

AMKOR TECHNOLOGY INC

Form S-3

March 17, 2006

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**As filed with the Securities and Exchange Commission on March 17, 2006
Registration No. 333-_____**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-3
REGISTRATION STATEMENT**

***Under*
The Securities Act of 1933
AMKOR TECHNOLOGY, INC.
(Exact name of Registrant as specified in its charter)**

**Delaware
(State or other jurisdiction of
incorporation or organization)**

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

**1900 South Price Road
Chandler, Arizona 85248
(480) 821-5000**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Kenneth T. Joyce
Chief Financial Officer
1900 South Price Road
Chandler, Arizona 85248
(480) 821-5000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Robert A. Claassen, Esq.
Wilson Sonsini Goodrich & Rosati,
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304
(650) 493-9300**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement

for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. p

If this Form is post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413 (b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
6 ¹ / ₄ % Convertible Subordinated Notes due 2013	\$100,000,000	100%	\$100,000,000	\$10,700
Common Stock, \$0.001 par value	13,351,134(2)	(2)	(2)	(3)

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933.

(2) Includes 13,351,134 shares of common stock initially issuable upon conversion of the notes registered hereby at a conversion price of \$7.49 per share of common stock. Pursuant to Rule 416 under the Securities Act, such number of shares of common stock registered

hereby shall include an indeterminate number of shares of common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event.

- (3) Pursuant to Rule 457(i), there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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\$100,000,000
AMKOR TECHNOLOGY, INC.
6¹/₄% Convertible Subordinated Notes due December 1, 2013
and the Common Stock Issuable Upon Conversion of the Notes

We issued the notes in a private placement in November 2005. This prospectus will be used by holders of notes, to whom we also refer as the selling security holders, to resell their notes and the common stock issuable upon conversion of their notes.

The notes are convertible prior to maturity into our common stock at an initial conversion price of \$7.49 per share, subject to adjustment in certain events. We will pay interest on the notes on June 1 and December 1 of each year, beginning on June 1, 2006. The notes will mature on December 1, 2013, unless earlier converted or redeemed.

We may redeem all or a portion of the notes after December 5, 2010 at the prices described in this prospectus. In addition, the holders may require us to repurchase the notes upon a change of control or the occurrence of other designated events.

The reported last sales price of our common stock on the Nasdaq National Market on March 16, 2006 was \$7.64 per share. Our common stock is traded on the Nasdaq National Market under the symbol AMKR.

Investing in the notes and the common stock into which the notes are convertible involves risks. See Risk Factors beginning on page 4.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus is dated March 17, 2006

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN ANY PROSPECTUS SUPPLEMENT OR THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THOSE DOCUMENTS.

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SUMMARY

This summary highlights some information from this prospectus and it may not contain all of the information that is important to you. It is qualified in its entirety by the more detailed information and consolidated financial statements, including the notes to the consolidated financial statements, incorporated by reference in this prospectus. You should read the full text of and consider carefully the more specific details contained in this prospectus. When used in this prospectus, the terms Amkor, we, our and us refer to Amkor Technology, Inc. and not to the selling securityholders.

Amkor is one of the world's largest subcontractors of semiconductor packaging (sometimes referred to as assembly) and test services. Amkor pioneered the outsourcing of semiconductor packaging and test services through a predecessor in 1968, and over the years has built a leading position by:

Providing a broad portfolio of packaging and test technologies and services,

Maintaining a leading role in the design and development of new package and test technologies,

Cultivating long-standing relationships with customers, including many of the world's leading semiconductor companies,

Developing expertise in high-volume manufacturing processes to provide our services; and

Providing a broadly diversified operational scope, with production capabilities in China, Korea, Japan, the Philippines, Singapore, Taiwan and the United States, or the U.S.

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

The semiconductors that we package and test for our customers ultimately become components in electronic systems used in communications, computing, consumer, industrial and automotive applications. Our customers include, among others: Altera Corporation; Avago Technologies, Pte; Freescale Semiconductor, Inc.; Intel Corporation; International Business Machines Corporation (IBM); Samsung Electronics Corporation, Ltd.; Sony Semiconductor Corporation; ST Microelectronics, Pte, Ltd.; Texas Instruments, Inc.; and Toshiba Corporation. The outsourced semiconductor packaging and test market is very competitive. We also compete with the internal semiconductor packaging and test capabilities of many of our customers.

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We were incorporated in 1997 in the state of Delaware. Our principal offices are located at 1900 South Price Road, Chandler, AZ 85248. Our telephone number is (480) 821-5000 and our website can be accessed at www.amkor.com. Information contained in our website does not constitute part of this offering memorandum

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THE OFFERING

Securities	\$100 million aggregate principal amount of notes and shares of our common stock issued upon conversion of the notes.
Maturity	The notes will mature on December 1, 2013 unless earlier redeemed or converted.
Payment of Interest	Interest on the notes at the rate of 6 ¹ / ₄ % per annum is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006.
Conversion Rights	The notes are convertible into our common stock at the option of the holder at any time on or before the close of business on the last trading day prior to maturity, unless previously redeemed, at a conversion price of \$7.49 per share, subject to adjustment in certain events. See Description of Notes Conversion.
Redemption at the Option of the Company	On or after December 5, 2010, we may, upon at least 15 days notice, redeem the notes at the redemption prices set forth herein, together with accrued and unpaid interest and liquidated damages, if any, thereon. See Description of Notes Optional Redemption.
Repurchase Upon Designated Event	The notes are required to be repurchased at 100% of their principal amount together with accrued and unpaid interest and liquidated damages, if any, thereon, at the option of the holder, upon the occurrence of a designated event (i.e., a change of control or a termination of trading (each as defined)). See Description of Notes Repurchase at Option of Holders Upon a Designated Event.
Subordination	The notes are unsecured obligations of Amkor and will be subordinated in right of payment to all of our existing and future senior debt and effectively subordinated to all existing and future liabilities and obligations of our subsidiaries. As of December 31, 2005, we had approximately \$1,645.0 million of outstanding indebtedness that would have constituted debt senior to the notes, and the indebtedness and other liabilities of our subsidiaries (excluding intercompany liabilities and obligations of a type not required to be reflected on the balance sheet of such subsidiary in accordance with GAAP) that would effectively have been senior to the notes were approximately \$486.6 million. See Description of Notes Subordination.
Trading	Our common stock is quoted on the Nasdaq National Market under the symbol AMKR.
Risk Factors	See Risk Factors and the other information in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes or the common stock issued upon conversion of the notes.

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Any investment in our notes or our common stock involves a high degree of risk. You should consider the risks described below carefully and all of the information contained in this prospectus before deciding whether to purchase our notes or our common stock issued upon their conversion. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations would suffer. In that event, the price of the notes and our common stock could decline, and you may lose all or part of your investment in the notes and our common stock. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements.

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

Our business is tied to market conditions in the semiconductor industry, which are highly cyclical. Because our business is, and will continue to be, dependent on the requirements of semiconductor companies for subcontracted packaging and test services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as the personal computer and telecommunication devices industries, could have a material adverse effect on our business and operating results. The semiconductor industry is cyclical by nature and we are periodically impacted by downturns. Over the past several years the semiconductor industry experienced a downturn, which negatively impacted our revenues and margins causing net losses. A significant portion of our operating expenses is fixed in nature, and planned expenditures are based in part on anticipated customer orders, which are subject to material changes. In addition, our fixed operating costs have increased in part as a result of our efforts to expand our capacity through acquisitions, including the acquisition of certain operations and assets in Shanghai, China and Singapore from IBM and Xin Development Co., Ltd. in May 2004, and the acquisition of capital stock of Unitive and UST in August 2004. In the event that forecasted customer demand for which we make advance capital expenditures does not materialize, our liquidity may be materially impacted and our operating results could be adversely affected. Additionally, if current industry conditions deteriorate, we could suffer significant losses, which could materially impact our business including our liquidity.

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

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

Our operating results and cash flows have varied significantly from period to period. During 2005 our net sales, gross margins, operating income and cash flows have fluctuated significantly as a result of the following factors over which we have little or no control and which we expect to continue to impact our business:

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fluctuation in demand for semiconductors and conditions in the semiconductor industry;

changes in our capacity utilization;

declines in average selling prices;

changes in the mix of semiconductor packages;

evolving package and test technology;

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

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

changes in labor costs to perform our services;

the timing of expenditures in anticipation of future orders;

changes in effective tax rates;

the availability and cost of financing;

intellectual property transactions and disputes;

high leverage and restrictive covenants;

warranty and product liability claims;

costs associated with litigation judgments and settlements;

international events that impact our operations and environmental events such as earthquakes; and

difficulties integrating acquisitions and our ability to attract qualified employees to support our geographic expansion.

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

loss of key personnel or the shortage of available skilled workers;

rescheduling and cancellation of large orders; and

fluctuations in our manufacturing yields.

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

Prices for packaging and test services have declined over time. Historically, we have been able to partially

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offset the effect of price declines by successfully developing and marketing new packages with higher prices, such as advanced leadframe and laminate packages, by negotiating lower prices with our material vendors, recovering material cost increases from our customers, and by driving engineering and technological changes in our packaging and test processes which resulted in reduced manufacturing costs. During 2005, as compared to 2004, average selling prices increased. Favorable market conditions in 2005 enabled us to selectively increase pricing, improve our product mix, and expand our results in recovering material cost increases. Although we expect continued general downward pressure on average selling prices for our packaging and test services in the future, we plan on continuing efforts to offset price declines by selective price increases in the near term and improving product mix. If our semiconductor package mix does not shift to new technologies with higher prices or we cannot reduce the cost of our packaging and test services to offset a decline in average selling prices, our future operating results will suffer. In addition, we cannot predict customer response to continued attempts to raise prices to cover additional costs and we may lose business.

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

Substantial Leverage. We now have, and for the foreseeable future will continue to have, a significant amount of indebtedness. As of December 31, 2005, our total debt balance was \$2,140.6 million, of which \$184.4 million was classified as a current liability. In addition, despite current debt levels, the terms of the indentures governing our indebtedness do allow us or our subsidiaries to incur more debt limited by certain restrictions if our interest coverage ratio falls below 2.5 to 1. If new debt is added to our consolidated debt level, the related risks that we now face could intensify.

Covenants in the agreements governing our existing debt, and debt we may incur in the future, may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event our results of operations do not meet our plans and we are unable to amend such financial covenants. A default and acceleration under one debt instrument may also trigger cross-acceleration under our other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

Our substantial indebtedness could:

make it more difficult for us to satisfy our obligations with respect to our indebtedness;

increase our vulnerability to general adverse economic and industry conditions;

limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements;

require us to dedicate a substantial portion of our cash flow from operations to service payments on our debt;

limit our flexibility to react to changes in our business and the industry in which we operate;

place us at a competitive disadvantage to any of our competitors that have less debt; and

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

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Ability to Service Debt and Fund Other Liquidity Needs. As of December 31, 2005, we had cash and cash equivalents of \$206.6 million and \$96.7 million available under our new senior secured revolving credit facility. We have prepared a forecast for 2006 which is based on our current expectations regarding revenue growth and associated operating expense and capital spending levels. If our actual results should differ materially from our expectations, our liquidity may be adversely impacted. If that were to occur, we would take steps to adjust our operating costs and capital expenditures to levels necessary to support our incoming business. We may also need to raise additional equity or borrow additional funds to achieve our longer-term business objectives. There can be no assurance, however, that such equity or borrowings will be available or, if available, will be at rates or prices which are acceptable to us. Nevertheless, we believe that our cash flow from operating activities coupled with existing cash balances and availability under our new senior secured revolving credit facility will be sufficient to fund our working capital, debt service and purchases of property, plant and equipment through December 31, 2006, including retiring the remaining \$133.0 million of our 5.75% convertible subordinated notes at maturity on June 1, 2006.

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

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 amount we deem material. In addition, our customers often reduce, cancel or delay their purchases of packaging and test services. Recently, our customers' demand for our services has increased and their forecasts have shown a less-than-typical decline for the first quarter of 2006; however, we cannot predict if this demand trend will continue and the forecasted demand will materialize. Because a large portion of our costs is fixed and our expense levels are based in part on our expectations of future revenues, we are not able to adjust costs in a timely manner to compensate for any revenue shortfall, which adversely affects our margins, operating results and cash flows. If customer demand does not materialize, our net sales, margins, operating results and cash flows will be materially and adversely affected.

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

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

regulatory limitations imposed by foreign governments;

fluctuations in currency exchange rates;

political, military and terrorist risks;

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

unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers;

difficulties in staffing and managing foreign operations; and

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potentially adverse tax consequences resulting from changes in tax laws.

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

We have experienced, and expect to continue to experience, growth in the scope and complexity of our operations. For example, each business we have acquired had, at the time of acquisition, multiple systems for managing its own production, sales, inventory and other operations. Migrating these businesses to our systems typically is a slow, expensive process requiring us to divert significant amounts of resources from multiple aspects of our operations. This growth has strained our managerial, financial, plant operations and other resources. Future expansions may result in inefficiencies as we integrate new operations and manage geographically diverse operations. Our success depends to a significant extent upon the continued service of our key senior management and technical personnel, any of whom would 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. Additionally, as part of our ongoing strategic planning, we evaluate our management team and engage in long-term succession planning in order to ensure orderly replacement of key personnel. We cannot assure you that we will be successful in these efforts or in hiring and properly training sufficient numbers of qualified personnel and in effectively managing our growth. Our inability to attract, retain, motivate and train qualified new personnel could have a material adverse effect on our business.

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

We obtain from various vendors the materials and equipment required for the packaging and test services performed by our factories. We source most of our materials, including critical materials such as leadframes, laminate substrates and gold wire, from a limited group of suppliers. Furthermore, we purchase the majority of our materials on a purchase order basis. From time to time, we enter into supply agreements, generally up to one year in duration, to guarantee supply to meet projected demand. Such agreements may generally be terminated at the option of either party with 90-days written notice. Our business may be harmed if we cannot obtain materials and other supplies from our vendors: in a timely manner, in sufficient quantities, in acceptable quality or at competitive prices.

The average price of gold and other commodities used in our processes have been increasing over the past few years. Although we have been able to partially offset the effect of these price increases through price adjustments to customers and changes in our product designs, prices may continue to increase. To the extent that we are unable to offset these increases in the future, our gross margins could be negatively impacted.

Capital Additions We Believe We Need To Make Substantial Capital Additions, Which May Adversely Affect Our Business.

We believe that our business requires us to make significant capital additions in order to address what we believe is an overall trend in outsourcing of packaging and test services. The amount of capital additions will depend on several factors including, among others, the performance of our business, the need for additional capacity to service anticipated customer demand and the availability of suitable financing. Our ongoing capital addition requirements may strain our cash and short-term asset balances, and we expect that depreciation expense and factory operating expenses associated with our capital additions to increase production capacity, will put downward pressure on our near-term gross margin. In addition, there can be no assurance that we will be able to recover these additions with future demand for our services.

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

We are currently a party to various legal proceedings, including those described in Part I, Item 3 Legal Proceedings in our Annual Report on Form 10-K incorporated by reference into this prospectus. Much of our recent increase in litigation relates to an allegedly defective epoxy compound, formerly used in some of our products, which is alleged to be responsible for certain semiconductor chip failures. We have recently settled all but one of the outstanding mold compound litigation matters. If an unfavorable ruling was to occur in the remaining legal proceeding or other customers were to make similar claims, there exists the possibility of a material adverse impact on our operating results in the period in which the ruling occurs. The estimate of the potential impact from legal proceedings on our financial position or results of operations could change in the future.

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

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

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

Competition We Compete Against Established Competitors in the Packaging and Test Business.

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. On a larger scale, we also compete with the internal semiconductor packaging and test capabilities of many of our customers.

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

The semiconductor packaging process uses chemicals and gases and generates byproducts that are subject to extensive governmental regulations. For example, at our foreign facilities we produce liquid waste when silicon wafers are diced into chips with the aid of diamond saws, then cooled with running water. Federal, state and local regulations in the U.S., as well as international environmental regulations, impose various controls on the storage, handling, discharge and disposal of chemicals used in our production processes and on the factories we occupy.

Increasingly, public attention has focused on the environmental impact of semiconductor operations and the risk to neighbors of chemical releases from such operations. In the future, applicable land use and environmental regulations may impose upon us the need for additional capital equipment or other process requirements, restrict our ability to expand our operations, subject us to liability or cause us to curtail our operations.

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Protection of Intellectual Property We May Become Involved in Intellectual Property Litigation.

We maintain an active program to protect our investment in technology by augmenting and enforcing our intellectual property rights. Intellectual property rights that apply to our various products and services include patents, copyrights, trade secrets and trademarks. We have filed and obtained a number of patents in the U.S. and abroad the duration of which varies depending on the jurisdiction in which the patent is filed. While our patents are an important element of our intellectual property strategy and our success, as a whole we are not materially dependent on any one patent or any one technology. We expect to continue to file patent applications when appropriate to protect our proprietary technologies, but we cannot assure you that we will receive patents from pending or future applications. In addition, any patents we obtain may be challenged, invalidated or circumvented and may not provide meaningful protection or other commercial advantage to us.

We may need to enforce our patents or other intellectual property rights or defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources. We are currently involved in two legal proceedings involving the acquisition of intellectual property rights, or the enforcement of our existing intellectual property rights. We refer you to the matters of *Amkor Technology, Inc. v. Carsem, et al.* and *Amkor Technology, Inc. v. Motorola, Inc.* which are described in more detail in Part I, Item 3

Legal Proceedings in our Annual Report on Form 10-K incorporated by reference into this prospectus.

The semiconductor industry is characterized by frequent claims regarding patent and other intellectual property rights. If any third party makes an enforceable infringement claim against us, we could be required to:

discontinue the use of certain processes;

cease to provide the services at issue;

pay substantial damages;

develop non-infringing technologies; or

acquire licenses to the technology we had allegedly infringed.

From time to time, we receive inquiries regarding possible conflicts with the intellectual property rights of other parties. In some cases it may become necessary to enter into licenses or other agreements with these parties or with other third parties to strengthen or defend our intellectual property position, or to acquire additional intellectual property rights. We have not accrued a loss or established a reserve for payments, if any, that we may need to make under any such licenses or agreements, as we are not currently able to make a reasonable estimate of the amounts of any such losses or payments, if any.

If we fail to obtain necessary licenses or if we are subjected to litigation relating to patent infringement or other intellectual property matters, our business could suffer. We are currently involved in a legal proceeding involving the alleged intellectual property rights of a third party. We refer you to the matter of *Tessera, Inc. v. Amkor Technology, Inc.*, which is described in more detail in Part I, Item 3 Legal Proceedings in our Annual Report on Form 10-K incorporated by reference into this prospectus.

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

As of January 31, 2006, Mr. James J. Kim, our Chief Executive Officer and Chairman of the Board, and

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members of his family beneficially owned approximately 46.0% of our outstanding common stock. This percentage includes beneficial ownership of the securities underlying our 6.25% convertible subordinated notes due 2013.

Mr. James J. Kim's family, acting together, substantially control all matters submitted for approval by our stockholders. These matters could include:

the election of all of the members of our Board of Directors;

proxy contests;

mergers and acquisitions involving our company;

tender offers; and

open market purchase programs or other purchases of our common stock.

Risks Related to the Notes

Existing and Future Indebtedness Our Indebtedness Could Adversely Affect Our Financial Condition, and We May Incur Substantially More Debt.

As of December 31, 2005 we had approximately \$2,140.6 million aggregate principal amount of consolidated indebtedness. Our indebtedness could adversely affect us. For example, it could:

increase our vulnerability to general adverse economic and industry conditions;

limit our ability to obtain additional financing;

limit our flexibility in planning for, or reacting to, changes in our business and the industry; and

place us at a competitive disadvantage relative to our competitors with less debt.

In addition, the notes require the dedication of a substantial portion of our cash flow from operations to the payment of the principal of, and interest on, our existing and future indebtedness, thereby reducing the availability of such cash flow to fund our growth strategy, working capital, capital expenditures and other general corporate purposes.

We may incur additional indebtedness in the future. The terms of the notes do not, and the terms of our existing and future indebtedness may not, prohibit us from doing so. If new debt is added to our current levels, the related risks described above could intensify.

Subordination of Notes The Notes Will Be Subordinated To All of Our Senior Debt.

The notes are our unsecured obligations, subordinated in right of payment to the prior payment in full in cash or other payment satisfactory to the holders of Senior Debt of all Senior Debt, whether outstanding on the date of the Indenture or incurred thereafter, and will rank equal in right of payment to our outstanding 5.75% Convertible Subordinated Notes due 2006 and 5% Convertible Subordinated Notes due 2007. As a result, in the event of bankruptcy, liquidation or reorganization or upon acceleration of the notes due to an event of default and in specific other events, our assets will be available to pay obligations on the notes only after all Senior Debt has been paid in full in cash or other payment satisfactory to the holders of Senior Debt has been made. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding. The indenture governing the notes does not prohibit or limit the incurrence of Senior Debt by us or the incurrence of other indebtedness and liabilities by us. The incurrence of additional indebtedness

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and liabilities could adversely affect our ability to pay our obligations on the notes. As of December 31, 2005, we had approximately \$1,645.0 million of outstanding Senior Debt. We anticipate that from time to time we may incur additional indebtedness, including Senior Debt.

Effective Subordination of the Notes to Liabilities of our Subsidiaries Your Right to Receive Payments on the Notes from Funds Provided By Our Subsidiaries is Junior in Right of Payment to the Claims of the Creditors of Our Subsidiaries.

We conduct a large portion of our operations through our subsidiaries. Accordingly, our ability to meet our cash obligations is dependent upon the ability of our subsidiaries to make cash payments to us. We expect distributions from our subsidiaries to be a large source of funds for payment of the interest on the notes. The claims of creditors (including trade creditors) of any subsidiary will generally have priority as to the assets of such subsidiary over the claims of the holders of the notes. In the event of a liquidation of any of our subsidiaries, our right to receive the assets of any such subsidiary (and the resulting right of the holders of the notes to participate in the distribution of the proceeds of those assets) will effectively be subordinated by operation of law to the claims of creditors (including trade creditors) of such subsidiary and holders of such subsidiary's preferred stock and any guarantees by such subsidiary of our indebtedness, such as the subsidiary guarantees under our other notes and our senior secured credit facilities. In the event of the liquidation, bankruptcy, reorganization, insolvency, receivership or similar proceeding or any assignment for the benefit of our creditors or a marshaling of our assets or liabilities, holders of the notes may receive ratably less than other such creditors or interest holders. As of December 31, 2005, our subsidiaries had approximately \$486.6 million of outstanding indebtedness and other liabilities (excluding intercompany debt).

No Covenants The Notes Will Not Be Protected By Restrictive Covenants.

The indenture governing the notes does not contain any financial covenants or restrictions on the payment of dividends. The indenture does not restrict the issuance or repurchase of securities by us or our subsidiaries. The indenture does not contain any covenants or other provisions to afford you protection in the event of a highly leveraged transaction, such as a leveraged recapitalization, that would increase the level of our indebtedness, or a fundamental change except as described under Description of Notes Repurchase at Option of Holders Upon a Designated Event.

Repurchase of Notes We May Not Have the Ability to Repurchase the Notes.

Upon the occurrence of a fundamental change (as defined in the indenture governing the notes), we would be required under the indenture governing the notes to repurchase up to all outstanding notes at the option of the holders of such notes. We cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the repurchase price for all notes tendered by the holders. A fundamental change would also constitute an event of default under our credit agreement, which would prohibit us from repurchasing any notes. Any future credit agreements or other agreements relating to other indebtedness to which we become a party may contain similar restrictions and provisions. If we do not obtain a consent to the repurchase of the notes, we may remain prohibited from repurchasing the notes. Any failure to repurchase the notes when required will result in an event of default under the indenture. For more information, see Description of Notes Repurchase at Option of Holders Upon a Designated Event.

Make Whole Premium Upon a Change of Control The Make Whole Premium That May be Payable Upon Conversion in Connection With a Change of Control May Not Adequately Compensate You For the Lost Option Time Value of Your Notes as a Result of Such Change of Control.

If you convert notes in connection with a Change of Control (as defined below), we may be required to pay a Make Whole Premium (as defined below) by increasing the Conversion Rate (as defined below).

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The make whole payment is described under **Description of Notes** **Make Whole Premium upon a Change of Control**. While the Make Whole Premium is designed to compensate you for the lost option time value of your notes as a result of a Change of Control, the make whole amount is only an approximation of such lost value and may not adequately compensate you for such loss.

No Prior Market for the Notes **You Cannot Be Sure That a Public Market Will Develop For the Notes, and Initially There Will Be Restrictions on Resale of the Notes.**

No notes or shares of Common Stock issued upon conversion of notes may be transferred or exchanged until November 18, 2006; provided, however, that a holder of notes or shares of Common Stock issued upon conversion of notes may transfer such securities to an Affiliated Entity (as defined below), provided that such Affiliated Entity agrees to be bound by the transfer provisions of the Indenture and the Investors Rights Agreement.

Prior to this offering, there has been no trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or any automated quotation system. Accordingly, we cannot assure you that any market for the notes will develop or, if one does develop, that it will be maintained. If a public market for the notes fails to develop or be sustained, the trading price of the notes could be materially adversely affected.

In addition, the liquidity and the market price of the notes may be adversely affected by changes in the overall market for convertible securities and by changes in our financial performance or prospects, or in the prospects of the companies in our industry. The market price of the notes may also be significantly affected by the market price of our common stock, which could be subject to wide fluctuations in response to a variety of factors, including those described in this **Risk Factors** section. As a result, you cannot be sure that a public market will develop for the notes.

Volatility of Notes **Volatile Trading Prices May Require You to Hold the Notes For an Indefinite Period of Time.**

If a market develops for the notes, the notes might trade at prices higher or lower than their initial offering price. The trading price would depend on many factors, such as prevailing interest rates, the market for similar securities, general economic conditions, our declaration of dividends (particularly in light of changes that have occurred in recent years, as well as changes that might occur in future years, in the treatment of dividends under recent U.S. tax laws) and our financial condition, performance and prospects. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial fluctuation in the prices of these securities. The market for the notes may be subject to such fluctuations or disruptions, which could have an adverse effect on the price of the notes. You should be aware that you may be required to bear the financial risk of an investment in the notes for an indefinite period of time.

Volatility of Common Stock **The Price of Our Common Stock Continues to be Highly Volatile.**

Based on the trading history of our common stock, we believe that the factors described above under **Risks Related to the Company** **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** have caused and are likely to continue to cause the market price of our common stock to fluctuate substantially and are likely to have an effect on the trading price of the notes:

Technology company stocks in general have experienced extreme price and volume fluctuations that are often unrelated to the operating performance of these companies. Market volatility may adversely affect

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the market price of our common stock, which could affect the price of the notes and limit our ability to raise capital or to make acquisitions, which could have an adverse effect on our business.

Dilution The Issuance of Shares of Common Stock Upon Conversion of the Notes May Have a Dilutive Effect.

The issuance of shares of our common stock upon the conversion of the notes will dilute the ownership interests of existing stockholders, except to the extent of the person converting the notes. The issuance of shares of our common stock upon conversion of the notes may also have the effect of reducing our net income per share from levels otherwise expected and could reduce the market price of our common stock unless revenue growth or cost savings sufficient to offset the effect of such issuance can be achieved. In addition, the existence of the notes may encourage short selling by market participants due to this potential dilution.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled Summary and Risk Factors, contains forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among other things, those listed under Risk Factors and elsewhere in this prospectus. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expects, plans, anticipates, believes, predicts, potential, continue or the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined under Risk Factors. These factors may cause our actual results to differ materially from any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither any other person nor we assume responsibility for the accuracy and completeness of such statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Investor Relations Department
Attn: Jeffrey Luth
Amkor Technology, Inc.
1900 South Price Road
Chandler, AZ 85248
Tel: (480) 821-5000 ext. 5130

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We will not receive any proceeds from the sale by any selling security holder of the notes or the common stock issued upon their conversion.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Fiscal Year Ended				
	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005
Ratio of earnings to fixed charges	N/A	N/A	N/A	N/A	N/A

We have calculated the ratio of earnings to fixed charges by dividing (1) the sum of (x) income (loss) before income taxes, equity investment earnings (losses), minority interests and discontinued operations plus (y) fixed charges by (2) fixed charges. Fixed charges consist of interest expense, amortization of debt issuance costs and one-third of rental expense. We believe that one-third of rental expense is representative of the interest factor of rental payments under our operating leases. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2001. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$438.5 million of earnings in the year ended December 31, 2001. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2002. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$564.3 million of earnings in the year ended December 31, 2002. The ratio of earnings to fixed charges was less than 1:1 for the year ended December 31, 2003. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$45.3 million of earnings in the year ended December 31, 2003. The ratio of earnings to fixed charges was less than 1:1 for 2004. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$21.4 million of earnings in 2004. The ratio of earnings to fixed charges was less than 1:1 for 2005. In order to achieve a ratio of earnings to fixed charges of 1:1, we would have had to generate an additional \$144.9 million of earnings in 2005.

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The notes were issued under an indenture dated November 18, 2005 (the **Indenture**) between us and U.S. Bank National Association, as trustee (the **Trustee**). A copy of the Indenture and the Investor Rights Agreement referred to below is available as set forth under **Additional Information** below. The following is a summary of certain provisions of the Indenture and the Investor Rights Agreement and does not purport to be complete. Reference should be made to all provisions of the Indenture and the Registration Agreement, including the definitions therein of certain terms. Certain definitions of terms used in the following summary are set forth under **Certain Definitions** below. As used in this section, the **we**, **our**, or **us** means Amkor Technology, Inc., but not any of its Subsidiaries, unless the context requires otherwise.

General

The notes are our unsecured obligations, subordinated in right of payment to all Senior Debt as described under **Subordination** and convertible into shares of our common stock as described under **Conversion**. The notes will mature on December 1, 2013 (the **Maturity Date**) and will be limited to an aggregate principal amount of \$100 million. The notes are issued in denominations of \$1,000 and integral multiples of \$1,000 in fully registered form. The notes are exchangeable and transfers thereof are registrable without charge therefor, but we may require payment of a sum sufficient to cover any tax or other governmental charge in connection with such an exchange or transfer.

The notes accrue interest at a rate of 6¹/₄% per annum from November 18, 2005, or from the most recent interest payment date to which interest has been paid or duly provided for, and accrued and unpaid interest is payable semi-annually in arrears on June 1 and December 1 of each year beginning June 1, 2006. Interest is paid to the person in whose name a note is registered at the close of business on the May 15 or November 15 immediately preceding the relevant interest payment date (other than with respect to a note or portion thereof called for redemption on a redemption date, or repurchased in connection with a Designated Event on a repurchase date, during the period from a record date to (but excluding) the next succeeding interest payment date (in which case accrued interest shall be payable (unless such note or portion thereof is converted) to the holder of the note or portion thereof redeemed or repurchased)). Interest is computed on the basis of a 360-day year comprised of twelve 30-day months. The notes are redeemable at our option prior to maturity only on or after December 5, 2010, as described under **Optional Redemption**.

If we do not comply with certain deadlines set forth in the Investor Rights Agreement with respect to the registration of the notes or the common stock issuable upon conversion thereof for resale under a shelf registration statement, holders of the notes and/or the common stock issued upon conversion thereof will be entitled to Liquidated Damages. See **Registration Rights** below.

Principal of, premium, if any, interest and Liquidated Damages, if any, on the notes will be payable at the office or agency we maintain for such purpose or, at our option, payment of interest may be made by check mailed to the holders of the notes at their respective addresses set forth in the register of holders of notes. Until otherwise designated by us, our office or agency maintained for such purpose will be the principal corporate trust office of the Trustee.

The Indenture does not contain any financial covenants or restrictions on the payment of dividends, the incurrence of additional indebtedness or the issuance or repurchase of our securities. The notes are not guaranteed by any of our subsidiaries.

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The holders of the notes are entitled at any time on or before the close of business on the last trading day prior to the Maturity Date of the notes, subject to prior redemption or repurchase, to convert any notes or portions thereof (in denominations of \$1,000 or multiples thereof) into our common stock, at the conversion price of \$7.49 per share of common stock, subject to adjustment as described below, including with respect to the Make Whole Premium (the

Conversion Price). Except as described below, no adjustment will be made on conversion of any notes for interest or Liquidated Damages, if any, accrued thereon or for dividends on any common stock issued. If notes not called for redemption are converted after a record date for the payment of interest and prior to the next succeeding interest payment date, such notes must be accompanied by funds equal to the interest and Liquidated Damages, if any, payable on such succeeding interest payment date on the principal amount so converted unless there exists at the time of conversion a default in the payment of interest or Liquidated Damages, if any, on the notes. We are not required to issue fractional shares of common stock upon conversion of the notes and, in lieu thereof, will pay a cash adjustment based upon the market price of the common stock on the last trading day prior to the date of conversion. In the case of notes called for redemption, conversion rights will expire at the close of business on the trading day preceding the date fixed for redemption, unless we default in payment of the redemption price, in which case the conversion right will terminate at the close of business on the trading day preceding the date such default is cured. In the event any holder exercises its right to require us to repurchase notes upon a Designated Event, such holder's conversion right will terminate on the close of business on the Designated Event Offer Termination Date (as defined), unless we default in the payment due upon repurchase or the holder elects to withdraw the submission of election to repurchase. See Repurchase at Option of Holders Upon a Designated Event.

The right of conversion attaching to any note may be exercised by the holder by delivering the note at the specified office of a conversion agent, accompanied by a duly signed and completed notice of conversion, together with any funds that may be required as described in the preceding paragraph. Such notice of conversion can be obtained from the Trustee. Beneficial owners of interests in a Global Note (as defined) may exercise their right of conversion by delivering to The Depository Trust Company (DTC) the appropriate instruction form for conversion pursuant to DTC's conversion program. The conversion date shall be the date on which the note, the duly signed and completed notice of conversion, and any funds that may be required as described in the preceding paragraph shall have been so delivered. A holder delivering a note for conversion will not be required to pay any taxes or duties payable in respect of the issue or delivery of common stock on conversion, but will be required to pay any tax or duty which may be payable in respect of any transfer involved in the issue or delivery of the common stock in a name other than the holder of the note. Certificates representing shares of common stock will not be issued or delivered unless all taxes and duties, if any, payable by the holder have been paid or the holder shall have established to our reasonable satisfaction that such tax has been paid.

The Conversion Price is subject to adjustment (under formulae set forth in the Indenture) in certain events, including: (i) the issuance of common stock as a dividend or distribution on common stock; (ii) certain subdivisions and combinations of the common stock; (iii) the issuance to all or substantially all holders of common stock of certain rights or warrants to purchase common stock at a price per share less than the current market price (as defined in the Indenture); (iv) the dividend or other distribution to all holders of common stock of shares of our capital stock (other than common stock) or evidences of our indebtedness or assets (including securities, but excluding those rights, warrants, dividends and distributions referred to above or paid exclusively in cash); (v) dividends or other distributions consisting exclusively of cash (excluding any cash portion of distributions referred to in clause (iv)) to all holders of common stock; and (vi) the purchase of common stock pursuant to a tender offer made by us or any of our subsidiaries requiring the payment to stockholders of such shares deemed accepted by us, up to any maximum, of an aggregate consideration having a fair market value exceeding the current market price per share of Common Stock on the trading day

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next succeeding the last date tenders could have been made pursuant to such tender offer. In lieu of adjusting the Conversion Price pursuant to clause (iv) or (v) above, we may reserve shares, evidences of indebtedness, assets or cash for distribution to holders upon their conversion of notes.

In the case of (i) any reclassification or change of the common stock or (ii) a consolidation, merger or combination involving us or a sale or conveyance to another corporation of our property and assets as an entirety or substantially as an entirety, in each case as a result of which holders of common stock shall be entitled to receive stock, other securities, other property or assets (including cash) with respect to or in exchange for such common stock, the holders of the notes then outstanding will be entitled thereafter to convert such notes into the kind and amount of shares of stock, other securities or other property or assets, which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, combination, sale or conveyance had such notes been converted into common stock immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance (except that such holder will not receive the Make Whole Premium if such holder does not convert its notes in connection with the relevant Designated Event (as defined below) that constitutes a Change of Control; a conversion of the notes by a Holder will be deemed for these purposes to be in connection with a Change of Control if the notice of such conversion is provided in compliance with Article XII of the Indenture to the conversion agent on or subsequent to the date 10 trading days prior to the date announced by us as the anticipated Designated Event Date (as defined below) but before the close of business on the business day immediately preceding the related Designated Event Payment Date (as defined below)) (assuming, in a case in which our stockholders may exercise rights of election, that a holder of notes would not have exercised any rights of election as to the stock, other securities or other property or assets receivable in connection therewith and would have received per share the kind and amount received per share by a plurality of non-electing shares). Certain of the foregoing events may also constitute or result in a Designated Event requiring us to offer to repurchase the notes. See Repurchase at Option of Holders Upon a Designated Event.

In the event of a taxable distribution to holders of common stock (or other transaction) that results in any adjustment of the Conversion Price, the holders of notes may, in certain circumstances, be deemed to have received a distribution subject to United States income tax as a dividend. Moreover, in certain other circumstances, the absence of such an adjustment of the Conversion Price may result in a taxable dividend to the holders of common stock. See Certain United States Federal Income Tax Considerations.

We may from time to time, to the extent permitted by law, reduce the Conversion Price of the notes by any amount for any period of at least 20 days, in which case we shall give at least 15 days notice of such decrease, if the board of directors has made a determination that such decrease would be in the best interests of the company, which determination shall be conclusive. We may, at our option, make such reductions in the Conversion Price, in addition to those set forth above, as the board of directors deems advisable to avoid or diminish any income tax to holders of common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

No adjustment in the Conversion Price will be required unless such adjustment would require the Conversion Price then in effect to change at least 1%; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated above, the Conversion Price will not be adjusted for the issuance of common stock or any securities convertible into or exchangeable for common stock or carrying the right to purchase any of the foregoing.

Subordination

The payment of principal of, premium, if any, interest and Liquidated Damages, if any, on the notes will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full in cash or other payment satisfactory to the holders of Senior Debt of all Senior Debt, whether outstanding on the date

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of the Indenture or thereafter incurred. Upon any distribution to our creditors in a liquidation or dissolution of us or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to us or our property, an assignment for the benefit of creditors or any marshaling of our assets and liabilities, the holders of Senior Debt will be entitled to receive payment in full in cash or other payment satisfactory to the holders of Senior Debt of all Senior Debt of all obligations in respect of such Senior Debt before the holders of notes will be entitled to receive any payment with respect to the notes. The notes will rank equal in right of payment to our outstanding 5.75% Convertible Subordinated Notes due 2006 and 5% Convertible Subordinated Notes due 2007.

In the event of any acceleration of the notes because of an Event of Default, the holders of any Senior Debt then outstanding will be entitled to payment in full in cash or other payment satisfactory to the holders of such Senior Debt of all obligations in respect of such Senior Debt before the holders of the notes are entitled to receive any payment or distribution in respect thereof. If payment of the notes is accelerated because of an Event of Default, we or the Trustee shall promptly notify the holders of Senior Debt or the trustee(s) for such Senior Debt of the acceleration.

We also may not make any payment upon or in respect of the notes or acquire any notes upon a Designated Event or otherwise until all Senior Debt has been paid in full in cash or other payment satisfactory to the holders of the Senior Debt if (i) a default in the payment of the principal of, premium, if any, interest, rent or other obligations in respect of Senior Debt occurs and is continuing beyond any applicable period of grace or (ii) a default, other than a payment default, occurs and is continuing with respect to Designated Senior Debt that permits holders of the Designated Senior Debt as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default (a Payment Blockage Notice) from us or other Person permitted to give such notice under the Indenture. Payments on the notes may and shall be resumed and we may acquire notes (a) in the case of a payment default, upon the date on which such default is cured or waived or ceases to exist or (b) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or ceases to exist or 179 days after the date on which the applicable Payment Blockage Notice is received if the maturity of the Senior Debt has not been accelerated. No new period of payment blockage may be commenced unless and until 365 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

By reason of the subordination provisions described above, in the event of our liquidation or insolvency, holders of Senior Debt may receive more, ratably, and holders of the notes may receive less, ratably, than the other creditors of us. Such subordination will not prevent the occurrences of any Event of Default under the Indenture.

The notes are our obligations exclusively. However, since our operations are primarily conducted through Subsidiaries, the cash flow and our consequent ability to service its debt, including the notes, are primarily dependent upon the earnings of its Subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those Subsidiaries to, us. The payment of dividends and the making of loans and advances to us by our Subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those Subsidiaries and are subject to various business considerations.

Any right we have to receive assets of any of our Subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors (including trade creditors), except to the extent that we are ourselves recognized as a creditor of such Subsidiary, in which case our claims would still be subordinate to any prior security interests in the assets of such Subsidiary and any indebtedness of such Subsidiary senior to that held by us.

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As of December 31, 2005, we had approximately \$1,645.0 million of outstanding indebtedness that would have constituted Senior Debt, and the debt and other liabilities of our subsidiaries (excluding intercompany liabilities and obligations of a type not required to be reflected on the balance sheet of such subsidiary in accordance with GAAP) that would effectively have been senior to the notes were approximately \$486.6 million. The Indenture does not limit the amount of additional indebtedness, including Senior Debt, that we can create, incur, assume or guarantee, nor does the Indenture limit the amount of indebtedness and other liabilities that any Subsidiary can create, incur, assume or guarantee.

In the event that, notwithstanding the