BRT Apartments Corp.
Form 10-Q
February 09, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2017

OR

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 001-07172

BRT APARTMENTS CORP.
(Exact name of Registrant as specified in its charter)

Maryland	13-2755856
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
60 Cutter Mill Road, Great Neck, NY	11021
(Address of principal executive offices)	(Zip Code)

516-466-3100
(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 such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulations 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 ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer ý
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

o Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

14,136,004 Shares of Common Stock,
par value $0.01 per share, outstanding on February 8, 2018

BRT APARTMENTS CORP. AND SUBSIDIARIES
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Part I FINANCIAL INFORMATION
Item 1. Financial Statements
BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	December 31, 2017 (Unaudited)	September 30, 2017
ASSETS		
Real estate properties, net of accumulated depreciation and amortization of $72,938 and $64,290	$ 931,996	$ 902,281
Real estate loan	5,350	5,500
Cash and cash equivalents	13,687	12,383
Restricted cash	8,074	6,151
Deposits and escrows	23,630	27,839
Investments in unconsolidated joint ventures	21,115	21,415
Other assets	8,933	9,359
Real estate property held for sale	—	8,969
Total Assets (a)	$ 1,012,785	$ 993,897
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net of deferred costs of $6,220 and $6,345	$ 712,061	$ 697,826
Junior subordinated notes, net of deferred costs of $377 and $382	37,023	37,018
Accounts payable and accrued liabilities	20,354	22,348
Total Liabilities (a)	769,438	757,192
Commitments and contingencies		
Equity:		
BRT Apartments Corp. stockholders' equity:		
Preferred shares $.01 par value 2,000 shares authorized, none outstanding	—	—
Common stock, $.01 par value, 300,000 shares authorized; 13,333 shares outstanding in both periods	133	133
Additional paid-in capital	202,225	201,910
Accumulated other comprehensive income	1,346	1,000
Accumulated deficit	(33,292)	(37,047)
Total BRT Apartments Corp. stockholders' equity	170,412	165,996
Non-controlling interests	72,935	70,709
Total Equity	243,347	236,705
Total Liabilities and Equity	$ 1,012,785	$ 993,897

(a) The Company's consolidated balance sheets include the assets and liabilities of consolidated variable interest entities (VIEs). See note 6. The consolidated balance sheets include the following amounts related to the Company's VIEs as of December 31, 2017 and September 30, 2017, respectively: $738,940 and $707,546 of real estate properties, $8,282 and $8,626 of cash and cash equivalents, $14,013 and $13,873 of deposits and escrows, $8,139 and $8,148 of other assets, $0 and $8,969 of real estate properties held for sale, $573,078 and $558,568 of mortgages payable and $12,852 and $14,419 of accounts payable and accrued liabilities.

See accompanying notes to consolidated financial statements.

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BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except share data)

	Three Months Ended December 31,	
	2017	2016
Revenues:		
Rental and other revenues from real estate properties	$28,162	$ 25,029
Other income	187	611
Total revenues	28,349	25,640
Expenses:		
Real estate operating expenses - including $785 and $610 to related parties	13,347	12,446
Interest expense	7,980	6,687
General and administrative - including $81 and $79 to related parties	2,303	2,597
Depreciation	8,648	6,297
Total expenses	32,278	28,027
Total revenue less total expenses	(3,929)	(2,387)
Equity in loss of unconsolidated joint ventures	(25)	—
Gain on sale of real estate	12,519	35,838
Loss on extinguishment of debt	(257)	(799)
Income from continuing operations	8,308	32,652
Provision for taxes	106	350
Income from continuing operations, net of taxes	8,202	32,302
Net income attributable to non-controlling interests	(1,851)	(16,532)
Net income attributable to common stockholders	$6,351	$ 15,770
Weighted average number of shares of common stock outstanding:		
Basic	14,022,438	13,898,626
Diluted	14,222,438	13,898,626
Per share amounts attributable to common stockholders:		
Basic	$0.45	$ 1.13
Diluted	$0.45	$ 1.13

See accompanying notes to consolidated financial statements.

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BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands)

	Three Months Ended December 31,	
	2017	2016
Net income	$8,202	$32,302
Other comprehensive income:		
Unrealized gain on derivative instruments	502	3,268
Other comprehensive income	502	3,268
Comprehensive income	8,704	35,570
Comprehensive income attributable to non-controlling interests	(2,007)	(17,531)
Comprehensive income attributable to common stockholders	$6,697	$18,039

See accompanying notes to consolidated financial statements.

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BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EQUITY
Three Months Ended December 31, 2017
(Unaudited)
(Dollars in thousands, except share data)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Non-Controlling Interest	Total
Balances, September 30, 2017	$ 133	$ 201,910	$ 1,000	$ (37,047)	$ 70,709	$ 236,705
Distributions - Common Stock - $0.18 per share	—	—	—	(2,596)	—	(2,596)
Compensation expense - restricted stock and restricted stock units	—	315	—	—	—	315
Contributions from non-controlling interests	—	—	—	—	4,535	4,535
Distributions to non-controlling interests	—	—	—	—	(4,316)	(4,316)
Net income	—	—	—	6,351	1,851	8,202
Other comprehensive income	—	—	346	—	156	502
Comprehensive income	—	—	—	—	—	8,704
Balances, December 31, 2017	$ 133	$ 202,225	$ 1,346	$ (33,292)	$ 72,935	$ 243,347

See accompanying notes to consolidated financial statements.

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BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Thousands)

	Three Months Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Net income	$8,202	$32,302
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,648	6,297
Amortization of deferred borrowing fees	364	306
Amortization of restricted stock and restricted stock units	315	324
Equity in loss of unconsolidated joint ventures	25	—
Gain on sale of real estate	(12,519)	(35,838)
Loss on extinguishment of debt	257	799
Increases and decreases from changes in other assets and liabilities:		
Decrease in interest receivable	—	2,362
Decrease in deposits and escrows	4,209	688
Decrease in other assets	930	850
Decrease in accounts payable and accrued liabilities	(2,066)	(282)
Net cash provided by operating activities	8,365	7,808
Cash flows from investing activities:		
Collections from real estate loan	150	13,600
Additions to real estate properties	(36,910)	(20,335)
Net costs capitalized to real estate properties	(1,610)	(2,971)
(Increase) decrease in restricted cash	(1,923)	700
Proceeds from the sale of real estate properties	21,790	127,859
Distributions from unconsolidated joint ventures	275	—
Contributions to unconsolidated joint ventures	—	(14,335)
Net cash (used in) provided by investing activities	(18,228)	104,518
Cash flows from financing activities:		
Proceeds from mortgages payable	24,470	9,369
Mortgage payoffs	(9,290)	(78,417)
Mortgage principal payments	(1,328)	(1,206)
Increase in deferred financing costs	(380)	(291)
Dividends paid	(2,524)	—
Contributions from non-controlling interests	4,535	3,786
Distributions to non-controlling interests	(4,316)	(21,726)
Repurchase of shares of beneficial interest/common stock	—	(9)
Net cash provided by (used in) financing activities	11,167	(88,494)
Net increase in cash and cash equivalents and restricted cash	1,304	23,832
Cash and cash equivalents and restricted cash at beginning of period	12,383	27,399
Cash and cash equivalents and restricted cash at end of period	$13,687	$51,231

Supplemental disclosure of cash flow information:		
Cash paid during the period for interest, net of capitalized interest of $0 and $84 respectively	$7,605	$6,372
Taxes paid	$25	$—
Acquisition of real estate through assumption of debt	$—	$27,638

See accompanying notes to consolidated financial statements.

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BRT APARTMENTS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2017

Note 1 – Organization and Background

BRT Apartments Corp. (the "Company"), a Maryland corporation, owns, operates and develops multi family properties. The Company conducts its operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes.
Generally, the multi family properties are acquired with joint venture partners in transactions in which the Company contributes a significant portion of the equity. At December 31, 2017, the Company owns: (a) 34 multi-family properties with 9,684 units (including 445 units at two properties engaged in lease-up activities and 402 units at a property under development), located in 11 states with a carrying value of $921,522,000; and (b) interests in three unconsolidated multi-family joint ventures with a carrying value of $21,000,000.

Note 2 – Basis of Preparation

The accompanying interim unaudited consolidated financial statements as of December 31, 2017, and for the three months ended December 31, 2017 and 2016, reflect all normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for such interim periods. The results of operations for the three months ended December 31, 2017 and 2016, are not necessarily indicative of the results for the full year. The consolidated balance sheet as of September 30, 2017, has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements.
The consolidated financial statements include the accounts and operations of the Company, its wholly owned subsidiaries, and its majority owned or controlled real estate entities and its interests in variable interest entities ("VIEs") in which the Company is determined to be the primary beneficiary. Material intercompany balances and transactions have been eliminated.
The Company's consolidated joint ventures that own multi family properties were determined to be VIEs because the voting rights of some equity investors in the applicable joint venture entity are not proportional to their obligations to absorb the expected losses of the entity and their right to receive the expected residual returns. It was determined that the Company is the primary beneficiary of these joint ventures because it has a controlling interest in that it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance and it has the obligation to absorb losses of the entity and the right to receive benefits that could potentially be significant to the VIE.
The joint ventures that own properties in Dallas, TX and St. Louis, MO were determined not to be a VIEs but are consolidated because the Company has controlling rights in such entities.
With respect to its unconsolidated joint ventures, as (i) the Company is primarily the managing member but does not exercise substantial operating control over these entities or the Company is not the managing member and (ii) such entities are not VIEs, the Company has determined that such joint ventures should be accounted for under the equity method of accounting for financial statement purposes.

The distributions to each joint venture partner are determined pursuant to the applicable operating agreement and may not be pro-rata to the percentage equity interest each partner has in the applicable venture.
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates. Substantially all of the Company's assets are comprised of multi- family real estate assets generally leased to tenants on a one year basis. Therefore, the Company aggregates real estate assets for reporting purposes and operates in one reportable segment.

Note 3 Equity

Equity Distribution Agreements

On January 11, 2018, the Company entered into equity distribution agreements with three sales agents to sell up to an aggregate of $20,000,000 of its common stock from time-to-time in an at-the-market offering. Through February 8, 2018, the

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Company sold 113,566 shares of common stock for proceeds of $1,463,000, net of commissions of $50,000, and estimated offering costs of $50,000 for professional and related fees.

Common Stock Dividend Distribution

The Company declared a quarterly cash distribution of $0.18 per share, payable on January 5, 2018 to stockholders of record on December 22, 2017.

Stock Based Compensation

The Company's Amended and Restated 2016 Incentive Plan (the "Plan") permits the Company to grant: (i) stock options, restricted stock, restricted stock units, performance share awards and any one or more of the foregoing, up to a maximum of 600,000 shares; and (ii) cash settled dividend equivalent rights in tandem with the grant of restricted stock units and certain performance based awards.

Restricted Stock Units

Pursuant to the Plan, in June 2016, the Company issued restricted stock units (the "Units") to acquire up to 450,000 shares of common stock. The Units entitle the recipients, subject to continued service through the March 31, 2021 vesting date to receive (i) the underlying shares if and to the extent certain performance and/or market conditions are satisfied at the vesting date, and (ii) an amount equal to the cash dividends paid from the grant date through the vesting date with respect to the shares of common stock underlying the Units if, when, and to the extent, the related Units vest. Because the Units are not participating securities, for financial statement purposes, the shares underlying the Units are excluded in the outstanding shares reflected on the consolidated balance sheet and from the calculation of basic earnings per share. The shares underlying the Units are contingently issuable shares and 200,000 of these shares have been included in the diluted earnings per share as the market conditions with respect to such units, had been met at December 31, 2017.

Expense is recognized over the five year vesting period on the Units which the Company expects to vest. The Company recorded $72,000 and $110,000 of compensation expense related to the amortization of unearned compensation with respect to the Units in the three months ended December 31, 2017 and 2016, respectively. At December 31, 2017 and September 30, 2017, $942,000 and $1,015,000, respectively, has been deferred and will be charged to expense over the remaining vesting period.

Restricted Stock

As of December 31, 2017, an aggregate of 689,375 shares of unvested restricted stock are outstanding pursuant to the 2016 Incentive Plan and the 2012 Incentive Plan (the "Prior Plan"). No additional awards may be granted under the Prior Plan. All shares of restricted stock vest five years from the date of grant and under specified circumstances, including a change in control, may vest earlier. For financial statement purposes, the restricted stock is not included in the outstanding shares shown on the consolidated balance sheets until they vest, but are included in the earnings per share computation.

For the three months ended December 31, 2017 and 2016, the Company recorded $243,000 and $214,000, respectively, of compensation expense related to the amortization of unearned compensation with respect to the restricted stock awards. At December 31, 2017 and September 30, 2017, $2,113,000 and $2,356,000 has been deferred as unearned compensation and will be charged to expense over the remaining vesting periods of these restricted stock awards. The weighted average vesting period of these shares of restricted stock is 2.1 years.

Stock Buyback

On September 5, 2017, the Board of Directors approved a repurchase plan authorizing the Company, effective as of October 1, 2017, to repurchase up to $5,000,000 of shares of common stock through September 30, 2019. During the three months ended December 31, 2017, no shares were repurchased pursuant to this plan.

Per Share Data

Basic earnings per share is determined by dividing net income applicable to common stockholders for the applicable period by the weighted average number of common shares outstanding during such period. The Units are excluded from the basic earnings per share calculation, as they are not participating securities. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into shares of common stock or resulted in the issuance of shares of common stock that share in the earnings of the Company. Diluted earnings per share is determined by dividing net income applicable to common stockholders for the applicable period by the weighted average number of shares of common stock outstanding during such period. For the three months ended December 31, 2017, the Company included

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200,000 shares of common stock underlying the Units in the calculation of diluted earning per share as a market criteria, with respect to such units, has been met at December 31, 2017.

The following table sets forth the computation of basic and diluted earnings per share (dollars in thousands, except per share amounts):

	Three Months Ended December 31,	
	2017	2016
Numerator for basic and diluted earnings per share attributable to common stockholders:		
Net income attributable to common stockholders	$6,351	$ 15,770
Denominator:		
Denominator for basic earnings per share—weighted average number of shares	14,022,438	13,898,626
Effect of diluted securities	200,000	—
Denominator for diluted earnings per share—adjusted weighted average number of shares and assumed conversions	14,222,438	13,898,626
Basic earnings per share	$0.45	$ 1.13
Diluted earnings per share	$0.45	$ 1.13

Note 4 Real Estate Properties

Real estate properties (including properties held for sale) consist of the following (dollars in thousands):

	December 31, 2017	September 30, 2017
Land	$140,452	$138,094
Building	833,088	808,366
Building improvements	31,394	31,411
Real estate properties	1,004,934	977,871
Accumulated depreciation	(72,938)	(66,621)
Total real estate properties, net	$931,996	$911,250

A summary of real estate properties owned (including properties held for sale) follows (dollars in thousands):

	September 30, 2017 Balance	Additions	Capitalized Costs and Improvements	Depreciation	Sales	December 31, 2017 Balance
Multi-family	$890,300	$31,008	$ 1,610	$ (8,620)	$(9,126)	$905,172
Multi-family development - West Nashville, TN	10,448	5,902	—	—	—	16,350
Land - Daytona, FL	8,021	—	—	—	—	8,021
Shopping centers/Retail - Yonkers, NY	2,481	—	—	(28)	—	2,453
Total real estate properties	$911,250	$36,910	$ 1,610	$ (8,648)	$(9,126)	$931,996

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The following table summarizes the allocation of the purchase price of two properties purchased during the three months ended December 31, 2017 (dollars in thousands):

	Purchase Price Allocation
Land	$ 3,289
Building and improvements	27,136
Acquisition-related intangible assets	486
Total consideration	$ 30,911

Note 5 Acquisitions and Dispositions

Property Acquisitions

The table below provides information for the three months ended December 31, 2017 regarding the Company's purchases of multi-family properties (dollars in thousands):

Location	Purchase Date	No. of Units	Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Acquisition Costs
Madison, AL	12/7/2017	204	$ 18,420	$ 15,000	$ 4,456	80 %	$ 247
Boerne, TX (a)	12/14/2017	120	12,000	9,200	3,780	80 %	244
		324	$ 30,420	$ 24,200	$ 8,236		$ 491

(a) Includes $500,000 for the acquisition of a land parcel adjacent to the property.

On February 7, 2018, the Company acquired, through a joint venture in which it has a 50% equity interest, a 522- unit multi-family property located in Ocoee, FL, for $71,347,000, including $53,100,000 of mortgage debt obtained in connection with the acquisition. The mortgage debt matures in January 2028, bears interest at a fixed rate of 3.90%, is interest only for seven years, and thereafter amortizes based on a 30 year schedule. The Company contributed $12,370,000 for its 50% ownership interest.

The table below provides information for the three months ended December 31, 2016 regarding the Company's purchase of a multi-family property (dollars in thousands):

Location	Purchase Date	No. of Units	Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Acquisition Costs
Fredricksburg, VA	11/4/2016	220	$ 38,490	29,940	$ 8,720	80 %	643

Property Dispositions

The following table is a summary of a real estate property disposed of by the Company in the three months ended December 31, 2017 (dollars in thousands):

Location	Sale Date	No. of Units	Sales Price	Gain on Sale	Non-controlling partner portion of gain
Melbourne, FL	10/25/2017	208	$ 22,250	$ 12,519	$ 2,504

On February 5, 2018, the Company sold The Fountains Apartments, West Palm Beach, Florida for $97,200,000. The Company anticipates recognizing, in the quarter ending March 31, 2018, an aggregate gain on the sale of the property of approximately $41,800,000, of which approximately $20,500,000 will be allocated to the non-controlling interest. In connection with the sale, the Company also incurred approximately $594,000 of mortgage prepayment costs, of which approximately $290,000 will be allocated to the non-controlling interest. This property was not classified as held for sale at December 31, 2017, as it did not meet the criteria established for such classification.

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The following table is a summary of the real estate properties disposed of by the Company in the three months ended December 31, 2016 (dollars in thousands):

Location	Sale Date	No. of Units	Sales Price	Gain on Sale	Non-controlling partner portion of gain
Greenville, SC	10/19/2016	350	$68,000	$18,483	9,329
Panama City, FL	10/26/2016	160	14,720	7,393	$ 3,478
Atlanta, GA	11/21/2016	350	36,750	8,905	4,166
Hixson,TN	11/30/2016	156	10,775	608	152
New York, NY	12/21/2016	1	465	449	—
		1,017	$130,710	$35,838	$ 17,125

Impairment Charges

The Company reviews each real estate asset owned, including those held through investments in unconsolidated joint ventures, for impairment when there is an event or a change in circumstances indicating that the carrying amount may not be recoverable. The Company measures and records impairment losses, and reduces the carrying value of properties, when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Company does not expect to recover its carrying costs on properties held for use, the Company reduces its carrying costs to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell. During the quarters ended December 31, 2017 and 2016, no impairment charges were recorded.

NOTE 6 - Variable Interest Entities

The Company conducts a large portion of its business with joint venture partners. Many of the Company's consolidated joint ventures that own properties were determined to be variable interest entities ("VIEs") because the voting rights of some equity partners are not proportional to their obligations to absorb the expected loses of the entity and their rights to receive expected residual returns. It was determined that the Company is the primary beneficiary of these joint venture because it has a controlling financial interest in that it has the power to direct the activities of the VIE that most significantly impacts the entity's economic performance and it has the obligation to absorb losses of the entity and the right to receive benefits from the entity that could potentially be significant to the VIE.

The following is a summary of the carrying amounts with respect to the consolidated VIEs and their classification on the Company's consolidated balance sheets (amounts in thousands):

	December 31, 2017 (Unaudited)	September 30, 2017
ASSETS		
Real estate properties, net of depreciation of $59,573 and $52,873	$ 738,940	$ 707,546
Cash and cash equivalents	8,282	8,626
Deposits and escrows	14,013	13,873
Other assets	8,139	8,148
Real estate properties held for sale	—	8,969
Total Assets	$ 769,374	$ 747,162
LIABILITIES		
Mortgages payable, net of deferred costs of $5,088 and $5,170	$ 573,078	$ 558,568
Accounts payable and accrued liabilities	12,852	14,419

Total Liabilities	$ 585,930	$ 572,987

Note 7 - Real Estate Property Held For Sale

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At September 30, 2017, Waverly Place Apartments, Melbourne, FL, with a book value of $8,969,000, was held for sale. This property was sold on October 25, 2017. The Company recognized a gain on the sale of the property of approximately $12,519,000, of which approximately $2,504,000 was allocated to the non-controlling interest. The Company did not have any properties that met the criteria for held-for-sale classification at December 31, 2017.

Note 8 - Restricted Cash
Restricted cash represents funds held for specific purposes and are therefore not generally available for general corporate purposes. The restricted cash reflected on the consolidated balance sheets represents funds that are held by or on behalf of the Company specifically for capital improvements at certain multi-family properties.

Note 9 – Investment in Unconsolidated Ventures

The Company has interests in unconsolidated joint ventures that own multi-family properties. The table below provides information regarding these joint ventures at December 31, 2017 (dollars in thousands):

Location	Number of Units	Carrying Value	Mortgage Debt	Percent Ownership
Columbia, SC	374	$4,901	$41,000	32 %
Columbia, SC (a)	339	8,665	—	46 %
Forney, TX (b)	313	7,440	25,350	50 %
Other investments	N/A	109	N/A	N/A
	1,026	$21,115	$66,350	

(a) Reflects land purchased for a development project at which construction of 339 units is planned. Construction financing for this project of up to $47,426,000 has been secured. Such financing bears interest at 4.08% and matures in June 2020. At December 31, 2017, no amounts have been drawn on this financing.

(b) This interest is held through a tenancy-in-common.

The net loss from these ventures was $25,000 and $0 in the three months ended December 31, 2017 and 2016, respectively.

Note 10 – Debt Obligations

Debt obligations consist of the following (dollars in thousands):

	December 31, 2017	September 30, 2017
Mortgages payable	$ 718,281	$ 704,171
Junior subordinated notes	37,400	37,400
Deferred mortgage costs	(6,597)	(6,727)
Total debt obligations, net of deferred costs	$ 749,084	$ 734,844

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Mortgages Payable

During the three months ended December 31, 2017, the Company obtained the following mortgage debt in connection with the related property acquisitions (dollars in thousands):

Location	Closing Date	Acquisition Mortgage Debt	Interest Rate	Interest only period	Maturity Date
Madison, AL	12/7/17	$ 15,000	4.08 %	60 months	January 2028
Boerne, TX (a)	12/14/17	9,200	LIBOR+ 2.39%	36 months	January 2028
		$ 24,200			

(a) The Company entered into an agreement related to this loan to cap LIBOR at 3.86%. See Note 13.

The Company has two construction loans that are being used to finance two separate construction projects. Information regarding these loans at December 31, 2017 is set forth below (dollars in thousand):

Location	Closing Date	Maximum Loan Amount	Amount outstanding	Interest Rate	Maturity Date	Extension Option
N Charleston, SC (a)	10/13/2015	$ 30,265	$ 29,863	LIBOR + 1.70%	10/13/2019	1 year
Nashville,TN	6/2/2017	47,426	—	LIBOR + 2.85%	6/2/2020	N/A
		$ 77,691	$ 29,863			

(a) Currently in lease up.

Junior Subordinated Notes

At December 31, 2017 and September 30, 2017, the Company's junior subordinated notes had an outstanding principal balance of $37,400,000, before deferred financing costs of $377,000 and $382,000, respectively. At December 31, 2017, the interest rate on the outstanding balance is three month LIBOR + 2.00%, or 3.17%.

The junior subordinated notes require interest only payments through the maturity date of April 30, 2036, at which time repayment of the outstanding principal and unpaid interest become due. Interest expense for the three months ended December 31, 2017 and 2016, which includes amortization of deferred costs, was $330,000 and $274,000, respectively.

Note 11 – Related Party Transactions

The Company has retained certain of its executive officers and Fredric H. Gould, a director, to provide services previously provided pursuant to an advisory agreement which was terminated on December 31, 2015. The aggregate fees paid for these services in the three months ended December 31, 2017 and 2016 were $302,000 and $288,000, respectively.

Management of certain properties owned by the Company and certain joint venture properties is provided by Majestic Property Management Corp. ("Majestic Property"), a company wholly owned by Fredric H. Gould, under renewable year-to-year agreements. Certain of the Company's officers and directors are also officers and directors of Majestic Property. Majestic Property may also provide real estate brokerage and construction supervision services to these properties. These fees amounted to $9,000 and $8,000 for the three months ended December 31, 2017 and 2016, respectively.

The Company shares facilities, personnel and other resources with One Liberty Properties, Inc., Majestic Property, and Gould Investors, L.P. Certain of our executive officers and/or directors also serve in management positions, and have ownership interests, in One Liberty and/or Georgetown Partners Inc., the managing partner of Gould Investors L.P. The allocation of expenses for the facilities, personnel and other resources shared by the Company, One Liberty and Gould Investors is computed in accordance with a shared services agreement by and among the Company and these entities and is included in general and administrative expense on the consolidated statements of operations. For the three months ended December 31, 2017 and 2016, net allocated general and administrative expenses reimbursed by the Company to Gould Investors L.P. pursuant to the shared services agreement aggregated $81,000 and $79,000, respectively.

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Management of many of the Company's multi-family properties (including two unconsolidated multi-family properties) is performed by the Company's joint venture partners or their affiliates. None of these joint venture partners is Gould Investors L.P., Majestic Property or their affiliates. Management fees to these related parties for the three months ended December 31, 2017 and 2016 were $818,000 and $624,000, respectively. In addition, the Company may pay an acquisition fee to a joint venture partner in connection with a property purchased by such joint venture. Capitalized acquisition fees to these related parties for the three months ended December 31, 2017 and 2016, were $230,000 and $300,000, respectively.

Note 12 – Fair Value of Financial Instruments

Financial Instruments Not Carried at Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments that are not recorded at fair value on the consolidated balance sheets:

Cash and cash equivalents, restricted cash, accounts receivable (included in other assets), accounts payable and accrued liabilities: The carrying amounts reported in the balance sheets for these instruments approximate their fair value due to the short term nature of these accounts.

Junior subordinated notes: At December 31, 2017 and September 30, 2017, the estimated fair value of the notes is lower than their carrying value by approximately $15,243,000 and $15,705,000 based on a market interest rate of 7.11% and 6.37%, respectively.

Mortgages payable: At December 31, 2017, the estimated fair value of the Company’s mortgages payable is lower than their carrying value by approximately $13,750,000 assuming market interest rates between 3.85% and 5.3% and at September 30, 2017, the estimated fair value of the Company's mortgages payable was greater than their carrying value by approximately $11,400,000 assuming market interest rates between 3.78% and 5.02%. Market interest rates were determined using rates which the Company believes reflects institutional lender yield requirements at the balance sheet dates.

Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value assumptions.

Financial Instruments Carried at Fair Value

The Company’s fair value measurements are based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, there is a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity’s own assumptions about market participant assumptions. Level 1 assets/liabilities are valued based on quoted prices for identical instruments in active markets, Level 2 assets/liabilities are valued based on quoted prices in active markets for similar instruments, on quoted prices in less active or inactive markets, or on other “observable” market inputs, and Level 3 assets/liabilities are valued based significantly on “unobservable” market inputs. The Company does not currently own any financial instruments that are classified as Level 3. Set forth below is information regarding the Company’s financial assets and liabilities measured at fair value as of December 31, 2017 (dollars in thousands):

	Carrying and Fair	Fair Value Measurements

	Value	Using Fair Value Hierarchy Level 1	Level 2
Financial Assets:			
Interest rate swaps	$ 1,948	—	$ 1,948
Interest rate cap	3	—	3
Total Financial Assets	$ 1,951	—	$ 1,951
Financial Liabilities:			
Interest rate swap	$ 1	—	$ 1

Derivative financial instruments: Fair values are approximated using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This analysis reflects the contractual terms of the

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derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. At December 31, 2017, these derivatives are included in other assets and other accounts payable and accrued liabilities on the consolidated balance sheet.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with them utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. As of December 31, 2017, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative position and determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company determined that its derivatives valuation is classified in Level 2 of the fair value hierarchy.

Note 13 – Derivative Financial Instruments

Cash Flow Hedges of Interest Rate Risk

The Company's objective in using interest rate derivatives is to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives, designated and that qualify as cash flow hedges, is recorded in Accumulated Other Comprehensive Income on our consolidated balance sheets and is subsequently reclassified into earnings in the period that the hedged transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings.
As of December 31, 2017, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (dollars in thousands):

Interest Rate Derivative	Notional Amount	Fixed Rate	Maturity
Interest rate cap on LIBOR	$ 9,200	3.86 %	January 1, 2021
Interest rate swap	1,418	5.25 %	April 1, 2022
Interest rate swap	26,400	3.61 %	May 6, 2023
Interest rate swap	27,000	4.05 %	September 19, 2026

The table below presents the fair value of the Company’s derivative financial instruments as well as its classification on the consolidated balance sheets as of the dates indicated (amounts in thousands):
Derivatives as of:

December 31, 2017		September 30, 2017	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Other Assets	$ 1,951	Other Assets	$ 1,460
Accounts payable and accrued liabilities	$ 1	Accounts payable and accrued liabilities	$ 14

As of December 31, 2017, the Company did not have any derivative instruments that were considered to be ineffective and does not use derivative instruments for trading or speculative purposes.

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The following table presents the effect of the Company's interest rate swaps on the consolidated statements of comprehensive (loss) income for the dates indicated (dollars in thousands):

	Three Months Ended December 31,	
	2017	2016
Amount of gain recognized on derivative in Other Comprehensive Income	$459	$3,123
Amount of loss reclassified from Accumulated Other Comprehensive Income into Interest expense	$43	$145

No gain or loss was recognized related to hedge ineffectiveness or to amounts excluded from effectiveness testing on the Company's cash flow hedges during the three months ended December 31, 2017 and December 31, 2016. The Company estimates an additional $93,000 will be reclassified from other comprehensive income (loss) as an increase to interest expense over the next twelve months.

Credit-risk-related Contingent Features

The agreement between the Company and its derivative counterparties provides that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, the Company could be declared in default on its derivative obligations.

As of December 31, 2017, the fair value of the derivative in a net liability position, which includes accrued interest, but excludes any adjustment for nonperformance risk related to these agreement, was $2,200. As of December 31, 2017, the Company has not posted any collateral related to these agreements. If the Company had been in breach of these agreements at December 31, 2017, it could have been required to settle its obligations thereunder at its termination value of $2,200.

Note 14 – New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), prescribes a single, common revenue standards which supersedes nearly all existing revenue recognition guidance under U.S. GAAP, including most industry-specific requirements. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 outlines a five step model to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a modified retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements and have not yet determined the method by which we will adopt the standard during the year ending September 30, 2019.

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU 2016-02 supersedes the current accounting for leases and while retaining two distinct types of leases, finance and operating, (i) requires lessees to record a right of use asset and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting (ii) eliminates most real estate specific lease provisions, and (iii) aligns many of the underlying lessor model principles with those in the new revenue standard. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. We are required to adopt ASU 2016-02 using the modified retrospective approach which requires us to record leases existing as of or are entered into after the beginning of the earliest comparative period presented in the financial statements under the new lease standard. We are currently evaluating the impact of our pending adoption of ASU No. 2016-02 on our consolidated financial statements. We believe our adoption of the new leasing standard will result in an immaterial increase in the assets and liabilities on our consolidated balance sheets, with no material impact to our consolidated statements of income and comprehensive income.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force), which provides specific guidance on eight cash flow classification issues and how to reduce diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The effective date of the standard will be fiscal years, and interim periods within those

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fiscal years, beginning after December 15, 2017, and early adoption is permitted. The Company is currently evaluating the new guidance to determine the impact, if any, on the consolidated financial statements.

Note 15 – Subsequent Events

Subsequent events have been evaluated and any significant events, relative to our consolidated financial statements as of December 31, 2017 that warrant additional disclosure, have been included in the notes to the consolidated financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

With the exception of historical information, this report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may", "will", "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions or variations thereof. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, performance or achievements. Investors are cautioned not to place undue reliance on any forward-looking statements and are urged to read “Item 1A. Risk Factors” herein and in our Annual Report on Form 10-K for the year ended September 30, 2017.

Overview

General

We are an internally managed real estate investment trust, also known as a REIT, that is focused on the ownership, operation and development of multi family properties. These activities are conducted primarily through joint ventures in which we have a substantial ownership position. At December 31, 2017, we (i) own 34 multi family properties located in 11 states with an aggregate of 9,684 units (including 445 units at two properties engaged in lease up activities (i.e., Factory at Garco Park and Vanguard Heights) and 402 units at a property under development (i.e., Bells Bluff)) and a carrying value of $921.5 million and (ii) have ownership interests, through unconsolidated entities, in three multi-family properties with a carrying value of $21.0 million. Most of our properties are located in the southeast United States and Texas.

As used herein, the term "same store properties" refers to operating properties that were owned for the entirety of the periods being presented and excludes properties that were in development or lease up during such periods. Retreat at Cinco Ranch Katy, Texas, has been excluded from same store properties properties due to the damage it sustained from Hurricane Harvey.

Hurricane Harvey

In August 2017, Hurricane Harvey caused significant damage to our 268-unit Retreat at Cinco Ranch, Katy, Texas property. Among other things, 96 of our ground floor units are currently uninhabitable and as a result of the extensive damage to the common areas of the property (i.e., pool and clubhouse), we have offered, and may continue to offer, rent concessions and other accommodations to induce current and prospective tenants for the second and third floor units to reside at the property. As a result of the hurricane, in 2017 we reduced the carrying value of this property by $3.6 million and, because we believe it is probable that we will recover such sum from our insurance coverage, less a $100,000 deductible, we recognized $3.5 million in insurance recoveries. Though this insurance claim has not been resolved, as of February 8, 2018, $2 million of insurance proceeds has been received.

We believe that our business interruption insurance will cover our losses in rental income with respect to the ground floor units until such units are repaired and accordingly, we continue to accrue revenues to be generated from such units. We are also seeking to recover from our insurance carriers the cost of rent concessions and other accommodations we offered tenants and prospective tenants, which for the quarter ended December 31, 2017, was $93,000. We continue to offer rent concessions and other accommodations to tenants and prospective tenants at this property and can provide no assurance that we will be reimbursed for any rent concessions provided. We anticipate that this property will be substantially repaired by September 2018.

Acquisitions, Dispositions and Other Developments During the Three Months Ended December 31, 2017
Acquisitions

On December 7, 2017, we acquired Magnolia Pointe at Madison, a 204 unit multi-family property located in Madison, AL, for $18.4 million, including $15.0 million of mortgage debt obtained in connection with the acquisition. Based on the

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occupancy and rental rates at the time of acquisition, we estimate that on a quarterly basis, this property will generate $520,000 of rental revenue, $250,000 of real estate operating expense, $161,000 of interest expense and $235,000 of depreciation expense.

On December 14, 2017, we acquired Woodland Apartments, a 120 unit multi-family property located in Boerne, TX, for $12 million, including $9.2 million of mortgage debt obtained in connection with the acquisition. Based on the occupancy and rental rates at the time of acquisition, we estimate that on a quarterly basis, this property will generate $310,000 of rental revenue, $163,000 of real estate operating expense, $91,000 of interest expense and $167,000 of depreciation expense.

Dispositions

On October 25, 2017, we sold Waverly Place Apartments, in Melbourne, FL, for a sales price of $22.3 million. In connection with the sale, we recognized a gain of $ 12.5 million, of which $2.5 million was allocated to the non-controlling partner. We also incurred $257,000 of mortgage prepayment costs, of which $51,000 was allocated to the non-controlling patner. In the quarter ended September 30, 2017, this property generated $688,000 of rental revenues, $373,000 of operating expenses, $101,000 of interest expense and $78,000 of depreciation expense.

Generally, in the event of the sale of a multi-family property owned by a joint venture, as a result of allocation/distribution provisions of the applicable joint venture operating agreement, the allocation and distributions of cash and profits to us (as opposed to our joint venture partner) will be less than that implied by our percentage equity interest in the property

Dividend Declared During the Quarter Ended December 31, 2017

During the quarter ended December 31, 2017, we declared a quarterly dividend on our common stock of $0.18 per share to be paid on January 5, 2018 to stockholders of record on December 22, 2017.

Changes to Federal Tax Laws

On December 22, 2017, the Tax Cuts and Jobs Act ("The Tax Act") was enacted. The Tax Act makes significant changes to the U.S. federal income tax rules for taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. While the changes in The Tax Act generally appear to be favorable with respect to REITs, the extensive changes to non-REIT provisions in the Code may have unanticipated effects on us or our stockholders. See Part II, Item 1A. "Risk Factors".

Recent Developments

On January 11, 2018,we entered into equity distribution agreements with three sales agents to sell up to an aggregate of $20,000,000 of our common stock in an at-the-market offering. Through February 8, 2018, we sold 113,566 shares of common stock for proceeds of approximately $1.5 million, net of commissions of $30,000, and incurred estimated offering costs of $50,000 for professional and related fees.

On February 5, 2018, we sold The Fountains Apartments, West Palm Beach, Florida for a sales price of $97.2 million. The Company anticipates recognizing, in the quarter ending March 31, 2018, an aggregate gain on the sale of the property of approximately $41.8 million, of which approximately $20.5 million will be allocated to non-controlling partner. In connection with the sale, we also incurred approximately $594,000 of mortgage prepayment costs, of which approximately $291,000 will be allocated to non-controlling interests.

On February 7, 2018, we acquired, through a joint venture in which we have a 50% equity interest, a 522-unit multi-family property located in Ocoee, FL, for $71.3 million, including $53.1 million in mortgage debt obtained in connection with the acquisition. The mortgage matures in January 2028, bears interest at a fixed rate of 3.90%, is interest only for seven years, and thereafter amortizes based on a 30 year schedule. We estimate that on a quarterly basis, this property will generate $1.6 million of rental revenue, $776,000 of real estate operating expenses, $532,000 of interest expense and $948,000 of depreciation expense.

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Results of Operations – Three months ended December 31, 2017 compared to three months ended December 31, 2016.

Revenues

The following table compares our revenues for the periods indicated:

(Dollars in thousands):	Three Months Ended December 31, 2017	2016	Increase (Decrease)	% Change
Rental and other revenues from real estate properties	$28,162	$25,029	$ 3,133	12.5
Other income	187	611	(424)	(69.4)
Total revenues	$28,349	$25,640	$ 2,709	10.6

Rental and other revenues from real estate properties.

The increase is due primarily to:

- $4.5 million from seven properties acquired during the twelve months ended December 31, 2017, including two properties acquired in the current quarter that contributed $233,000 of revenues,
- $796,000 from same store properties due to a net increase in rental and occupancy rates - seven properties accounted for 80% of the overall increase,
- $669,000 from our Factory at Garco property that is currently in lease up, and
- $383,000 from the inclusion, for the entire three months ended December 31, 2017, of one property that was only owned for a portion of the corresponding period in the prior year.

Offsetting this increase was a decrease of:

- $3.0 million from the eight properties sold from October 1, 2016 to December 31, 2017, including $401,000 from the sale of Waverly Place Apartments, and
- $93,000 from Retreat at Cinco Ranch as a result of concessions offered to the tenants to maintain their tenancy at the property.

Other Income.

The decrease is due to reduced interest income on our loan to the Newark Joint Venture primarily as a result of the $13.6 million paydown in December 2016.

Expenses

The following table compares our expenses for the periods indicated:

(Dollars in thousands)	Three Months Ended December 31, 2017	2016	Increase (Decrease)	% Change
Real estate operating expenses	$13,347	$12,446	$ 901	7.2
Interest expense	7,980	6,687	1,293	19.3

General and administrative	2,303	2,597	(294)	(11.3)
Depreciation	8,648	6,297	2,351	37.3
Total expenses	$32,278	$28,027	$ 4,251	15.2

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Real estate operating expenses.

The increase is due primarily to:

- $2.0 million from seven properties acquired during the twelve months ended December 31, 2017, including two properties acquired in the current quarter that accounted for $97,000 of this expense,
- $184,000 from Factory at Garco Park which is currently in lease up,
- $174,000 from several same store properties due primarily to increased repair and maintenance expense and utilities expense, and
- $161,000 from the inclusion, for the entire three months ended December 31, 2017, of a property that was only owned for a portion of the corresponding period in the prior year.

Offsetting the increase is $1.6 million of expense related to the the eight properties sold from October 1, 2016 to December 31, 2017, including $306,000 from Waverly Place Apartments.

Interest expense.

The increase is due primarily to:

- $1.6 million from the mortgage debt on seven properties acquired during the twelve months ended December 31, 2017, two of which were acquired in the current quarter and contributed $60,000 of interest expense,
- $235,000 from interest expense from Factory at Garco Park - interest of $84,000 on this property was capitalized in the corresponding period of the prior year, and
- $117,000 due to the inclusion, for the entire three months ended December 31, 2017, of the mortgage interest on a property that was only owned for a portion of the corresponding period of the prior year.

Offsetting the increase is a decrease of $403,000 relating to the mortgage debt on eight properties sold from October 1, 2016 to December 31, 2017, including $70,000 relating to the sale of Waverly Place Apartments.

General and administrative expense. The decrease is due primarily to the inclusion, in the three months ended December 31, 2016, of approximately $310,000 of professional and other fees, a significant portion of which related to our conversion to a Maryland corporation.

Depreciation.
The increase is due primarily to:

- $2.3 million from seven properties acquired during the twelve months ended December 31, 2017 including, two of properties acquired in the current quarter that contributed $90,000 of depreciation expense,
- $410,000 from Factory at Garco Park,which was under development in the corresponding period in the prior year, and is currently in lease-up, and
- $296,000 from the inclusion, for the entire three months ended December 31, 2017, of a property that was only owned for a portion of the corresponding period of the prior year.

Offsetting the increase is a decrease of $440,000 from properties sold from October 1, 2016 to December 31, 2017.

Other Income and Expenses

Gain on sale of real estate. During the three months ended December 31, 2017, we sold Waverly Place Apartments for a sales price of $22.3 million and recognized a gain of $12.5 million, of which $2.5 million was allocated to the non-controlling partner. During the three months ended December 31, 2016, we sold four multi-family properties and a cooperative apartment unit for an aggregate sales price of $130.7 million and recognized an aggregate gain of $35.8

million, of which $17.1 million was allocated to the non-controlling partner.

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Liquidity and Capital Resources

We require funds to pay operating expenses and debt service obligations, acquire properties, make capital improvements and pay dividends. Generally, our primary sources of capital and liquidity have been the operations of, and distributions from, our multi-family properties, our available cash (including restricted cash), mortgage debt financing and our share of the net proceeds from the sale of multi-family properties. As a result of the at-the-market equity offering program that commenced January 11, 2018, we may, in the future, generate funds from the sale of our common stock. At December 31, 2017 and February 1, 2018, our available cash, excluding restricted cash of $8.1 and $8.0 million respectively, intended for capital improvements at 17 multi-family properties, is approximately $13.7 million and $26.7 million, respectively.

We anticipate that operating expenses payable through 2019 will be funded from the cash generated from operations of our properties and that the debt service (including principal payments) payable in 2018 and 2019 will be funded from the cash generated from operations of the properties, the refinancing of mortgages, our share of the proceeds from the sale of our properties and from sales of our common stock, if any.

The mortgage debt with respect to the multi-family properties generally is non-recourse to us and our subsidiary holding our interest in the applicable joint venture. Our ability to acquire additional multi-family properties is limited by our available cash and the availability of mortgage debt.

We anticipate that the construction and other costs associated with the 402 unit Bells Bluff development project will be funded by capital previously contributed by us and our joint venture partner and in-place construction financing of up to $47.4 million. As of December 31, 2017, there have been no draws against this construction loan.

We intend to refinance the adjustable rate mortgages in aggregate principal amount of $56.3 million at our two properties that are currently in lease up (Factory at Garco in N. Charleston, SC and Vanguard Heights, Creve Coeur, MO) with longer term fixed-rate financing once these properties has been stabilized; however no assurance can be given that these properties will ever be stabilized, that financing will be available at such time or, if available, that it will be on terms acceptable to us. These loans mature (after giving effect to extension options) in October 2020 and April 2019, respectively.

Cash Distribution Policy

We are taxed as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the “Code”. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute to our stockholders within the time frames prescribed by the Code at least 90% of our ordinary taxable income. Management currently intends to maintain our REIT status. As a REIT, we generally will not be subject to corporate Federal income tax on taxable income we distribute to stockholders in accordance with the Code. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years. Even if we qualify for Federal taxation as a REIT, we are subject to certain state and local taxes on our income and to Federal income and excise taxes on undistributed taxable income, (i.e., taxable income not distributed in the amounts and in the time frames prescribed by the Code).

We estimate that our net operating losses at December 31, 2017 range from $7 million to $11 million; therefore, we are not currently required by Code provisions relating to REITs to pay cash dividends to maintain our status as a REIT. Notwithstanding the foregoing, on each of October 5, 2017 and January 5, 2018, we paid a cash dividend of $0.18 per share. Though we intend to continue to pay cash dividends on a quarterly basis, we cannot provide any assurance that we will do so.

Off Balance Sheet Arrangements

None.

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Funds from Operations; Adjusted Funds from Operations

We disclose below funds from operations ("FFO") and adjusted funds from operations ("AFFO") because we believe that such metrics are a widely recognized and appropriate measure of the performance of an equity REIT.
We compute FFO in accordance with the "White Paper on Funds From Operations" issued by the National Association of Real Estate Investment Trusts ("NAREIT") and NAREIT's related guidance. FFO is defined in the White Paper as net income (computed in accordance with generally accepting accounting principles), excluding gains (or losses) from sales of property, plus depreciation and amortization, plus impairment write downs of depreciable real estate and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis. In computing FFO, we do not add back to net income the amortization of costs in connection with our financing activities or depreciation of non real estate assets.We compute AFFO by deducting from FFO our straight-line rent accruals and deferrals, amortization of restricted stock compensation and amortization of deferred financing costs. Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of AFFO may vary from one REIT to another.
We believe that FFO and AFFO are useful and standard supplemental measures of the operating performance for equity REITs and are used frequently by securities analysts, investors and other interested parties in evaluating equity REITs, many of which present FFO and AFFO when reporting their operating results. FFO and AFFO are intended to exclude GAAP historical cost depreciation and amortization of real estate assets, which assumes that the value of real estate assets diminish predictability over time. In fact, real estate values have historically risen and fallen with market conditions. As a result, we believe that FFO and AFFO provide a performance measure that when compared year over year, should reflect the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs and other matters without the inclusion of depreciation and amortization, providing a perspective that may not be necessarily apparent from net income. We also consider FFO and AFFO to be useful to us in evaluating potential property acquisitions.
FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. FFO and AFFO should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO and AFFO be considered an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity. FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization and capital improvements. FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP.
Management recognizes that there are limitations in the use of FFO and AFFO. In evaluating our performance, management is careful to examine GAAP measures such as net income and cash flows from operating, investing and financing activities.

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The table below provides a reconciliation of net loss determined in accordance with Generally Accepted Accounting Principles ("GAAP") to FFO and AFFO for each of the indicated periods (amounts in thousands):

	Three Months Ended December 31,	
	2017	2016
GAAP Net income attributable to common stockholders	$6,351	$15,770
Add: depreciation of properties	8,648	6,297
Add: our share of depreciation in unconsolidated joint ventures	217	83
Deduct: gain on sale of real estate and partnership interest	(12,519)	(35,838)
Adjustments for non-controlling interests	190	15,574
NAREIT Funds from operations attributable to common stockholders	2,887	1,886
Adjustments for: straight-line rent accruals	(10)	(22)
Add: loss on extinguishment of debt	257	799
Add: amortization of restricted stock and restricted stock units	315	324
Add: amortization of deferred mortgage costs	359	301
Adjustments for non-controlling interests	(127)	(425)
Adjusted funds from operations attributable to common stockholders	$3,681	$2,863

	Three Months Ended December 31,	
	2017	2016
GAAP Net income attributable to common stockholders	$0.45	$1.13
Add: depreciation of properties	0.59	0.46
Add: our share of depreciation in unconsolidated joint ventures	0.02	0.01
Deduct: gain on sale of real estate and partnership interest	(0.88)	(2.58)
Adjustment for non-controlling interests	0.02	1.12
NAREIT Funds from operations per common stock basic and diluted	0.20	0.14
Adjustments for: straight line rent accruals	—	—
Add: loss on extinguishment of debt	0.02	0.06
Add: amortization of restricted stock and restricted stock units	0.02	0.02
Add: amortization of deferred mortgage costs	0.03	0.02
Adjustments for non-controlling interests	(0.01)	(0.03)
Adjusted funds from operations per common stock basic and diluted	$0.26	$0.21

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Item 3. Quantitative and Qualitative Disclosures About Market Risks

All of our mortgage debt is fixed rate, other than seven mortgages, three of which are subject to interest rate swap agreements and one which is subject to an interest rate cap. With respect to the remaining three variable rate mortgages, an increase of 100 basis points in interest rates would reduce annual net income by $681,000 and a decrease of 100 basis points would increase annual net income by $681,000.

As of December 31, 2017, we had three interest rate swap agreements outstanding and one interest rate cap. The fair value of these derivative instruments is dependent upon existing market interest rates and swap spreads, which change over time. At December 31, 2017, if there had been (i) an increase of 100 basis points in forward interest rates, the fair market value of these derivative instruments and the net unrealized gain thereon would have increased by approximately $3.2 million and (ii) if there had been a decrease of 100 basis points in forward interest rates, the fair market value of these derivatives and the net unrealized gain thereon would have decreased by approximately $3.4 million. These changes would not have any impact on our net income or cash.

Our junior subordinated notes bear interest at the rate of three month LIBOR plus 200 basis points. At December 31, 2017, the interest rate on these notes was 3.17%. A 100 basis point increase in the rate would increase our related interest expense by approximately $374,000 annually and a 100 basis point decrease in the rate would decrease our related interest expense by $374,000 annually.

As of December 31, 2017, based on the number of residential units in each state, 29% of our properties are located in Texas, 11% in Florida, 11% in Alabama, 10% in Georgia, 8% in Mississippi, 8% in Missouri, 7% in North Carolina, 7% in South Carolina and the remaining 9% in three other states; we are therefore subject to risks associated with the economies in these areas.

Item 4. Controls and Procedures

As required under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Senior Vice President-Finance and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2017. Based upon that evaluation, the Chief Executive Officer, Senior Vice President-Finance and Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2017 are effective.

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Part II - Other Information

Item 1A. Risk Factors

The following discussion supplements the disclosures set forth in our prior filings with the Securities and Exchange Commission (including without limitation, our Annual Report on Form 10-K for the year ended September 30, 2017, and the prospectus supplement dated January 11, 2018). To the extent any inconsistency or conflict exists between the information included in this Quarterly Report on Form 10-Q and the information in such prior filings, the information set forth herein updates and supersedes the information in such prior filings.

Legislative, regulatory or administrative changes could adversely affect us or our stockholders.

The tax laws or regulations governing REITs or the administrative interpretations thereof may be amended at any time. We cannot predict if or when any new or amended law, regulation or administrative interpretation will be adopted, promulgated or become effective, and any such change may apply retroactively. We and our stockholders may be adversely affected by any new or amended law, regulation or administrative interpretation.

On December 22, 2017, the Tax Act was enacted. The Tax Act makes significant changes to the U.S. federal income tax rules for taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. In addition to reducing corporate and non-corporate tax rates, the Tax Act eliminates and restricts various deductions and limits the ability to utilize net operating losses ("NOLs") arising in taxable years beginning after December 31, 2017. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The Tax Act makes numerous large and small changes to the tax rules that do not affect REITs directly but may affect our stockholders and may indirectly affect us.

While the changes in the Act generally appear to be favorable with respect to REITs, the extensive changes to non-REIT provisions in the Code may have unanticipated effects on us or our stockholders. Moreover, Congressional leaders have recognized that the process of adopting extensive tax legislation in a short amount of time without hearings and substantial time for review is likely to have led to drafting errors, issues needing clarification and unintended consequences that will have to be reviewed in subsequent tax legislation. At this point, it is not clear when Congress will address these issues or when the Internal Revenue Service will be able to issue administrative guidance on the changes made in the Tax Act.

Stockholders are urged to consult with their tax advisors with respect to the status of the Tax Act and any other regulatory or administrative developments and proposals and their potential effect on investment in our capital stock

Item 5. Other Information

Information with respect to the sale of The Fountains Apartments is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Recent Developments" and incorporated herein by this reference.

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Item 6. Exhibits

Exhibit No.	Title of Exhibits
31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of Senior Vice President—Finance pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.3	Certification of Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2	Certification of Senior Vice President—Finance pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.3	Certification of Vice President and Chief Financial Officer 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.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Definition Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRT APARTMENTS CORP.

February 9, 2018	/s/ Jeffrey A. Gould Jeffrey A. Gould, President and Chief Executive Officer
February 9, 2018	/s/ George Zweier George Zweier, Vice President and Chief Financial Officer (principal financial officer)

enominated monetary assets and liabilities are included in other income (expense) in the period in which they occur.

The local currency is the functional currency of our subsidiaries in Japan and Taiwan, and the asset and liability amounts of these subsidiaries are translated into U.S. dollars at end-of-period exchange rates. Income and expenses are translated into U.S. dollars at average exchange rates in effect during the period. The resulting asset and liability

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

translation adjustments are reported as a component of accumulated other comprehensive loss in the stockholders equity section of the balance sheet. Assets and liabilities denominated in a currency other than the functional currency are remeasured into the functional currency prior to translation into U.S. dollars and the resulting exchange gains or losses are included in other income (expense) in the period in which they occur.

Concentrations and Credit Risk

Financial instruments, for which we are subject to credit risk, consist principally of accounts receivable and cash and cash equivalents. With respect to accounts receivable, we mitigate our credit risk by selling primarily to well established companies, performing ongoing credit evaluations and making frequent contact with customers. We have historically mitigated our credit risk with respect to cash and cash equivalents through diversification of our holdings into various high quality mutual funds and bank deposit accounts. At December 31, 2007, our cash and cash equivalents are invested in U.S. money market funds and various U.S. and foreign bank operating and time deposit accounts.

Risks and Uncertainties

Our future results of operations involve a number of risks and uncertainties. Factors that could affect future results and cause actual results to vary materially from historical results include, but are not limited to, historical stock option practices, pending SEC investigation, fluctuations in operating results, dependence on the highly cyclical nature of the semiconductor industry, high fixed costs, our failure to meet guidance, declines in average selling prices, decisions by our integrated device manufacturer customers to curtail outsourcing, our substantial indebtedness, ability to fund liquidity needs, our restrictive covenants contained in the agreements governing our indebtedness, significant severance plan obligations, failure to maintain an effective system of internal controls, product return and liability risks, the absence of significant backlog in our business, our dependence on international operations and sales, our management information systems may prove inadequate, difficulties integrating acquisitions, difficulties expanding and evolving our operational capabilities, our dependence on materials and equipment suppliers, loss of customers, our need for significant capital expenditures, impairment charges, the increased litigation incident to our business, adverse tax consequences, rapid technological change, complexity of packaging and test process, competition, our need to comply with existing and future environmental regulations, the enforcement of intellectual property rights by or against us, fire, flood or other calamity and continued control by existing stockholders.

We are subject to certain legal proceedings, lawsuits and other claims, as discussed in Note 15. We assess the likelihood of any adverse judgment or outcome related to these matters, as well as potential ranges of probable losses. Our determination of the amount of reserves required, if any, for these contingencies is based on an analysis of each individual issue, often with the assistance of outside legal counsel. We record provisions in our Consolidated Financial Statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Our cash and cash equivalents consist of amounts invested in U.S. money market funds and various U.S. and foreign bank operating and time deposit accounts.

Restricted Cash

Restricted cash, current, consists of short-term cash equivalents used to collateralize our daily banking services. Restricted cash, non-current, collateralizes foreign tax obligations.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the weighted moving average method or by standard costing, both of which approximate actual cost. Cost is based on normal capacity utilization, with unrecoverable costs arising from underutilization of capacity expensed when incurred. We reduce the carrying value of our inventories for the cost of inventory we estimate is excess and obsolete based on the age of our inventories and forecasted demand we receive from our customers. When a determination is made that the inventory will not be utilized in production it is written-off and disposed.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets which are as follows:

Buildings and improvements	10 to 30 years
Machinery and equipment	3 to 7 years
Furniture, fixtures and other equipment	3 to 10 years
Chinese land use rights	50 years

Cost and accumulated depreciation for property retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense was $272.8 million, $263.3 million and $239.1 million for 2007, 2006 and 2005, respectively.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Recoverability of a long-lived asset is measured by a comparison of the carrying amount to the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If such asset is considered to be impaired, the impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are carried at the lower of cost or fair value less the costs of disposal.

Goodwill and Acquired Intangibles

Goodwill is recorded when the cost of an acquisition exceeds the fair value of the net tangible and identifiable intangible assets acquired. Goodwill and indefinite-lived intangible assets are tested for impairment at least annually. Goodwill is tested for impairment at the reporting unit level. These tests are performed more frequently if warranted. Impairment losses are recorded when the carrying amount of goodwill exceeds its implied fair value.

Finite-lived intangible assets include customer relationship and supply agreements as well as patents and technology rights and are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from 5 to 10 years. We continually evaluate the reasonableness of the useful lives of these assets. Finite-lived intangibles are tested for recoverability whenever events or changes in circumstances indicate the carrying amount many not be recoverable. An impairment loss, if any, would be measured as the excess of the carrying value over the fair value determined by discounted cash flows. Amortization of finite-lived assets was $10.4 million, $9.6 million and $9.5 million for 2007, 2006 and 2005, respectively.

Other Non-current Assets

Other non-current assets consist principally of deferred income tax assets, deferred debt issuance costs and refundable security deposits.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Other Non-current Liabilities

Other non-current liabilities consist primarily of customer advance payments, deferred revenue and liabilities associated with uncertain income tax positions. See Note 3 and Note 13 for more information.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss consisted of the following:

	December 31, 2007	December 31, 2006
	(In thousands)	
Cumulative unrealized foreign currency translation gains	$ 8,748	$ 4,813
Unrecognized pension costs	(14,971)	(11,835)
Unrealized gain on securities		960
Total accumulated other comprehensive loss	$ (6,223)	$ (6,062)

The unrecognized pension costs are net of deferred income taxes of $1.0 million and $0.8 million at December 31, 2007 and 2006, respectively. The unrealized gain on securities has no tax effect. No income taxes are provided on foreign currency translation gains as foreign earnings are considered permanently invested.

Revenue Recognition and Risk of Loss

We recognize revenue from our packaging and test services when there is evidence of a fixed arrangement, delivery has occurred or services have been rendered, fees are fixed or determinable and collectibility is reasonably assured. Generally these criteria are met and revenue is recognized upon shipment. Such policies are consistent with the provisions in Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 104, *Revenue Recognition in Financial Statements.*

We do not take ownership of customer supplied semiconductor wafers. Title and risk of loss remains with the customer for these materials at all times. Accordingly, the cost of the customer supplied materials is not included in the Consolidated Financial Statements.

A sales allowance is recognized in the period of sale based upon historical experience. Additionally, provisions are made for doubtful accounts when there is doubt as to the collectibility of accounts receivable. Collectibility is assessed based on the age of the balance, the customer s historical payment history and current credit worthiness.

Shipping and Handling Fees and Costs

Amounts billed to customers for shipping and handling are presented in net sales. Costs incurred for shipping and handling are included in costs of sales.

Research and Development Costs

Research and development expenses include costs attributable to the conduct of research and development programs primarily related to the development of new package designs and improving the efficiency and capabilities of our existing production processes. Such costs include salaries, payroll taxes, employee benefit costs, materials, supplies, depreciation on and maintenance of research equipment, fees under licensing agreements, services provided by outside contractors and the allocable portions of facility costs such as rent, utilities, insurance, repairs and maintenance, depreciation and general support services. All costs associated with research and development are expensed as incurred.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Provision for Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related benefits will not be realized.

In determining the amount of the valuation allowance, we consider all available evidence of realization, as well as feasible tax planning strategies, in each taxing jurisdiction. If all or a portion of the remaining deferred tax assets will not be realized, the valuation allowance will be increased with a charge to income tax expense. Conversely, if we will ultimately be able to utilize all or a portion of the deferred tax assets for which a valuation allowance has been provided, the related portion of the valuation allowance will be released to income as a credit to income tax expense. We monitor on an ongoing basis our ability to utilize our deferred tax assets and the continuing need for a related valuation allowance. At December 31, 2007, we have recorded a valuation allowance for a substantial portion of our deferred tax assets.

We have adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 requires that we recognize in our Consolidated Financial Statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. See Note 3 for more information.

New Accounting Standards

Recently Adopted Standards

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of SFAS No. 87, Employers Accounting for Pensions, SFAS No. 88, Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and Termination Benefits, SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, and SFAS No. 132(R), Employers Disclosure about Pensions and Other Postretirement Benefits* (SFAS No. 158). SFAS No. 158 requires the recognition of the funded status of a defined benefit pension plan (other than a multi-employer plan) as an asset or liability in the statement of financial position and the recognition of changes in the funded status through comprehensive income in the year in which such changes occur. We adopted the recognition provisions of SFAS No. 158 and initially applied those to the funded status of our defined benefit pension plans as of December 31, 2006. The initial recognition of the funded status of our defined benefit pension plans resulted in a decrease in stockholders equity of $11.8 million, which was net of a tax benefit of $0.8 million.

SFAS No. 158 also requires that the funded status of a plan be measured as of the date of the year-end statement of financial position for fiscal years ending after December 15, 2008. We currently measure our funded status as of the balance sheet date. Accordingly, the adoption of the measurement provisions of SFAS No. 158 will have no impact on our financial statements. See Note 12 for further discussion.

In February 2006, FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments* (SFAS No. 155), which amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133) and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SFAS No. 140). SFAS No. 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 also clarifies and amends certain other

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

provisions of SFAS No. 133 and SFAS No. 140. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal years beginning after September 15, 2006. We adopted the provisions of SFAS No. 155 on January 1, 2007. The adoption of this statement did not have an impact on our financial statements and disclosures.

In June 2006, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-03 *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)* (Issue No. 06-03). Under Issue No. 06-03, a company must disclose its accounting policy regarding the gross or net presentation of certain taxes. If taxes included in gross revenues are significant, a company must disclose the amount of such taxes for each period for which an income statement is presented (i.e., both interim and annual periods). Taxes within the scope of this Issue are those that are imposed on and concurrent with a specific revenue-producing transaction. Taxes assessed on an entity s activities over a period of time, such as gross receipts taxes, are not within the scope of the issue. Issue No. 06-03 is effective for the first annual or interim reporting period beginning after December 15, 2006. We adopted the provisions of Issue No. 06-03 on January 1, 2007. We present applicable taxes on a net basis in our Consolidated Financial Statements. The adoption of Issue No. 06-03 did not have an impact on our financial statements and disclosures.

In July 2006, the FASB issued FIN 48, which clarifies the accounting and disclosure for uncertainty in income tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. FIN 48 requires that we recognize in our Consolidated Financial Statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosures. This interpretation is effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings. We adopted the provisions of FIN 48 on January 1, 2007. The adoption of FIN 48 did not have an impact on the opening balance of retained earnings. See Note 3 for more information.

Recently Issued Standards

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157), which provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors requests for more information about (1) the extent to which companies measure assets and liabilities at fair value, (2) the information used to measure fair value and (3) the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2*, Effective Date of FASB Statement No. 157* (FSP 157-2), which would delay the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP 157-2 partially defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of FSP 157-2. We will adopt SFAS No. 157 during 2008, except as it applies to those non-financial assets and non-financial liabilities as noted in FSP 157-2. The partial adoption of SFAS No. 157 is not expected to have a material impact on our financial statements and disclosures.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value, and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

issued for fiscal years beginning after November 15, 2007. We do not expect SFAS No. 159 to have a material impact on our financial statements and disclosures.

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

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

2. Stock Compensation Plans

We account for our stock option plans in accordance with SFAS No. 123(R), *Share-Based Payment* (SFAS No. 123(R)). SFAS No. 123(R) requires that all share-based payments to employees, including grants of employee stock options, be measured at fair value and expensed over the service period (generally the vesting period). We transitioned to SFAS No. 123(R) using the modified prospective method whereby compensation is recognized under SFAS N. 123(R) beginning January 1, 2006 and thereafter, with prior periods stock-based compensation still determined pursuant to APB No. 25, *Accounting for Stock Issued to Employees* (APB No. 25), with pro forma disclosure provided as if SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123), had been applied. We elected to adopt the alternative transition method provided in FSP No. 123R-3, *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*, for calculating tax effects of equity-based compensation pursuant to SFAS No. 123(R). The SEC issued Staff Accounting Bulletin No. 107 (SAB 107) relating to SFAS 123(R), and we applied the provisions of SAB 107 in our adoption of SFAS 123(R). Compensation expense is measured and recognized as follows:

Awards granted after December 31, 2005 Awards are measured at their fair value at the date of grant under the provisions of SFAS No. 123(R) with the resulting compensation expense recognized ratably over the service period which is generally the vesting period of the award.

Awards granted prior to December 31, 2005 Awards were measured at their fair value at the date of original grant under the original provisions of SFAS 123. Compensation expense associated with the unvested portion of these options at January 1, 2006 is recognized ratably over the service period which is generally the remaining vesting period of the award.

For all grants, the amount of compensation expense to be recognized is adjusted for an estimated forfeiture rate which is based on historical data.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table presents stock-based compensation expense included in the Consolidated Statements of Operations:

	For the Year Ended December 31,		
	2007	2006	2005
	(In thousands)		
Cost of sales	$ 1,343	$ 2,470	$ 182
Selling, general, and administrative	2,603	2,753	191
Stock-based compensation expense	$ 3,946	$ 5,223	$ 373

For the year ended December 31, 2006, stock-based compensation expense included $0.5 million of cash payments as a result of an offer to amend discussed in more detail below.

Prior to January 1, 2006, as permitted under SFAS No. 123, we applied APB Opinion No. 25 and related interpretations in accounting for our stock-based compensation plans. Under APB Opinion No. 25, compensation expense was recognized for stock option grants if the exercise price was below the fair value of the underlying stock at the measurement date. Had compensation costs been determined consistent with the requirements of SFAS No. 123, pro forma net loss and net loss per common share would have been as follows for the year ended December 31, 2005 (in thousands, except per share data):

Net loss:	
Net loss, as reported	$ (137,235)
Add: Total stock-based employee compensation recognized under intrinsic value method, net of tax	373
Deduct: Total stock-based employee compensation determined under fair value based method, net of tax	(2,526)
Net loss, pro forma	$ (139,388)
Loss per share:	
Basic and diluted:	
As reported	$ (0.78)
Pro forma	$ (0.79)

Pro forma compensation expense under SFAS No. 123 does not include an upfront estimate of potential forfeitures, but rather recognizes them as they occur and amortizes the compensation expense for retirement eligible individuals over the vesting period without consideration to acceleration of vesting.

Stock Option Plans

Stock options are generally granted with an exercise price equal to the market price of the stock at the date of grant. Substantially all of the options granted are generally exercisable pursuant to a two to five-year vesting schedule and the term of the options granted is no longer than ten years.

2007 Equity Incentive Plan. On August 6, 2007, the shareholders approved the 2007 Equity Incentive Plan, (the 2007 Plan) that provides for the grant of the following types of incentive awards: (i) stock options, (ii) restricted stock, (iii) restricted stock units, (iv) stock appreciation rights, (v) performance units and performance shares and (vi) other stock or cash awards. Those who will be eligible for awards include employees, directors and consultants who provide services to Amkor and its parent or subsidiaries. The effective date of this plan is January 1, 2008 and there are 17,000,000 shares of our common stock reserved for issuance under the 2007 Equity Incentive Plan.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

2003 Nonstatutory Inducement Grant Stock Plan. On September 9, 2003, we initiated the 2003 Nonstatutory Inducement Grant Stock Plan (the 2003 Plan). The 2003 Plan generally provides for the grant to employees, directors and consultants of stock options and stock purchase rights and is generally used as an inducement benefit for the purpose of retaining new employees. There is a provision for an annual replenishment to bring the number of shares of common stock reserved for issuance under the plan up to 300,000 as of each January 1.

1998 Director Option Plan. The Director Plan terminated in January 2008. The option grants under the Director Plan were automatic and non-discretionary. Each option granted to a non-employee director vests over a three-year period.

1998 Stock Plan. The 1998 Stock Plan terminated in January 2008. The 1998 Stock Plan generally provided for grants to employees, directors and consultants of stock options and stock purchase rights. The options granted vest over a two to five year-period.

A summary of the stock option plans and the respective plan termination dates and shares available for grant as of December 31, 2007 is shown below.

Stock Option Plans	**2007 Equity Incentive Plan**	**2003 Inducement Plan**	**1998 Director Option Plan**	**1998 Stock Plan**
Contractual Life (yrs)	10	10	10	10
Plan termination date	Board of Directors Discretion	Board of Directors Discretion	January 2008	January 2008
Shares available for grant at December 31, 2007		380,000	91,666	6,495,873

In the fourth quarter of 2006, we extended an offer to amend the exercise price of certain options that were granted at a discount from fair market value as the holder may be subject to adverse tax consequences under Section 409A of the U.S. Internal Revenue Code. For each of the 735,000 options held by the 260 individuals accepting our offer to amend their options, a cash payment was made in January 2007 for the difference between the new exercise price per share of the amended option and the original exercise price per share. We recognized $0.5 million in compensation expense in 2006 related to this offer.

In order to calculate the fair value of stock options at the date of grant, we used the Black-Scholes option pricing model. Expected volatilities are based on historical performance of our stock. We also use historical data to estimate the timing and amount of option exercises and forfeitures within the valuation model. The expected term of the options is based on evaluations of historical and expected future employee exercise behavior and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The following assumptions were used to calculate weighted average fair values of the options granted:

	For the Year Ended December 31,		
	2007	2006	2005
Expected life (in years)	6.3	5.8	5.8
Risk-free interest rate	4.1%	4.6%	4.0%
Volatility	80%	78%	91%
Dividend yield			
Weighted average grant date fair value per option granted	$ 6.46	$ 4.82	$ 3.34

The intrinsic value of options exercised for the year ended December 31, 2007, 2006 and 2005 was $12.2 million, $1.5 million and $0.1 million, respectively.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The following is a summary of all option activity for the year ended December 31, 2007:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	15,334,089	$ 10.47		
Granted	1,351,000	8.96		
Exercised	(3,689,672)	10.04		
Forfeited or expired	(1,088,183)	12.77		
Outstanding at December 31, 2007	11,907,234	10.24	5.13	$ 8,076,162
Exercisable at December 31, 2007	9,293,858	10.99	4.09	$ 4,979,468
Fully vested and expected to vest at December 31, 2007	11,498,391	10.33	4.97	$ 7,638,074

Total unrecognized compensation expense from stock options, excluding any forfeiture estimate, was $9.6 million as of December 31, 2007, which is expected to be recognized over a weighted-average period of 2.65 years beginning January 1, 2008.

Employee Stock Purchase Plan (ESPP). A total of 1,000,000 shares of common stock were available for sale under the ESPP annually until the plan was terminated in April 2006. For the year ended December 31, 2006 and 2005 we issued 999,981 and 992,952 shares, respectively, at an average fair value of $2.78 and $0.85, respectively.

We valued our ESPP purchase rights using the Black-Scholes option pricing model, which incorporated the assumptions noted in the table below. The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of grant.

	For the Year Ended December 31, 2006	2005
Expected life (in years)	0.5	0.5
Risk-free interest rate	4.8%	4.4%

Volatility	66%	64%
Dividend yield		

For the year ended December 31, 2007, 2006 and 2005, cash received under all share-based payment arrangements was $37.1 million, $5.0 million and $2.8 million, respectively. There was no tax benefit realized. The related cash receipts are included in financing activities in the accompanying Consolidated Statements of Cash Flows.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

3. Income Taxes

Geographic sources of income (loss) before income taxes and minority interest are as follows:

	For the Year Ended December 31,		
	2007	2006	2005
		(In thousands)	
United States	$ (4,728)	$ (49,187)	$ (116,175)
Foreign	239,565	231,681	(29,113)
Total income (loss) before income taxes and minority interest	$ 234,837	$ 182,494	$ (145,288)

The provision (benefit) for income taxes includes federal, state and foreign taxes currently payable and those deferred because of temporary differences between the financial statement and the tax bases of assets and liabilities.

The components of the provision (benefit) for income taxes are as follows:

	For the Year Ended December 31,		
	2007	2006	2005
Current			
Federal	$ (63)	$ (406)	$ (34,535)
State			
Foreign	20,192	11,646	3,942
	20,129	11,240	(30,593)
Deferred			
Federal			25,023
State			
Foreign	(7,532)	(32)	19
	(7,532)	(32)	25,042
Total provision (benefit)	$ 12,597	$ 11,208	$ (5,551)

The reconciliation between the U.S. federal statutory income tax rate of 35% and our income tax provision (benefit) is as follows:

	For the Year Ended December 31, 2007	2006	2005
	(In thousands)		
Expected federal tax at 35%	$ 82,176	$ 63,873	$ (50,851)
State taxes, net of federal benefit	(1,007)	6,077	(4,368)
Foreign income taxed at different rates	(63,086)	(57,824)	46,308
Expiration of capital loss carryforward	51,227		
Change in valuation allowance	(29,123)	(23,677)	74,952
Adjustments related to prior years	(20,689)	(2,066)	(68,972)
Income tax credits generated	(6,537)	(9,388)	(4,218)
Repatriation of foreign earnings and profits		33,203	
Other permanent differences	(364)	1,010	1,598
Total	$ 12,597	$ 11,208	$ (5,551)

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The following is a summary of the components of our deferred tax assets and liabilities:

	December 31, 2007	December 31, 2006
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 159,915	$ 159,488
Capital loss carryforwards	57,232	108,523
Income tax credits	18,351	21,136
Investments	18,148	16,715
Property, plant and equipment	13,736	11,152
Accrued liabilities	29,336	6,970
Other	31,363	23,800
Total deferred tax assets	328,081	347,784
Valuation allowance	(291,042)	(328,083)
Total deferred tax assets net of valuation allowance	37,039	19,701
Deferred tax liabilities:		
Property, plant and equipment	8,610	7,319
Other	7,451	4,827
Total deferred tax liabilities	16,061	12,146
Net deferred tax assets	$ 20,978	$ 7,555

In 2007, the valuation allowance on our deferred tax assets decreased by $37.0 million primarily as a result of a $51.2 million decrease associated with the expiration of U.S. capital loss carryforwards and a $17.8 million decrease associated with the use of all remaining net operating loss carryforwards and the release of the valuation allowance on all deferred tax assets at our largest subsidiary in Taiwan because of sustained profitability. In addition, deferred tax assets of $7.6 million and a related valuation allowance of the same amount were reduced in 2007 in connection with the adoption of FIN 48. These decreases in our valuation allowance in 2007 were partially offset by an increase of $32.9 million on deferred tax assets recorded in 2007 in certain foreign jurisdictions that we presently forecast will become tax deductions beyond our tax holiday periods. We provided a full valuation allowance on these deferred tax assets primarily because we do not have sufficient positive evidence that it is more likely than not we will realize these tax benefits.

In 2006, the valuation allowance on our deferred tax assets decreased by $23.9 million, primarily as a result of a $14.5 million benefit relating to utilization of U.S. net operating loss carryforwards and a $6.4 million benefit relating to utilization of Taiwanese net operating loss carryforwards. In 2006, the current earnings and profits of our wholly-owned subsidiary in the Philippines was considered a deemed dividend for U.S. tax purposes resulting in use of U.S. net operating loss carryforwards which had no incremental effect on our consolidated provision. During 2005, the valuation allowance on our deferred tax assets increased by $75.0 million, resulting from a charge to establish a valuation allowance against the increase in our U.S., Taiwanese, Singaporean and Philippine net operating loss carryforwards, capital loss carryforwards, tax credits and other deferred tax assets.

At December 31, 2007, the valuation allowance includes amounts relating to the tax benefits of pre-acquisition net operating losses and credits. If these benefits are subsequently realized, they will be recorded to goodwill and non-current intangible assets in the amounts of $12.6 million and $2.5 million, respectively. At December 31, 2007, the valuation allowance includes amounts relating to tax benefits of the tax deduction associated with employee stock options. If these benefits are subsequently realized, they will be recorded to contributed capital in the amount

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

of $6.1 million. As a result of net operating loss carryforwards, we were not able to recognize the windfall tax benefits of stock option deductions in 2007 because the deductions did not reduce income tax payable.

As a result of certain capital investments, export commitments and employment levels, income from operations in Korea, the Philippines, China, Singapore and Taiwan is subject to reduced tax rates, and in some cases is exempt from taxes. In Korea, we have tax holidays resulting from our investment in the Kwangju, Seoul and Pupyong facilities. The Kwangju tax holiday provides a 100% tax exemption through 2010, followed by a 50% exemption through 2013. The Seoul and Pupyong tax holiday provides a 100% tax exemption through 2011, followed by a 50% exemption through 2014. After the holidays expire we will be subject to the Korean statutory rate which is currently 27.5%. In the Philippines, our operating locations operate in economic zones and in exchange for tax holidays, we have committed to certain export, capital investment and employment levels. For 2005 through 2007, certain qualifying Philippine operations benefited from a full tax holiday, expiring at various times through 2011, while the remaining operations benefited from a perpetual reduced tax rate of 5%. As a result of our 2001 investment in China, we expect to benefit from a 100% tax holiday for two years and then a 50% tax holiday for an additional three years. The tax holiday in China will commence on January 1, 2008. In October 2006, we were granted a ten year pioneer incentive award by the Singapore Economic Development Board. Singapore operations will benefit from a 100% tax holiday for up to ten years, beginning on January 1, 2007. We were granted a five year tax holiday on certain product lines in Taiwan beginning January 1, 2007. As a result of the net operating losses incurred by our foreign subsidiaries subject to tax holidays, we did not realize any benefits relating to such tax holidays in 2007, 2006 or 2005 in China, Korea and Singapore. In 2006, our Philippines operations recognized $2.1 million in tax benefits as a result of the tax holiday on certain qualifying operations. In 2007, our Philippines operations recognized $0.4 million in tax benefits and our Taiwan operations recognized $0.6 million in tax benefits as a result of the tax holiday on certain qualifying operations.

At December 31, 2007, we have U.S. and state net operating losses available to be carried forward totaling $364.3 million and $267.9 million, respectively, expiring in varying amounts through 2027. Additionally, as of December 31, 2007, our Philippines operations had $19.0 million of net operating losses available for carryforward. If these foreign net operating losses are not utilized, they will expire in varying amounts through 2010. The deferred tax asset associated with the Philippine losses has been reserved with a valuation allowance. Our subsidiary, Unitive Semiconductor Taiwan (UST), has $28.5 million of net operating losses available for carryforward which, if not utilized, will expire in varying amounts through 2012. The deferred tax asset associated with the UST losses has been reserved with a valuation allowance. Net operating losses generated in Singapore through 2006 are not available for carryforward to future periods in connection with the pioneer incentive award granted in October 2006. We also have U.S. capital loss carryforwards of $143.1 million which will expire in varying amounts in 2008 and 2009. U.S. capital loss carryforwards of $128.1 million expired as of December 31, 2007. The deferred tax assets associated with our U.S. and state net operating losses and capital losses available for carryforward have been fully reserved with a valuation allowance at December 31, 2007 and 2006. Also, our ability to utilize our U.S. net operating and capital loss carryforwards may be limited in the future if we experience an ownership change as defined by the Internal Revenue Code.

At December 31, 2007, we have various tax credits available to be carried forward including U.S foreign income tax credits totaling $7.0 million, expiring in 2016, Korean income tax credits totaling $7.9 million expiring in varying amounts through 2012, Taiwanese income tax credits in UST totaling $5.8 million expiring in varying amounts through 2011, and Taiwanese income tax credits in Amkor Technology Taiwan (ATT) totaling $2.5 million, expiring in varying amounts through 2011. The deferred tax assets associated with the U.S. foreign income tax credits, the Korean income tax credits, and the Taiwanese income tax credits in UST have been reserved with a valuation allowance.

Income taxes have not been provided on the undistributed earnings of our foreign subsidiaries (approximately $259.0 million at December 31, 2007) over which we have sufficient influence to control the distribution of such earnings and have determined that such earnings have been reinvested indefinitely. These earnings could become

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

subject to either or both federal income tax and foreign withholding tax if they are remitted as dividends, if foreign earnings are loaned to any of our domestic subsidiaries, or if we sell our investment in such subsidiaries. We estimate that repatriation of these foreign earnings would generate additional foreign withholding taxes of approximately $46.4 million. There would be no U.S. federal income tax since our U.S. net operating losses exceed the amount of undistributed foreign earnings.

At December 31, 2007 and 2006, current deferred tax assets of $7.7 million and $4.2 million, respectively, are included in other current assets and non-current deferred tax assets of $16.1 million and $3.4 million, respectively, are included in other assets in the Consolidated Balance Sheet. In addition, at December 31, 2007 and 2006, current deferred tax liabilities of $1.2 million and $0.0 million, respectively, are included in other current liabilities and non-current deferred tax liabilities of $1.6 million and $0.1 million, respectively, are included in other non-current liabilities in the Consolidated Balance Sheet.

We operate in and file income tax returns in various U.S. and foreign jurisdictions which are subject to examination by tax authorities. For our larger foreign operations, our tax returns have been examined through 2001 in the Philippines, through 2002 in China, through 2003 in Taiwan, through 2006 in Japan and have not been examined in Korea since incorporation in 1999 due to our tax holiday status. We remain subject to examination for years after 2005 in Japan, for years after 2003 in the U.S. (Federal), the Philippines, Taiwan and Singapore, for years after 2002 in China and for years after 2001 in Korea. Our tax returns for open years in all jurisdictions are subject to changes upon examination.

During 2003, the Internal Revenue Service (IRS) commenced an examination of our U.S. federal income tax returns relating to years 2000 and 2001. In September 2005, the Congressional Joint Committee on Taxation approved the settlement of our IRS examination of the years 2000 and 2001. As part of the settlement, we agreed to make certain adjustments to our U.S. federal income tax returns in the years 2000 through 2003 for local attribution of income resulting from inter-company transactions, including ownership and use of intellectual property, in various U.S. and foreign jurisdictions. The IRS adjustments for the years 2000 and 2001 lowered our U.S. net operating loss carryforwards by $29.2 million. As a result of the finalization of this IRS examination, we reduced our deferred tax assets by $25.0 million and our accrued income taxes by $28.4 million, resulting in a net tax benefit of $3.4 million recorded in 2005.

During 2005, the IRS also commenced an examination of our U.S. federal income tax returns relating to years 2002 and 2003. The IRS exam, a limited scope examination, primarily reviewing inter-company transfer pricing and cost sharing issues carried over from the 2000 and 2001 examination, was completed in 2006. Upon settlement of the exam, we agreed to four adjustments, lowering our U.S. net operating loss carryforwards by $49.3 million. There was no impact to our Consolidated Statements of Operations as we maintain a full valuation allowance against the related deferred tax assets.

We adopted the provisions of FIN 48 on January 1, 2007. We recognized no cumulative effect of the adoption of FIN 48 to the opening balance of retained earnings as a result of the implementation of FIN 48. The gross amount of unrecognized tax benefits upon adoption of FIN 48 was $11.8 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

		(In thousands)
Balance at January 1, 2007	$	11,809
Additions based on tax positions related to the current year		5,846
Additions for tax positions of prior years		339
Reductions for tax positions of prior years		(19)
Settlements		(312)
Balance at December 31, 2007	$	17,663

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Our unrecognized tax benefits include amounts that, if recognized, would increase deferred tax assets subject to a valuation allowance. Accordingly, these uncertain tax benefits, if recognized, would not affect the effective tax rate. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is approximately $1.9 million as of December 31, 2007.

The FIN 48 liability is $7.7 million as of December 31, 2007 and is reported as a component of other non-current liabilities. This liability does not generally represent future cash payments because of the interaction with other tax attributes available such as net operating loss or tax credit carryforwards. The unrecognized tax benefits in the table above includes the reduction of deferred tax assets, which are not included in the FIN 48 liability.

It is reasonably possible that the total amount of unrecognized tax benefits will decrease within 12 months due to statutes of limitations expiring in certain jurisdictions which would decrease our unrecognized tax benefits related to revenue attribution by up to $1.5 million.

We have recognized $0.2 million of interest and penalties in the Consolidated Statement of Operations for the year ended December 31, 2007 in connection with our unrecognized tax benefits. Interest and penalties are classified as income taxes in the financial statements. The total amount of interest and penalties included in other non-current liabilities in connection with our unrecognized tax benefits is $0.3 million as of December 31, 2007.

Our unrecognized tax benefits are subject to change as examinations of specific tax years are completed in the respective jurisdictions. We believe that any taxes, or related interest and penalties, over the amounts accrued, will not have a material effect on our financial condition, results of operations or cash flows, nor do we expect that examinations to be completed in the near term would have a material favorable impact. However, tax return examinations involve uncertainties and there can be no assurances that the outcome of examinations will be favorable.

4. Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted EPS adjusts net income and the outstanding shares for the dilutive effect of stock options and convertible debt. The basic and diluted EPS amounts are the same for the year ended December 31, 2005 as a result of the potentially dilutive securities being antidilutive due to a net loss. The following table summarizes the computation of basic and diluted EPS:

	For the Year Ended December 31,		
	2007	**2006**	**2005**
		(In thousands)	
Net income (loss) basic	$ 219,864	$ 170,084	$ (137,235)
Adjustment for dilutive securities on net income:			
Interest on 2.5% convertible notes due 2011, net of tax	5,357	2,823	
Interest on 6.25% convertible notes due 2013, net of tax	6,310	6,477	
Net income (loss) diluted	$ 231,531	$ 179,384	$ (137,235)

Weighted average shares outstanding	basic		180,597		177,682		176,385
Effect of dilutive securities:							
Stock options			1,796		674		
2.5% convertible notes due 2011			13,023		7,849		
6.25% convertible notes due 2013			13,351		13,351		
Weighted average shares outstanding	diluted		208,767		199,556		176,385
EPS:							
Basic		$	1.22	$	0.96	$	(0.78)
Diluted		$	1.11	$	0.90	$	(0.78)

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

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 Year Ended December 31,		
	2007	2006	2005
	(In thousands)		
Stock options	5,092	13,275	16,370
5.0% convertible notes due 2007	504	2,517	2,554
5.75% convertible notes due 2006		1,571	6,419
6.25% convertible notes due 2013			1,134
Total potentially dilutive shares	5,596	17,363	26,477
Stock options excluded from diluted EPS because the exercise price was greater than the average market price of the common shares	5,092	13,275	16,283

5. Accounts Receivable, Trade

Accounts receivable, trade consists of the following:

	December 31,	
	2007	2006
	(In thousands)	
Accounts receivable	$ 399,032	$ 392,370
Allowance for sales credits	(4,863)	(9,247)
Allowance for doubtful accounts	(676)	(2,235)
Total accounts receivable trade, net of allowances	$ 393,493	$ 380,888

6. Inventories

Inventories consist of the following:

	December 31,	
	2007	2006
	(In thousands)	

Raw materials and purchased components	$ 109,283	$ 126,492
Work-in-process	39,731	37,686
Total inventories	$ 149,014	$ 164,178

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

7. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	December 31, 2007	December 31, 2006
	(In thousands)	
Land	$ 110,568	$ 110,730
Land use rights in China	19,945	19,945
Buildings and improvements	800,507	790,847
Machinery and equipment	2,221,954	2,057,939
Furniture, fixtures and other equipment	162,306	141,621
Construction in progress	20,441	8,617
	3,335,721	3,129,699
Less Accumulated depreciation and amortization	(1,880,610)	(1,686,096)
Total property, plant and equipment, net	$ 1,455,111	$ 1,443,603

The following table reconciles our activity related to property, plant and equipment payments as presented on the statement of cash flows to property, plant and equipment additions reflected on the balance sheet:

	For the Year Ended December 31, 2007	2006	2005
		(In thousands)	
Purchases of property, plant and equipment	$ 236,240	$ 315,873	$ 295,943
Net change in related accounts payable and deposits	57,636	(16,850)	(1,164)
Property, plant and equipment additions	$ 293,876	$ 299,023	$ 294,779

8. Goodwill and Other Intangible Assets

The change in the carrying value of goodwill, all of which relates to our packaging services segment, is as follows:

	(In thousands)
Balance as of December 31, 2005	$ 653,717

Goodwill acquired		17,911
Translation adjustments		272
Balance as of December 31, 2006	$	671,900
Goodwill acquired		782
Translation adjustments		703
Balance as of December 31, 2007	$	673,385

In January 2006, we acquired an additional 39.6% of UST for $18.4 million which brings our combined ownership of UST to 99.6%. The majority of the purchase price was allocated to goodwill resulting in $17.9 million of goodwill acquired in 2006. In March 2007, we increased goodwill by $0.8 million for additional consideration paid with respect to an earn-out provision in connection with our investment in UST.

During the second quarters of 2007 and 2006, in accordance with the provisions of FASB Statement No. 142, *Goodwill and Other Intangible Assets*, we performed our annual impairment test on goodwill and concluded that goodwill was not impaired.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Intangibles as of December 31, 2007 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	$ 75,532	$ (59,049)	$ 16,483
Customer relationship and supply agreements	8,858	(5,020)	3,838
Total intangibles	$ 84,390	$ (64,069)	$ 20,321

Intangibles as of December 31, 2006 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	$ 74,468	$ (50,167)	$ 24,301
Customer relationship and supply agreements	8,858	(3,465)	5,393
Total intangibles	$ 83,326	$ (53,632)	$ 29,694

Amortization of identifiable intangible assets was $10.4 million, $9.6 million and $9.5 million in 2007, 2006 and 2005, respectively. Based on the amortizing assets recognized in our balance sheet at December 31, 2007, amortization for each of the next five fiscal years is estimated as follows:

	(In thousands)
2008	$ 9,504
2009	4,747
2010	2,818
2011	1,011
2012	795
Thereafter	1,446
Total amortization	$ 20,321

9. Investments

Investments include marketable securities and equity investments as follows:

	December 31, 2007	December 31, 2006
	(In thousands)	
Marketable securities classified as available for sale:		
Dongbu HiTek Co., Ltd. (ownership of less than 1% at December 31, 2007 and 2006)	$ 3,019	$ 6,643
Other marketable securities classified as available for sale		31
Total marketable securities	3,019	6,674
Equity investments		1
Total investments	$ 3,019	$ 6,675

We recognized impairment charges included in other (income) expense, net of $2.7 million, $3.2 million and $3.7 million related to our Dongbu Hitek investment in 2007, 2006 and 2005, respectively. For all years, these impairment charges were recognized as we believed the related decline in value, determined by quoted prices in active markets, was other than temporary.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

10. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2007	December 31, 2006
	(In thousands)	
Payroll and benefits	$ 68,431	$ 63,222
Customer advances and deferred revenue	31,189	17,533
Accrued interest	21,138	22,721
Income taxes payable	9,933	5,382
Other accrued expenses	34,580	36,643
Total accrued expenses	$ 165,271	$ 145,501

11. Debt

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

	December 31, 2007	December 31, 2006
	(In thousands)	
Debt of Amkor Technology, Inc.		
Senior secured credit facilities:		
$100 million revolving credit facility, LIBOR plus 1.5% 2.25%, due November 2009	$	$
Second lien term loan, LIBOR plus 4.5%, due October 2010		300,000
Senior notes		
9.25% Senior notes due February 2008	88,206	88,206
7.125% Senior notes due March 2011	249,112	248,877
7.75% Senior notes due May 2013	422,000	425,000
9.25% Senior notes due June 2016	390,000	400,000
Senior subordinated notes		
10.5% Senior subordinated notes due May 2009		21,882
2.5% Convertible senior subordinated notes due May 2011	190,000	190,000
Subordinated notes:		
5.0% Convertible subordinated notes due March 2007, convertible at $57.34 per share		142,422
	100,000	100,000

6.25% Convertible subordinated notes due December 2013, convertible at $7.49 per share, related party		
Debt of subsidiaries:		
Secured term loans:		
Term loan, Woori Bank base rate plus 0.5% due April 2014	278,564	
Term loan, Taiwan 90-Day Commercial Paper secondary market rate plus 2.25% due June 20, 2008	5,380	8,411
Term loan, Taiwan 90-Day Commercial Paper primary market rate plus 1.2%, due November 2010	33,938	45,024
Secured equipment and property financing	6,859	12,626
Revolving credit facilities		22,571
Other debt		296
	1,764,059	2,005,315
Less: Short-term borrowings and current portion of long-term debt	(152,489)	(185,414)
Long-term debt (including related party)	$ 1,611,570	$ 1,819,901

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Debt of Amkor Technology Inc.

Senior Secured Credit Facilities

In November 2005, we entered into a $100.0 million first lien revolving credit facility available through November 2009, with a letter of credit sub-limit of $25.0 million. Interest is charged under the credit facility at a floating rate based on the base rate in effect from time to time plus the applicable margins which range from 0.0% to 0.5% for base rate revolving loans, or LIBOR plus 1.5% to 2.25% for LIBOR revolving loans. The LIBOR-based interest rate at December 31, 2007 was 6.20%; however, no borrowings were outstanding on this credit facility. As of December 31, 2007, we had utilized $0.2 million of the available letter of credit sub-limit and had $99.8 million available under this facility. The borrowing base for the revolving credit facility is based on the valuation of our eligible accounts receivable. We incur commitment fees on the unused amounts of the revolving credit facility ranging from 0.25% to 0.50%, based on our liquidity. This facility includes a number of affirmative and negative covenants, which could restrict our operations. If we were to default under the first lien revolving credit facility, we would not be permitted to draw additional amounts, and the banks could accelerate our obligation to pay all outstanding amounts.

In October 2004, we entered into a $300.0 million second lien term loan with a group of institutional lenders. The term loan bore interest at a rate of LIBOR plus 450 basis points (9.87% at December 31, 2006); and would have matured in October 2010. The loan was secured by a second lien on substantially all of our U.S. subsidiaries assets, including a portion of the shares of certain of our foreign subsidiaries. The second lien term loan was refinanced and paid in full in April 2007 with the proceeds of the $300.0 million, 7-year secured credit facility with Woori Bank in Korea. In connection with the prepayment of the second lien term loan, we recorded a loss on debt retirement of $15.7 million in April 2007, which included $9.0 million in prepayment fees and $6.7 million of unamortized deferred debt issuance costs. This repayment transaction fully discharged all of our obligations under the second lien term loan and fully discharged all subsidiary guarantees and releases all the collateral securing the second lien term loan.

Senior and Senior Subordinated Notes

In February 2001, we issued $500.0 million of 9.25% Senior Notes due February 2008 (the 2008 Notes). As of December 31, 2005, we had purchased $29.5 million of these notes. In January 2006, we purchased an additional $30.0 million of these notes and recorded a gain on extinguishment of $0.7 million which is included in debt retirement costs, net, which was partially offset by the write-off of a proportionate amount of our deferred debt issuance costs of $0.2 million. In April 2006, we announced a tender offer for the 2008 Notes. We used the net proceeds from the 2016 Notes (described below) to purchase $352.3 million in notes tendered. We recorded a $20.2 million loss on extinguishment related to premiums paid for the purchase of the 2008 Notes and a $2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net in the Consolidated Statements of Operations. On February 15, 2008, we repaid the remaining balance of $88.2 million at the maturity date with cash on hand.

In March 2004, we issued $250.0 million of 7.125% Senior Notes due March 2011 (the 2011 Notes). The 2011 Notes were priced at 99.321%, yielding an effective interest rate of 7.25%. The 2011 Notes are redeemable by us at any time provided we pay the holders a make-whole premium.

In May 2003, we issued $425.0 million of 7.75% Senior Notes due May 2013 (the 2013 Notes). The 2013 Notes are not redeemable at our option until May 2008 whereupon the notes become redeemable at specified prices. In November 2007, we repurchased in an open market transaction $3.0 million of these notes with cash on hand. We recorded a gain on extinguishment of $0.2 million which is included in debt retirement costs, net, which was partially offset by the write-off of a proportionate amount of our deferred debt issuance costs of less than $0.1 million.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

In May 2006, we issued $400.0 million of 9.25% Senior Notes due June 2016 (the 2016 Notes). The Notes are redeemable by us prior to June 1, 2011 provided we pay the holders a make-whole premium. After June 1, 2011, the 2016 Notes are redeemable at specified prices. In addition, prior to June 1, 2009, we may redeem up to 35% of the 2016 Notes at a specified price with the proceeds of certain equity offerings. After deducting fees to the underwriter, the net proceeds were used to purchase a portion of the 2008 Notes and to pay respective accrued interest and tender premiums. In November 2007, we repurchased in an open market transaction $10.0 million of these notes with cash on hand. We recorded a gain on extinguishment of less than $0.1 million which is included in debt retirement costs, net, which was more than offset by the write-off of a proportionate amount of our deferred debt issuance costs of $0.2 million.

In May 1999, we issued $200.0 million of 10.5% Senior Subordinated Notes due May 2009 (the 2009 Notes). In June 2006, we used the proceeds from the May 2011 Notes (described below) in connection with a partial call of the 2009 Notes for which $178.1 million of the 2009 Notes were repurchased. We recorded a $3.1 million loss on extinguishment related to premiums paid for the purchase of the 2009 Notes and a $2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net. In June 2007, we redeemed the remaining $21.9 million of the 2009 Notes outstanding with cash on hand and the indenture has been terminated. We recorded a charge of $0.2 million to write-off the unamortized deferred debt issuance costs in June 2007.

The senior notes contain a number of affirmative and negative covenants, which could restrict our operations.

Senior Subordinated and Subordinated Convertible Notes

In May 2006, we issued $190.0 million of our 2.5% Convertible Senior Subordinated Notes due May 2011 (the May 2011 Notes). The May 2011 Notes are convertible at any time, prior to the maturity date, into our common stock at a price of $14.59 per share, subject to adjustment. The May 2011 Notes are subordinate to the prior payment in full of all of our senior debt. After deducting fees to the underwriter, the net proceeds from the issuance of the May 2011 Notes were used to repurchase a portion of the 2009 Notes, pay respective accrued interest and call premiums. The senior subordinated notes contain a number of affirmative and negative covenants which could restrict our operations.

In March 2000, we issued $258.8 million of our 5.0% Convertible Subordinated Notes due March 2007 (the 2007 Notes). The 2007 Notes were subordinated to the prior payment in full of all of our senior and senior subordinated debt. In November 2003, we repurchased $112.3 million of our 2007 Notes with the proceeds of an equity offering. In June 2006, we repurchased $4.0 million of our 2007 Notes at 99.875%. In March 2007, we repaid the remaining balance of $142.4 million at the maturity date with cash on hand.

In November 2005, we issued $100.0 million of our 6.25% Convertible Subordinated Notes due December 2013 (the December 2013 Notes) in a private placement to Mr. James J. Kim, our Chairman and Chief Executive Officer, and certain Kim family members. The December 2013 Notes are presented as long-term debt, related party on the Consolidated Balance Sheets. The December 2013 Notes are convertible at any time prior to the maturity date into our common stock at an initial price of $7.49 per share (the market price of our common stock on the date of issuance of the December 2013 Notes was $6.20 per share), subject to adjustment. The December 2013 Notes are subordinate to the prior payment in full of all of our senior and senior subordinated debt. The proceeds from the sale of the December 2013 Notes were used to purchase a portion of the 2006 Notes described above. The December 2013 Notes are not redeemable at our option until December 2010.

Debt of Subsidiaries

Secured Term Loans

In April 2007, Amkor Technology Korea, Inc., a Korean subsidiary (ATK), entered into a $300.0 million, 7-year secured term loan (Term Loan) with Woori Bank in Korea. The Term Loan is guaranteed on an unsecured

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Notes to Consolidated Financial Statements (Continued)

basis by Amkor Technology, Inc (Amkor). The Term Loan is secured by substantially all the land, factories and equipment located at our ATK facilities. The Term Loan bears interest at Woori s base rate plus 50 basis points (6.58% as of December 31, 2007) and amortizes in 28 equal quarterly payments through April 2014. The proceeds of the Term Loan were used to refinance Amkor s existing $300.0 million second lien term loan, due October 2010 (see above). We incurred $3.4 million in debt issuance costs in connection with the Woori loan, which amount was funded from cash on hand.

In June 2005, Unitive Semiconductor Taiwan, a Taiwanese subsidiary, entered into a New Taiwan Dollar (NT$) 400.0 million (approximately $12.2 million) term loan due June 20, 2008 (the UST Note), which accrues interest at the Taiwan 90-Day Commercial Paper Secondary Market rate plus 2.25% (4.79% and 4.23% as of December 31, 2007 and December 31, 2006, respectively). Interest payments are due monthly and principal payments are due quarterly. The proceeds of the UST Note were used to satisfy notes previously held by Unitive Semiconductor Taiwan. Amkor has guaranteed the repayment of this loan. The agreement governing the UST Note includes a number of affirmative and negative covenants which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

In November 2005, Amkor Technology Taiwan, Inc., a Taiwanese subsidiary, entered into a NT$1.8 billion (approximately $53.5 million) syndication loan due November 2010 (the Syndication Loan), which accrues interest at the Taiwan 90-Day Commercial Paper Primary Market rate plus 1.2% (4.11% and 3.22% as of December 31, 2007 and December 31, 2006, respectively). Interest payments are due quarterly and principal payments are due semi-annually. Amkor has guaranteed the repayment of this loan. The agreement governing the Syndication Loan includes a number of affirmative, negative and financial covenants, which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

Secured Equipment and Property Financing

Our secured equipment and property financing consists of loans secured with specific assets at our Japanese, Singaporean and Chinese subsidiaries. Our credit facility in Japan provides for equipment financing on a three-year basis for each piece of equipment purchased. The Japanese facility accrues interest at 3.59% on all outstanding balances and has maturities at various times between 2006 and 2008. In December 2005, our Singaporean subsidiary entered into a loan with a finance company for $10.0 million, which accrues interest at 4.86% and is due December 2008. The loan, guaranteed by Amkor is secured by a monetary security deposit and certain equipment in our Singapore facility. In May 2004, our Chinese subsidiary entered into a $5.5 million credit facility secured with buildings at one of our Chinese production facilities and is payable ratably through January 2012. The interest rate for the Chinese financing at December 31, 2007 and December 31, 2006, was 6.73% and 6.14%, respectively. These equipment and property financings contain affirmative and negative covenants, which could restrict our operations, and, if we were to default on our obligations under these financings, the lenders could accelerate our obligation to repay amounts borrowed under such facilities.

Revolving Credit Facilities

Amkor Iwate Corporation, a Japanese subsidiary (AIC), has a revolving line of credit with a Japanese bank for 2.5 billion Japanese yen (approximately $21.2 million) that matures in September 2008. The line of credit accrues interest at the Tokyo Interbank Offering Rate (TIBOR) plus 0.6%. The interest rate at December 31, 2007 ranged from

1.27% to 1.34%, and December 31, 2006 ranged from 0.97% to 1.04%. There were no amounts drawn on the line of credit as of December 31, 2007. There was $7.6 million drawn on the line of credit as of December 31, 2006.

Additionally, AIC has a revolving line of credit at a Japanese bank for 300.0 million Japanese yen (approximately $2.5 million), maturing in June 2008, that accrues interest at TIBOR plus 0.5%. The interest rate at

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007 and at December 31, 2006 was 1.25% and 0.92%, respectively. There were no amounts outstanding as of December 31, 2007 and December 31, 2006.

In March 2007, our Philippine subsidiary renewed and increased a revolving line of credit from 795.0 million Philippine Peso (approximately $15.5 million) to 895.0 million Philippine peso (approximately $18.5 million), which expired December 31, 2007 and is not expected to be renewed. There were no amounts drawn on the line of credit in 2007 or outstanding at December 31, 2007 and December 31, 2006.

In January 2006, Amkor Assembly & Test (Shanghai) Co. Ltd., a Chinese subsidiary (AATS), entered into a $15.0 million working capital facility which accrued interest at LIBOR plus 1.25%, and was paid off at maturity in January 2007 with cash on hand. The borrowings outstanding as of December 31, 2006 were $15.0 million. At December 31, 2006, the interest rate ranged from 6.62% to 6.81% based on the dates of borrowing.

Unitive Semiconductor Taiwan had a revolving line of credit with a Taiwan bank for NT$60.0 million (approximately $1.9 million) that matured in June 2007. We renewed this facility for NT$20.0 million (approximately $0.6 million) in August 2007. The line of credit matures in June 2008 and accrues interest at a variable interest rate. The negotiated interest rate at December 31, 2007 and December 31, 2006 was 4.45% and 3.60%, respectively. There were no amounts drawn on the line of credit as of December 31, 2007 and December 31, 2006.

These lines of credit contain certain affirmative and negative covenants, which could restrict our operations. If we were to default on our obligations under any of these lines of credit, we would not be permitted to draw additional amounts, and the lenders could accelerate our obligation to pay all outstanding amounts.

Other Debt

Other debt includes debt related to our Taiwanese subsidiaries with fixed and variable interest rates that matured in June 2007. The interest rate on this debt ranged from 3.14% to 4.5% as of December 31, 2006.

Interest expense related to short-term borrowings and long-term debt is presented net of interest income in the accompanying Consolidated Statements of Operations. Interest income for the year ended December 31, 2007, December 31, 2006 and December 31, 2005 was $9.8 million, $6.9 million and $5.3 million, respectively.

Compliance with Debt Covenants

Our secured bank debt agreements and the indentures governing our senior and senior subordinated notes restrict our ability to pay dividends. We were in compliance with all of our covenants as of December 31, 2007, 2006 and 2005.

Maturities

	Total Debt (In thousands)
Payments Due for the year ending December 31,	

2008	$ 152,489
2009	54,774
2010	54,816
2011	482,660
2012	43,036
Thereafter	976,284
Total debt	$ 1,764,059

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

12. Pension and Severance Plans

U.S. Defined Contribution Plan

We have a defined contribution plan covering substantially all U.S. employees. Eligible employees can contribute up to 60% of their salary, subject to annual Internal Revenue Service limitations. We match in cash 75% of the employee s contributions up to a defined maximum on an annual basis. The expense for this plan was $1.9 million, $1.9 million and $2.2 million in 2007, 2006 and 2005, respectively.

Taiwan Defined Contribution Plan

We have a defined contribution plan under the Taiwanese Labor Pension Act in Taiwan whereby employees can contribute up to 6% of salary. We contribute no less than 6% of the employees salaries up to a defined maximum into their individual accounts. The expense for this plan was $1.4 million, $1.6 million and $0.9 million in 2007, 2006 and 2005, respectively.

Korean Severance Plans

Our Korean subsidiary participates in an accrued severance plan that covers employees and directors with at least one year of service. Eligible employees are entitled to receive a lump-sum payment upon termination of employment, based on their length of service, seniority and average monthly wages at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date.

Our contributions to the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities. During 2006, we announced an early voluntary retirement program. All charges related to this program were paid as of December 31, 2006. See Note 19 for further discussion. The changes to our Korean severance accrual are as follows:

	December 31, 2007	December 31, 2006 (In thousands)	December 31, 2005
Balance at the beginning of year	$ 143,822	$ 117,911	$ 93,500
Provision of severance benefits	40,972	29,393	26,824
Severance payments	(10,605)	(14,474)	(5,314)
(Gain) loss on foreign currency	(1,864)	10,992	2,901
	172,325	143,822	117,911
Payments remaining with the Korean National Pension Fund	(1,401)	(1,500)	(1,488)
Balance at the end of year	$ 170,924	$ 142,322	$ 116,423

Foreign Defined Benefit Pension Plans

Our Philippine, Taiwanese and Japanese subsidiaries sponsor defined benefit plans (the Plans) that cover substantially all of their respective employees who are not covered by statutory plans. Charges to expense are based upon costs computed by independent actuaries.

We adopted the recognition provisions of SFAS No. 158 and initially applied them to the funded status of our defined benefit postretirement plans as of December 31, 2006. The initial recognition of the funded status of our defined benefit postretirement plans resulted in a decrease in other assets and total assets of $0.3 million; an increase in pension and severance obligations of $12.0 million; a decrease in other non-current liabilities of $0.4 million; an increase in total liabilities of $11.5 million; a decrease in stockholders equity of $11.8 million which was net of a tax benefit of $0.8 million; and a decrease in total liabilities and stockholders equity of $0.3 million.

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Notes to Consolidated Financial Statements (Continued)

The following table sets forth the Plans benefit obligations, fair value of the Plans assets and the funded status of the Plans at December 31, 2007 and 2006.

	December 31, 2007	December 31, 2006
	(In thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 56,248	$ 34,441
Service cost	6,360	4,364
Interest cost	3,670	2,805
Benefits paid	(990)	(1,719)
Actuarial losses	726	14,259
Foreign exchange loss	10,170	2,098
Projected benefit obligation at end of year	76,184	56,248
Change in plan assets:		
Fair value of plan assets at beginning of year	29,071	22,193
Actual return (loss) on plan assets	(996)	2,797
Employer contributions	7,380	4,498
Benefits paid	(990)	(1,719)
Foreign exchange gain	5,288	1,302
Fair value of plan assets at end of year	39,753	29,071
Funded status of the Plans at end of year	$ (36,431)	$ (27,177)

	December 31, 2007	December 31, 2006
	(In thousands)	
Amounts recognized in the Consolidated Balance Sheets consist of:		
Prepaid benefit cost (included in non-current assets)	$ 1,000	$ 256
Accrued benefit liability (included in pension and severance obligations)	(37,431)	(27,433)
Net amount recognized at year end	$ (36,431)	$ (27,177)

The accumulated benefit obligation as of December 31, 2007 and 2006 was $38.9 million and $25.4 million, respectively.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table sets forth, by component, the change in accumulated other comprehensive loss related to our Plans:

	Unrecognized Initial Net Obligation	Unrecognized Prior Service Cost	Unrecognized Actuarial Net Loss	Total
		(In thousands)		
Balance at December 31, 2006, net of tax ($0.8 million)	$ (293)	$ (763)	$ (10,779)	$ (11,835)
Amortization included in net periodic pension cost, net of tax (less than $0.1 million)	78	61	425	564
Net loss arising during period, net of tax ($0.2 million)			(3,700)	(3,700)
Pension liability adjustments included in other comprehensive income, net of tax ($0.2 million)	78	61	(3,275)	(3,136)
Balance at December 31, 2007, net of tax ($1.0 million)	$ (215)	$ (702)	$ (14,054)	$ (14,971)
Amortization estimated to be included in 2008 net periodic pension cost	$ 75	$ 69	$ 731	$ 875

Information for pension plans with benefit obligations in excess of plan assets are as follows:

	For the Year Ended December 31, 2007	2006	2005
		(In thousands)	
Plans with underfunded or non-funded projected benefit obligation:			
Aggregate projected benefit obligation	$ 71,767	$ 51,505	$ 34,441
Aggregate fair value of plan assets	34,335	24,072	22,193
Plans with underfunded or non-funded accumulated benefit obligation:			
Aggregate accumulated benefit obligation	6,782	4,945	3,630
Aggregate fair value of plan assets	250	325	275

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table sets forth the net periodic pension costs for each of the three years ended December 31, 2007.

	For the Year Ended December 31, 2007	2006	2005
	(In thousands)		
Components of net periodic pension cost and total pension expense:			
Service cost	$ 6,360	$ 4,364	$ 5,182
Interest cost	3,670	2,805	2,146
Expected return on plan assets	(1,893)	(1,597)	(1,289)
Amortization of transitional obligation	78	71	73
Amortization of prior service cost	61	69	71
Recognized actuarial loss	467		52
Net periodic pension cost	8,743	5,712	6,235
Curtailments			216
Total pension expense	$ 8,743	$ 5,712	$ 6,451

	For the Year Ended December 31, 2007	2006	2005
Weighted-average assumptions used in computing the net periodic pension cost and projected benefit obligation at year end:			
Discount rate for determining net periodic pension cost	6.1%	8.1%	6.3%
Discount rate for determining benefit obligations at year end	6.2%	6.1%	8.1%
Rate of compensation increase for determining net periodic pension cost	7.0%	6.5%	6.2%
Rate of compensation increase for determining benefit obligations at year end	7.1%	7.0%	6.5%
Expected rate of return on plan assets for determining net periodic pension cost	6.0%	6.0%	6.4%

The measurement date for determining the Plans assets and benefit obligations was December 31, each year. Discount rates were generally derived from yield curves constructed from foreign government bonds for which the timing and amount of cash outflows approximate the estimated payouts.

The expected rate of return assumption is based on weighted-average expected returns for each asset class. Expected returns reflect a combination of historical performance analysis and the forward-looking views of the financial markets and include input from our actuaries. We have no control over the direction of our investments in our Taiwanese defined benefit plans as the local Labor Standards Law Fund mandates such contributions into a cash account balance at the Central Trust of China. The Japanese defined benefit pension plans are non-funded plans, and as such, no assets exist related to these plans. Our investment strategy for our Philippine defined benefit plan is long-term, sustained asset growth through low to medium risk investments. The current rate of return assumption targets an asset allocation strategy for our Philippine plan assets of 20% to 75% emerging market debt, 10% to 40% international equities (primarily U.S. and Europe) and 0% to 10% international fixed-income securities. The remainder of the portfolio will contain other investments such as short-term investments. At December 31, 2007, 2006 and 2005, Philippine plan assets included $0.9 million and $0.9 million and $0.6 million, respectively, of Amkor common stock.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The weighted average asset allocations for the Plans, by asset category, are as follows:

	December 31, 2007	2006
	(In thousands)	
Cash and cash equivalents	20.0%	13.4%
Equity securities	53.4%	29.1%
Debt securities	23.1%	55.7%
Other	3.5%	1.8%
	100.0%	100.0%

We contributed $7.4 million, $4.5 million and $4.6 million to the Plans during 2007, 2006 and 2005, respectively, and we expect to contribute $7.8 million during 2008. We closely monitor the funded status of the Plans with respect to legislative requirements. We intend to make at least the minimum contribution required by law each year.

The estimated future benefit payments related to our foreign defined benefit plans are as follows:

2008	$ 3,197
2009	3,617
2010	4,582
2011	4,215
2012	5,414
2013 to 2017	35,437

13. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	December 31, 2007	2006
	(In thousands)	
Customer advances and deferred revenue	$ 20,395	$ 24,397
Other non-current liabilities	13,540	5,611
Total other non-current liabilities	$ 33,935	$ 30,008

Customer advances relate to supply agreements with customers where we commit capacity in exchange for customer prepayment of services.

14. Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined using available market information and appropriate methodologies; however, considerable judgment is required in interpreting market data to develop the estimates for fair value. Accordingly, these estimates are not necessarily indicative of the amounts that we could realize in a current market exchange. Certain of these financial instruments are with major financial institutions and expose us to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The creditworthiness of counterparties is continually reviewed and full performance is anticipated.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The carrying amounts reported in the balance sheet for accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these instruments. The methods and assumptions used to estimate the fair value of other significant classes of financial instruments is set forth below:

Cash and Cash Equivalents. Our cash and cash equivalents are invested in U.S. money market funds and various U.S. and foreign bank operating and time deposit accounts. Cash and cash equivalents 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 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. The carrying amount of these financial instruments is a reasonable estimate of fair value.

Available for sale investments. Available for sale investments are recorded at market value. The fair value of these financial instruments is estimated based on market quotes in active markets.

Long-term debt. The carrying amount of our total long-term debt as of December 31, 2007 and 2006 was $1,764.1 million and $2,005.3 million, respectively. The fair value of our total long-term debt as of December 31, 2007 and 2006, based on available market quotes, was estimated to be $1,746.5 million and $2,000.6 million, respectively.

15. Commitments and Contingencies

As of December 31, 2007, we have outstanding $0.2 million of standby letters of credit and have available an additional $24.8 million. Such standby letters of credit are used in our ordinary course of 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 we may become involved in other legal matters arising in the ordinary course of our business. We evaluate these claims and legal matters on a case-by-case basis to make a determination as to the impact, if any, on our business, liquidity, results of operations, financial condition or cash flows. Except as indicated below, we currently believe that the ultimate outcome of these claims and proceedings, individually and in the aggregate, will not have a material adverse impact on our financial position, results of operations or cash flows. Our evaluation of the potential impact of these claims and legal proceedings on our financial position, results of operations or cash flows could change in the future. We currently are party to the legal proceedings described below. Attorney fees related to legal matters are expensed as incurred.

Tessera, Inc. v. Amkor Technology, Inc.

On March 2, 2006, Tessera, Inc. filed a Request for Arbitration (the Request) with the International Court of Arbitration of the International Chamber of Commerce, captioned *Tessera, Inc. v. Amkor Technology, Inc.* The subject matter of the arbitration is a license agreement (Agreement) entered into between Tessera and our predecessor in 1996. The Agreement pertains to certain patents and know-how relating to semiconductor packaging. In its Request, Tessera alleges breach of contract and asserts that Amkor owes Tessera royalties under the Agreement in an amount between $85 and $115 million for semiconductor packages assembled by us through 2005 and claimed additional royalties for all accused semiconductor packages that Amkor has assembled thereafter. Since its initial Request, Tessera has asserted royalty claims against additional package types assembled by us and updated their claims to reflect post 2005 packages. As a result, the aggregate royalty amounts alleged by Tessera to date, excluding interest, are substantially higher than $115 million. Tessera has identified a total of six United States patents (U.S. Patent Nos. 5,679,977, 5,852,326, 5,861,666, 6,133,627, 6,433,419 and 6,465,893), and unspecified

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

know-how as the basis for its claim that royalties are owed under the Agreement. In our Answer and Counterclaim, we denied that any royalties were owed, and asserted, among other defenses, that we are not using any of the licensed Tessera patents or know-how. The arbitration is currently set for a hearing to begin on March 31, 2008.

On April 17, 2007, Tessera sent us a notice of termination of the Agreement. We responded on April 20, 2007, denying that Tessera has the right to terminate the Agreement. The Arbitration Panel has denied Tessera s pre-hearing motion to terminate the Agreement and deferred that issue until the hearing. Also on April 17, 2007, Tessera instituted an action in Federal District Court for the Eastern District of Texas against certain of Amkor s customers, and on May 15, 2007, at Tessera s request, the United States International Trade Commission (ITC) instituted an investigation of certain Amkor customers. Both the ITC investigation and the Texas action allege infringement of two of the same patents asserted by Tessera in this arbitration, and Tessera may seek to include in those actions some of the same products packaged by Amkor that are at issue in this arbitration. The Arbitration Panel has denied our pre-hearing motion to enjoin Tessera insofar as it is pursuing Amkor-assembled packages in the ITC investigation and deferred that issue until the hearing, but stated that it will decide all of the issues related to any dispute between Tessera and us that arises out of the Agreement, including whether the packages prepared by us for our customers utilize Tessera patents. Although Amkor has not been named as a respondent in the ITC investigation or a defendant in the Texas action, Amkor has received notification from certain customers of requests for indemnification in connection with Tessera s claims in those actions. Amkor has not accepted such requests for indemnification.

Although we believe that we have meritorious defenses and counterclaims in this matter and will seek a judgment in our favor, it is not possible to predict the outcome of the arbitration or the total cost of resolving this controversy including the impact of possible future claims of additional royalties by Tessera. The final resolution of this controversy could result in significant liabilities in the form of a one-time payment, ongoing royalty obligations, or both, and could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows.

Securities Class Action Litigation

On January 23, 2006, a purported securities class action suit entitled *Nathan Weiss et al. v. Amkor Technology, Inc.* et al., was filed in U.S. District Court for the Eastern District of Pennsylvania against Amkor and certain of its current and former officers. Subsequently, other law firms filed two similar cases, which were consolidated with the initial complaint. In August 2006 and again in November 2006, the plaintiffs amended the complaint. The plaintiffs added additional officer, director and former director defendants and alleged improprieties in certain option grants. The amended complaint further alleges that defendants improperly recorded and accounted for the options in violation of generally accepted accounting principles and made materially false and misleading statements and omissions in its disclosures in violation of the federal securities laws, during the period from July 2001 to July 2006. The amended complaint seeks certification as a class action pursuant to Fed. R. Civ. Proc. 23, compensatory damages, costs and expenses, and such other further relief as the Court deems just and proper. On December 28, 2006, pursuant to motion by defendants, the U.S. District Court for the Eastern District of Pennsylvania transferred this action to the U.S. District Court for the District of Arizona.

On September 25, 2007, the U.S. District Court for the District of Arizona dismissed this case with prejudice. On October 23, 2007, plaintiffs filed a notice of appeal from the dismissal in the U.S. Circuit Court of Appeals for the Ninth Circuit. Although we believe that we have meritorious defenses in this matter and will continue to seek a judgment in our favor, it is not possible to predict the outcome of this litigation. An adverse decision in this matter could result in material liabilities and could have a material adverse effect on our liquidity, results of operations, financial condition and cash flows.

Shareholder Derivative Lawsuits

On February 23, 2006, a purported shareholder derivative lawsuit entitled *Scimeca v. Kim, et al.* was filed in the U.S. District Court for the District of Arizona against certain of Amkor s current and former officers and directors.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Amkor is named as a nominal defendant. In September 2006 and again in November 2006, the plaintiff amended the complaint to add allegations relating to option grants and added additional defendants, including the remaining members of the current board, former board members, and former officers. The complaint includes claims for violation of Section 14(a) of the Exchange Act, breach of fiduciary duty, abuse of control, waste of corporate assets, unjust enrichment and mismanagement, and is generally based on the same allegations as in the securities class action litigation described above. On August 29, 2007, the U.S. District Court for the District of Arizona granted our motion to dismiss this case.

On March 2, 2006, a purported shareholder derivative lawsuit entitled *Khan v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor s current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment, and is based on allegations similar to those made in the previously filed federal shareholder derivative action. This action was stayed pending resolution of the federal derivative suit referenced above, and in August 2007 was dismissed by the court without prejudice.

On or about October 10, 2006, a purported shareholder derivative lawsuit entitled *Feldgus v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor s current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment and contains allegations relating to option grants similar to those made in the previously filed federal shareholder derivative action referred to above. This action was stayed pending resolution of the federal derivative suit referenced above, and in December 2007 was dismissed by the court without prejudice.

The derivative complaints sought monetary damages, an order directing us to take all necessary actions to improve corporate governance as may be necessary, equitable and/or injunctive relief as permitted by law, disgorgement, restitution, costs, fees, expenses and such other relief as the Court would deem just and proper. We do not know whether the plaintiffs will take further action in any of these cases.

Securities and Exchange Commission Investigation

In August 2005, the Securities and Exchange Commission (SEC) issued a formal order of investigation regarding certain activities with respect to Amkor securities. The primary focus of the investigation appears to be activities during the period from June 2003 to July 2004. We believe that the investigation continues to relate primarily to transactions in our securities by certain individuals, and that the investigation may in part relate to whether tipping with respect to trading in our securities occurred. The matters at issue involve activities with respect to Amkor securities during the subject period by certain insiders or former insiders and persons or entities associated with them, including activities by or on behalf of certain current and former members of the Board of Directors and Amkor s Chief Executive Officer. Amkor has cooperated fully with the SEC on the formal investigation and the informal inquiry that preceded it. In October 2007, our former general counsel, whose employment with us terminated in March of 2005, was convicted of violating the securities laws for trading in Amkor securities on the basis of material non-public information. In April 2007, the SEC filed a civil action against our former general counsel based on substantially the same allegations that were charged in the criminal case.

As previously disclosed, in July 2006, the Board of Directors established a Special Committee to review our historical stock option practices and informed the SEC of these efforts. The SEC informed us in 2006 that it expanded the scope of its investigation and requested that we provide documentation related to these matters. We provided the requested documentation and intend to continue to cooperate with the SEC. Amkor cannot predict the outcome of the investigation.

Amkor Technology, Inc. v. Motorola, Inc.

In August 2002, we filed a complaint against Motorola, Inc. (Motorola) in the Superior Court of Delaware seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Citizen Watch Co., Ltd. (Citizen) to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the License Agreement) and concurrent assignment by Citizen to us of Citizen s interest in U.S. Patents 5,241,133 and 5,216,278 (the 133 and 278 Patents) which patents relate to ball grid array packages; and (ii) our obligation to make certain payments pursuant to an immunity agreement (the Immunity Agreement) dated June 30, 1993 between us and Motorola.

We and Motorola resolved the controversy with respect to all issues relating to the Immunity Agreement, and all claims and counterclaims filed by the parties in the case relating to the Immunity Agreement were dismissed or otherwise disposed of without further litigation. The claims relating to the License Agreement and the 133 and 278 Patents remain pending.

We and Motorola both filed motions for summary judgment on the remaining claims, and on October 6, 2003, the Superior Court of Delaware granted our motion for summary judgment. Motorola filed an appeal in the Supreme Court of Delaware and in May 2004, the Supreme Court reversed the Superior Court s decision, and remanded for further development of the factual record. The bench trial in this matter was concluded on January 27, 2006 and in November 2007, the court ruled that the assignment by Citizen to Amkor was effective and that Amkor successfully acquired Citizen s rights in the License Agreement and 133 and 278 patents. In December 2007, Motorola appealed the court s ruling to the Supreme Court of Delaware.

Although we believe that we have meritorious claims in this matter and will continue to seek final judgment in our favor, as of the date of this Annual Report, it is not possible to predict the outcome of this litigation or the total cost of resolving this controversy, including the impact of possible future claims for royalties which may be made by Motorola if the final outcome is unfavorable. The final resolution of this controversy could result in potential liabilities that could have a material adverse effect on our financial condition, results of operations and cash flows.

Alcatel Business Systems v. Amkor Technology, Inc., Anam Semiconductor, Inc.

On November 5, 1999, we agreed to sell certain semiconductor parts to Alcatel Microelectronics, N.V. (AME), a subsidiary of Alcatel S.A. The parts were manufactured for us by Anam Semiconductor, Inc. (ASI), a predecessor to Dongbu Hitek Co., Ltd., and delivered to AME. AME transferred the parts to another Alcatel subsidiary, Alcatel Business Systems (ABS), which incorporated the parts into mobile phone products. In early 2001, a dispute arose as to whether the parts sold by us were defective.

Paris Commercial Court. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of approximately 50.4 million Euros (approximately $74.2 million based on the spot exchange rate at December 31, 2007.) We denied all liability associated with this claim. On March 27, 2007, the French Supreme Court (the highest court in the French judicial system) issued a final non-appealable ruling in our favor that the Paris Commercial Court does not have jurisdiction over this matter. Based on this ruling, we do not anticipate any further proceedings in the French courts on this matter.

Arbitration. In December 2006, ABS filed a demand with the American Arbitration Association (AAA) for arbitration in Pennsylvania under the November 1999 agreement, which demand is based on substantially the same claims raised in the French lawsuit described above. The arbitration filed with the AAA in December 2006 remains pending, and is not affected by the French Supreme Court s final ruling in our favor described above.

We previously entered into agreements with ASI whereby ASI agreed to indemnify us against all costs, liabilities, damages, expenses and judgments resulting from or arising out of the claims of AME, ABS and ABS insurer in the above matters. In January 2007, Dongbu Electronics (now known as Dongbu Hitek) (Dongbu), successor in interest to ASI, acknowledged that it is the indemnifying party with respect to claims against us in the now-ended French proceeding described above, and in this Arbitration matter, although Dongbu has subsequently questioned the scope of their indemnity obligation. We continue to believe that Dongbu is legally obligated to indemnify us for these claims and we are prepared to seek enforcement of their indemnification obligations. Although we believe that indemnification is available and that we have meritorious defenses to the underlying

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

claims, it is not possible to predict the outcome of this matter. If indemnification is not available to us, an adverse decision in this matter could have a material adverse effect on our liquidity, results of operations, financial condition and cash flows.

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

In November 2003, we filed a complaint against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively Carsem) with the International Trade Commission (ITC) in Washington, D.C., alleging infringement of our United States Patent Nos. 6,433,277; 6,455,356 and 6,630,728 (collectively the Amkor Patents) and seeking an exclusionary order barring the importation by Carsem of infringing products. Subsequently, we filed a complaint in the Northern District of California, alleging infringement of the Amkor Patents and seeking an injunction enjoining Carsem from further infringing the Amkor Patents, treble damages plus interest, costs and attorney s fees. We allege that by making, using, selling, offering for sale, or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *Micro*LeadFrame packaging technology claims in the Amkor Patents. The District Court action had been stayed pending resolution of the ITC case.

The ITC Administrative Law Judge (ALJ) conducted an evidentiary hearing during July and August of 2004 in Washington D.C. and issued an initial determination that Carsem infringed some of our patent claims relating to our *Micro*LeadFrame package technology, that some of our 21 asserted patent claims are valid, and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of the Tariff Act. We filed a petition in November 2004 to have the ALJ s ruling reviewed by the full International Trade Commission. The ITC ordered a new claims construction related to various disputed claim terms and remanded the case to the ALJ for further proceedings. On November 9, 2005, the ALJ issued an Initial Determination that Carsem infringed some of our patent claims and ruled that Carsem violated Section 337 of the Tariff Act. The ITC subsequently authorized the ALJ to reopen the record on certain discovery issues related to third party documents. On February 9, 2006, the ITC ordered a delay in issuance of the Final Determination, pending resolution of the third party discovery issues. The discovery issues are the subject of a subpoena enforcement action which is pending in the District Court for the District of Columbia. The case we filed in 2003 in the Northern District of California remains stayed pending completion of the ITC investigation.

Leases

Future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year are:

	(In thousands)
2008	$ 9,113
2009	8,377
2010	7,975
2011	6,945
2012	5,530
Thereafter	21,582

Total (net of minimum sublease income of $0.2 million)	$	59,522

Rent expense amounted to $19.4 million, $16.7 million and $17.1 million for 2007, 2006 and 2005, respectively.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

16. Related Party Transactions

We purchase leadframe inventory from Acqutek Semiconductor & Technology Co., Ltd. James J. Kim our Chairman and Chief Executive Officer, owns approximately 17.7% of Acqutek Semiconductor & Technology Co., Ltd. The purchases are arms length and on terms consistent with our non-related party vendors. During 2007, 2006 and 2005, purchases from Acqutek Semiconductor & Technology Co., Ltd. were $18.7 million, $16.7 million and $11.8 million, respectively. Amounts due to Acqutek Semiconductor & Technology Co., Ltd. at December 31, 2007 and 2006, were $1.9 million and $1.3 million, respectively.

Mr. JooHo Kim is an employee of Amkor and a brother of Mr. James J. Kim, our Chairman and Chief Executive Officer. Mr. JooHo Kim, together with his wife and children, own 96.1% of Jesung C&M, a company that provides cafeteria services to Amkor Technology Korea, Inc. The services provided by Jesung C&M are subject to competitive bid. During 2007, 2006 and 2005, purchases from Jesung C&M were $6.2 million, $6.5 million and $6.5 million, respectively. Amounts due to Jesung C&M at December 31, 2007 and 2006 were $0.5 million.

Previously, Mr. JooHo Kim owned with his children and other Kim Family members 58.11% of Anam Information Technology, Inc., a company that provided computer hardware and software components to ATK. Mr. JooHo Kim sold all of his shares in the fourth quarter of 2006. Other Kim Family members owned 48.3% as of December 31, 2006. As of September 30, 2006, a decision was made to discontinue using Anam Information Technology as a vendor. The services provided by Anam Information Technology were subject to competitive bid. During 2007, there were no purchases from Anam Information Technology. Purchases from Anam Information Technology during 2006 and 2005 were $0.3 million and $1.8 million, respectively. There were no amounts due to Anam Information Technology at December 31, 2007 and 2006.

17. Business Segments, Customer Concentrations and Geographic Information

In accordance with SFAS No. 131 *Disclosures about Segments of an Enterprise and Related Information*, we have determined we had two reportable segments, packaging and test. Packaging and test are integral parts of the process of manufacturing semiconductor devices and our customers will engage with us for both packaging and test services, or just packaging or test services. The packaging process creates an electrical interconnect between the semiconductor chip and the system board. In packaging, fabricated semiconductor wafers are separated into individual chips. These chips are typically attached through wire bond or wafer bump technologies to a substrate or leadframe and then encased in a protective material. In the case of an advanced wafer level package, the package is assembled on the surface of a wafer. The packaged chips are then tested using sophisticated equipment to ensure that each packaged chip meets its design and performance specifications.

The accounting policies for segment reporting are the same as those for our Consolidated Financial Statements. We evaluate our operating segments based on gross margin and gross property, plant and equipment. We do not specifically identify and allocate total assets by operating segment. Summarized financial information concerning reportable segments is shown in the following table. The other column reflects other corporate

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

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

	Packaging	Test	Other	Total
		(In thousands)		
Year Ended December 31, 2007				
Net sales	$ 2,430,387	$ 309,633	$ (575)	$ 2,739,445
Gross profit	577,841	103,411	621	681,873
Year Ended December 31, 2006				
Net sales	$ 2,449,461	$ 279,921	$ (822)	$ 2,728,560
Gross profit	586,381	89,531	(952)	674,960
Year Ended December 31, 2005				
Net sales	$ 1,902,193	$ 198,074	$ (318)	$ 2,099,949
Gross profit	320,582	35,426	(237)	355,771
Gross Property, Plant and Equipment				
December 31, 2007	$ 2,573,142	$ 643,298	$ 119,281	$ 3,335,721
December 31, 2006	$ 2,421,171	$ 596,079	$ 112,449	$ 3,129,699

The following table presents net sales by country based on the location of our customer:

		Net Sales	
	2007	2006	2005
		(In thousands)	
China (including Hong Kong)	$ 147,156	$ 138,255	$ 96,516
Japan	267,648	262,066	275,492
Korea	145,999	149,401	160,061
Singapore	650,037	573,072	308,457
Taiwan	206,149	207,962	173,999
Other foreign countries	363,008	404,925	367,345
Total foreign countries	1,779,997	1,735,681	1,381,870
United States	959,448	992,879	718,079
Total net sales	$ 2,739,445	$ 2,728,560	$ 2,099,949

No customer exceeded 10% of consolidated net sales in 2007, 2006 or 2005.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table presents property, plant and equipment, net, based on the physical location of the asset:

	Property, Plant and Equipment, Net		
	2007	2006	2005
	(In thousands)		
China	$ 211,315	$ 201,223	$ 174,055
Japan	18,462	23,302	27,586
Korea	576,666	559,083	576,383
Philippines	262,915	271,903	299,406
Singapore	105,804	107,267	59,246
Taiwan	217,230	227,019	222,528
Other foreign countries	156	166	242
Total foreign countries	1,392,548	1,389,963	1,359,446
United States	62,563	53,640	60,026
Total property, plant and equipment, net	$ 1,455,111	$ 1,443,603	$ 1,419,472

18. Acquisitions

Acquisitions of Unitive, Inc. and Unitive Semiconductor Taiwan Corporation

In 2004, we acquired 100% of the capital stock of Unitive, based in North Carolina and approximately 60% of the capital stock of UST, a Taiwan-based venture owned by Unitive and various Taiwanese investors. In January 2006, we exercised an option to acquire an additional 39.6% of UST for $18.4 million in cash consideration, which brings our combined ownership of UST to 99.6%. Unitive and UST are providers of wafer level technologies and services for flip chip and wafer level packaging applications.

Both original transactions provided provisions for contingent, performance-based earn-outs which could increase the value of the transactions. With respect to Unitive, the earn-out lapsed with no additional consideration being paid to the former owners. With respect to UST, the earn-out was based on the performance of that subsidiary for the twelve month period ended January 31, 2007. In March 2007, we increased goodwill by $0.8 million for additional consideration paid with respect to the UST earn-out provision. As of December 31, 2007 and 2006, we reflect as a minority interest the 0.14% of UST which we do not own in our Consolidated Financial Statements.

19. Restructuring and Reduction in Force

During the second quarter of 2007, we commenced a phased transition of wafer level processing production from our wafer bumping facility in North Carolina to our facility in Taiwan as part of our ongoing efforts to help our customers shorten time-to-market and get closer to the upstream production sources. The North Carolina facility will primarily focus on research and development activities after the transition is complete. We expect to complete the transition of production to Taiwan by the second quarter of 2008. In April 2007, the specific details surrounding the related reduction in force were communicated to the impacted employees at our North Carolina facility. The costs associated with this activity are accounted for in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities (as amended)*. We recorded charges for termination benefits during 2007 of $0.9 million which were primarily included in cost of sales. The amount recorded in accrued expenses for termination benefits was $0.5 million as of December 31, 2007. We currently anticipate that an additional $0.1 million related to termination benefits will be charged primarily to cost of sales over the remaining employment service period through the second quarter of 2008. We anticipate total termination benefits of $1.0 million will be paid through the second quarter of 2008.

AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

We contract excess manufacturing labor force at one of our Japanese subsidiaries to one of our customers for which we incur charges for wage and benefit costs in excess of the reimbursement from the customer. During 2007, 2006 and 2005, we recorded charges for costs in excess of the reimbursement from the customer of $2.3 million, $0.7 million and $3.8 million, respectively, which is primarily included in cost of sales. Amounts due from our customer at December 31, 2007 and 2006 were $0.4 million and $0.3 million, respectively.

During the third and fourth quarter of 2006 we implemented an early voluntary retirement program with special termination benefits to employees at our Korean subsidiary. We recorded a charge for the special termination benefits of $5.4 million, including $4.7 million charged to cost of sales and $0.7 million charged to selling, general and administrative expenses. All of these charges were paid as of December 31, 2006.

During 2005, we terminated the operations of Semisys, a Korean-based subsidiary which produced molds and other equipment used in semiconductor packaging. We recorded a charge of $3.0 million related to this shut-down, of which $2.4 million impacted gross profit and $0.6 million was recorded in selling, general and administrative expenses. The charges were related to the write-down of assets and the accrual of severance and other exit costs. All severance benefits were paid as of December 31, 2005.

During the third and fourth quarter of 2005, we charged $4.0 million to selling, general and administrative expenses associated with a reduction in force at our Chandler, Arizona corporate headquarters. All of these charges were paid as of December 31, 2006.

20. Sale of Specialty Test Operations

In October 2005, we divested a specialty test operation based in Wichita, Kansas, which did not meet the definition of a discontinued operation. The selling price was $8.2 million, which included a $6.9 million cash payment at closing and a 5.0% note in the amount of $1.3 million due October 2011. A 15% discount of $0.4 million was recorded on the note at the time of sale which equates to an effective interest rate of 14.5%. We recognized a pre-tax gain of approximately $4.4 million in connection with this sale. During the third quarter of 2007, we recognized an additional gain of $1.7 million as a result of the receipt of payment on an earn-out provision provided in the asset purchase agreement.

At December 31, 2007 and 2006, the $1.3 million note receivable, reduced by the unamortized discount of $0.3 million, is included in other assets.

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Additions Charged to Expense	Write-offs	(a) Other	Balance at End of Period
			(In thousands)		
Allowance for doubtful accounts:					
Year ended December 31, 2005	$ 5,074	96	(223)		$ 4,947
Year ended December 31, 2006	$ 4,947	(2,584)	(128)		$ 2,235
Year ended December 31, 2007	$ 2,235	(1,239)	(320)		$ 676
Deferred tax asset valuation reserve:					
Year ended December 31, 2005	$ 276,999	74,950		3	$ 351,952
Year ended December 31, 2006	$ 351,952	(18,437)	(5,240)	(192)	$ 328,083
Year ended December 31, 2007	$ 328,083	25,408	(54,532)	(7,917)	$ 291,042

(a) Column represents adjustments to the deferred tax asset valuation allowance as a result of business acquisitions. In addition, this column represents the sale of available for sale securities and stock option transactions in which the valuation allowance is adjusted directly through stockholders equity. For the year ended December 31, 2007, this column also includes a $7.6 million reduction in the valuation allowance associated with the adoption of FIN 48.

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Item 9. ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports to the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, based on the definition of disclosure controls and procedures in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934. In designing and evaluating the disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2007 and concluded those disclosure controls and procedures were effective as of that date.

Management s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed 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.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2007 based on the framework established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2007 based on criteria in Internal Control Integrated Framework issued by the COSO.

The effectiveness of our internal control over financial reporting as of December 31, 2007 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears under Item 8.

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Changes in Internal Control Over Financial Reporting

During the third quarter of 2007, we implemented several significant modules of SAP which is our new enterprise resource planning (ERP) system at our largest subsidiary. This completed another phase of a multi-year program to implement a fully integrated suite of SAP application software on a company-wide basis. During the third and fourth quarters of 2007, we finalized the design, documentation and testing of internal control processes and procedures relating to the new system relative to our evaluation of our internal control over financial reporting as of December 31, 2007. The implementation of the ERP system at our largest subsidiary resulted in changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended December 31, 2007.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this Item 10, with the exception of information relating to the Code of Business Conduct and Ethical Guidelines as disclosed below, is incorporated herein by reference from the material included under the captions Election of Directors, Executive Officers, and Compliance with Section 16(a) of the Securities Exchange Act of 1934 in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2008 annual meeting of stockholders.

Additionally, our Code of Business Conduct and Ethical Guidelines, Corporate Governance Guidelines, and the charters of the Audit Committee, Nominating and Governance Committee and Compensation Committee are available and maintained on our web site (http://www.amkor.com).

Item 11. ***Executive Compensation***

The information required by this Item 11 is incorporated herein by reference from the material included under the captions Executive Compensation, Comp Committee Interlocks and Insider Participation, and Report of the Compensation Committee on Executive Compensation in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2008 annual meeting of stockholders.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

EQUITY COMPENSATION PLANS

The information required by this Item 12, with the exception of the equity compensation plan information presented below, is incorporated herein by reference to our Proxy Statement for its 2008 Annual Meeting of Stockholders.

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The following table summarizes our equity compensation plans as of December 31, 2007:

	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options	(b) Weighted-Average Exercise Price of Outstanding Options	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	11,815,734	$ 10.18	6,587,539(1)(2)
Equity compensation plans not approved by stockholders	91,500	$ 17.35	380,000(3)
Total equity compensation plans	11,907,234		6,967,539

(1) As of December 31, 2007, a total of 91,666 shares were reserved for issuance under the 1998 Director Option Plan until the plan was terminated in January 2008.

(2) As of December 31, 2007, a total of 6,495,873 shares were reserved for issuance under the 1998 Stock Plan Until the plan was terminated in January 2008.

(3) As of December 31, 2007, a total of 380,000 shares were reserved for issuance under the 2003 Nonstatutory Inducement Grant Stock Plan, and there is a provision for an annual replenishment to bring the number of shares of common stock reserved for issuance under the plan up to 300,000 as of each January 1. On January 1, 2008, no additional shares were made available pursuant to the annual replenishment provision. On August 6, 2007, the stockholders approved the 2007 Equity Incentive Plan (The Plan). The Plan became effective January 1, 2008 and replaces all existing plans. The Plan has a reserve of 17,000,000 shares available for issuance as of January 1, 2008.

PART IV

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item 13 is incorporated herein by reference from the material included under the captions Certain Relationships and Related Transactions, and Proposal One Election of Directors in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2008 annual meeting of stockholders.

Item 14. *Principal Accountant Fees and Services*

The information required by this Item 14 is incorporated herein by reference from the material included under Proposal Two Ratification of Appointment of Independent Registered Public Accounting Firm in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2008 annual meeting of stockholders.

Item 15. ***Exhibits and Financial Statement Schedules***

(a) *Financial Statements and Financial Statement Schedules*

The financial statements and schedules filed as part of this Annual Report on Form 10-K are listed in the index under Item 8.

Exhibits

2.1	Stock Purchase Agreement, dated as of July 19, 2004, by and among Amkor Technology, Inc., Unitive, Inc., Certain of the Stockholders of Unitive, Inc., Certain Option Holders of Unitive, Inc., Onex American Holdings II LLC as the Onex Stockholder Representative, David Rizzo as the MCNC Stockholder Representative, Thomas Egolf as the TAT Stockholder Representative, Kenneth Donahue as the Additional Indemnifying Stockholder Representative, and, with respect to Article VIII and Article X thereof only, U.S. Bank National Association.(15)
2.2	Stock Purchase Agreement, dated as of June 3, 2004, by and among Amkor Technology, Inc., Unitive Semiconductor Taiwan Corporation and Certain Shareholders of Unitive Semiconductor Taiwan Corporation, along with Letter Agreement dated July 9, 2004 regarding Amendment to Stock Purchase Agreement and Loan Agreement by and among Amkor Technology, Inc., Unitive Semiconductor Taiwan Corporation and Sellers Representative on Behalf of each Seller.(15)
2.3	Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Technology Singapore Pte. Ltd. and IBM Singapore Pte Ltd.(18)
2.4	Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.(18)
2.5	Sales Contract of Commodity Premises between Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. dated May 7, 2004.(18)
3.1	Certificate of Incorporation.(1)
3.2	Certificate of Correction to Certificate of Incorporation.(4)
3.3	Restated Bylaws.(30)
4.1	Specimen Common Stock Certificate.(3)
4.2	Senior Subordinated Notes Indenture dated as of May 13, 1999 between the Registrant and State Street Bank and Trust Company, including form of 10.5% Senior Subordinated Note Due 2009.(5)
4.3	Indenture dated as of February 20, 2001 for 9.25% Senior Notes due February 15, 2008.(6)
4.4	Registration Rights Agreement dated as of February 20, 2001 by and among Amkor Technology, Inc., Salomon Smith Barney Inc. and Deutsche Banc Alex. Brown Inc.(6)
4.5	Indenture dated May 8, 2003, between Amkor Technology, Inc. and U.S. Bank N.A., relating to the 7.75% Senior Notes due May 15, 2013.(11)
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4.12	Indenture, dated May 26, 2006, between Amkor Technology, Inc. and U.S. Bank National Association, relating to the 2.50% Convertible Senior Subordinated Notes due 2011.(23)
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among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(24)

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4.18 Supplemental Indenture, dated as of October 29, 2004, among Amkor Technology, Inc. (Amkor), Unitive, Inc. (Unitive) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(16)

4.19 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics, Inc. (Unitive Electronics) and U.S. Bank as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(16)

4.20 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank(as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(16)

4.21 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(16)

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4.26 Supplemental Indenture, dated as of January 5, 2005, among Amkor, Amkor International Holdings, LLC (AIH), P-Four, LLC (P-Four), Amkor Technology Limited (ATL), Amkor/Anam Pilipinas, L.L.C. (AAP and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(20)

4.27 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company, regarding Amkor s 9.25% Senior Notes due 2008.(20)

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	7.75% Senior Notes due 2013.(20)
4.29	Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(20)
10.1	Form of Indemnification Agreement for directors and officers.(3)

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10.2	1998 Stock Plan as amended and restated and form of agreement there under.(22)
10.3	Form of Tax Indemnification Agreement between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.(3)
10.4	Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.(1)
10.5	Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.(1)
10.6	Lease Contract between AAPI Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.(1)
10.7	1998 Director Option Plan and form of agreement there under.(3)
10.8	1998 Employee Stock Purchase Plan.(3)
10.9	Share Sale and Purchase Agreement between the Registrant and Dongbu Corporation dated as of July 10, 2002.(8)
10.10	Shareholders Agreement between the Registrant, Dongbu Corporation, Dongbu Fire Insurance Co., Ltd., and Dongbu Life Insurance Co., Ltd. dated as of July 29, 2002.(8)
10.11	Amendment to Share Sale and Purchase Agreement and Shareholders Agreement the Registrant and Dongbu Corporation dated as of September 27, 2002.(9)
10.12	Purchase Agreement, Amkor Technology, Inc. $425 million 7.75% Senior Notes Due May 15, 2013.(11)
10.13	2003 Nonstatutory Inducement Grant Stock Plan dated September 9, 2003.(12)
10.14	2007 Equity Incentive Plan.(28)
10.15	2007 Executive Incentive Bonus Plan(28)
10.16	Credit Facility Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc. (29)
10.17	Additional Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.(29)
10.18	General Terms and Conditions for Bank Credit Transactions, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.(29)
10.19	Kun-Mortgage Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.(29)
10.20	Kun-Guarantee, dated March 30, 2007, delivered by Amkor Technology, Inc. to Woori Bank.(29)
10.21	Second Amendment to Loan and Security Agreement, dated as of March 28, 2007, among Amkor Technology, Inc. and its subsidiaries party thereto, the Lenders party to the Loan and Security Agreement dated November 28, 2005 (as amended), and Bank of America, N.A. as administrative agent for the Lenders.(29)
10.22	Loan and Security Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., as Borrowers, Wachovia Capital Finance Corporation (Western) as Documentation Agent and Bank of America, N.A., as Administrative Agent.(21)
10.23	Guaranty Agreement, dated as of November 28, 2005 delivered by Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc. to Bank of America as Administrative Agent.(21)
10.24	Intercreditor Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., Bank of America, N.A., as Administrative Agent for the Senior Parties, and Citicorp North America, Inc., as Administrative Agent for the Junior Parties and as Collateral Agent for the Junior Parties.(21)
10.25	Syndicated Loan Agreement, dated as of November 30, 2005, among Amkor Technology Taiwan, Ltd., as Borrower, the banks and banking institutions party thereto, Chinatrust Commercial Bank Co., Ltd. and Ta Chong Commercial Bank Co., Ltd., as Coordinating Arrangers, and Chinatrust Commercial Bank Co., Ltd., as Facility Agent and Security Agent.(21)
10.26	

Letter of Guaranty, dated as of November 30, 2005, delivered by Amkor Technology, Inc. to Chinatrust Commercial Bank, Ltd., as Facility Agent.(21)

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10.27	Note Purchase Agreement between Amkor Technology, Inc. and the Investors named therein, dated November 14, 2005.(22)
10.28	Voting Agreement by and among Amkor Technology, Inc. and the Investors named therein, dated November 18, 2005.(22)
10.29	First Amendment to Loan and Security Agreement, dated as of May 5, 2006, among Amkor Technology, Inc. and its Subsidiaries party thereto, the Lenders party to the Loan and Security Agreement, and Bank of America, N.A., as administrative agent for the Lenders.(24)
10.30	Guaranty Supplement, dated May 5, 2006, delivered by Amkor Technology, Inc.(24)
10.31	Joinder Agreement, dated as of May 5, 2006, delivered by Amkor Technology, Inc., Guardian Assets, Inc., Unitive, Inc., Unitive Electronics, Inc. and the other Subsidiaries of the Company in favor of Citicorp North America, Inc., as agent for the Secured Parties referred to therein.(24)
10.32	Limited Waiver of Loan and Security Agreement, dated as of September 25, 2006, among Amkor Technology, Inc. and its Subsidiaries party thereto, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent.(25)
10.33	Mutual Release and Settlement Agreement, effective as of April 27, 2006, by and among Maxim Integrated Products, Inc. and its wholly owned subsidiary Dallas Semiconductor, Inc., Sumitomo Bakelite Co., Ltd., Sumitomo Plastics America, Inc. and Amkor Technology, Inc., et al.(27)
10.34	Retirement Separation Agreement and Release dated December 22, 2005, between Amkor and John N. Boruch.(22)
12.1	Computation of Ratio of Earnings to Fixed Charges
14.1	Amkor Technology, Inc. Code of Business Conduct and Ethical Guidelines.(19)
14.2	Amkor Technology, Inc. Director Code of Ethics.(19)
21.1	List of subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP
31.1	Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934
31.2	Certification of Joanne Solomon, Chief Financial Officer of Amkor Technology, Inc., Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934
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

(1) Incorporated by reference to the Company s Registration Statement on Form S-1 filed October 6, 1997 (File No. 333-37235).

(2) Incorporated by reference to the Company s Registration Statement on Form S-1 filed on October 6, 1997, as amended on October 27, 1997 (File No. 333-37235).

(3) Incorporated by reference to the Company s Registration Statement on Form S-1 filed on October 6, 1997, as amended on March 31, 1998 (File No. 333-37235).

(4) Incorporated by reference to the Company s Registration Statement on Form S-1 filed on April 8, 1998, as amended on August 26, 1998 (File No. 333-49645).

(5) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 17, 1999.

(6) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 15, 2001.

(7) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2001.

(8) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed August 14, 2002.

(9) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2002.

(10) Incorporated by reference to the Company s Annual Report on Form 10-K filed March 27, 2003.

(11) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 9, 2003.

(12) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 3, 2003.

(13) Incorporated by reference to the Company s Registration Statement on Form S-4 filed on July 10, 2003.

(14) Incorporated by reference to the Company s Current Report on Form 8-K filed on July 9, 2004.

(15) Incorporated by reference to the Company s Current Report on Form 8-K filed on September 3, 2004.

(16) Incorporated by reference to the Company s Current Report on Form 8-K filed on November 4, 2004.

(17) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 5, 2004.

(18) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed August 6, 2004.

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(20) Incorporated by reference to the Company s Current Report on Form 8-K filed on January 10, 2005.

(21) Incorporated by reference to the Company s Current Report on Form 8-K filed on December 2, 2005.

(22) Incorporated by reference to the Company s Annual Report on Form 10-K filed on March 16, 2006.

(23) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 31, 2006.

(24) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 11, 2006.

(25) Incorporated by reference to the Company s Current Report on Form 8-K filed on September 29, 2006.

(26) Incorporated by reference to the Company s Quarterly Report on Form 8-K filed on July 7, 2006.

(27) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed on October 6, 2006.

(28) Incorporated by reference to the Company s Current Report on Form 8-K filed August 10, 2007.

(29) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 4, 2007.

(30) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 8, 2007.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed, on its behalf by the undersigned, thereunto duly authorized.

AMKOR TECHNOLOGY, INC.

By: /s/ James J. Kim

James J. Kim
Chairman and Chief Executive Officer

Date: February 25, 2008

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James J. Kim and Joanne Solomon, and each of them, his attorneys-in-fact, and agents, each with the power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorneys-in-fact and agents of any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ James J. Kim James J. Kim	Chief Executive Officer and Chairman	February 25, 2008
/s/ Joanne Solomon Joanne Solomon	Corporate Vice President and Chief Financial Officer	February 25, 2008
/s/ Roger A. Carolin Roger A. Carolin	Director	February 25, 2008
/s/ Winston J. Churchill Winston J. Churchill	Director	February 25, 2008
/s/ John T. Kim	Director	February 25, 2008

John T. Kim

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Name	Title	Date
/s/ John F. Osborne	Director	February 25, 2008
John F. Osborne		
/s/ Constantine N. Papadakis	Director	February 25, 2008
Constantine N. Papadakis		
/s/ James W. Zug	Director	February 25, 2008
James W. Zug		

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4.28	

	Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(20)
4.29	Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(20)
10.1	Form of Indemnification Agreement for directors and officers.(3)

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10.2	1998 Stock Plan as amended and restated and form of agreement there under.(22)
10.3	Form of Tax Indemnification Agreement between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.(3)
10.4	Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.(1)
10.5	Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.(1)
10.6	Lease Contract between AAPI Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.(1)
10.7	1998 Director Option Plan and form of agreement there under.(3)
10.8	1998 Employee Stock Purchase Plan.(3)
10.9	Share Sale and Purchase Agreement between the Registrant and Dongbu Corporation dated as of July 10, 2002.(8)
10.10	Shareholders Agreement between the Registrant, Dongbu Corporation, Dongbu Fire Insurance Co., Ltd., and Dongbu Life Insurance Co., Ltd. dated as of July 29, 2002.(8)
10.11	Amendment to Share Sale and Purchase Agreement and Shareholders Agreement the Registrant and Dongbu Corporation dated as of September 27, 2002.(9)
10.12	Purchase Agreement, Amkor Technology, Inc. $425 million 7.75% Senior Notes Due May 15, 2013.(11)
10.13	2003 Nonstatutory Inducement Grant Stock Plan dated September 9, 2003.(12)
10.14	2007 Equity Incentive Plan.(28)
10.15	2007 Executive Incentive Bonus Plan(28)
10.16	Credit Facility Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc. (29)
10.17	Additional Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.(29)
10.18	General Terms and Conditions for Bank Credit Transactions, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.(29)
10.19	Kun-Mortgage Agreement, dated March 30, 2007, between Woori Bank and Amkor Technology Korea, Inc.(29)
10.20	Kun-Guarantee, dated March 30, 2007, delivered by Amkor Technology, Inc. to Woori Bank.(29)
10.21	Second Amendment to Loan and Security Agreement, dated as of March 28, 2007, among Amkor Technology, Inc. and its subsidiaries party thereto, the Lenders party to the Loan and Security Agreement dated November 28, 2005 (as amended), and Bank of America, N.A. as administrative agent for the Lenders.(29)
10.22	Loan and Security Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., as Borrowers, Wachovia Capital Finance Corporation (Western) as Documentation Agent and Bank of America, N.A., as Administrative Agent.(21)
10.23	Guaranty Agreement, dated as of November 28, 2005 delivered by Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc. to Bank of America as Administrative Agent.(21)
10.24	Intercreditor Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., Bank of America, N.A., as Administrative Agent for the Senior Parties, and Citicorp North America, Inc., as Administrative Agent for the Junior Parties and as Collateral Agent for the Junior Parties.(21)
10.25	Syndicated Loan Agreement, dated as of November 30, 2005, among Amkor Technology Taiwan, Ltd., as Borrower, the banks and banking institutions party thereto, Chinatrust Commercial Bank Co., Ltd. and Ta Chong Commercial Bank Co., Ltd., as Coordinating Arrangers, and Chinatrust Commercial Bank Co., Ltd., as Facility Agent and Security Agent.(21)
10.26	

Letter of Guaranty, dated as of November 30, 2005, delivered by Amkor Technology, Inc. to Chinatrust Commercial Bank, Ltd., as Facility Agent.(21)

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10.27	Note Purchase Agreement between Amkor Technology, Inc. and the Investors named therein, dated November 14, 2005.(22)
10.28	Voting Agreement by and among Amkor Technology, Inc. and the Investors named therein, dated November 18, 2005.(22)
10.29	First Amendment to Loan and Security Agreement, dated as of May 5, 2006, among Amkor Technology, Inc. and its Subsidiaries party thereto, the Lenders party to the Loan and Security Agreement, and Bank of America, N.A., as administrative agent for the Lenders.(24)
10.30	Guaranty Supplement, dated May 5, 2006, delivered by Amkor Technology, Inc.(24)
10.31	Joinder Agreement, dated as of May 5, 2006, delivered by Amkor Technology, Inc., Guardian Assets, Inc., Unitive, Inc., Unitive Electronics, Inc. and the other Subsidiaries of the Company in favor of Citicorp North America, Inc., as agent for the Secured Parties referred to therein.(24)
10.32	Limited Waiver of Loan and Security Agreement, dated as of September 25, 2006, among Amkor Technology, Inc. and its Subsidiaries party thereto, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent.(25)
10.33	Mutual Release and Settlement Agreement, effective as of April 27, 2006, by and among Maxim Integrated Products, Inc. and its wholly owned subsidiary Dallas Semiconductor, Inc., Sumitomo Bakelite Co., Ltd., Sumitomo Plastics America, Inc. and Amkor Technology, Inc., et al.(27)
10.34	Retirement Separation Agreement and Release dated December 22, 2005, between Amkor and John N. Boruch.(22)
12.1	Computation of Ratio of Earnings to Fixed Charges
14.1	Amkor Technology, Inc. Code of Business Conduct and Ethical Guidelines.(19)
14.2	Amkor Technology, Inc. Director Code of Ethics.(19)
21.1	List of subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP
31.1	Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934
31.2	Certification of Joanne Solomon, Chief Financial Officer of Amkor Technology, Inc., Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934
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

(1) Incorporated by reference to the Company s Registration Statement on Form S-1 filed October 6, 1997 (File No. 333-37235).

(2) Incorporated by reference to the Company s Registration Statement on Form S-1 filed on October 6, 1997, as amended on October 27, 1997 (File No. 333-37235).

(3) Incorporated by reference to the Company s Registration Statement on Form S-1 filed on October 6, 1997, as amended on March 31, 1998 (File No. 333-37235).

(4) Incorporated by reference to the Company s Registration Statement on Form S-1 filed on April 8, 1998, as amended on August 26, 1998 (File No. 333-49645).

(5) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 17, 1999.

(6) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 15, 2001.

(7) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2001.

(8) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed August 14, 2002.

(9) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2002.

(10) Incorporated by reference to the Company s Annual Report on Form 10-K filed March 27, 2003.

(11) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 9, 2003.

(12) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 3, 2003.

(13) Incorporated by reference to the Company s Registration Statement on Form S-4 filed on July 10, 2003.

(14) Incorporated by reference to the Company s Current Report on Form 8-K filed on July 9, 2004.

(15) Incorporated by reference to the Company s Current Report on Form 8-K filed on September 3, 2004.

(16) Incorporated by reference to the Company s Current Report on Form 8-K filed on November 4, 2004.

(17) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 5, 2004.

(18) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed August 6, 2004.

(19) Incorporated by reference to the Company s Annual Report on Form 10-K filed March 4, 2004.

(20) Incorporated by reference to the Company s Current Report on Form 8-K filed on January 10, 2005.

(21) Incorporated by reference to the Company s Current Report on Form 8-K filed on December 2, 2005.

(22) Incorporated by reference to the Company s Annual Report on Form 10-K filed on March 16, 2006.

(23) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 31, 2006.

(24) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 11, 2006.

(25) Incorporated by reference to the Company s Current Report on Form 8-K filed on September 29, 2006.

(26) Incorporated by reference to the Company s Quarterly Report on Form 8-K filed on July 7, 2006.

(27) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed on October 6, 2006.

(28) Incorporated by reference to the Company s Current Report on Form 8-K filed August 10, 2007.

(29) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed May 4, 2007.

(30) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed November 8, 2007.