demand from wirebond to flip chip packages resulted in under-utilized wirebond assets which negatively impacted our capacity utilization and gross margin. Although our capacity utilization at times has been strong, we cannot assure you that we will be able to achieve consistently high capacity utilization, and if we fail to do so, our gross margins may decrease. If our gross margins decrease, our business, liquidity, results of operations, financial condition and cash flows could be materially adversely affected.

In addition, our fixed operating costs have increased in recent years in part as a result of our efforts to expand our capacity through significant capital additions. Forecasted customer demand for which we have made capital investments may not materialize, especially if industry conditions deteriorate. As a result, 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 business, liquidity, results of operations, financial condition 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. Volatility in customer forecasts and reduced visibility caused by economic uncertainty and fluctuations in global consumer demand make it particularly difficult to predict future results. 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, if analysts and investors do not react favorably, or if analysts were to discontinue providing coverage of our company, 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 Packaging and Test Services.

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 margins, 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 downward pressure on average selling prices for our packaging and test services to continue in the future. If we are unable to offset a decline in average selling prices by developing and marketing new packages with higher prices, reducing our

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purchasing costs, recovering more of our material cost increases from our customers and reducing our manufacturing costs, our business, liquidity, results of operations, financial condition and cash flows could be materially adversely affected.

Decisions by Our Integrated Device Manufacturer 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 need for 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 packaging and test 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.

In addition, to the extent we limit capacity commitments for certain customers, these customers may increase their level of in-house packaging and test capabilities, which could make it more difficult for us to regain their business when we have available capacity.

In a downturn in the semiconductor industry, IDMs could respond by shifting some or all outsourced packaging and test services to internally serviced capacity on a short term basis. Also, the IDMs could curtail or reverse the trend of outsourcing packaging and test services. If we experience a significant loss of IDM business, it could have a material adverse effect on our business, liquidity, 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 have a significant amount of indebtedness. As of March 31, 2013, our total debt balance was \$1,578.0 million, of which none was classified as a current liability. As of March 31, 2013, we had availability of \$149.7 million under our \$150.0 million first lien senior secured revolving credit facility. Additionally, our foreign subsidiaries had \$80.0 million available to be drawn under revolving credit facilities for general corporate purposes and capital expenditures and \$217.0 million available to be borrowed under term loans maturing between June 2013 and December 2019 for capital expenditures. Additionally, in April 2013, we entered into a loan agreement with a Korean bank pursuant to which we may borrow up to \$150.0 million for a term of three years for working capital and the repayment of inter-company debt. The loan is guaranteed by Amkor Technology, Inc. on an unsecured basis. Despite current debt levels, the terms of the agreements governing our indebtedness allow us and our subsidiaries to incur more debt, subject to certain limitations. We may consider investments in joint ventures, acquisitions or increased capital additions, which may increase our indebtedness. If new debt is added to our consolidated debt level, the related risks that we 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 business opportunities;
- require us to dedicate a substantial portion of our cash flow from operations to service payments on our debt;

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- increase the volatility of the price of our common stock;
- 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.

We May Have Difficulty Funding Liquidity Needs.

We assess our liquidity based on our current expectations regarding sales, operating expenses, capital spending and debt service requirements. Our liquidity is 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 flows or with the proceeds of debt or equity financings.

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 three months ended March 31, 2013, we had capital additions of \$124.3 million. In 2013, we expect to make capital additions of approximately \$525 million and are also planning an additional \$150 million of spending for the acquisition of land and preparation for construction related to our previously announced new factory and research and development center in Korea. In total, we expect to spend approximately \$300 million over the next several years for the construction of the facility. Ultimately the actual amount of our capital additions for 2013 and thereafter may vary materially and will depend on several factors. These factors include, among others, the amount, timing and implementation of our capital projects, including those under review and not yet planned, the performance of our business, economic and market conditions, the cash needs and investment opportunities for the business, the need for additional capacity and facilities and the availability of cash flows from operations or financing.

In addition, we have a significant level of debt, with \$1,578.0 million outstanding at March 31, 2013, none of which is current. The terms of such debt require significant scheduled principal payments in the coming years, including none due in 2013, \$255.0 million due in 2014, \$105.0 million due in 2015, none due in 2016, \$150.0 million due in 2017 and \$1,068.0 million due thereafter. The interest payments required on our debt are also substantial. For example, in 2012, we paid \$86.1 million of interest. The sources funding our operations, including making capital expenditures and servicing principal and interest obligations with respect to our debt, are cash flows from our operations, existing cash and cash equivalents, borrowings under available debt facilities or proceeds from any additional debt or equity financing. As of March 31, 2013, we had cash and cash equivalents of \$466.7 million and availability of \$149.7 million under our \$150.0 million senior secured revolving credit facility which matures in June 2017. Our foreign subsidiaries had \$80.0 million available to be drawn under revolving credit facilities for general corporate purposes and capital expenditures and \$217.0 million available to be borrowed in accordance with the loan agreements at our subsidiary in Korea, maturing between June 2013 and December 2019 for capital expenditures. Additionally, in April 2013, we entered into a loan agreement with a Korean bank pursuant to which we may borrow up to \$150.0 million for a term of three years for working capital and the repayment of inter-company debt. The loan is guaranteed by Amkor Technology, Inc. on an unsecured basis.

The health of the worldwide banking system and financial markets affects the liquidity in the global economic environment. Volatility in fixed income, credit and equity markets could make it difficult for us to maintain our existing credit facilities or refinance our debt.

In addition, there is a risk that we could fail to generate the necessary net income or operating cash flows to meet the funding needs of our business due to a variety of factors, including the cyclical nature of the semiconductor industry and the other factors discussed in this “Risk Factors” section. If we fail to generate the necessary cash flows or we are unable to access the capital markets when needed, our liquidity may be adversely impacted.

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Our Ability To Draw On Our Current Loan Facilities May Be Adversely Affected by Conditions in the U.S. and International Capital Markets.

If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S. and international capital and credit markets, they may be unable to fund borrowings under their credit commitments to us. For example, we have a \$150.0 million senior secured revolving credit facility with three banks in the U.S., in addition to availability under facilities with banks in other countries. If any of these banks are adversely affected by capital and credit market conditions and are unable to make loans to us when requested, there could be a corresponding adverse impact on our financial condition and our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes.

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, or may 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 the financial 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 thereunder 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 for our Korean subsidiary, under which we have an accrued liability of \$124.0 million as of March 31, 2013. Existing tax laws in Korea limit our ability to deduct severance expenses associated with the current plan. These limitations are designed to encourage companies to migrate to a defined contribution or defined benefit plan. If we adopt a new plan, we may fund a significant portion of the existing liability, which could have a material adverse effect on our liquidity, financial condition and cash flows. If we do not adopt a new plan, our ability to deduct accrued severance will continue to be limited, and as a result we will have to pay higher taxes, which could adversely affect our liquidity, financial condition and cash flows.

Under the existing Korean plan, to the extent eligible employees are terminated, our Korean subsidiary would be required to make lump-sum severance payments on behalf of these eligible employees based on their length of service, seniority and rate of pay at the time of termination. Since our severance plan obligation is significant, in the event of a significant layoff or other reduction in our labor force in Korea, payments under the plan could have a material adverse effect on our liquidity, financial condition and cash flows. See Note 13 to our Consolidated Financial Statements in Part I, Item 1 to this Quarterly Report on Form 10-Q.

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 our independent registered public accounting firm to assess the effectiveness of internal control over financial reporting.

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As previously reported, we are implementing a new enterprise resource planning (“ERP”) system in a multi-year program on a world-wide basis. We have recently implemented several significant ERP modules and expect to implement additional ERP modules in the future. The implementation of the ERP system represents a change in our internal control over financial reporting. Although we continue to monitor and assess our internal controls in the new ERP system environment as changes are made and new modules are implemented, and have taken additional steps to modify and enhance the design and effectiveness of our internal control over financial reporting, there is a risk that deficiencies may occur that could constitute significant deficiencies or in the aggregate a material weakness.

If we fail to remedy any deficiencies or maintain the adequacy of our internal controls, 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 operating results or financial condition.

We Face Warranty Claims, Product Return and Liability Risks, the Risk of Economic Damage Claims and the Risk of Negative Publicity if Our Packages Fail.

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

We receive warranty claims from our customers which occur from time to time in the ordinary course of our business. If we were to experience an unusually high incidence of warranty claims, we could incur significant costs and our business could be adversely affected. In addition, we are exposed to the product and economic liability risks 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 or suffer other economic losses, and our credibility and the market's acceptance of our packages 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-specific reasons. Since 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 adjust costs in a timely manner, our margins, operating results, financial condition and cash flows would be adversely affected.

Risks Associated With International Operations - We Depend on Our Factories and Operations in China, Japan, Korea, the Philippines 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 and Taiwan. Substantially all of our property, plant and equipment is located outside of the United States. Moreover, many of our customers' and vendors' operations are located outside the U.S. The following are some of the risks we face in doing business internationally:

- changes in consumer demand resulting from deteriorating conditions in local economies;
- regulations 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, particularly an increase in tensions between North Korea and South Korea;

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- 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, retention and employee turnover and managing foreign operations, including foreign labor disruptions;
- difficulty in enforcing contractual rights and protecting our intellectual property rights and
- potentially adverse tax consequences resulting from changes in tax laws in the foreign jurisdictions in which we operate.

Changes in the U.S. Tax Law Regarding Earnings of Our Subsidiaries Located Outside the U.S. Could Materially Affect Our Future Results.

There have been proposals to change U.S. tax laws that would significantly impact how U.S. corporations are taxed on foreign earnings. We earn a substantial portion of our income in foreign countries. Although we cannot predict whether or in what form any of these proposals might be enacted into law, if adopted they could have a material adverse impact on our liquidity, results of operations, financial condition and cash flows.

We Face Risks in Connection with the Continuing Development and Implementation of Changes to, and Maintenance and Security of, Our Management Information Systems.

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. Our systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading, replacing or maintaining software, databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors, malfeasance or catastrophic events. In addition, security breaches could result in unauthorized disclosure of confidential information. We have made and continue to make significant investments to implement and evolve our management information systems. In addition, we are implementing a new shop floor system in certain of our factories. We face risks in connection with current and future projects to install new management information systems or upgrade our existing systems. These risks include:

- we may face delays in the design and implementation of the system;
- the cost of the system may exceed our plans and expectations and
- disruptions resulting from the implementation of the system may impact our ability to process transactions and delay shipments to customers, impact our results of operations or financial condition or harm our control environment.

Our business could be materially and adversely affected if our management information systems are disrupted or if we are unable to successfully install new systems or improve, upgrade, integrate or expand upon our existing systems.

We Face Risks Trying to Attract and Retain Qualified Employees to Support Our Operations.

Our success depends to a significant extent upon the continued service of our key senior management, sales 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 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 our efforts to retain key employees 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.

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Difficulties Consolidating and Integrating Our Operations - We Face Challenges as We Integrate Diverse Operations.

We have experienced, and expect to continue to experience, change in the scope and complexity of our operations resulting primarily from existing and future facility consolidations, strategic acquisitions, joint ventures and other partnering arrangements. Some of the risks from these activities include those associated with the following:

- increasing the scope, geographic diversity and complexity of our operations;
- conforming an acquired company's standards, practices, systems and controls with our operations;
- increasing complexity from combining recent acquisitions of an acquired business;
- unexpected losses of key employees or customers of an acquired business; other difficulties in the assimilation of acquired operations, technologies or products and
- diversion of management and other resources from other parts of our operations and adverse effects on existing business relationships with customers.

In connection with these activities, we may;

- use a significant portion of our available cash;
- issue equity securities, which may dilute the ownership of current stockholders;
- incur substantial debt;
- incur or assume known or unknown contingent liabilities and
- incur large, immediate accounting write offs and face antitrust or other regulatory inquiries or actions.

For example, the businesses we have acquired had, at the time of acquisition, multiple systems for managing their own production, sales, inventory and other operations. Migrating these businesses to our systems typically is a slow, expensive process requiring us to divert significant resources from other parts of our operations. We may continue to face these challenges in the future. For example, we have exercised our option to increase our ownership interest in J-Devices from 30% to 60%, which we completed in April 2013, and we have additional options to increase our ownership over time to as much as 80%. As a result we anticipate that we will need to integrate the J-Devices operations with our existing operations. In addition, J-Devices will need to integrate with its operations the acquisitions it has recently completed or has pending. Furthermore, the governance provisions applicable to J-Devices restrict our ability to cause J-Devices to take certain actions without the consent of the other investors. As a result of the risks discussed above, the anticipated benefits of the increase in our investment in J-Devices or other future acquisitions, consolidations and partnering arrangements may not be fully realized, if at all, and these activities could have a material adverse effect on our business, financial condition and results of operations.

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. A disruption to the operations of one or more of our suppliers could have a negative impact on our business. For example, the severe earthquake and tsunami in Japan in 2011 had a significant adverse effect on the electronic industry supply chain impacting the supply of specialty chemicals, substrates, silicon wafers, equipment and other supplies to the electronics industry. In addition, we purchase the majority of our materials on a purchase order basis. Our business may be harmed if we cannot obtain materials and other supplies from our vendors in a timely manner, in sufficient quantities, at acceptable quality or at competitive prices. Some of our customers are also dependent on a limited number of suppliers for certain materials and silicon wafers. Shortages or disruptions in our customers' supply channels

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could have a material adverse effect on our business, financial condition, results of operations and cash flows. For example, the shortage in the supply of 28 nanometer wafers to some of our customers in 2012 delayed or otherwise adversely impacted the demand for certain of our advanced packaging and test services.

The Dodd-Frank Wall Street Reform and Consumer Protection Act imposes new requirements regarding the supply of minerals originating from the conflict zones of the Democratic Republic of Congo and adjoining countries. Industry associations and some of our customers are also implementing initiatives to improve transparency and accountability concerning the supply of these materials and, in some cases, requiring us to certify that the covered materials we use in our packages do not come from the conflict areas. We may incur additional costs associated with complying with the new requirements and customer initiatives. These new requirements and customer initiatives could affect the sourcing and availability of metals used in the manufacture of semiconductor devices, and we cannot assure you that we will be able to obtain conflict-free materials in sufficient quantities and at competitive prices or that we will be able to verify the origin of all of the metals we use in our manufacturing process. If we are unable to certify that the metals we use in our packages are conflict-free, it could adversely affect our business as some customers may move their business to other suppliers. Our reputation could also be adversely affected.

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 on a timely basis could delay or impair our ability to meet customer orders. If we are unable to meet customer orders, we could lose potential and existing customers. Generally, we acquire our equipment on a purchase order basis and do not enter into long-term equipment agreements. As a result, we could experience adverse changes in pricing, currency risk and potential shortages in equipment in a strong market, 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 prices 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 that reduce the material content and cost, such as the use of shorter, thinner, gold wire and migration to copper wire. However, we typically do not have long-term contracts that permit us to impose price adjustments, and market conditions may limit our ability to do so. Significant price increases may adversely impact our gross margin in future periods 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 or Reduced Orders from Existing Customers May Have a Significant Adverse Effect on Our Operations and Financial Results.

The loss of a significant customer, a reduction in orders from a significant customer or disruption in any of our significant strategic partnerships or other commercial arrangements may result in a decline in our sales and profitability. Although we have approximately 200 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 63.2%, 62.2% and 61.0% of our net sales in the three months ended March 31, 2013, and the years ended December 31, 2012 and 2011, respectively. One customer accounted for more than 10% of our consolidated net sales during the three months ended March 31, 2013. One customer accounted for more than 10% of our consolidated net sales in 2012, and two customers each accounted for more than 10% of our consolidated net sales in 2011.

The demand for our services from each customer is directly dependent upon that customer's level of business activity, the quality and price of our services, our cycle time and delivery performance, the customer's qualification of additional competitors on products we package or test and a number of other factors. Each of these factors could vary significantly from year to year resulting in the loss or reduction of customer orders. Our business is likely to remain subject to this variability in order levels, and we cannot assure you that our key customers or any other customers will continue to place orders with us in the future at the same levels as in past periods.

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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 sales and profitability. During the three months ended March 31, 2013, one customer accounted for 26.8% of our consolidated net sales, representing approximately 24.8% of our packaging net sales and 38.9% of our test net sales. If we were to lose our largest customer, or if it significantly reduced its level of business with us, the loss could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows.

Capital Additions - We Make Substantial Capital Additions To Support the Demand Of Our Customers, Which May Adversely Affect Our Business If the Demand Of Our Customers Does Not Develop As We Expect or Is Adversely Affected.

We make significant capital additions in order to service the demand of our customers. For example, we expect that our 2013 capital additions will be approximately \$525 million, in addition to \$150 million of spending for the acquisition of land and preparation for construction relating to our new factory and research and development center in Korea. Additionally, over the next several years, we expect to spend a total of approximately \$300 million for the construction of the facility. The amount of our capital additions depends 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, in periods when we are expanding our capital base, 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. From time to time, we also make significant capital additions based on specific business opportunities with one or a few key customers, and the additional equipment purchased may not be readily usable to support other customers. If demand is insufficient to fill our capacity, or we are unable to efficiently redeploy such equipment, our capacity utilization and gross margin could be negatively impacted. Our capital additions may increase as we transition to new packaging and test technologies because, among other things, new equipment used for these technologies is generally more expensive and often our existing equipment cannot be redeployed in whole or part for these technologies.

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 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;
- volatility in fixed income, credit and equity markets 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.

In addition, during periods where customer demand exceeds our capacity, customers may transfer some or all of their business to other suppliers who are able to support their needs. To the extent this occurs, 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 including property, plant and equipment, intellectual property and other intangibles for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Factors we consider include significant under-performance relative to expected historical or projected future operating results, significant negative industry or economic trends and our market capitalization relative to net book value. We may be required in the future to record a significant charge to earnings in our financial statements during the period in which

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any impairment of our long-lived assets is determined. Such charges have had and could have a significant adverse impact on our results of operations and our operating flexibility under our debt covenants.

Litigation Incident to Our Business Could Adversely Affect Us.

We have been a party to various legal proceedings, including those described in Note 16 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report, and may be a party to litigation in the future. If an unfavorable ruling or outcome were to occur in these legal proceedings or future litigation, there could be a material adverse impact on our business, liquidity, results of operations, financial condition, cash flows and the trading price of our securities.

For example, the final award pending in the arbitration with Tessera could be more than the amount accrued, and we expect to record our estimate of interest accruing with the passage of time and may record additional charges as information develops or upon the issuance of the final award. Tessera publicly announced its intention to seek an amount in excess of \$150 million. In addition, Tessera recently filed a complaint against Amkor in the U.S. District Court for the District of Delaware. There can be no assurance that the termination of the Tessera license agreement will not have a material impact on our ongoing business and customer relationships, including any supply arrangements with customers formerly benefiting from our rights under the terminated license agreement; that the U.S. District Court complaint filed by Tessera will not result in an unfavorable outcome for our company, including an injunction and significant damage award or that there will not be any further disputes with Tessera or others involving our company's technology or business.

We Could Suffer Adverse Tax and Other Financial Consequences if Taxing Authorities Do Not Agree with Our Interpretation of Applicable Tax Laws, Including Whether We Continue to Qualify for Our Tax Holidays.

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, including whether we continue to qualify for our tax holidays. 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 cannot 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. Additionally, certain of our subsidiaries operate under tax holidays, which will expire in whole or in part at various dates in the future. As those tax holidays expire, our tax expenses will increase as income from those jurisdictions become subject to higher statutory income tax rates, thereby reducing our liquidity and cash flow.

Intellectual Property - Our Business Will Suffer if We Are Not Able to Develop New Proprietary Technology, Protect Our Proprietary Technology and Operate Without Infringing the Proprietary Rights of Others.

The complexity and breadth of semiconductor packaging and test services are rapidly increasing. As a result, we expect that we will need to develop, acquire and implement new manufacturing processes and packaging design technologies and tools in order to respond to competitive industry conditions and customer requirements. Technological advances also typically lead to rapid and significant price erosion and may make our existing packages less competitive or our existing inventories obsolete. If we cannot achieve advances in packaging design or obtain access to advanced packaging designs developed by others, our business could suffer.

The need to develop and maintain advanced packaging capabilities and equipment could require significant research and development, capital expenditures and acquisitions in future years. In addition, converting to new packaging 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.

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 are issued, the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Any patents we do obtain will eventually expire, may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us.

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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 U.S.

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. The semiconductor industry is characterized by frequent claims regarding the infringement of 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 such technology.

We may need to enforce our patents or other intellectual property rights, including our rights under patent and intellectual property licenses with third parties, 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 have been involved in legal proceedings involving the acquisition and license of intellectual property rights, the enforcement of our existing intellectual property rights or the enforcement of the intellectual property rights of others, including the legal proceeding filed by and against Tessera, Inc. and the complaint filed and ongoing proceeding against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc., or collectively “Carsem”, which are described in more detail in Note 16 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report. Unfavorable outcomes in any legal proceedings involving intellectual property 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 Quarterly Report on our results of operations, financial condition and cash flows could change in the future.

Packaging and Test - Packaging and Test Processes Are Complex and Our Production Yields and Customer Relationships May Suffer from Defects in the Services We Provide.

Semiconductor packaging and test services are complex processes that require significant technological and process expertise. 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.

Test is also complex and involves sophisticated equipment and software. Similar to many software programs, these software programs are complex and may contain programming errors or “bugs.” The test equipment is also subject to malfunction. In addition, the test 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 adjust our capacity or change our processing steps. In addition, we must continue to expand our offering of packages to be competitive. Our production yields on new packages typically are significantly lower than our production yields on our more established packages.

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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, liquidity, results of operations, financial condition and cash flows.

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 existing customers, such failure could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Competition - We Compete Against Established Competitors in the Packaging and Test Business as Well as Internal Customer Capabilities and May Face Competition from New Competitors.

The outsourced 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 compete with companies (including semiconductor foundries) that provide wafer bumping and other advanced packaging solutions that compete with our packaging and test services. For example, one of the major semiconductor foundries, which is substantially larger and has greater financial resources than we do, has expanded, and may continue to expand its operations to include packaging and test 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, liquidity, 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 liquid chemicals, gases and materials. These processes generate by-products 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 laws and regulations in the U.S., as well as environmental laws and regulations in foreign jurisdictions, 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. We may become liable under environmental laws for the cost of cleanup of any disposal or release of hazardous materials arising out of our former or current operations, or otherwise as a result of the existence of hazardous materials on our properties. In such an event, we could be held liable for damages, including fines, penalties and the cost of investigations and remedial actions, and could also be subject to revocation of permits negatively affecting our operations.

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 in Electrical and Electronic Equipment Directive imposes strict restrictions on the use of lead and other hazardous substances in electrical and electronic equipment. 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 possible future environmental laws and regulations, including laws and regulations relating to climate change, may impose upon us the need for additional capital equipment or other process requirements, restrict our ability to expand our operations, disrupt our operations, increase costs, subject us to liability or cause us to curtail our operations.

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Our Business and Financial Condition Could be Adversely Affected by Natural Disasters.

We have significant packaging and test and other operations in locations which are subject to natural disasters such as earthquakes, tsunamis, typhoons, floods and other severe weather and geological events that could disrupt our operations. In addition, our suppliers and customers also have significant operations in such locations. A natural disaster that results in a prolonged disruption to our operations, or the operations of our customers or suppliers, could have a material adverse effect on our business, financial condition, results of operations and cash flows. For example, Japan experienced a severe earthquake and tsunami in 2011 that resulted in significant disruption in the electronics industry supply chain and adversely affected Japan's economy and consumer spending. In addition, in October 2011, Thailand experienced substantial flooding which affected the facilities and operations of customers and suppliers in our industry. As a result, our business, financial condition, results of operations and cash flows could be adversely affected by events such as those in Japan, Thailand or future natural disasters of a similar nature.

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, flood, 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 we 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 Effectively Determine or Substantially Influence The Outcome of All Matters Requiring Stockholder Approval.

As of March 31, 2013, Mr. James J. Kim, our Executive Chairman of the Board of Directors, members of Mr. Kim's immediate family and affiliates owned approximately 87.9 million shares, or approximately 57%, of our outstanding common stock. The Kim family also has options to acquire approximately 0.8 million shares and owns \$150.0 million of our 6.0% Convertible Senior Subordinated Notes due 2014 (the "2014 Notes") that are convertible into approximately 49.6 million shares of common stock (the "2014 Convert Shares") at a conversion price of approximately \$3.02 per share. If the options are exercised and the 2014 Notes are converted, the Kim family would own an aggregate of approximately 138.3 million shares of our outstanding common stock, which would be approximately 68% of our outstanding common stock if none of the other holders of the 2014 Notes converted or approximately 58% if all of the other holders converted.

The 2014 Convert Shares and the approximately 13.4 million shares issued upon conversion of the \$100.0 million of our 6.25% Convertible Subordinated Notes due 2013 (the "2013 Convert Shares") are each subject to separate voting agreements. The agreements require the Kim family to vote these respective shares in a "neutral manner" on all matters submitted to our stockholders for a vote, so that such 2013 Convert Shares and 2014 Convert Shares are voted in the same proportion as all of the other outstanding securities (excluding the other shares owned by the Kim family) that are actually voted on a proposal submitted to Amkor's stockholders for approval. The Kim family is not required to vote in a "neutral manner" any 2013 Convert Shares or 2014 Convert Shares that, when aggregated with all other voting shares held by the Kim family, represent 41.6% or less of the total then-outstanding voting shares of our common stock. The voting agreement for the 2013 Convert Shares terminates upon the earliest of (i) December 1, 2013, (ii) at such time as no principal amount of the 2013 Notes or any 2013 Convert Shares remain outstanding, (iii) a change of control transaction (as defined in the voting agreement) or (iv) the mutual agreement of the Kim family and Amkor. The voting agreement for the 2014 Convert Shares terminates upon the earliest of (i) such time as no principal amount of the 2014 Notes remains outstanding and the Kim

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family no longer beneficially own any of the 2014 Convert Shares, (ii) consummation of a change of control (as defined in the voting agreement) or (iii) the mutual agreement of the Kim family and Amkor.

Mr. James J. Kim and his family and affiliates, acting together, have the ability to effectively determine or substantially influence matters submitted for approval by our stockholders by voting their shares or otherwise acting by written consent, including the election of our Board of Directors. There is also the potential, through the election of members of our Board of Directors, that the Kim family could substantially influence matters decided upon by our 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Repurchase of Equity Securities

The following table provides information regarding repurchases of our common stock during the three months ended March 31, 2013. We refer you to Note 14 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for further discussion.

<u>Period</u>	<u>Total Number of Shares Purchased (a)</u>	<u>Average Price Paid Per Share (\$)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (\$)</u> (b)
January 1 - January 31	2,148	\$ 4.44	—	\$ 91,586,032
February 1 - February 28	14,727	4.90	—	91,586,032
March 1 - March 31	1,965	4.06	—	91,586,032
Total	18,840	\$ 4.76	—	

- (a) Represents shares of common stock surrendered to us to satisfy tax withholding obligations associated with the vesting of restricted shares issued to employees.
- (b) Our Board of Directors previously authorized the repurchase of up to \$300.0 million of our common stock, \$150.0 million in August 2011 and \$150.0 million in February 2012, exclusive of any fees, commissions or other expenses. At March 31, 2013, approximately \$91.6 million was available to repurchase common stock pursuant to the stock repurchase program.

Item 6. Exhibits

The exhibits required by Item 601 of Regulation S-K which are filed with this report are set forth in the Exhibit Index.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, 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
Executive Vice President and
Chief Financial Officer, Chief
Accounting Officer and Duly
Authorized Officer

Date: May 3, 2013

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Credit Facility Agreement, dated March 11, 2013 by and between Woori Bank and Amkor Technology Korea, Inc.
10.2	General Terms and Conditions for Bank Credit Transactions, dated March 11, 2013, by and between Woori Bank and Amkor Technology Korea, Inc.
31.1	Certification of Kenneth T. Joyce, President and 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, Executive 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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Woori Bank must explain the material contents hereof to the Borrower, and deliver the General Terms and Conditions for Bank Credit Transactions and a copy of this Credit Facility Agreement to the Borrower.

Person in Charge	Reviewed by	Signed by

Stamp Tax of Korea: KRW
Namdæmun Tax Office
Approval for Tax-Payment
Post Clearance No. 2002-39

Credit Facility Agreement

(For Corporate Borrower)

To: Woori Bank March 11, 2013

Borrower: Amkor Technology Korea, Inc. (seal)
Representative Director Joo-Ho Kim
Address: 280-8, Sungsoo-dong 2-ga,
Sungdong-gu, Seoul

Seal Authenticity Verification

The Borrower hereby acknowledges and agrees that, in entering into a transaction with Woori Bank (the “Bank”) as contemplated by the terms of this credit facility agreement, the “General Terms and Conditions for Bank Credit Transactions (For Corporate Borrower) (in case of loans secured by comprehensive deposit passbook account and overdraft, including general terms and conditions for deposit transactions) shall apply, and hereby also agree to the following terms:

Article 1. Transaction Terms

The terms of the transaction are as follows:

Classification of Credit Facility (Credit Type)	Foreign Currency Loan	Transaction Category	<input type="checkbox"/> credit line <input checked="" type="checkbox"/> separate credit
Amount of Credit Facility (Limit)	USD 150,000,000		
Drawdown Date	March 11, 2013 ()	Maturity Date	<input type="checkbox"/> , 20xx <input checked="" type="checkbox"/> 54 months from the commencement date of this Credit Facility Agreement
Interest Rate	[intentionally deleted] <input type="checkbox"/> Floating (select Article 3(2)(ii) of the General Terms and Conditions)	[intentionally deleted] <input checked="" type="checkbox"/> Foreign Currency Funding-Linked Base Interest Rate + 1.75% p.a. <input type="checkbox"/> 3M KORIBOR+()% <input type="checkbox"/> others ()	Default Interest: Article 3(5) of the General Terms and Conditions for Bank Credit Transactions shall apply, and interest in arrears shall be added to the loan interest rate set forth in Article 1(5) on the basis of the actual number of days elapsed; <i>provided</i> , that <u>in case of default interest to which interest in arrears is added exceeding the maximum default interest and any foreign currency loan where fixed rate is applied, maximum default interest shall apply.</u> Less than 3 months: Interest rate + 8% p.a. Not less than 3 months Interest rate + 9% p.a. Maximum default interest 17%
Calculation of Interest and Default Interest	Calculated on a daily basis based on 365 days a year (provided that, in foreign exchange transactions, the international practice, commercial business practice, etc. shall be followed)		
[intentionally deleted]			
[intentionally deleted]			
Prepayment Fee	Prepayment fee shall apply pursuant to the calculation method determined by Article 10 as follows: - Prepayment fee = Prepaid Amount X Prepayment fee rate X (Remaining loan period / Loan period) - Prepayment fee rate : 1.0%		
Drawdown	<input type="checkbox"/> full loan amount is advanced on the drawdown date <input checked="" type="checkbox"/> loan amount is drawn in installments after the Bank confirms purpose of loan proceeds and the amount required through evidentiary documents or goods <input type="checkbox"/> loan amount is drawn upon according to the request of the Borrower who is in eligible condition. <input type="checkbox"/> others ()		

Repayment Method	<input type="checkbox"/> bullet repayment at maturity <input type="checkbox"/> repayment in installments on _ month basis for _ years commencing on (date/month/year) after a grace period of _ _year _ months from the drawdown date <input type="checkbox"/> repayment at the discretion of the Borrower; provided, that the full amount of loan shall be repaid on or prior to the expiry of the first revolving period and at maturity (note) <input checked="" type="checkbox"/> others (Repayment of US\$5,000,000 shall be made in installments of every three(3) months after the grace period of 1 year and 6 months from the first Drawdown date)	* Please note that any amount deposited into the repayment account through the ATM or e-banking media after the business hours of the Bank may be deemed not to have been received on that day.
Interest Payment Dates and Method	<input type="checkbox"/> first interest shall be payable on the date of first drawdown, and interest accrued thereafter shall be payable in advance on the last interest determination date of interest paid <input type="checkbox"/> payable in advance on or before the date immediately preceding the date of draft <input checked="" type="checkbox"/> first interest shall be payable within 3 month from the date of first drawdown, and the interest accrued thereafter shall be payable within 3 month from the date immediately following the last interest determination date with respect to interest paid <input type="checkbox"/> payable on the date of repayment of principal of installment or the payment date of monthly deposit <input type="checkbox"/> payable on maturity <input type="checkbox"/> payable on the monthly settlement date as determined by the Bank (note) <input type="checkbox"/> others ()	
[intentionally deleted]		

Note) in case of loans secured by comprehensive deposit passbook account and overdraft

Article 2. Default Interest

- (1) As to any due but unpaid interest, installment payment of principal, and installment payment of principal and interest, a default interest thereof shall be paid immediately.
- (2) If there is a failure to satisfy the debt on the maturity date or the loan becomes accelerated pursuant to Article 7 of General Terms and Conditions for Bank Credit Transactions, a default interest shall be paid immediately as to the outstanding credit facility amount.
- (3) [intentionally deleted]

Article 3. Change of Loan Interest Rate

(1) [intentionally deleted]

(2) [intentionally deleted]

(3) [intentionally deleted]

(4) [intentionally deleted]

(5) [intentionally deleted]

(6) [intentionally deleted]

(7) [intentionally deleted]

(8) There are two applicable standards to set base interest rates for foreign currency loan, that is, “LIBOR-linked base interest rate” and “Foreign currency funding rate-linked base rate.” The “LIBOR-linked base interest rate” is decided by applicable term LIBOR rate of one business day prior to drawdown date, and “Foreign currency funding-linked base rate” is decided by applicable term LIBOR rate of one business day prior to drawdown date plus average foreign currency funding spread in recent 3 months. The 3 months (or 6 months) LIBOR and foreign currency funding spread and Foreign currency funding rate-linked base rate, which are applied to each base interest rate change on drawdown date and every 3 months (or 6 months) from the date, and The 3 months (or 6 months) LIBOR is the interest rate that “BBA’s public announced at 11 o’clock A.M. in London, England offered by public confident telecom companies (Reuter, Bloomberg, etc.) The rate changes in every 3 months (or 6 months).

(9) [intentionally deleted]

(10) [intentionally deleted]

Article 4. [intentionally deleted]

Article 5. [intentionally deleted]

Article 6. [intentionally deleted]

Article 7. [intentionally deleted]

Article 8. [intentionally deleted]

Article 9. [intentionally deleted]

Article 10. Prepayment Fees

- (1) If the Borrower prepays the loan provided by the Bank prior to the agreed maturity date (including, if the maturity is extended, the maturity date as extended; hereinafter the same), the Borrower shall pay the Bank the prepayment fees as set forth in Article 10(2) below.
- (2) The prepayment fees set forth in Article 1(10) shall be calculated in accordance with the following method:
 1. “Prepaid Amount” shall mean an amount of the loan prepaid prior to the agreed due date or, in case of a loan to be repaid in installments, an amount of the loan prepaid prior to the due date of any installment repayment.
 2. “Remaining Period” shall mean a period from the date of prepayment to a date prior to the agreed due date or, in case of a loan to be repaid in installments, the Remaining Period shall be calculated with respect to each scheduled installment repayment, and, in case of prepayment of a loan in part, the prepayment shall be applied in the order of the installment payment of which the due date comes first; *provided*, that if the period from the drawdown date until the maturity date exceeds 3 years, “Remaining Period” shall mean a period until a day prior to the third anniversary of the prepayment date.
 3. “Loan Period” shall mean a period from the drawdown date until a day prior to the loan maturity date set forth in Article 1(4) (in case of a loan to be repaid in installments, it shall be calculated with respect to each scheduled installment repayment); *provided*, that if the period from the drawdown date until the maturity date exceeds 3 years, the loan maturity date shall be the third anniversary of the loan maturity date.
- (3) In any of the following cases, the prepayment fees shall be exempted:
 1. If the Remaining Period is less than 1 month;

2. If the Bank collects the loan prior to the maturity date for the reason of acceleration or otherwise as set forth in the “General Terms and Conditions for Bank Credit Transactions;”
3. If the loan extended to the workout company or rehabilitation company is repaid before the due date by an agreement with the Bank;
4. If the loan is an outside source loan, excluding a credit line loan (including a passbook loan), consumer financing and a loan subject to the limit of a maximum amount;
5. If the full amount of the “Floating Prime-Rate loan” is prepaid within 1 month from the interest rate change date due to the increase of Prime-Rate by the Bank;
6. If the “6-month, 1-year, 5-year floating rate based loan” is fully prepaid within 1 month from any interest rate change date by the reason that Bank changes “6-month, 1-year, 5-year floating rate base rate” by applying the “adjustment factor”;
7. If the amount of credit facility does not exceed the amount of deposits in a savings account or a regular installment savings account with the Bank, a beneficiary certificate of the Bank or financial bonds, housing subscription deposit account, comprehensive housing subscription savings that could be utilized as security;
8. If the loan is repaid after the third anniversary of the initial drawdown date including the extension of period, if extended.

Article 11. Stamp Tax

- (1) The Borrower and the Bank shall be responsible for all stamp taxes relating to this Agreement on a 50-50 basis.
- (2) If the Bank pays on behalf of the Borrower any stamp tax payable by the Borrower under Paragraph (1) above, the Borrower shall promptly repay the Bank such stamp tax amount pursuant to Article 4 of the General Terms and Conditions for Bank Credit Transactions.

Article 12. [intentionally deleted]

Article 13. Currency and Exchange Rate

The Principal and interest of a foreign currency loan may be repaid in the foreign currency in which the loan was extended or Korea Won, and in case of repayment in Korean Won, an applicable exchange rate shall be the telegraphic transfer selling rate to the customers as of the date of repayment.

Article 14. Security; Insurance

Unless otherwise expressly communicated by the Bank, the Borrower shall grant to the Bank the facilities constructed or installed with the funds from the credit facility extended hereby, together with the land and buildings at which they are established and other facilities inside of them, as security in favor of the Bank, and if requested by the Bank, the Borrower shall subscribe to insurances in such types and amounts as agreed to by the Bank and shall grant pledge over the rights to claim the insurances proceeds in favor of the Bank.

Article 15. [intentionally deleted]

Article 16. [intentionally deleted]

Article 17. Submission of Materials, etc.

- (1) The Borrower shall submit to the Bank the following materials which are requested to be periodically submitted pursuant to Articles 17 and 19 of General Terms and Conditions for Bank Credit Transactions, and, at the request of the Bank, submit any other materials necessary for the post drawdown supervision of the credit facility:
 1. Every quarter: a value added tax report, a total balance schedule, a table of status of liabilities, a list of buyers, and a table of estimated sales per goods, etc.;
 2. Every half year: a semi-annual financial statement, a value added tax report, a total balance schedule, a table of status of liabilities, a list of buyers, and a table of estimated sales per goods, etc.;

3. Every year: an audit report prepared by CPA (final financial statements), consolidated financial statements, corporate registry extracts, business registration certificate, shareholders' registry, articles of incorporation, a summary sheet of earned income taxes withheld, business plan, estimated financial statements (for 3 years), information on major business partners, copies of various permits, approvals and documents relating to certified technology (KS, ISO, patent, etc.), confirmation letter on labor disputes, other operating manuals for goods, reference materials regarding the Borrower's industry, etc.; and
 4. At any time: total balance schedule, table of status of liabilities, document confirming use of proceeds, etc.
- (2) The Borrower shall, at the request of the Bank, submit to the Bank the following materials which the Bank, at the time of evaluating the credit standing of the Borrower, requests for the purpose of understanding the Borrower's status of foreign exchange risks and its management thereof:
1. Status of management system on FX risks and rules on management of FX risks;
 2. Status of procurement, and use/operation, of foreign currency funds; and
 3. Status of transactions of foreign-currency denominated derivatives.

Article 18. Other Special Agreement

[intentionally deleted]	Borrower	
If there is any conflict or discrepancy between the Korean version of this Agreement and the English version of this Agreement, the Korean version of this Agreement shall prevail.	Borrower	Amkor Technology Korea, Inc. ((seal)) Representative Director Joo-Ho Kim Address: 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul

The Borrower has received the General Terms and Conditions for Bank Credit Transactions and a copy of this Agreement, and have been sufficient explained of, and understands, the material contents thereof.	Borrower	Amkor Technology Korea, Inc. ((seal)) Representative Director Joo-Ho Kim Address: 280-8, Sungsoo-dong 2-ga, Sungdong-gu, Seoul
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Woori Bank

General Terms and Conditions for Bank Credit

Transactions

(Corporate Borrower)

These General Terms and Conditions for Bank Credit Transactions (the "General Terms and Conditions") are established to facilitate the prompt and accurate credit transactions between Woori Bank (the "Bank") and the customer (the "Obligor") based on mutual trust.

Article 1. Scope of Application

(1) The General Terms and Conditions shall apply to all credit transactions arising between the Bank and the Obligor (the person owing obligations to the Bank including a borrower, a discount applicant and a payment guarantee applicant, hereinafter the same) including loans evidenced by promissory notes, discounting of bills of exchange or promissory notes, loans evidenced by deeds, overdrafts, payment guarantees and foreign exchange transactions.

(2) In the event that the Bank has, through credit transactions with any third party, acquired bills (including checks, collectively, the "Bills") drawn, endorsed, accepted or guaranteed by the Obligor, the Obligor shall be also bound by the General Terms and Conditions in the performance of the obligations evidenced by such Bills; provided, that Articles 2, 3, 5, 7, 9 and Article 12, Paragraph (1) and Article 15, Paragraph (1) shall not be applicable.

(3) The General Terms and Conditions shall apply to all transactions and performance of obligations between the principal office and branches of the Bank and the principal office and branches of the Obligor to the extent that the transaction or the obligation falls within the scope of the above Paragraph (1) or (2).

Article 2. Obligations on Bills and Credits

In the event that the credit has been granted through Bills drawn, endorsed, accepted or guaranteed by the Obligor, the Bank may demand from the Obligor the payment of the Obligor's obligations by exercising the Bank's rights either under the Bills or under the underlying credits.

Article 3. Interest and Default Interest

(1) The rates, computation method or the time and manner of payment, respectively, of the interest, discount charge, guarantee fee or commission (hereinafter referred to as

“Interest, etc.”) shall be determined by the Bank, to the extent permitted under applicable laws and regulations.

(2) The Obligor may select one of following in respect of rate of Interest, etc. in executing the transaction agreement.

1. The Bank shall not change, in principle, the rate until the Obligor’s obligations are fully performed.

2. The Bank may change the rate from time to time until the Obligor’s obligations are fully performed.

(3) If the Obligor selects Paragraph (2) Item 1 and there is any significant change in circumstance due to sudden change in national economy and financial condition which could not be expected at the time of execution of the agreement, before the obligations are fully performed, the Bank may increase or decrease the rate by giving a notice to the Obligor separately. In this case, if the cause for change ceases to exist, the Bank shall immediately change such rate in order to conform to such circumstance.

(4) If the Obligor selects Paragraph (2) Item 2, the increase or decrease of rate of Interest, etc. by the Bank shall be made within reasonable extent in accordance with the sound banking customary practice.

(5) Any amount not paid by the Obligor when due and payable shall bear interest at the default rate determined by the Bank, to the extent permitted under the applicable laws and regulations, on the basis of the actual number of days elapsed and a year of 365 days; provided, that the Bank may change such rate to the extent permitted under the applicable laws and regulations due to change in financial condition and any other reasonable cause; and provided, further, that in the case of foreign exchange transactions, international practices and commercial customs shall apply.

(6) The Obligor shall be bound by any changes in the computation manner or time and manner of payment, respectively, of the Interest, etc. or default interest from the first date on which the Obligor should pay the interest after such change, if such change is made by the Bank as a result of any change in the financial circumstances or any other condition affecting the credit transaction or any other reasonable causes to the extent permitted under applicable laws and regulations.

(7) If the change is made in accordance with Paragraphs (4), (5) and (6), the Bank shall post such change at each of the Bank’s offices and the electronic media determined by the Bank for one (1) month from the effective date of such change; provided, that if the change applies to certain Obligor, the change shall be notified to such Obligor separately.

(8) If the Obligor incurs unexpected disadvantages pursuant to Paragraphs (3) and (6) above, the Obligor may terminate the relevant contract within one (1) month from the first date on which the Obligor should pay the interest after change. In this case, the interest for the period from the effective date of such change to the date of termination shall be calculated at the interest rate that was effective prior to the change. Any amount not paid by the Obligor to the Bank when due and payable as a result of such termination shall bear interest at the default interest rate that was effective prior to the change.

Article 4. Cost and Expenses

(1) The Obligor shall bear the expenses set forth in the following items:

1. the expenses incurred by the Bank in enforcing or protecting (including terminating) the Bank's rights including claims and security rights against the Obligor, the guarantor or the owner of collateral;
2. the expenses incurred by the Bank for inspection, foreclosure or disposition of any collateral; and
3. the expenses incurred by the Bank for sending demand or notice as a result of delay of payment or performance of the Obligor's obligation.

(2) In the event that the Bank pays on the Obligor's behalf any incidental cost or expenses not paid by the Obligor, the Obligor shall immediately reimburse the Bank for such payment. Any of such payment not paid immediately on the Bank's demand shall bear default interest at the default interest rate as determined pursuant to Article 3, Paragraph (5) for the period from the date of the payment by the Bank to the date of full reimbursement by the Obligor.

(3) In executing any loan agreement, the Bank shall inform the type and amount of incidental costs and expenses required for extending secured loans, in addition to the agreed interest, to make the Obligor know in advance.

Article 5. Purpose and Use of Loan Proceeds

The Obligor shall expressly describe the purpose of the loan proceeds in the application for credit. The loan proceeds disbursed to the Obligor by the Bank under the credit transactions shall not be used for any purposes other than the purposes agreed to under the transaction. The same shall apply in the case of payment guarantees and other types of credits extended by the Bank.

Article 6. Security

(1) In case of any change in the Obligor's or the guarantor's creditworthiness, reduction in the value of the security or any other reasonable causes necessitating the protection of the Bank's rights, the Obligor shall upon demand by the Bank forthwith furnish to the Bank such substitute security or additional security, or such guarantors or additional guarantors as the Bank may require.

(2) The Bank shall in principle make collections on or dispose of any security in accordance with statutorily prescribed procedures; however, if the price of security is prevailing price in exchange market, or a collection or disposition otherwise than in accordance with the statutory procedures is expected to be more likely to result in a profitable sale, the Bank may make collections on or dispose of the security in such a manner, at such a time, for such a price, etc. as are generally deemed appropriate. The Bank may deduct expenses from the proceeds and apply the remainder to the payment of the Obligor's obligations to the Bank pursuant to Article 13. The Obligor shall promptly pay any deficiency to the Bank. In this case, the Bank shall notify the Obligor ten (10) days prior to the disposition of such security; provided, that the Bank expects that the recovery of claims would be seriously difficult before the court gives a decision to commence rehabilitation or bankruptcy proceeding pursuant to the Act on Debtor Rehabilitation and Bankruptcy, the Bank shall make collections on or dispose of any security and then, immediately notify the Obligor thereof.

(3) In case of any delay in the Obligor's performance of any obligations owing to the Bank, the Bank may continue to possess or make collections on or dispose of, pursuant to the Paragraph (2), the Obligor's personal properties, Bills, and other negotiable instruments and securities in the Bank's possession, even if they were not furnished to the Bank for security purposes.

Article 7. Acceleration of Payment

(1) Upon occurrence of any of the events set forth below, all obligations that the Obligor owes to the Bank shall immediately become due and payable without notice or demand from the Bank, and the Obligor shall immediately pay and perform such obligations, including without limitation the obligation to make advance reimbursements for a payment guarantee:

1. an order or notice of attachment, provisional attachment or attachment for delinquent taxes or public imposts is issued, or a compulsory execution or disposition due to delinquent taxes or public imposts is commenced with respect to any of the Obligor's deposits or other claims against the Bank; provided, that in case of obligation secured by any collateral, such obligation shall be immediately due and payable for the reason of provisional attachment only if it recovery of claims is seriously difficult;

2. an order or notice of attachment or attachment for delinquent taxes or public imposts is issued, or a compulsory execution or disposition due to delinquent taxes or public imposts is commenced with respect to any of the collaterals provided by the Obligor (excluding the Obligor's deposit or other claims against the Bank set forth in the preceding Item);
3. an application is filed by the Obligor for bankruptcy, rehabilitation, debtor rehabilitation of the Obligor; or an application is filed for listing the Obligor on the registry of delinquent debtors;
4. a notice is received for the collection of taxes or other public imposts prior to the due date therefore or the Clearing House suspends the Obligor's transactions;
5. the Obligor is deemed to stop payment due to suspension of its business or concealing itself or otherwise;
6. any of the events stated in Item 1 above occurs with respect to any deposit or other claims against the Bank of any comprehensive kun-guarantor of the Obligor's obligations to the Bank, who is the oligopolistic shareholder or the beneficial owner of the Obligor.

(2) If the Obligor fails to make any required payment, including but not limited to the payment of interest, on due date thereof for four times during the entire repayment period (for the avoidance of doubt, the "entire repayment period" shall include, to the extent applicable, any extended period), the obligations with respect to which such delayed payments have occurred shall become automatically and immediately become due and payable without notice or demand by the Bank, and the Obligor shall pay and perform such obligations owed to the Bank.

(3) Upon the occurrence and during the continuance of any of the events set forth below, Bank may, in its sole discretion upon notice to Obligor, declare all obligations which the Obligor owes to the Bank and are related to each such event immediately due and payable, and cause the Obligor to immediately pay and perform such obligations; provided, that on or before three (3) business days prior to the date on which such obligations of the Obligor shall become due and payable, the Bank shall give a notice to the Obligor that the Obligor has failed to pay or perform the relevant obligations as set forth in any of the following Items and the relevant obligations of the Obligor will become due and payable, and if the Bank fails to give such notice to the Obligor before three (3) business days prior to the date on which such obligations of the Obligor shall become due and payable, the relevant obligations of the Obligor will become due and payable on the third business day after the date of actual arrival of notice and the Obligor shall pay and perform the relevant obligations:

1. the Obligor has failed to pay Interest, etc. for fourteen (14) days continuously after the due date thereof; or
2. the Obligor has failed to pay an installment payment on the due date and it remains unpaid for thirty (30) days.
3. Provided, that, the Bank, upon the drawdown of the loan, will provide the Obligor with the payment schedule for the principal of and interest on the loan.

(4) Upon the occurrence and during the continuance of any of the events set forth below, and as a result the Bank's rights are put in jeopardy, the Bank may, in its sole discretion upon notice to Obligor, demand the Obligor to repay obligations and to cancel attachment, etc. and to restore creditworthiness, and declare all obligations that the Obligor owes to the Bank immediately due and payable on the due date designated in written notice or demand tendered by the Bank more than ten (10) days prior to the due date, and the Obligor shall immediately pay and perform such obligations:

1. the Obligor fails to pay the obligations which are immediately due and payable pursuant to Paragraph (3) or (5);
2. an order or notice of attachment or an attachment for delinquent taxes or public imposts is issued with respect to properties of the Obligor other than those described in Item 1 or 2 of Paragraph (1) above and such attachment continues for a period of thirty (30) consecutive days, and for this reason the creditworthiness of the Obligor is substantially deteriorated and the recovery of claims is seriously difficult;
3. a public sale on collateral commences in order to enforce the security right or a notice of provisional attachment is issued pursuant to the Civil Enforcement Act with respect to any property of the Obligor other than those specified in Paragraph (1) Item 1 above, for this reason, the creditworthiness of the Obligor is substantially deteriorated and the recovery of claims is seriously difficult;
4. it shall become difficult for the Bank to maintain a normal banking business with the Obligor due to the breach by the Obligor of any provisions in Article 5 or Article 19 of the General Terms and Conditions and such breach continues for a period of thirty (30) consecutive days following notice to the Obligor by Bank;
5. the Obligor is found to have intentionally submitted to Bank in connection with a credit transaction, documents that are forged or altered or found to be false in a material respect, or intentionally submitted to Bank in connection with a credit

transaction, materials deemed to be, when taken together with all materials submitted to Bank, incomplete in a material respect;

6. the creditworthiness of the Obligor deteriorates substantially as a result of the commencement of liquidation procedures against Obligor or shutdown or suspension of Obligor's business due to labor disputes, and such liquidation procedures or shutdown or suspension of the Obligor's business shall continue for a period of ten (10) days from the day Obligor first has notice of such occurrence;

7. the Obligor's credit information is registered as information on default, subrogation or substitute payment, dishonor, related parties, disruption of financial order or public records under the Credit Information Management Rules.

(5) Upon the occurrence and during the continuance of any of the events set forth below, the Bank may, in its sole discretion upon notice to Obligor, declare all obligations that the Obligor owed to the Bank with respect to which such event occurs immediately due and payable on the due date designated in written notice or demand tendered by the Bank more than ten (10) days prior to the due date, and the Obligor shall immediately pay and perform such obligations:

1. [Intentionally deleted]

2. any breach by the Obligor of a material provision of the agreements with the Bank, including, without limitation, the agreement to obtain fire insurance with respect to the collateral, or the agreement to provide to the Bank as collateral the machinery or building which has been constructed, installed or manufactured with proceeds of the loans extended by the Bank to the Obligor, and such breach continues for a period of thirty (30) consecutive days following notice from Bank to the Obligor.

3. [Intentionally deleted]

(6) Even when any of the Obligor's obligations to the Bank are accelerated under Paragraphs (1) through (5), if the Bank expressly waives the effect of such Paragraphs or if normal transactions are resumed between the Bank and the Obligor notwithstanding the acceleration (e.g., the Bank receives an installment payment, principal of and interest on installment indebtedness, interest or default interest), the acceleration shall be deemed to have been rescinded with respect to such obligation or the obligation designated by the Bank as of the time of the Bank's waiver or of the resumption of the normal banking transactions.

(7) In the event that there is an interested party of the Obligor competing over the Obligor's claim against the Bank, the Bank may exercise its right of set-off.

Article 8. Notice to Joint and Several Guarantor of Accelerated Obligation

- (1) If the payment obligation is accelerated pursuant to each Item of Article 7 Paragraph (1) above, the Bank shall notify such fact in writing to the joint and several guarantor within fifteen (15) business days from the date on which such obligations of the Obligor shall become due and payable if any event under Item 1 or 6 occurs or if the Clearing House suspends the Obligor's transactions under Item 4, or otherwise, from the date on which the Bank recognizes such event of acceleration.
- (2) The obligation is immediately due and payable in accordance with Article 7, Paragraphs (4) and (5), the Bank shall notify the joint and several guarantor in writing within fifteen (15) business days from the date on which such obligations of the Obligor shall become due and payable.
- (3) Even if the joint and several guarantor receives a notice of acceleration in accordance with Paragraphs (1) and (2), the consent of the joint and several guarantor for continuous transaction is not required in respect of such obligation of which acceleration has been rescinded pursuant to Article 7, Paragraph (6). In this case, the Bank shall give a notice of rescission of acceleration in writing to the joint and several guarantor of such obligation within fifteen (15) business days .

Article 9. Obligation to Repurchase Discounted Bills

- (1) The Obligor shall automatically repurchase and immediately pay at face value, without demand or notice from the Bank, all the discounted Bills set forth below. If the Obligor performs its repurchase obligation before the due date of each Bill, the Bank shall refund the discount charge for the period from the date of performance of repurchase obligation to the due date;
 1. all of Bills requested for discount, if any of the events described in Article 7, Paragraph (1) occurs with respect to the Obligor;
 2. if any of the events described in Article 7, Paragraph (1) occurs with respect to the person who issued or accepted the Bills or such person fails to pay the Bill when due, which are issued or accepted by him/her, all Bills which he/she issued or accepted.
- (2) The Obligor shall repurchase and immediately pay at face value all the discounted Bills as set forth below on the due date designated in notice or demand tendered by the Bank in writing more than ten (10) days prior to the due date. In this case, if the Obligor performs its repurchase obligation before due, the Bank shall refund the amount equivalent to the discount charge from the date of performance of repurchase obligation to the due date;

1. all Bills requested to be discounted, if any of the events described in Article 7, Paragraphs (4) and (5) occurs with respect to the Obligor;
 2. if any of the events described in Article 7, Paragraphs (4) and (5) occurs with respect to the person who issued or accepted the Bills, all Bills which he/she issued or accepted.
- (3) Until the Obligor performs its repurchase obligations under Paragraphs (1) and (2) above, the Bank may exercise all rights as holder of the Bills.
- (4) The provision of Article 7, Paragraph (6) shall apply to the cases of the preceding Paragraphs (1) and (2) *mutatis mutandis*.

Article 10. Set-off by the Bank

- (1) In the event that the Obligor's obligation is due and payable whether by maturity in accordance with its term, or by acceleration upon occurrence of any of the events described in Article 7, or by occurrence of the Obligor's obligation to repurchase the discounted Bills under Article 9, or for any other causes, the Bank may set off by written notice to the Obligor any such obligation at any time against any of the Obligor's deposits with the Bank and any other of the Obligor's claims against the Bank irrespective of the due dates thereof.
- (2) In the event that the Bank exercises the right to set -off against any advance reimbursement obligation of the Obligor pursuant to the preceding Paragraph, the Obligor hereby waives any defense permitted under Article 443 of the Civil Code against such set-off by the Bank, whether or not any security is furnished to the Bank with respect to the guaranteed obligation or the reimbursement obligation; provided, that the Bank shall immediately perform its guarantee obligation after such set -off.
- (3) In the event that the Obligor becomes obligated to the Bank as referred to in Paragraph (1), the Bank may, on behalf of the Obligor, also make withdrawals from the Obligor's deposits in the Obligor's name provided by the Obligor as security, and may apply such withdrawals to the payment of the Obligor's obligations regardless of the arrival of the maturity of such deposits, without any advance notice and without complying with any particular procedures; provided, however, that immediately after such withdrawal and application, the Bank shall give a notice to the Obligor.
- (4) If the Bank sets off any obligation of the Obligor against any of the Obligor's or the guarantor's deposits and any other of the Obligor's or the guarantor's claims ("deposits, etc.") against the Bank pursuant to Paragraphs (1) and (2), the Bank may take payment suspension measures in respect of deposits, etc. for the time being prior to set-off; provided,

that if the guarantor takes payment suspension measure in respect of deposits, etc. of the guarantor, the Bank shall immediately notify the guarantor thereof.

(5) In the event that the Bank effects a set-off in accordance with the provisions of Paragraphs (1) and (2) or makes any withdrawals and application in accordance with the provisions of Paragraph (3), such set-off or withdrawal and application shall be promptly effected taking into account the fair benefits of the Obligor-guarantor-security provider and the period for purposes of computation of Interest, etc. on the Obligor's credits and obligations and default interest, shall extend up to and including the date on which the notice of set-off is delivered to the Obligor and the date on which such set-off, withdrawal and application is made, and the rate shall be determined by the Bank, and the foreign exchange rate shall be determined as the market rate prevailing at the time of the computation by the Bank.

Article 11. Set-off by the Obligor

(1) The Obligor may at any time set off any of the Obligor's deposits or any other of the Obligor's claims against the Bank, the due date of which has arrived, against any obligations owed to the Bank irrespective of the due dates of such obligations.

(2) In the event that the Obligor effects a set-off against a Bill which was discounted by the Bank prior to its due date pursuant to Paragraph (1) above, the Obligor shall repurchase such Bill at its face value deducting the discount charge for the period from the date of repurchase until its due date; provided, that the Obligor shall not effect a set-off against any discounted Bills which the Bank has negotiated to any third party.

(3) Notwithstanding the provisions of the preceding two Paragraphs, the set-off of any claims and obligations denominated in a foreign currency may not be effected by the Obligor unless and until their respective due dates arrive and all procedures are completed in accordance with the laws and regulations with respect to foreign exchange.

(4) In the event that the Obligor effects a set-off in accordance with Paragraphs (1) through (3), the Obligor shall send the Bank a written notice and shall promptly submit to the Bank any passbook or other certificate evidencing deposits or claims against which such set-off is effected after having the previously reported signature and/or seal affixed thereon.

(5) In the event that the Obligor effects a set-off in accordance with Paragraphs (1) through (3), the period for purposes of computing interest on the Obligor's credits and obligations, discount charge, etc. and default interest, shall be up to and including the date on which the Bank receives the Obligor's notice of set-off, and the rate shall be prescribed by the Bank, and the foreign exchange rate shall be determined as the market rate prevailing at the time of computation by the Bank. The Obligor shall pay to the Bank such fees with

respect to the set-off, as are agreed to be payable with respect to prepayment between the Bank and the Obligor.

Article 12. Presentment and Delivery of Bills

(1) With respect to Bill transaction, if the Bank effects set-offs or makes withdrawals and appropriations as set forth in Article 10 without exercising the Bank's rights under the Bills, the Bank will not be required to simultaneously return any such Bills to the Obligor. In the event that the Bills are returned to the Obligor, the Bills shall be returned at the Bank's office, which conducts banking transactions with the Obligor, and the Bank shall request prompt acceptance by the Obligor of the Bill. Same procedures shall apply to the handling of the Bills in the event of set-offs by the Obligor under Article 11.

(2) If the Bank effects set-offs or makes withdrawals and appropriations as set forth in Article 10 by exercising the Bank's rights under the Bills, the Bank will not be required to present or deliver any such Bills to the Obligor if any of the following conditions is satisfied and the provision of Paragraph (1) shall apply with respect to the handling of the Bills:

1. If the Bank does not know the Obligor's current whereabouts;
2. If the Bank is the place designated as the place at which such Bills are payable; or
3. If the Bank deems it unavoidable to omit presentment or delivery of the Bills to the Obligor for such reasons as interruption of transport or communication, or use for collection, etc.

(3) If any of the Obligor's obligations to the Bank that are due and payable are not paid in full after a set -off, etc. has been effected as set forth in Articles 10 and 11, and other parties are liable under the Bills in addition to the Obligor, the Bank may retain such Bills, and may apply the proceeds of collection or disposition of them to the payment of the Obligor's obligations in accordance with Article 13.

(4) The Bank may make a demand for payments without presenting the Bills for the purpose of tolling the statute of limitations for recovery on the Bills.

Article 13. Order of Application by the Bank

(1) In the event that payments made by the Obligor or set -offs or withdrawals and applications made by the Bank as provided for in Article 10 are insufficient to satisfy all of the Obligor's obligations, the Bank shall apply such payments and/or such set-offs or withdrawals to the satisfaction of first, the expenses, second, the interest and third, the

principal of the Obligor's obligation, in such order as applicable; provided, however, the Bank may change the order of application unless such change is adverse to the Obligor's interest.

(2) In the event that there are two or more of the Obligor's obligations against which payment or set-off is made and such obligations are not discharged in full by such payment or set-off, the Civil Code and other laws shall apply to the amount recovered in the compulsory execution or public sale by exercise of security rights.

(3) In the event that there are two or more of the Obligor's obligations against which payment or set-off is made and any voluntary repayments or deposits which does not fall under Paragraph (2) above are insufficient to satisfy all of the Obligor's obligations, such repayments or deposits, etc. may be applied to the satisfaction of the Obligor's obligations in such order and in such manner as the Obligor may determine. In this case, if the determination of the order of application is likely to adversely affect the Bank's rights, the Bank may without delay raise an objection thereto, and change and designate the obligation to be paid or set off, as determined considering the availability of securities or guarantees, the value and marketability of such securities or guarantees, the due date and the possibility of settlement of the discounted Bills, etc.

(4) In the event that the Bank applies the payments and/or set-offs or withdrawals to the satisfaction of the Obligor's obligations in such order different from statutory order specified in the Civil Code or any other laws in accordance with Paragraph (3), the Bank shall take into consideration the reasonable interests of the Obligor, the security provider and the guarantor not to contrary for the protection of the Bank's rights.

Article 14. Order of Application by the Obligor

(1) In the event of the set-offs effected by the Obligor, as set forth in Article 11, if the deposits, etc. are insufficient to satisfy all of the Obligor's obligations, such deposits, etc. may be applied to the satisfaction of the Obligor's obligations in such order as the Obligor may determine.

(2) When the Obligor fails to make the determination as set forth in the preceding Paragraph, or if the determination of the order of application provided in Paragraph (1) is likely to adversely affect the Bank's rights, the Bank shall designate the obligation to be satisfied by set-off pursuant to Article 13 *mutatis mutandis*.

Article 15. Assumption of Risks and Indemnification

(1) In the event that the Bills which the Obligor has drawn, endorsed, accepted or guaranteed, or the instruments which the Obligor has furnished to the Bank are lost,

destroyed, damaged or delayed in arrival, due to causes not attributable to the Bank, such as force majeure, disasters, calamities or accidents during transit, the Obligor shall pay the Obligor's obligations as recorded on the Bank's books, vouchers, etc.; provided, that if the Obligor presents the materials different from those recorded in books and vouchers of the Bank, the Bank shall compare them and fix the Obligor's obligation and then, the Obligor shall pay and perform such obligations.

(2) The Obligor shall forthwith furnish any substitute Bills or other instruments, upon the Bank's demand, in the event of loss, destruction or damage stated in Paragraph (1) above; provided, that this provision shall not apply to the Bills or other instruments which the Bank acquired in the course of transactions with a third party.

(3) The Bank shall be liable for any damage incurred by the Obligor without any negligence of the Obligor from bearing double payment obligations as a result of payments or provision of Bills or other instruments pursuant to Paragraph (1) or (2).

(4) If the Bank has entered into transactions or has handled matters after making an adequate inspection with due care to check the seal impression or signature on the Bills or instruments against the Obligor's specimen seal impression or specimen signature previously filed with the Bank and finding such to be genuine, the Obligor shall be liable for any losses and damages arising from forgery, alteration, wrongful use, etc., of the Bills, instruments and seals or signatures, and shall be liable in accordance with the terms of any such Bills or instruments.

Article 16. Filing with the Bank and Changes thereof

(1) The Obligor shall file with the Bank in the form prescribed by the Bank in advance the following: the Obligor's name, trade name, representative, address and seal or signature, etc., and the name and seal or signature of the Obligor's agent, if any transaction is performed with the Bank through such agent.

(2) The Obligor shall forthwith notify the Bank in writing of any change in the matters filed with the Bank as set forth in Paragraph (1). Before the Obligor notifies such change, the Bank may treat as if there is no such change in the matters filed with the Bank and the Obligor shall not raise any objection thereto. The foregoing shall apply to any changes which have been registered in the Company Registry. The Obligor's losses or damages arising from such treatment of the Bank shall be borne by the Obligor and the Bank shall have no responsibility therefor.

Article 17. Faithful Preparation of Materials

In connection to a credit transaction, the Obligor shall faithfully prepare and submit required materials to the Bank.

Article 18. Effect of Notice

- (1) Any notice given by the Bank or any document dispatched by the Bank to the Obligor's latest address filed with the Bank shall be assumed to have been delivered at the time it normally should have been delivered.
- (2) If any notice given or any documents dispatched by the Bank in accordance with Paragraph (1) above has not been delivered or delayed to be delivered to the Obligor due to the Obligor's negligence to notify any change pursuant to Article 16, Paragraph (2), such notice or documents shall be deemed to have been delivered at the time it normally should have been delivered; provided, that notice of set-off or acceleration of payment and any other important expression of intention shall be deemed to have been delivered only if such notice was sent by the delivery-certified and content-certified mail.
- (3) Copies kept by the Bank of the notices or documents forwarded by the Bank to the Obligor and the Bank's record indicating such forwarding and the date thereof shall constitute *prima facie* evidence that the Bank has given the notices or documents on such date recorded on the Bank's book, etc.

Article 19. Report and Investigation

- (1) Upon the Bank's demand, the Obligor shall promptly submit to the Bank, reports with respect to the Obligor's assets, liabilities, management, the status of business or performance of credit conditions and any other important matters; and the Obligor shall also provide assistance necessary for the Bank's investigation of the Obligor's accounts, factories, place of business or any other matters, upon the Bank's request.
- (2) The Obligor shall promptly submit to the Bank, without the Bank's request, a report of any material change that has occurred or is likely to occur with respect to the Obligor's assets, management or the status of business or other matters which may affect the Obligor's transactions with the Bank.
- (3) If it is likely that it would be impossible for the Bank to collect its credit extended to the Obligor due to the suspension of trade by the Clearing House, non-performing credit or deterioration of management conditions of the Obligor based on the reports and investigations submitted in accordance with Paragraphs (1) and (2), the Bank may at any time send members of its own staff, to the extent necessary for the purpose of protecting the Bank's rights, to manage or supervise the Obligor's assets and business management.

Article 20. Amendments to Terms of Credit Transaction

- (1) In case of a change in the creditworthiness of the Obligor, the Bank may adjust the credit rating as determined by the Bank and change the credit limit, maturity, interest rate and/or other terms of a credit transaction by giving a written notice according to such adjusted credit rating; provided that, to change the credit limit and/or maturity, the Obligor and the Bank shall mutually agree in writing.
- (2) [Intentionally deleted]
- (3) In the event the Obligor acknowledges that its creditworthiness has improved, the Obligor may demand in writing that the Bank change the credit limit, maturity, interest rate and/or other terms of the credit transaction as determined by the Bank. In this case, after the examination on the appropriateness of such request, the Bank shall take necessary measures and immediately notify the Obligor of the results of such examination.

Article 21. Place of Performance, Governing Law

- (1) Any obligations in connection with the Obligor's transactions with the Bank shall be performed at the Bank's office that conducts transactions with the Obligor, unless otherwise agreed; provided, however, if deemed necessary for the management of non-performing credit or for any other reasonable causes, the Bank may transfer the management of credit to the principal office, local main office or other business offices of the Bank. Such transferred obligations of the Obligor shall be performed at the principal office, local main office or other business offices of the Bank to which the management of credit has been transferred.
- (2) The credit transactions under the General Terms and Conditions shall be governed by and be construed in accordance with the laws of the Republic of Korea, even if the Obligor is not a Korean person or company.

Article 22. Amendment to General Terms and Conditions & other Incidental Terms & Conditions

- (1) If the Bank intends to amend the General Terms and Conditions or the terms of other agreements, the Bank shall give a written notice to the Obligor of such proposed amendment in case the changes will adversely affect the Obligor; otherwise, it shall post notices of the amendment in the Bank's office that conducts transactions with the Obligor. All such notices shall contain a statement set forth in Paragraph (2) below.
- (2) The proposed amendment to the General Terms and Conditions and the terms of other agreements shall be deemed accepted and agreed to by the Obligor, unless the Bank receives the Obligor's written objection to such amendment within one (1) month after sending or posting the notices.

Article 23. Jurisdiction

The Obligor hereby agrees and consents that, in addition to the jurisdiction prescribed by law, the district court having jurisdiction over the business offices of the Bank that conduct transactions with the Obligor shall have jurisdiction over any legal action instituted between the Bank and the Obligor, the guarantor or the owner of collateral in connection with the credit transaction under the General Terms and Conditions; provided, however, if the Bank transferred the management of credit to the principal office, local main office or other business offices of the Bank for the purpose of the management of non-performing credit occurred as a result of causes attributable to the Obligor, the Obligor agrees and consents, in addition to the jurisdiction prescribed by law, that the district court having jurisdiction over the principal office, local main office or other business offices of the Bank to which the management of credit has been transferred shall have jurisdiction over such legal actions.

The Obligor may request the dispute resolution department of its trading bank to resolve any disputes in connection with a banking transaction or may request the Financial Dispute Resolution Commission, etc. to resolve such dispute.

IN WITNESS WHEREOF, the Parties have executed two (2) original copies of this Agreement as of the date above written, and each shall keep one (1) copy thereof.

March 11 , 2013

AMKOR TECHNOLOGY KOREA, INC.

Title: Representative Director

Name: Joo-Ho Kim

WOORI BANK

Title: Relationship Manager

Name: Hyeon- Shik Chae

SECTION 302 CERTIFICATION

I, Kenneth T. Joyce, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amkor Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ Kenneth T. Joyce

Kenneth T. Joyce

President and Chief Executive Officer

May 3, 2013

SECTION 302 CERTIFICATION

I, Joanne Solomon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amkor Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ Joanne Solomon

Joanne Solomon

Executive Vice President and

Chief Financial Officer

May 3, 2013

**CERTIFICATIONS 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**

In connection with the Quarterly Report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth T. Joyce, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth T. Joyce

Kenneth T. Joyce

President and Chief Executive Officer

May 3, 2013

In connection with the Quarterly Report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joanne Solomon, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joanne Solomon

Joanne Solomon

Executive Vice President and

Chief Financial Officer

May 3, 2013

