
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 June 30, 2012

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 July 27, 2012 was 155,765,307.

QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended June 30, 2012

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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 June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands, except per share data)			
Net sales	\$ 686,527	\$ 687,633	\$ 1,341,537	\$ 1,352,583
Cost of sales	597,207	557,816	1,147,236	1,096,080
Gross profit	89,320	129,817	194,301	256,503
Operating expenses:				
Selling, general and administrative	53,489	61,284	110,744	125,842
Research and development	13,867	12,559	27,292	24,688
Total operating expenses	67,356	73,843	138,036	150,530
Operating income	21,964	55,974	56,265	105,973
Other expense (income):				
Interest expense	22,452	19,609	41,038	38,398
Interest expense, related party	3,492	2,830	6,984	5,410
Interest income	(828)	(553)	(1,717)	(1,140)
Foreign currency loss, net	1,277	2,932	2,067	4,663
Loss on debt retirement, net	—	15,531	—	15,531
Equity in earnings of unconsolidated affiliate	(892)	(2,089)	(2,880)	(3,607)
Other income, net	(518)	(325)	(1,152)	(469)
Total other expense, net	24,983	37,935	44,340	58,786
(Loss) income before income taxes	(3,019)	18,039	11,925	47,187
Income tax (benefit) expense	(3,891)	3,594	(529)	6,976
Net income	872	14,445	12,454	40,211
Net (income) loss attributable to noncontrolling interests	(291)	43	(99)	(620)
Net income attributable to Amkor	\$ 581	\$ 14,488	\$ 12,355	\$ 39,591
Net income attributable to Amkor per common share:				
Basic	\$ —	\$ 0.07	\$ 0.07	\$ 0.20
Diluted	\$ —	\$ 0.07	\$ 0.07	\$ 0.17
Shares used in computing per common share amounts:				
Basic	165,956	197,084	166,911	195,584
Diluted	166,009	280,009	167,012	278,810

The accompanying notes are an integral part of these statements.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Net income attributable to Amkor	\$ 581	\$ 14,488	\$ 12,355	\$ 39,591
Other comprehensive income, net of tax:				
Adjustments to unrealized components of defined benefit pension plans, net of tax of (\$8), \$73, (\$43) and \$86	36	163	1,383	266
Cumulative translation adjustment, net of tax of (\$586), \$0, \$329 and \$0	1,659	1,115	(1,110)	548
Total other comprehensive income	1,695	1,278	273	814
Comprehensive income attributable to Amkor	\$ 2,276	\$ 15,766	\$ 12,628	\$ 40,405

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2012	December 31, 2011
(In thousands, except per share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 351,183	\$ 434,631
Restricted cash	2,680	2,680
Accounts receivable:		
Trade, net of allowances	352,453	298,543
Other	18,632	27,197
Inventories	205,778	198,427
Other current assets	41,573	35,352
Total current assets	972,299	996,830
Property, plant and equipment, net	1,751,629	1,656,214
Intangibles, net	6,436	8,382
Investments	38,822	36,707
Restricted cash	2,214	4,001
Other assets	73,784	70,913
Total assets	\$ 2,845,184	\$ 2,773,047
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 69,358	\$ 59,395
Trade accounts payable	448,235	424,504
Accrued expenses	190,657	158,287
Total current liabilities	708,250	642,186
Long-term debt	1,085,545	1,062,256
Long-term debt, related party	225,000	225,000
Pension and severance obligations	130,993	129,096
Other non-current liabilities	18,129	13,288
Total liabilities	2,167,917	2,071,826
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, 197,599 and 197,359 shares issued, and 160,701 and 168,628 shares outstanding, in 2012 and 2011, respectively	198	197
Additional paid-in capital	1,612,840	1,611,242
Accumulated deficit	(786,107)	(798,462)
Accumulated other comprehensive income	11,122	10,849
Treasury stock, at cost, 36,898 and 28,731 shares in 2012 and 2011, respectively	(168,840)	(130,560)
Total Amkor stockholders' equity	669,213	693,266
Noncontrolling interests in subsidiaries	8,054	7,955
Total equity	677,267	701,221
Total liabilities and equity	\$ 2,845,184	\$ 2,773,047

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 Six Months Ended June 30,	
	2012	2011
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 12,454	\$ 40,211
Depreciation and amortization	179,182	166,468
Loss on debt retirement, net	—	10,557
Other operating activities and non-cash items	(1,881)	3,648
Changes in assets and liabilities	(47,292)	13,013
Net cash provided by operating activities	<u>142,463</u>	<u>233,897</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(232,682)	(224,629)
Proceeds from the sale of property, plant and equipment	998	14,643
Financing lease payment from unconsolidated affiliate	9,688	5,991
Other investing activities	1,533	(4,014)
Net cash used in investing activities	<u>(220,463)</u>	<u>(208,009)</u>
Cash flows from financing activities:		
Borrowings under short-term debt	30,000	20,000
Payments of short-term debt	(20,000)	(15,000)
Proceeds from issuance of long-term debt	187,528	325,000
Proceeds from issuance of long-term debt, related party	—	75,000
Payments of long-term debt, net of certain redemption premiums and discounts	(165,165)	(354,693)
Payments for debt issuance costs	(823)	(5,875)
Payments for repurchase of common stock	(35,652)	—
Proceeds from the issuance of stock through share-based compensation plans	162	907
Payments of tax withholding for restricted shares	(446)	(744)
Net cash (used in) provided by financing activities	<u>(4,396)</u>	<u>44,595</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(1,052)</u>	<u>(10)</u>
Net (decrease) increase in cash and cash equivalents	(83,448)	70,473
Cash and cash equivalents, beginning of period	434,631	404,998
Cash and cash equivalents, end of period	<u>\$ 351,183</u>	<u>\$ 475,471</u>
Non cash investing and financing activities:		
Common stock issuance for conversion of related party 6.25% convertible subordinated notes	\$ —	\$ 100,000

The accompanying notes are an integral part of these statements.

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

1. Interim Financial Statements

Basis of Presentation. The Consolidated Financial Statements and related disclosures as of June 30, 2012 and for the three and six months ended June 30, 2012 and 2011, are unaudited, pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). The December 31, 2011, 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, 2011, filed on Form 10-K with the SEC on February 23, 2012. The results of operations for the three and six months ended June 30, 2012, 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 May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2011-04, *Fair Value Measurement (Topic 820)*. This ASU updates certain requirements for measuring fair value and disclosure regarding fair value measurement. This ASU is effective for reporting periods beginning after December 15, 2011. Our adoption of ASU 2011-04 on January 1, 2012, impacted our financial statement disclosure (Note 15).

In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income (Topic 220)*. This ASU eliminates the option to report other comprehensive income and its components in the statement of changes in stockholders’ equity and requires an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This ASU is effective for reporting periods beginning after December 15, 2011. Full retrospective application is required. Our adoption of ASU 2011-05 on January 1, 2012, impacted our financial statement presentation and disclosure (Consolidated Statements of Comprehensive Income and Note 6).

3. Share-Based Compensation Plans

The following table presents share-based compensation expense attributable to stock options and restricted shares. There is no deferred income tax benefit.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Stock options	\$ 267	\$ 474	\$ 657	\$ 1,053
Restricted shares	368	523	780	1,965
Total share-based compensation expense	<u>\$ 635</u>	<u>\$ 997</u>	<u>\$ 1,437</u>	<u>\$ 3,018</u>

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Cost of sales	\$ (5)	\$ 5	\$ 7	\$ 6
Selling, general and administrative	557	863	1,244	2,620
Research and development	83	129	186	392
Total share-based compensation expense	\$ 635	\$ 997	\$ 1,437	\$ 3,018

Stock Options

The following table summarizes our stock option activity for the six months ended June 30, 2012:

	Number of Shares (In thousands)	Weighted Average Exercise Price Per Share	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding at December 31, 2011	6,052	\$ 9.97		
Granted	100	4.58		
Exercised	(45)	3.60		
Forfeited or expired	(1,029)	12.01		
Outstanding at June 30, 2012	5,078	\$ 9.51	3.04	\$ 214
Fully vested and expected to vest at June 30, 2012	5,055	\$ 9.53	3.01	\$ 211
Exercisable at June 30, 2012	4,760	\$ 9.69	2.72	\$ 184

The following assumptions were used in the Black-Scholes option pricing model to calculate weighted average fair values of the options granted for the three and six months ended June 30, 2012 and 2011.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Expected life (in years)	6.0	6.2	6.0	6.2
Risk-free interest rate	1.0%	2.4%	1.0%	2.4%
Volatility	65%	67%	65%	67%
Dividend yield	—	—	—	—
Weighted average grant date fair value per option granted	\$ 2.68	\$ 4.06	\$ 2.68	\$ 4.06

The intrinsic value of options exercised for the three and six months ended June 30, 2012, was less than \$0.1 million and \$0.1 million, respectively. The intrinsic value of options exercised for the three and six months ended June 30, 2011, was less than \$0.1 million and \$0.4 million, respectively. For the six months ended June 30, 2012 and 2011, cash received for stock option exercises was \$0.2 million and \$0.9 million, respectively. 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 \$0.9 million as of June 30, 2012, which is expected to be recognized over a weighted-average period of 1.5 years beginning July 1, 2012. To the extent the actual forfeiture rate is different than what we have anticipated, share-based compensation related to these awards will be different from our expectations.

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

Restricted Shares

The following table summarizes our restricted share activity for the six months ended June 30, 2012:

	Number of Shares (In thousands)	Weighted Average Grant-Date Fair Value (Per share)
Nonvested at December 31, 2011	693	\$ 7.33
Awards granted	—	—
Awards vested	(195)	7.49
Awards forfeited	(44)	7.22
Nonvested at June 30, 2012	454	\$ 7.27

The fair value of shares vested during the six months ended June 30, 2012 was \$1.3 million.

Unrecognized compensation cost, including a forfeiture estimate, was \$2.7 million as of June 30, 2012, which is expected to be recognized over a weighted average period of approximately 2.2 years beginning July 1, 2012. 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 benefit of \$0.5 million for the six months ended June 30, 2012, primarily reflects \$0.1 million of expense related to income taxes at certain of our foreign operations, \$0.9 million of foreign withholding taxes and \$1.2 million of deferred taxes on undistributed earnings from our investment in J-Devices Corporation ("J-Devices") offset by a net \$2.7 million reduction in unrecognized tax benefits. Our income tax expense reflects income taxed in foreign jurisdictions where we benefit from tax holidays. At June 30, 2012, we had U.S. net operating loss carryforwards totaling \$367.6 million, which expire at various times through 2031. Additionally, at June 30, 2012, we had \$83.9 million of non-U.S. net operating loss carryforwards, substantially all of which will expire at various times through 2022.

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 on our tax returns or when sufficient net positive evidence exists to conclude it is more likely than not that the deferred tax assets will be realized.

Our gross unrecognized tax benefits decreased from \$7.9 million at December 31, 2011 to \$4.8 million as of June 30, 2012, primarily because of a \$4.0 million reduction as a result of a favorable ruling request related to revenue attribution and a \$0.3 million settlement of a contested prior year deduction in a foreign jurisdiction, which were partially offset by \$1.2 million of net additions related to the deductibility of certain expenses. Substantially all of the remaining balance of our unrecognized tax benefits at June 30, 2012, would also 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.

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

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 June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands, except per share data)			
Net income attributable to Amkor	\$ 581	\$ 14,488	\$ 12,355	\$ 39,591
Income allocated to participating securities	(2)	(58)	(33)	(161)
Net income available to Amkor common stockholders	579	14,430	12,322	39,430
Adjustment for dilutive securities on net income:				
Net income allocated to participating securities in basic calculation	2	58	33	161
Interest on 6.0% convertible notes due 2014, net of tax	—	4,026	—	8,052
Net income attributable to Amkor — diluted	\$ 581	\$ 18,514	\$ 12,355	\$ 47,643
Weighted average shares outstanding — basic	165,956	197,084	166,911	195,584
Effect of dilutive securities:				
Stock options	53	232	101	313
Unvested restricted shares	—	35	—	255
6.0% convertible notes due 2014	—	82,658	—	82,658
Weighted average shares outstanding — diluted	166,009	280,009	167,012	278,810
Net income attributable to Amkor per common share:				
Basic	\$ —	\$ 0.07	\$ 0.07	\$ 0.20
Diluted	—	0.07	0.07	0.17

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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 June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Stock options and restricted share awards	4,737	5,325	4,506	5,324
6.0% convertible notes due 2014	82,658	—	82,658	—
6.25% convertible notes due 2013	—	—	—	1,402
2.5% convertible notes due 2011	—	1,459	—	2,189
Total potentially dilutive shares	87,395	6,784	87,164	8,915

6. Equity and 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, 2011	\$ 693,266	\$ 7,955	\$ 701,221		
Net income	12,355	99	12,454		
Other comprehensive income	273	—	273		
Issuance of stock through employee share-based compensation plans	162	—	162		
Treasury stock acquired through surrender of shares for tax withholding	(446)	—	(446)		
Share-based compensation expense	1,437	—	1,437		
Repurchase of common stock	(37,834)	—	(37,834)		
Equity at June 30, 2012	\$ 669,213	\$ 8,054	\$ 677,267		

	Attributable to Amkor		Attributable to Noncontrolling Interests		Total
	(In thousands)				
Equity at December 31, 2010	\$ 630,013	\$ 6,668	\$ 636,681		
Net income	39,591	620	40,211		
Other comprehensive income	814	—	814		
Issuance of stock through employee share-based compensation plans	907	—	907		
Treasury stock acquired through surrender of shares for tax withholding	(744)	—	(744)		
Share-based compensation expense	3,018	—	3,018		
Conversion of debt to common stock	100,497	—	100,497		
Equity at June 30, 2011	\$ 774,096	\$ 7,288	\$ 781,384		

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

7. Inventories

Inventories consist of the following:

	June 30, 2012	December 31, 2011
(In thousands)		
Raw materials and purchased components	\$ 153,078	\$ 158,656
Work-in-process	52,700	39,771
Total inventories	<u>\$ 205,778</u>	<u>\$ 198,427</u>

8. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30, 2012	December 31, 2011
(In thousands)		
Land	\$ 106,338	\$ 106,338
Land use rights	19,945	19,945
Buildings and improvements	896,019	871,970
Machinery and equipment	3,167,286	3,016,430
Software and computer equipment	190,207	186,378
Furniture, fixtures and other equipment	19,425	19,736
Construction in progress	45,525	26,818
	<u>4,444,745</u>	<u>4,247,615</u>
Less accumulated depreciation and amortization	<u>(2,693,116)</u>	<u>(2,591,401)</u>
Total property, plant and equipment, net	<u>\$ 1,751,629</u>	<u>\$ 1,656,214</u>

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
(In thousands)				
Cost of sales	\$ 81,891	\$ 74,316	\$ 161,988	\$ 149,570
Selling, general and administrative	5,289	5,647	10,396	11,273
Research and development	2,697	1,547	4,777	2,988
Total depreciation expense	<u>\$ 89,877</u>	<u>\$ 81,510</u>	<u>\$ 177,161</u>	<u>\$ 163,831</u>

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

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

	For the Six Months Ended June 30,	
	2012	2011
	(In thousands)	
Property, plant and equipment additions	\$ 273,350	\$ 201,981
Net change in related accounts payable and deposits	(40,668)	22,648
Purchases of property, plant and equipment	<u>\$ 232,682</u>	<u>\$ 224,629</u>

9. Intangible Assets

Intangibles as of June 30, 2012, consist of the following:

	Gross	Accumulated Amortization	Net
	(In thousands)		
Patents and technology rights	\$ 27,341	\$ (24,254)	\$ 3,087
Customer relationships	13,625	(10,276)	3,349
Total intangibles	<u>\$ 40,966</u>	<u>\$ (34,530)</u>	<u>\$ 6,436</u>

Intangibles as of December 31, 2011, consist of the following:

	Gross	Accumulated Amortization	Net
	(In thousands)		
Patents and technology rights	\$ 29,774	\$ (26,158)	\$ 3,616
Customer relationships	13,625	(8,859)	4,766
Total intangibles	<u>\$ 43,399</u>	<u>\$ (35,017)</u>	<u>\$ 8,382</u>

Amortization of identifiable intangible assets for the three and six months ended June 30, 2012, was \$0.8 million and \$2.0 million, respectively. Amortization of identifiable intangible assets for the three and six months ended June 30, 2011, was \$1.3 million and \$2.6 million, respectively. Based on the amortizing assets recognized in our balance sheet at June 30, 2012, amortization for each of the next five years is estimated as follows:

	(In thousands)
2012 remaining	\$ 1,709
2013	3,371
2014	659
2015	358
2016	130
Thereafter	209
Total amortization	<u>\$ 6,436</u>

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

10. Investments

Investments consist of the following:

	June 30, 2012		December 31, 2011	
	Carrying Value (In thousands)	Ownership Percentage	Carrying Value (In thousands)	Ownership Percentage
Investment in unconsolidated affiliate	\$ 38,822	30.0%	\$ 36,707	30.0%

J-Devices Corporation

During 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 is now owned 60% by the former shareholders of NMD, 30% by Amkor and 10% by Toshiba and has changed its name to J-Devices. J-Devices is a variable interest entity, but as we are not the primary beneficiary, the investment is accounted for under the equity method as an unconsolidated affiliate.

Our investment includes our 30% equity interest and options to acquire additional equity interests. The options, exercisable at our discretion, permit us to increase our percentage ownership of J-Devices on the anniversary date up to 60% in 2012, 66% in 2014 and 80% in 2015. In 2014 and beyond, Toshiba has the option, at its discretion, to sell shares it owns to us if we have exercised any of our options. After we own 80% or more shares, the former 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 primarily upon the financial position of J-Devices at the time of exercise.

Under the equity method of accounting, we recognize our 30% 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. For the three and six months ended June 30, 2012, our equity in earnings in J-Devices, net of J-Devices' income taxes in Japan, was \$0.9 million and \$2.9 million, respectively. For the three and six months ended June 30, 2011, our equity in earnings in J-Devices, net of J-Devices' income taxes in Japan, was \$2.1 million and \$3.6 million, respectively.

In addition, we record equity method adjustments as a change in our investment in unconsolidated affiliate. These 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.

In conjunction with entering into the joint venture, one of our existing subsidiaries in Japan purchased packaging and test equipment from Toshiba and leased the equipment to J-Devices under an agreement which is accounted for as a direct financing lease. For the three and six months ended June 30, 2012, we recognized interest income of \$0.1 million and \$0.2 million, respectively. For the three and six months ended June 30, 2011, we recognized interest income of \$0.2 million and \$0.4 million, respectively. Our lease receivable, net was \$12.9 million and \$20.2 million as of June 30, 2012, and December 31, 2011, respectively, and was recorded as a component of other accounts receivable.

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11. Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2012	December 31, 2011
	(In thousands)	
Payroll and benefits	\$ 55,962	\$ 59,928
Customer advances and deferred revenue	44,739	34,672
Accrued royalties (Note 16)	30,000	—
Accrued interest	15,329	11,941
Accrued severance plan obligations (Note 13)	7,428	7,476
Income taxes payable	2,803	4,446
Other accrued expenses	34,396	39,824
Total accrued expenses	<u>\$ 190,657</u>	<u>\$ 158,287</u>

Accrued royalties relate to our estimate for unpaid royalties owed to Tessera as a result of an interim order received from an arbitration panel on July 5, 2012 (Note 16).

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12. Debt

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

	June 30, 2012	December 31, 2011
(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 (1)	\$ —	\$ —
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
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 (2)	10,000	—
Term loan, bank funding rate-linked base rate plus 1.99%, due May 2013 (3)	—	103,000
Term loan, bank base rate plus 0.5%, due April 2014	107,140	107,140
Term loan, bank base rate plus 1.06% or 1.16%, due July 2014 (4)	50,000	50,000
Term loan, foreign currency funding-linked base rate plus 2.30%, due March 2015 (3)	100,000	—
Term loan, bank funding rate-linked base rate plus 1.7%, due March 2016	50,000	12,512
Term loan, LIBOR plus 3.90% or 3.94%, due July 2017 (4)	—	—
Other:		
¥1 billion revolving credit facility, TIBOR plus 0.6%, due September 2012 (Japan)	—	—
Term loan, TIBOR plus 0.8%, due September 2012 (Japan)	3,763	9,495
Term loan, LIBOR plus 2.8%, due 12 months from date of draw (China)	20,000	20,000
Term loan, TAIFX plus a bank-determined spread, due April 2015 (Taiwan) (5)	44,000	49,504
	1,379,903	1,346,651
Less: Short-term borrowings and current portion of long-term debt	(69,358)	(59,395)
Long-term debt (including related party)	\$ 1,310,545	\$ 1,287,256

(1) In June 2012, Amkor Technology, Inc. ("ATI") amended and restated the \$100.0 million senior secured revolving credit facility to increase the facility amount to \$150.0 million and extend its term by two years to June 2017. The facility has a letter of credit sub-limit of \$25.0 million. As amended, interest is charged under the facility at a floating rate based on the base rate in effect from time to time plus the applicable margins which range from 0.25% to 1.00% for base rate revolving loans, or LIBOR plus 1.5% to 2.25% for LIBOR revolving loans. In connection with amending and extending the facility, ATI capitalized \$0.8 million of deferred debt issuance costs for the six months ended June 30, 2012.

(2) In June 2012, Amkor Technology Korea, Inc., a Korean subsidiary ("ATK") entered into a \$41.0 million revolving credit facility with a Korean Bank with a term of 12 months. The loan bears interest at the foreign currency funding-linked base rate plus 2.33% (4.80% as of June 30, 2012). Principal is payable upon maturity and interest is paid monthly. The loan is collateralized with certain land, buildings and equipment at our ATK facilities. In July 2012,

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

the outstanding balance was repaid in full.

- (3) In March 2012, ATK repaid the remaining outstanding balance due May 2013 by entering into a \$100.0 million term loan with the same Korean bank, which is due upon maturity in March 2015. The term loan bears interest at a foreign currency funding-linked base rate plus 2.30% (5.27% as of June 30, 2012) to be paid monthly. The term loan is collateralized by substantially all the land, factories and equipment located at our ATK facilities.
- (4) In June 2012, ATK entered into a \$150.0 million, five-year secured term loan with a Korean bank which is collateralized by substantially all the land, factories and equipment located at our ATK facilities. Interest is paid quarterly, \$50.0 million at LIBOR plus 3.90% (4.36% as of June 30, 2012) ("Tranche A") and \$100.0 million at LIBOR plus 3.94% (4.40% as of June 30, 2012) ("Tranche B"). Tranche B is available to be drawn over the next 12 months to fund capital additions. In July 2012, ATK drew \$50.0 million from Tranche A and \$10.0 million from Tranche B. The proceeds of Tranche A were used to fully repay the term loan due July 2014. The term loan is due in full upon maturity in July 2017.
- (5) In January 2012, Amkor Technology Taiwan Ltd, a Taiwanese subsidiary, converted the existing NT\$1.5 billion term loan from a Taiwanese to a U.S. dollar denominated term loan. The term loan previously bore interest at the 90-day primary commercial paper rate plus 0.835% and now bears interest at the Taipei Foreign Exchange ("TAIFX") six month U.S. dollar rate plus a bank-determined spread (2.59% as of June 30, 2012). All other terms and conditions remain the same.

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 outstanding 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 June 30, 2012.

13. Pension and Severance Plans

Foreign 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 June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
(In thousands)				
Components of net periodic pension cost and total pension expense:				
Service cost	\$ 1,528	\$ 1,642	\$ 3,229	\$ 3,270
Interest cost	802	921	1,622	1,830
Expected return on plan assets	(787)	(887)	(1,570)	(1,762)
Amortization of transition obligation	2	2	4	3
Amortization of prior service cost	54	78	125	156
Recognized actuarial loss	52	23	103	45
Net periodic pension cost	<u>1,651</u>	<u>1,779</u>	<u>3,513</u>	<u>3,542</u>
Curtailment loss	—	—	1,089	—
Settlement gain	—	—	(100)	—
Total pension expense	<u>\$ 1,651</u>	<u>\$ 1,779</u>	<u>\$ 4,502</u>	<u>\$ 3,542</u>

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During the six months ended June 30, 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 and six months ended June 30, 2012, we contributed \$0.1 million and \$0.2 million to the pension plans, respectively. We expect to contribute approximately \$3.2 million to the pension plans during the remainder of 2012. For the three and six months ended June 30, 2011, we contributed \$0.1 million and \$0.2 million to the pension plans, respectively.

Korean Severance Plan

Our Korean subsidiary participates in an accrued severance plan that covers employees with at least one year of service. 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. 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 June 30, 2012 and 2011, was \$7.2 million and \$7.8 million, respectively. The provision recorded for severance benefits for the six months ended June 30, 2012 and 2011, was \$7.6 million and \$13.5 million, respectively. The balance of our Korean severance obligation consists of the following:

	June 30, 2012	December 31, 2011
	(In thousands)	
Current (Accrued expenses)	\$ 7,428	\$ 7,476
Non-current (Pension and severance obligations)	103,462	99,000
Total Korean severance obligation	<u>\$ 110,890</u>	<u>\$ 106,476</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, \$150.0 million in August 2011 and \$150.0 million in February 2012, 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. 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.

During the three and six months ended June 30, 2012, we purchased 7.1 million and 8.1 million shares of common stock for an aggregate purchase price of \$33.2 million and \$37.7 million respectively, net of \$0.1 million and \$0.2 million of commissions, respectively, for an average price of \$4.66 and \$4.65, respectively. Since inception of the program, we have purchased a total of 36.7 million shares at an aggregate purchase price of \$166.6 million, net of \$0.7 million of commissions. At June 30, 2012, approximately \$133.4 million was available to repurchase common stock pursuant to the stock repurchase program. At June 30, 2012, \$3.3 million of the \$37.7 million amount repurchased remained unpaid and is recorded in accrued expenses.

AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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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 and restricted cash money market funds. 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 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. 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 and six months ended June 30, 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, dealer listings, replacement costs, price lists, cost indices 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:

For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2012	June 30, 2012	For the Three Months Ended June 30, 2011	For the Six Months Ended June 30, 2011	December 31, 2011
Gains (Losses)	Gains (Losses)	Fair Value	Gains (Losses)	Gains (Losses)	Fair Value
(In thousands)					

Recurring fair value measurements:

Cash equivalent money market funds (Level 1)			\$ 102,192		\$ 165,540
Restricted cash money market funds (Level 1)			2,680		2,680

Nonrecurring fair value measurements:

Long-lived assets held for use or disposal (Level 3)	\$ (101)	\$ (336)	\$ 609	\$ (134)	\$ (1,149)
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For the three and six months ended June 30, 2012 and 2011, all impairment losses on property, plant and equipment were recorded as 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:

	June 30, 2012		December 31, 2011	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(In thousands)			
Senior notes (Level 1)	\$ 762,250	\$ 745,000	\$ 737,049	\$ 745,000
Convertible senior subordinated notes (Level 1)	432,500	250,000	405,625	250,000
Subsidiary revolvers and term loans (Level 2)	381,102	384,903	352,679	351,651
Total debt	\$ 1,575,852	\$ 1,379,903	\$ 1,495,353	\$ 1,346,651

The estimated fair value of the debt is based primarily on quoted market prices reported on the balance sheet date for our senior and senior subordinated notes. The estimated fair value for the debt of our subsidiaries is based on market based assumptions including current borrowing rates for similar types of borrowing arrangements adjusted for duration, optionality and risk profile.

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 June 30, 2012, 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 currently 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. Attorney fees related to legal matters are expensed as incurred.

In accordance with the accounting guidance for loss contingencies, including pending claims, legal proceedings 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.

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

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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.

On July 5, 2012, the panel issued an interim order in the second phase of the Second Tessera Arbitration finding that royalties are due to Tessera on three of the ten 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 reserved for later decision the issues of the amount of royalties and pre-judgment interest due, the allocation of costs and the question of whether Tessera intends to pursue its allegations regarding other patents which have not yet been addressed by the panel. On July 19, 2012, Tessera informed the panel that it intends to proceed on its claims related to three additional U.S. patents. The panel has not yet set forth the procedure and briefing schedule for these matters.

We recorded a charge for the three months ended June 30, 2012, of \$34.0 million, based on our current estimates of the damages and interest due to date in respect of the Second Tessera Arbitration. In July 2012, Tessera publicly announced its intention to seek an amount in excess of \$125 million in the arbitration. We believe that \$34.0 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 constitutes a better estimate than any other amount, we have recorded the \$34.0 million estimate. Of our total accrual, \$30.0 million was recorded as cost of goods sold and \$4.0 million was recorded as

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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 currently 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.

On July 6, 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.

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,

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the ALJ issued a Supplemental Initial Determination. Although the ALJ's ruling did not disturb the prior finding that Carsem Dual and Quad Flat No-Lead Packages infringe some of Amkor's patent claims relating to *MicroLeadFrame* technology, the ALJ found that some of Amkor's patent 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 have appealed the ITC's ruling to the U.S. Court of Appeals for the Federal Circuit, and oral arguments were heard in November 2011.

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.

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 June 30, 2012				
Net sales	\$ 610,667	\$ 75,860	\$ —	\$ 686,527
Depreciation expense	58,881	23,010	—	81,891
Gross profit	67,998	21,322	—	89,320
Capital additions	67,303	35,147	46,965	149,415
Three months ended June 30, 2011				
Net sales	\$ 612,363	\$ 75,210	\$ 60	\$ 687,633
Depreciation expense	53,785	20,467	64	74,316
Gross profit	109,379	20,663	(225)	129,817
Capital additions	55,894	19,954	21,140	96,988
Six months ended June 30, 2012				
Net sales	\$ 1,192,178	149,359	—	\$ 1,341,537
Depreciation expense	116,801	45,187	—	161,988
Gross profit	155,301	39,000	—	194,301
Capital additions	120,854	84,229	68,267	273,350
Six months ended June 30, 2011				
Net sales	\$ 1,210,169	142,342	72	\$ 1,352,583
Depreciation expense	108,584	40,885	101	149,570
Gross profit	220,685	36,149	(331)	256,503
Capital additions	121,878	41,590	38,513	201,981
Gross property, plant and equipment				
June 30, 2012	\$ 3,324,211	969,681	150,853	\$ 4,444,745
December 31, 2011	3,217,308	880,611	149,696	4,247,615

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 pension plan curtailments and settlements and foreign currency adjustments.

	Employee Separation Costs
	(In thousands)
Accrual at December 31, 2011	\$ —
Charges	7,160
Cash Payments	(6,112)
Non-cash Amounts	(951)
Accrual at June 30, 2012	<u>\$ 97</u>

	Employee Separation Costs
	(In thousands)
Accrual at December 31, 2010	\$ 670
Charges	23
Cash Payments	(589)
Accrual at June 30, 2011	<u>\$ 104</u>

Reduction in Force

During the six months ended June 30, 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 accrued at June 30, 2012, are classified in current liabilities.

Singapore Manufacturing Operations

In June 2009, we communicated to our employees the decision to wind-down and exit our manufacturing operations in Singapore. We completed our exit as of December 31, 2010. This wind-down affected approximately 600 employees and enabled us to improve our cost structure by consolidating factories. The majority of the machinery and equipment was relocated to and utilized in other factories. In June 2011, we sold the facility in Singapore for \$13.3 million in cash, net of goods and services tax, and recorded a gain of less than \$0.1 million, with no net tax effect.

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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, (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 expiration of tax holidays in jurisdictions in which we operate and expectations regarding our effective tax rate, (5) the release of valuation allowances related to taxes in the future, (6) the expected use of future cash flows, if any, for the expansion of our business, capital expenditures, the repayment of debt and the repurchase of common stock, (7) our repurchase or repayment of outstanding debt or the conversion of debt in the future, (8) payment of dividends, (9) compliance with our covenants, (10) expected contributions to foreign pension plans, (11) liability for unrecognized tax benefits, (12) the effect of foreign currency exchange rate exposure on our financial results, (13) the volatility of the trading price of our common stock, (14) changes to our internal controls related to implementation of a new enterprise resource planning ("ERP") system, (15) the timing and amount of the charge and cash payment in respect of the final award in the Tessera arbitration, (16) the timing, costs, benefits and features of the Incheon, Korea facility project and (17) 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 and six months ended June 30, 2012, 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 tiny transistor elements into complex patterns of electronic circuitry on silicon wafers, thereby creating large numbers of individual semiconductor devices or integrated circuits on each wafer (generally referred to as "chips" or "die"). Each device on the wafer is tested, and the wafer is cut into pieces called chips. The chips are attached through wirebonding to a substrate or leadframe, or to a substrate in the case of flip chip interconnect, and then encased in a protective material to create a package. For a wafer-level package, the electrical interconnections are created directly on the surface of the wafer 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.

Our packages are designed based on 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; Infineon Technologies AG; International Business Machines Corporation; LSI Corporation; Qualcomm Incorporated; ST Microelectronics 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.

Our net sales decreased \$1.1 million or 0.2% to \$686.5 million for the three months ended June 30, 2012, from \$687.6 million for the three months ended June 30, 2011. The decrease was driven by a decline of \$1.7 million or 0.3% in packaging net sales as a result of weakness in the consumer, networking and auto and industrial end markets, partially offset by strength in the communications end market. The decrease in packaging net sales was partially offset by a \$0.7 million or 0.9% increase in our test net sales. The increase in test net sales was the result of strength in the communications end market.

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Gross margin for the three months ended June 30, 2012, decreased to 13.0% from 18.9% for the three months ended June 30, 2011. Our cost of sales for the three months ended June 30, 2012, included an estimated \$30.0 million loss contingency accrual resulting from an interim order issued by the arbitration panel relating to our license agreement with Tessera, Inc. ("Tessera"). The \$30.0 million royalty charge for Tessera reduced our gross margin by 4.4%. The decrease in gross margin was also due to increased depreciation expense as a result of our continued investment in property, plant and equipment as well as additional manufacturing overhead expenses. These costs were partially offset by favorable foreign currency exchange rate movements.

Our capital additions totaled \$273.4 million or 20.4% of net sales for the six months ended June 30, 2012, compared to \$202.0 million or 14.9% of net sales for the six months ended June 30, 2011. During the six months ended June 30, 2012, 44.2% of our capital additions were made in packaging, 30.8% in test and 25.0% for research and development and infrastructure projects.

For the six months ended June 30, 2012, we experienced negative free cash flow of \$90.2 million, primarily due to our capital purchases to support anticipated customer demand for packaging and test services related to smartphones and tablets. 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.

We believe our financial position and liquidity are sufficient to fund our operating activities for at least the next twelve months. At June 30, 2012, our cash and cash equivalents totaled approximately \$351.2 million, and we have an aggregate of \$8.8 million of debt due through the end of 2012. In June 2012, we amended and restated the \$100.0 million senior secured revolving credit facility to increase the facility amount to \$150.0 million and extend its term by two years to June 2017.

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. During the three months ended June 30, 2012, we repurchased 7.1 million shares for \$33.3 million under this program. Our stock repurchase program may be suspended or discontinued at any time.

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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 June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	100.0 %	100.0%	100.0%	100.0%
Gross profit	13.0 %	18.9%	14.5%	19.0%
Depreciation and amortization	13.2 %	12.1%	13.4%	12.3%
Operating income	3.2 %	8.1%	4.2%	7.8%
(Loss) income before income taxes	(0.4)%	2.6%	0.9%	3.5%
Net income attributable to Amkor	0.1 %	2.1%	0.9%	2.9%

Net Sales

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2012	2011	Change		2012	2011	Change	
(In thousands, except percentages)								
Net sales	\$ 686,527	\$ 687,633	\$ (1,106)	(0.2)%	\$ 1,341,537	\$ 1,352,583	\$ (11,046)	(0.8)%
Packaging net sales	610,667	612,363	(1,696)	(0.3)%	1,192,178	1,210,169	(17,991)	(1.5)%
Test net sales	75,860	75,210	650	0.9 %	149,359	142,342	7,017	4.9 %

Net Sales. Net sales in the three and six months ended June 30, 2012, decreased compared to the three and six months ended June 30, 2011, as a result of lower net sales of our packaging services. The decrease in packaging net sales was driven by weakness in the consumer, networking and auto and industrial end markets. These decreases were partially offset by strength in the communications end market. For the three and six months ended June 30, 2012, the overall decline in net sales was also partially offset by an increase in test net sales due to the strength in the communications end market.

Packaging Net Sales. Packaging net sales in the three and six months ended June 30, 2012, decreased compared to the three and six months ended June 30, 2011. The decrease was primarily driven by weakness in sales of our ball grid array and leadframe packaging services supporting gaming, networking, home electronics and auto and industrial applications. This decrease was partially offset by increased sales of our chip scale packaging services for wireless communications products, such as smartphones and tablets.

Packaging unit volume decreased 0.1 billion units to 2.1 billion units during the three months ended June 30, 2012, compared to 2.2 billion units during the three months ended June 30, 2011, primarily due to a decrease in unit demand for our leadframe and wirebond chip scale packaging services partially offset by increased demand for flip chip chip scale packaging services. Packaging unit volume decreased 0.3 billion units to 4.0 billion units during the six months ended June 30, 2012, compared to 4.3 billion units during the six months ended June 30, 2011, primarily due to a decrease in unit demand for our leadframe and wirebond chip scale packaging services partially offset by increased demand for flip chip chip scale packaging services.

Test Net Sales. Test net sales in the three and six months ended June 30, 2012, increased compared to the three and six months ended June 30, 2011. The increase was primarily attributable to higher test services for wireless communications products, such as smartphones and tablets.

Cost of Sales

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2012	2011	Change		2012	2011	Change	
(In thousands, except percentages)								
Cost of sales	\$ 597,207	\$ 557,816	\$ 39,391	7.1%	\$ 1,147,236	\$ 1,096,080	\$ 51,156	4.7%

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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 increased to 43.2% and 44.0% for the three and six months ended June 30, 2012, from 42.8% for the three and six months ended June 30, 2011. The increase as a percentage of sales and in absolute dollars was primarily due to a shift to a mix of packaging services with a higher material content as a percentage of net sales and the increased cost of gold used in many of our wirebond packages.

Labor costs as a percentage of net sales decreased to 14.4% and 14.2% for the three and six months ended June 30, 2012, from 14.9% and 14.5% for the three and six months ended June 30, 2011. Labor costs as a percentage of sales, and in absolute dollars, decreased primarily due to favorable foreign currency exchange rate movements as substantially all of our manufacturing operations' workforce is paid in local currencies. In addition, we saw labor cost savings for the six months ended June 30, 2012, which were partially offset by a \$5.5 million charge for the restructuring activities at our manufacturing operations in Japan.

Other manufacturing costs as a percentage of net sales increased to 29.4% and 27.3% for the three and six months ended June 30, 2012, from 23.4% and 23.7% for the three and six months ended June 30, 2011. The increase in other manufacturing costs as a percentage of sales, and in absolute dollars, was primarily attributable to the estimated \$30.0 million loss contingency accrual resulting from an interim order issued by the arbitration panel relating to our license agreement with Tessera. Other manufacturing costs also increased as a result of increased depreciation expense due to our continued investments in property, plant and equipment as well as additional manufacturing overhead expenses.

Gross Profit

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
	(In thousands, except percentages)					
Gross profit	\$ 89,320	\$ 129,817	\$ (40,497)	\$ 194,301	\$ 256,503	\$ (62,202)
Gross margin	13.0%	18.9%	(5.9)%	14.5%	19.0%	(4.5)%

Gross profit and gross margin for the three and six months ended June 30, 2012, decreased compared to the three and six months ended June 30, 2011. The decline in gross profit and gross margin was primarily due to the estimated \$30.0 million loss contingency accrual resulting from an interim order issued by the arbitration panel relating to our license agreement with Tessera. The \$30.0 million royalty charge for Tessera reduced our gross margin by 4.4% for the three months ended June 30, 2012. The decline in gross profit and gross margin was also driven by increased depreciation expense as a result of our continued investment in property, plant and equipment as well as additional manufacturing overhead expenses. For the six months ended June 30, 2012, our gross margin was also negatively impacted by restructuring activities at our manufacturing operations in Japan. These reductions in gross profit and gross margin were partially offset by favorable foreign currency exchange rate movements and labor cost savings from our previous restructuring activities.

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
	(In thousands, except percentages)					
Packaging gross profit	\$ 67,998	\$ 109,379	\$ (41,381)	\$ 155,301	\$ 220,685	\$ (65,384)
Packaging gross margin	11.1%	17.9%	(6.8)%	13.0%	18.2%	(5.2)%

Packaging Gross Profit. Gross profit and gross margin for packaging net sales for the three and six months ended June 30, 2012, decreased compared to the three and six months ended June 30, 2011. The decline in gross profit and gross margin was primarily due to the Tessera loss contingency accrual discussed above, which relates entirely to the packaging segment. The decline in gross profit and gross margin was also driven by increased depreciation expense as a result of our continued investment in property, plant and equipment as well as additional manufacturing overhead expenses. For the six months

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ended June 30, 2012, our gross margin was also negatively impacted by restructuring activities at our manufacturing operations in Japan. These reductions in gross profit and gross margin were partially offset by favorable foreign currency exchange rate movements and labor cost savings from our previous restructuring activities.

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
	(In thousands, except percentages)					
Test gross profit	\$ 21,322	\$ 20,663	\$ 659	\$ 39,000	\$ 36,149	\$ 2,851
Test gross margin	28.1%	27.5%	0.6%	26.1%	25.4%	0.7%

Test Gross Profit. Gross profit and gross margin for test net sales for the three and six months ended June 30, 2012, increased compared to the three and six months ended June 30, 2011. The increase in gross profit and margin was primarily a result of increased customer demand for test services and higher utilization of our test assets.

Selling, General and Administrative Expenses

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
	(In thousands, except percentages)					
Selling, general and administrative	\$ 53,489	\$ 61,284	\$ (7,795)	\$ 110,744	\$ 125,842	\$ (15,098)
			(12.7)%			(12.0)%

Selling, general and administrative expenses for the three and six months ended June 30, 2012, decreased compared to the three and six months ended June 30, 2011. The decrease was mainly attributable to lower professional fees and reduced employee compensation expense.

Research and Development

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
	(In thousands, except percentages)					
Research and development	\$ 13,867	\$ 12,559	\$ 1,308	\$ 27,292	\$ 24,688	\$ 2,604
			10.4%			10.5%

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 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 and six months ended June 30, 2012, compared to the three and six months ended June 30, 2011, was primarily attributable to increased headcount and 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 June 30,			For the Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
	(In thousands, except percentages)					
Interest expense, net	\$ 25,116	\$ 21,886	\$ 3,230	\$ 46,305	\$ 42,668	\$ 3,637
			14.8 %			8.5 %
Foreign currency loss, net	1,277	2,932	(1,655)	2,067	4,663	(2,596)
			(56.4)%			(55.7)%
Loss on debt retirement, net	—	15,531	(15,531)	—	15,531	(15,531)
			(100.0)%			(100.0)%
Equity in earnings of unconsolidated affiliate	(892)	(2,089)	1,197	(2,880)	(3,607)	727
			(57.3)%			(20.2)%
Other income, net	(518)	(325)	(193)	(1,152)	(469)	(683)
			59.4 %			145.6 %
Total other expense, net	\$ 24,983	\$ 37,935	\$ (12,952)	\$ 44,340	\$ 58,786	\$ (14,446)
			(34.1)%			(24.6)%

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Other expense, net for the three and six months ended June 30, 2012, decreased compared to the three and six months ended June 30, 2011. This decrease was primarily the result of a loss on debt retirement incurred in the three and six months ended June 30, 2011, as well as reductions in foreign currency losses, net. The reduction in foreign currency losses, net of \$1.7 million and \$2.6 million during the three and six months ended June 30, 2012, respectively, was primarily attributable to lower net monetary liabilities denominated in foreign currencies. The overall decrease in other expense, net was partially offset by increased interest expense resulting from \$4.0 million in estimated interest owed to Tessera for unpaid royalties.

Income Tax (Benefit) Expense

	For the Three Months Ended June 30,			For the Six Months Ended June 30,				
	2012	2011	Change	2012	2011	Change		
	(In thousands, except percentages)							
Income tax (benefit) expense	\$ (3,891)	\$ 3,594	\$ (7,485)	(208.3)%	\$ (529)	\$ 6,976	\$ (7,505)	(107.6)%

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 and six months ended June 30, 2012 and 2011, was attributable to income tax on profits earned in certain foreign jurisdictions, foreign withholding taxes and deferred taxes on undistributed earnings from our investment in J-Devices.

During the three and six months ended June 30, 2012, we recorded an income tax benefit due to a reduction in profits as well as a net \$2.7 million reduction in unrecognized tax benefits.

During 2012, our subsidiaries in China, 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 June 30, 2012, we had U.S. net operating loss carryforwards totaling \$367.6 million, which expire at various times through 2031. Additionally, at June 30, 2012, we had \$83.9 million of non-U.S. net operating loss carryforwards, substantially all of which will expire at various times through 2022. 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 on our tax returns or when sufficient positive evidence exists to conclude that it is more likely than not that the deferred tax assets will be realized.

Liquidity and Capital Resources

We 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 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 our operations, current cash and cash equivalents, borrowings under available debt facilities and proceeds from any additional debt or equity financings. As of June 30, 2012, we had cash and cash equivalents of \$351.2 million and availability of \$149.7 million under our \$150.0 million first lien senior secured revolving credit facility. 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, making payments due in our disputes with Tessera, the repurchase of common stock and for other corporate purposes.

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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 expenditures, which are generally made in advance of the related revenues and without any firm customer commitments.

We sponsor an accrued severance plan for our Korean subsidiary, 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 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 primarily 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 \$110.9 million as of June 30, 2012.

Included in our cash balance as of June 30, 2012, is \$242.2 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.

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. During the three months ended June 30, 2012, we had repurchased 7.1 million shares for \$33.2 million, net of \$0.1 million of commissions, leaving a balance of \$133.4 million available at June 30, 2012, for stock repurchases under this 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.

We have a 30% equity interest and options to acquire additional equity interests in J-Devices, a joint venture to provide semiconductor packaging and test services in Japan. The options are exercisable at our discretion and permit us to increase our percentage ownership of J-Devices on the anniversary date up to 60% in 2012, 66% in 2014 and 80% in 2015. The exercise price for all options is payable in cash and is to be determined using a formula based primarily upon the financial position of J-Devices at the time of exercise.

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 interim order recently issued by an arbitration panel relating to Amkor's license agreement with Tessera. Payment of the award is not anticipated before the fourth quarter 2012, after the proceedings to determine the final amount of the award are concluded. The final award could be more than the amount currently accrued. We expect to use cash on hand and/or proceeds from borrowings under our existing lines of credit or other sources to make the payment.

We have debt of \$1,379.9 million outstanding at June 30, 2012, of which \$69.4 million is current. Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to pay our debt and interest. We refer you to "Contractual Obligations" below for a summary of principal and interest payments.

In January 2012, we converted our NT\$1.5 billion term loan from Taiwan dollars to U.S. dollars to mitigate our foreign currency exposure. All other terms and conditions remain the same.

In March 2012, we repaid the remaining outstanding balance of our Korean loan due May 2013 by entering into a \$100.0 million term loan due upon maturity in March 2015. The remaining proceeds from the term loan were used to fund capital expenditures.

In June 2012, we amended and restated our \$100.0 million senior secured revolving credit facility to increase the facility amount to \$150.0 million and extend its term by two years to June 2017.

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In June 2012, we entered into a \$150.0 million, five-year secured term loan with a Korean bank. In July 2012, \$50.0 million of the term loan was drawn and used to repay the ATK term loan due July 2014. The remaining \$100.0 million, of which \$10.0 million was drawn in July 2012, is to be drawn over the next 12 months and used for capital additions. The term loan is due in full upon maturity in July 2017.

In June 2012, we entered into a \$41.0 million revolving credit facility with a Korean Bank with a term of 12 months. The loan is collateralized with certain land, buildings and equipment at our ATK facilities. In July 2012, the outstanding balance of \$10.0 million was repaid in full.

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 or through privately negotiated transactions 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.

We were in compliance with all debt covenants at June 30, 2012, and expect to remain in compliance with these covenants for at least the next twelve months.

Capital Additions

Our capital additions for the six months ended June 30, 2012, were \$273.4 million. Our spending was focused primarily on new capacity for flip chip packaging and test services in support of the communications end market.

In May 2012, we signed a non-binding memorandum of understanding with the Incheon Free Economic Zone Authority of Incheon, Korea outlining our plans to build and invest in a state-of-the-art factory and global research and development center in the Incheon Free Economic Zone, which is located in the greater metropolitan area of Seoul, Korea. We expect to spend approximately \$350 million over the next three to four years to acquire and develop the land and buildings, with approximately \$30 million planned for the fourth quarter of 2012 and approximately \$70 million planned for 2013. Construction is expected to commence in 2014 and the facility is expected to become operational by late 2015 or 2016. As previously announced, our total investment for this project may reach \$1 billion over the next 10 years, although spending for a project of this type will be spread over many years and can be controlled as needed as economic and market conditions and the cash needs for our business evolve. 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.

We currently expect our total 2012 capital additions will be approximately \$500 million. Our expected capital additions for the remainder of 2012 primarily support customer demand for packaging and test services related to smartphones and tablets. In addition, approximately \$100 million of spending planned for 2012 and 2013 relating to the Incheon, Korea facility is expected to be accrued this year. Ultimately, the amount of our 2012 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 flow from operations or financing. 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 reflected on the Condensed Consolidated Statements of Cash Flows:

	For the Six Months Ended June 30,	
	2012	2011
	(In thousands)	
Property, plant and equipment additions	\$ 273,350	\$ 201,981
Net change in related accounts payable and deposits	(40,668)	22,648
Purchases of property, plant and equipment	\$ 232,682	\$ 224,629

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Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2012, 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	2012 - Remaining	2013	2014	2015	2016	Thereafter
	(In thousands)						
Total debt	\$ 1,379,903	\$ 8,763	\$ 95,356	\$ 390,951	\$ 135,667	\$ 4,166	\$ 745,000
Scheduled interest payment obligations (1)	446,036	41,553	81,494	66,057	53,971	51,994	150,967
Purchase obligations (2)	230,196	230,196	—	—	—	—	—
Operating lease obligations	29,568	5,010	8,105	7,358	5,251	880	2,964
Severance obligations (3)	110,890	3,782	7,291	6,797	6,337	5,911	80,772
Total contractual obligations	<u>\$ 2,196,593</u>	<u>\$ 289,304</u>	<u>\$ 192,246</u>	<u>\$ 471,163</u>	<u>\$ 201,226</u>	<u>\$ 62,951</u>	<u>\$ 979,703</u>

- (1) Scheduled interest payment obligations were calculated using stated coupon rates for fixed rate debt and interest rates applicable at June 30, 2012, for variable rate debt.
- (2) Represents capital-related purchase obligations outstanding at June 30, 2012.
- (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 June 30, 2012, include:

- \$27.5 million of net foreign pension plan obligations for which the timing and actual amount of funding required is uncertain. We expect to contribute approximately \$3.2 million to the defined benefit pension plans during the remainder of 2012.
- \$3.3 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 June 30, 2012, 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, 2011. During the three months ended June 30, 2012, there have been no significant changes in our critical accounting policies as reported in our 2011 Annual Report on Form 10-K.

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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.

Cash Flows

Cash provided by operating activities was \$142.5 million for the six months ended June 30, 2012, compared to cash provided by operating activities of \$233.9 million for the six months ended June 30, 2011. We experienced negative free cash flow of \$90.2 million for the six months ended June 30, 2012, primarily due to our capital purchases to support anticipated customer demand for packaging and test services related to smartphones and tablets.

Net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2012 and 2011, were as follows:

	For the Six Months Ended June 30,	
	2012	2011
	(In thousands)	
Operating activities	\$ 142,463	\$ 233,897
Investing activities	(220,463)	(208,009)
Financing activities	(4,396)	44,595

Operating activities: Our cash flow provided by operating activities for the six months ended June 30, 2012, decreased by \$91.4 million compared to the six months ended June 30, 2011. Operating income for the six months ended June 30, 2012, adjusted for depreciation and amortization, other operating activities and non-cash items, decreased by \$42.5 million. The decrease is primarily attributable to decreased gross profit and the related decrease in net income.

Changes in assets and liabilities decreased operating cash flow for the six months ended June 30, 2012 compared to an increase in the six months ended June 30, 2011, as a result of an increase in accounts receivable offset by an increase in accrued expenses primarily attributable to the accrual of \$34.0 million for estimated unpaid royalties and interest relating to the Tessera matter. For the six months ended June 30, 2011, accounts receivable decreased from December 31, 2010, reflecting decreased demand. The decrease in accounts receivable was offset by decreases in accounts payable and accrued expenses compared to December 31, 2010.

Investing activities: Our cash flows used in investing activities for the six months ended June 30, 2012, increased by \$12.5 million. The increase in the six months ended June 30, 2012, was primarily due to a decrease in proceeds from property, plant and equipment from the 2011 sale of our Singapore facility for \$13.3 million.

Financing activities: Our cash flows used in financing activities for the six months ended June 30, 2012, decreased by \$49.0 million. The net cash used in financing activities for the six months ended June 30, 2012, primarily resulted from the repurchase of \$35.7 million of common stock under our authorized stock repurchase program, foreign amortizing debt repayments and payment of \$0.8 million in debt issuance costs associated with the amendment and restatement of our first lien senior secured revolving credit facility partially offset by additional foreign borrowings.

Our net cash provided by financing activities for the six months ended June 30, 2011, was \$44.6 million which was primarily a result of the issuance of \$400.0 million of our 6.625% Senior Notes due 2021 (the "2021 Notes") offset by \$354.7 million of repayments of our senior and convertible senior subordinated notes, term loans at our Korean subsidiary and other foreign amortizing debt. We also incurred \$5.9 million in debt issuance costs associated with the issuance of the 2021 Notes.

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

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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.

	For the Six Months Ended	
	June 30,	
	2012	2011
	(In thousands)	
Net cash provided by operating activities	\$ 142,463	\$ 233,897
Purchases of property, plant and equipment	(232,682)	(224,629)
Free cash flow	\$ (90,219)	\$ 9,268

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. We did not enter into any derivative transactions in the six months ended June 30, 2012, and have no outstanding contracts as of June 30, 2012.

Foreign Currency Risk

We currently do not have forward contracts or other instruments to reduce our exposure to foreign currency gains and losses, although we do 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 June 30, 2012, to assess the potential impact of fluctuations in exchange rates for all foreign denominated assets and liabilities. Assuming a 10% adverse movement for all currencies against the U.S. dollar as of June 30, 2012, our income before income taxes would have been approximately \$10.2 million lower.

In addition, we have foreign currency exchange rate exposure on our results of operations. For the six months ended June 30, 2012, approximately 90% 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 six months ended June 30, 2012, approximately 59% of our cost of sales and operating expenses were denominated in U.S. dollars and largely consisted of 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 June 30, 2012, to assess the potential impact of fluctuations in exchange rates for all foreign denominated sales and expenses. Assuming a 10% adverse movement from the six months ended June 30, 2012, exchange rates of the U.S. dollar compared to all of these Asian-based currencies

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as of June 30, 2012, our operating income would have been approximately \$38.6 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.

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 transactions 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 six months ended June 30, 2012 and 2011, was a net foreign translation loss of \$1.1 million and a gain of \$0.5 million, respectively, and was recognized as an adjustment to equity through other comprehensive income.

Interest Rate Risk

We have interest rate risk with respect to our long-term debt. As of June 30, 2012, we had a total of \$1,379.9 million of debt of which 72.1% was fixed rate debt and 27.9% 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 June 30, 2012. As of December 31, 2011, we had a total of \$1,346.7 million of debt of which 73.9% was fixed rate debt and 26.1% 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 June 30, 2012:

	2012 - Remaining	2013	2014	2015	2016	Thereafter	Total	Fair Value
Long term debt:								
Fixed rate debt (In thousands)	\$ —	\$ —	\$ 250,000	\$ —	\$ —	\$ 745,000	\$ 995,000	\$ 1,194,750
Average interest rate	—%	—%	6.0%	—%	—%	7.0%	6.7%	
Variable rate debt (In thousands)	\$ 8,763	\$ 95,356	\$ 140,951	\$ 135,667	\$ 4,166	\$ —	\$ 384,903	\$ 381,102
Average interest rate	2.0%	3.9%	3.9%	4.8%	4.9%	—%	4.2%	

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 June 30, 2012 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 June 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As previously reported, we are implementing a new enterprise resource planning system in a multi-year program on a world-wide basis. During the three months ended September 30, 2012, we expect to roll out additional modules at a foreign subsidiary.

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 recent financial crisis and global recession resulted in a downturn in the semiconductor industry that adversely affected our business and results of operations in late 2008 and in 2009. Although the world economy recovered somewhat in 2010, economic growth slowed in 2011 in the U.S. and internationally. In view of this slow growth and the recent economic uncertainty in Europe, 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 subcontracted packaging and test services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as consumer electronic products, telecommunication devices or computing devices, could have a material adverse effect on our business and operating results. 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 in Europe 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 wireless 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 in Europe 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 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 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 June 30, 2012, our total debt balance was \$1,379.9 million, of which \$69.4 million was classified as a current liability. In addition, despite current debt levels, the terms of the indentures governing our indebtedness allow us and our subsidiaries to incur more debt, subject to certain limitations. If new debt is added to our consolidated debt level, the related risks that we 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;
- 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.

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We May Have Difficulty Funding Liquidity Needs.

We operate in a capital intensive industry. Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures, which are generally made in advance of the related revenues and without any firm customer commitments. During the six months ended June 30, 2012, we had capital additions of \$273.4 million and for the full year 2012, we currently expect to make capital additions of approximately \$500 million primarily in support of customer demand for packaging and test services related to smartphones and tablets. In addition, approximately \$100 million of spending planned for 2012 and 2013 relating to the Incheon, Korea facility is expected to be accrued this year. The actual amount of our 2012 capital additions may vary materially and will depend on several factors including, among others, whether, when and to what extent any capital projects not yet planned, including those currently under senior-level review and any others, are approved, commenced and completed in 2012, 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 to service anticipated customer demand and the availability of cash flow from operations or financing.

In addition, we have a significant level of debt, with \$1,379.9 million outstanding at June 30, 2012, \$69.4 million of which is current. The terms of such debt require significant scheduled principal payments in the coming years, including \$8.8 million due in 2012, \$95.4 million due in 2013, \$391.0 million due in 2014, \$135.7 million due in 2015, \$4.2 million due in 2016 and \$745.0 million due thereafter. The interest payments required on our debt are also substantial. For example, in 2011, we paid \$81.3 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, current cash and cash equivalents, borrowings under available debt facilities or proceeds from any additional debt or equity financing. As of June 30, 2012, we had cash and cash equivalents of \$351.2 million and availability of \$149.7 million under our \$150.0 million senior secured revolving credit facility, which matures in June 2017.

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 flows from operating activities together with existing cash and cash equivalents will be sufficient to fund our working capital, capital expenditure and debt service requirements for at least the next twelve months. Thereafter, our liquidity will continue to be affected by, among other things, the performance of our business, our capital expenditure levels and our ability to repay debt out of our operating cash flows or refinance the debt with the proceeds of debt or equity offerings at or prior to maturity. Moreover, 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. If our performance or access to the capital markets differs materially from our expectations, our liquidity may be adversely impacted.

In addition, if we fail to generate the necessary net income or operating cash flows to meet the funding needs of our business beyond the next twelve months due to a variety of factors, including the cyclical nature of the semiconductor industry and the other factors discussed in this “Risk Factors” section, our liquidity would be adversely affected.

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 currently have a \$150.0 million senior secured revolving credit facility with three banks in the U.S. 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

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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 \$110.9 million as of June 30, 2012. Existing tax laws in Korea limit our ability to currently 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 would be required to 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 currently 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.

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.

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.

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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;
- 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.

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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 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 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 and technical personnel, any of whom may be difficult to replace. Competition for qualified employees is intense, and our business could be adversely affected by the loss of the services of any of our existing key personnel, including senior management, as a result of competition or for any other reason. We evaluate our management team and engage in long-term succession planning in order to ensure orderly replacement of key personnel. We do not have employment agreements with our key employees, including senior management or other contracts that would prevent our key employees from working for our competitors in the event they cease working for us. We cannot assure you that we will be successful in 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.

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. 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. These changes can strain our managerial, financial, operational and other resources. We may continue to face these challenges in the future. For example, we currently have a 30% investment in J-Devices, with options to acquire additional equity interests up to 80%. If we were to acquire these interests, we would need to integrate the J-Devices operation with our existing systems. The J-Devices integration or other future acquisitions, consolidations and partnering arrangements could result in operating inefficiencies, increased costs and a burden on our resources as we integrate operations.

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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 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 could delay or otherwise adversely impact 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 225 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 64.1%, 61.0% and 54.2% of our net sales in the six months ended June 30, 2012, and the years ended December 31, 2011 and 2010, respectively. One customer accounted

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for more than 10% of our consolidated net sales during the six months ended June 30, 2012. Two customers each accounted for more than 10% of our consolidated net sales in 2011, and no customer exceeded 10% of consolidated net sales in 2010.

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 currently 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.

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. For example, our facility in Iwate, Japan is primarily dedicated to a single customer, Toshiba Corporation. We have also invested in an unconsolidated affiliate, J-Devices Corporation, for which Toshiba is the primary customer. If we were to lose Toshiba as a customer or if it were to materially reduce its business with us, it could be difficult for us to find one or more new customers to utilize the capacity, which could have a material adverse effect on our operations and financial results. During the six months ended June 30, 2012, one customer accounted for 20.4% of our consolidated net sales, representing approximately 19.1% of our packaging net sales and 30.5% 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. The amount of 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 have increased 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.

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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 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 Tessera arbitration matter could be more than the amount currently 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 \$125 million. In addition, Tessera recently filed a complaint against Amkor in the U.S. District Court for the District of Delaware. Although we strongly dispute Tessera's claims, this matter has only recently commenced and the outcome is uncertain. 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 new complaint filed by Tessera will not result in an unfavorable outcome for the Company, including an injunction and significant damage award or that there will not be any further disputes with Tessera or others involving the 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

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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.

We maintain an active program to protect and derive value from our investment in technology and the associated intellectual property rights. Intellectual property rights that apply to our various packages and services include patents, copyrights, trade secrets and trademarks. We have filed for and have obtained a number of patents in the U.S. and abroad, the duration of which varies depending on the jurisdiction in which the patent was filed. While our patents are an important element of our intellectual property strategy, as a whole, we are not materially dependent on any one patent or any one technology. The process of seeking patent protection takes a long time and is expensive. There can be no assurance that patents will issue from pending or future applications or that, if patents are issued, the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Any patents we do obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us.

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 proceedings 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.

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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.

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.

The subcontracted semiconductor packaging and test market is very competitive. We face substantial competition from established packaging and test service providers primarily located in Asia, including companies with significant processing capacity, financial resources, research and development operations, marketing and other capabilities. These companies also have established relationships with many large semiconductor companies that are our current or potential customers. If one or more of these competitors were to significantly exceed our expenditures on capacity expansion, our market share and business could be negatively impacted. We also face competition from the internal capabilities and capacity of many of our current and potential IDM customers. In addition, in the future we may compete with companies (including semiconductor foundries) that may enter the market or offer new or emerging technologies that compete with our packages and services. For example, one of the major semiconductor foundries, which is substantially larger and has greater financial resources than we do, has indicated that it is considering an expansion of 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.

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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.

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

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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 June 30, 2012, 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 54%, of our outstanding common stock. The Kim family also has options to acquire approximately 1.0 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 138.5 million shares, or approximately 65%, of our outstanding common stock.

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 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.

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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 June 30, 2012. We refer you to Note 14 to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for further discussion.

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (\$ (b)
April 1-April 30	3,024	\$ 5.91	—	\$ 166,585,789
May 1-May 31	1,933,980	4.60	1,919,834	157,760,866
June 1-June 30	5,204,746	4.68	5,202,771	133,399,346
Total	7,141,750	\$ 4.66	7,122,605	

- (a) Includes an insignificant amount of 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, exclusive of any fees, commissions or other expenses. During the three months ended June 30, 2012, we purchased 7.1 million shares of common stock for an aggregate purchase price of \$33.2 million, net of \$0.1 million of commissions, for an average price of \$4.66. At June 30, 2012, approximately \$133.4 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, 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: August 2, 2012

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Executive Incentive Bonus Plan. (1)*
10.2	Amended and Restated 2007 Equity Incentive Plan. (1)*
10.3	Form of Stock Option Award Agreement under the Amended and Restated 2007 Equity Incentive Plan.*
10.4	Form of Restricted Stock Award Agreement under the Amended and Restated 2007 Equity Incentive Plan.*
10.5	Second Amended and Restated Loan and Security Agreement, dated as of June 28, 2012, among Amkor Technology, Inc., its subsidiaries from time to time party thereto, the lending institutions from time to time party thereto and Bank of America, N.A., as administrative agent. (2)
10.6	Loan Agreement, dated June 28, 2012 by and between Amkor Technology Korea, Inc. and The Korea Development Bank. (2)
10.7	Factory Mortgage Agreement, dated June 28, 2012, by and between The Korea Development Bank and Amkor Technology Korea, Inc. (2)
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

Indicates management compensatory plan, contract or arrangement.

*

Incorporated by reference to the Company's Proxy Statement on Schedule 14A filed on April 5, 2012.

(1)

Incorporated by reference to the Company's Current Report on Form 8-K filed on July 2, 2012.

(2)

AMKOR TECHNOLOGY, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Amkor Technology, Inc. Amended and Restated 2007 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Award Agreement (the "Award Agreement").

Participant Name:

Address:

You have been granted an Option to purchase Common Stock of Amkor Technology, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Vesting Commencement Date See Vesting Schedule Below

Exercise Price per Share

Total Number of Shares Granted

Type of Option: ___ Incentive Stock Option

Nonstatutory Stock Option

Term/Expiration Date:

1. Grant of Option. The Company hereby grants to the individual named in this Award Agreement (the "Participant") an option (the "Option") to purchase the number of Shares, as set forth in this Award Agreement, at the exercise price per Share set forth in this Award Agreement (the "Exercise Price"), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Award Agreement as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an Incentive Stock Option, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it shall be treated as a Nonstatutory Stock Option ("NSO").

2. Vesting Schedule. Except as provided in Section 4 and subject to any acceleration provisions contained in the Plan or set forth below, this Option will become vested and exercisable in accordance with the following schedule. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting is scheduled to occur:

The Option will become vested and exercisable with respect to one-third (1/3) of the Shares subject to the Option on each of the first three anniversaries of the Date of Grant, such that 100% of the Option will be vested and exercisable on the third anniversary of the Date of Grant.

3. Termination Period. In the event that Participant ceases to be a Service Provider, the portion of the Option that is not vested as of such date shall be immediately forfeited with no consideration due Participant and the portion of the Option that is vested and exercisable as of the date of such cessation shall remain exercisable (except as otherwise provided below): (x) if Participant ceases to be a Service Provider due to Participant's resignation for any reason (other than Retirement (as defined in the Plan)) or due to his termination by the Company for any reason, for **three (3) months** after Participant ceases to be a Service Provider; (y) if Participant ceases to be a Service Provider due to his death or Disability, for **twenty-four (24) months** after Participant ceases to be a Service Provider; and (z) if Participant ceases to be a Service Provider due to Retirement, for **twenty-four (24) months** following Participant's Retirement. If the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon Participant's death or Disability) would result in liability under Section 16(b), then the vested portion of the Option will terminate on the earlier of (A) the Term/Expiration Date or (B) the tenth (10th) day after the last date on which such exercise would result in such liability under Section 16(b). If the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the vested portion of the Option will terminate on the earlier of (A) the Term/Expiration Date or (B) three (3) months after the last day on which the exercise of the Option would be in violation of such registration requirements. Notwithstanding anything contained herein to the contrary, in no event shall this Option be exercised later than the Term/Expiration Date as provided above. In addition, the Option may be subject to earlier termination as provided in Section 16(c) of the Plan.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

5. Exercise of Option. This Option is exercisable during its term in accordance with the Vesting Schedule set out in the Award Agreement and the applicable provisions of the Plan and this Award Agreement. This Option is exercisable by completing the transaction through the Company's captive broker assisted transactions via voice response system or the Internet secured transaction system.

The Option shall be deemed to be exercised upon receipt by the Company of a fully executed exercise notice or other form as may be required by the Company (the "Exercise Notice").

The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to the number of Shares in respect of which the Option is being exercised (the “Exercised Shares”), together with any applicable tax withholding. No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with Applicable Laws.

6. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) Cash;

(b) Check;

(c) Consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(d) Surrender of other Shares which have a Fair Market Value on the date of exercise equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company; or

(e) If Participant is subject to the requirements of Section 16, withholding by the Company of a number of Shares from those that would otherwise be received on exercise having an aggregate Fair Market Value (determined on the date of exercise) equal to the aggregate Exercise Price of the Exercised Shares.

In all events, the aggregate Exercise Price must be paid to the Company within three days after the date of exercise.

7. Tax Obligations.

(a) Withholding Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such exercise. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise. If Participant is subject to Section 16, Participant may satisfy his or her tax withholding obligations by directing the Company to withhold a number of Shares from those that he or she would otherwise receive upon exercise of the Option having a Fair Market Value (determined as of the date on which the withholding obligation arises) equal to the minimum withholding taxes due.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant or (ii) the

date one (1) year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant as a result of such disposition.

(c) Code Section 409A. The Option is intended to comply with, or be exempt from, Code Section 409A and all regulations, guidance, compliance programs and other interpretative authority thereunder, and shall be interpreted in a manner consistent therewith. Notwithstanding anything contained herein to the contrary, in the event the Option is subject to Code Section 409A, the Company may, in its sole discretion and without Participant's prior consent, amend the Plan and/or the Award Agreement, adopt policies and procedures, or take any other actions as deemed appropriate by the Company to (i) exempt the Option from the application of Code Section 409A, (ii) preserve the intended tax treatment of the Option or (iii) comply with the requirements of Code Section 409A. Notwithstanding anything contained herein to the contrary, in no event shall the Company or any Subsidiary have any liability or obligation to Participant or any other person in the event that the Plan or the Option is not exempt from, or compliant with, Code Section 409A.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including voting and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its Stock Plan Administrator at Amkor Technology, Inc., 1900 South Price Road, Chandler, Arizona, 85286, or at such other address as the Company may hereafter designate in writing.

11. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto (provided that neither the Option nor this Award Agreement may be assigned by Participant).

13. Additional Conditions to Issuance of Stock. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Company. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

14. Administrator Authority. The Administrator has the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Award Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Option or the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

17. Agreement Severable. In the event that any provision in this Award Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

18. Modifications to the Award Agreement. The Plan and this Award Agreement constitute the entire understanding of the parties on the subjects covered herein. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Except as otherwise provided herein or in the Plan, modifications to this Award Agreement can be made only in an express written contract executed by Participant and a duly authorized officer of the Company.

19. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understands the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

20. Governing Law. This Award Agreement will be governed by the laws of the State of Delaware without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation will be conducted solely in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona.

21. Agreement. Participant's receipt of the Option and this Award Agreement constitutes Participant's agreement to be bound by the terms and conditions of this Award Agreement and the Plan. Participant's signature is not required in order to make this Award Agreement effective.

Optionee: Amkor Technology, Inc.:

_____ By: /s/ Gil C. Tily
Gil C. Tily

Signature/Date: Title: Exec. VP, Chief Administrative Officer
& General Counsel

Date: _____

AMKOR TECHNOLOGY, INC.

AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Amkor Technology, Inc. Amended and Restated 2007 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Award Agreement (the "Award Agreement").

Participant Name:

You have been granted the right to receive an Award of Restricted Stock, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant _____, 2012

Vesting Commencement Date _____, 2012

Number of Shares Granted

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock will vest and the Company's right to reacquire the Restricted Stock will lapse in accordance with the following schedule:

25% of the Shares subject to this Award shall become vested on _____, 2013, and 1/16th of the Shares subject to this Award shall become vested quarterly thereafter (with vesting to occur on the applicable quarterly anniversary of the Vesting Commencement Date) so that on _____, 2016, 100% of the Shares shall be vested, subject in all cases to the Participant continuing to be a Service Provider on such dates. Only whole Shares will vest on each applicable vesting date. 100% of the Shares subject to this Award also shall vest upon the Participant's death, Disability, Retirement or Change in Control, subject in all cases to the Participant continuing to be a Service Provider on such dates.

1. Grant. The Company hereby grants to the individual named in this Award Agreement ("Participant") under the Plan for services and as a separate incentive in connection with his or her services and not in lieu of any salary or other compensation for his or her services, an Award of Shares of Restricted Stock, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Escrow of Shares.

(a) All Shares of Restricted Stock will, upon execution of this Award Agreement, be delivered and deposited with an escrow holder designated by the Company (the "Escrow Holder"). The Shares of Restricted Stock will be held by the Escrow Holder until such time as the Shares of Restricted Stock vest or the date Participant ceases to be a Service Provider (if earlier).

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares of Restricted Stock in escrow while acting in good faith and in the exercise of its judgment.

(c) Upon Participant's termination as a Service Provider for any reason, the Escrow Holder, upon receipt of written notice of such termination, will take all steps necessary to accomplish the transfer of the unvested Shares of Restricted Stock (after giving effect to any accelerated vesting resulting from such termination) to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares of Restricted Stock to the Company upon such termination.

(d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares of Restricted Stock to Participant after they vest following Participant's request that the Escrow Holder do so.

(e) Subject to the terms hereof, Participant will have all the rights of a stockholder with respect to the Shares while they are unvested; provided, however, that if any (x) dividends or distributions are paid in Shares or other property, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid and (y) dividends are paid in cash, such cash dividends will be withheld (in the Company's general assets) and paid only upon the vesting of the underlying Shares of Restricted Stock (with such cash dividends to be forfeited upon the forfeiture of the underlying Shares of Restricted Stock).

(f) In the event of any recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company, affecting the Shares, in which the Shares of Restricted Stock are increased, reduced or otherwise changed, and by virtue of any such change Participant in his or her capacity as owner of unvested Shares of Restricted Stock (if applicable) is entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. If Participant receives rights or warrants with respect to any unvested Shares of Restricted Stock, such rights or warrants may be held or exercised by Participant, provided that until such exercise any such rights or warrants and after such exercise any shares or other securities acquired by the exercise of such rights or warrants will be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. The Administrator in its absolute discretion at

any time may accelerate the vesting of all or any portion of such new or additional shares of stock, cash or securities, rights or warrants to purchase securities or shares or other securities acquired by the exercise of such rights or warrants.

(g) The Company may instruct the transfer agent for its Common Stock to place a legend on the certificates representing the Restricted Stock or otherwise note its records as to the restrictions on transfer set forth in this Award Agreement.

3. Vesting Schedule. The Shares of Restricted Stock awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in this Award Agreement. Shares of Restricted Stock scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant has been continuously a Service Provider from the Date of Grant until the date such vesting is scheduled to occur.

4. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Shares of Restricted Stock that have not vested at the time of Participant's termination as a Service Provider for any reason will be forfeited (with no consideration due the Participant) and automatically transferred to and reacquired by the Company at no cost to the Company upon the date of such termination and Participant will have no further rights thereunder. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares to the Company upon such termination as a Service Provider.

5. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

6. Tax Withholding. The Participant is responsible for payment or satisfaction of any federal, state, local or other taxes which must be paid or withheld in connection with this Award and the vesting of Shares hereunder, and no certificate representing the Shares of Restricted Stock may be released from the escrow established pursuant to Section 2, unless and until such satisfactory arrangements shall have been made. The Company and its subsidiaries are authorized to deduct from any payment owed to Participant any taxes required to be withheld with respect to the Shares and the Company may, in its discretion, satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant is subject to Section 16 of the Exchange Act, Participant may satisfy his or her tax withholding obligations by directing the Company to withhold a number of Shares from those that he or she would otherwise receive upon the vesting of the Shares of Restricted Stock having a Fair Market Value (determined as of the date on which the withholding obligation arises) equal to the minimum withholding taxes due. All withholding of Shares shall occur at the minimum applicable withholding rates.

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant or the Escrow Agent. Except as provided in Section 2(e), after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including voting and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE SHARES OF RESTRICTED STOCK PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Amkor Technology, Inc., 1900 South Price Road, Chandler, Arizona, 85286, or at such other address as the Company may hereafter designate in writing.

10. Grant is Not Transferable. Except to the limited extent provided in Section 5, the unvested Shares subject to this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares of Restricted Stock subject to this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

11. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto (provided that neither the Shares of Restricted Stock nor this Award Agreement may be assigned by Participant).

12. Additional Conditions to Release from Escrow. The Company will not be required to issue any certificate or certificates for Shares hereunder or release such Shares from the escrow established pursuant to Section 2 prior to fulfillment of all the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or

under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator, in its absolute discretion, deems necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Administrator, in its absolute discretion, determines to be necessary or advisable; and (d) the lapse of such reasonable period of time following the date of grant of the Restricted Stock as the Administrator may establish from time to time for reasons of administrative convenience.

13. Administrator Authority. The Administrator has the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Award Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares of Restricted Stock have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

14. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Shares of Restricted Stock or the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

16. Agreement Severable. In the event that any provision in this Award Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

17. Modifications to the Award Agreement. The Plan and this Award Agreement constitute the entire understanding of the parties on the subjects covered herein. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Except as otherwise provided herein or in the Plan, modifications to this Award Agreement can be made only in an express written contract executed by Participant and a duly authorized officer of the Company.

18. Code Section 409A. The Award Agreement is intended to comply with, or be exempt from, Code Section 409A and all regulations, guidance, compliance programs and other interpretative authority thereunder, and shall be interpreted in a manner consistent therewith. Notwithstanding anything contained herein to the contrary, in the event the Award Agreement is subject to Code Section 409A, the Company may, in its sole discretion and without Participant's prior consent, amend the Plan and/or the Award Agreement, adopt policies and procedures, or take any other actions as deemed appropriate by the Company to (i) exempt the Plan and/or the Award Agreement from the application of Code Section 409A, (ii) preserve the intended tax treatment of the Award Agreement or (iii) comply with the requirements of Code Section 409A. Notwithstanding anything contained herein to the contrary, in no event shall the Company or any Subsidiary have any liability or obligation to any

Participant or any other person in the event that the Plan or the Award Agreement is not exempt from, or compliant with, Code Section 409A.

19. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock under the Plan, and has received, read and understands the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

20. Governing Law. This Award Agreement will be governed by the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation will be conducted solely in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona.

21. Agreement. By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Award of Restricted Stock is granted under and governed by the terms and conditions of the Plan and this Award Agreement. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT AMKOR TECHNOLOGY, INC.

Signature

By: /s/ Gil C. Tily

Gil C. Tily, Executive Vice President, CAO & General Counsel

Print Name

Address:

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

August 2, 2012

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

August 2, 2012

**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 June 30, 2012, 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

August 2, 2012

In connection with the Quarterly Report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2012, 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

August 2, 2012

