

Baying Ecological Holding Group Inc.  
Form 10-K  
October 14, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

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

For the fiscal year ended **June 30, 2014**

OR

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

**BAYING ECOLOGICAL HOLDING GROUP, INC.**  
(Exact name of registrant as specified in its charter)

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

**59-2928366**  
(I.R.S. Employer Identification No.)

**850 Stephenson Highway, Suite 310**

**90265**

**Troy, Michigan**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(310) 887-6391**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$0.001 Par Value**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  YES  NO

**Note** – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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  NO

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in a definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. "YES  NO

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

<input type="checkbox"/>	Large accelerated filer	<input type="checkbox"/>	Accelerated filer
<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). "YES  NO

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

**Note.** If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

**The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold as of December 31, 2013 was \$5,326,493.36.**

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. "YES  NO

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **260,983 shares of common stock are outstanding as of October 6, 2014.**

#### DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). **None**

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**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

Information included in this Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of View Systems, Inc. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

## **PART I**

### **ITEM 1. BUSINESS.**

In this report, unless the context requires otherwise, references to the "Company", "Baying Ecological", "we", "us" and "our" are to Baying Ecological Holding Group, Inc.

### **CORPORATE HISTORY**

We were incorporated pursuant to the laws of the State of Nevada on April 11, 2005 under the name Toro Ventures Inc. We were initially in the fast food services industry.

#### **Stock Purchase Agreement**

In accordance with the terms and provisions of that certain stock purchase agreement dated December 31, 2013 (the "Stock Purchase Agreement") between Joe Arcaro, seller of control block of restricted shares of common stock of the Company and our sole officer and director ("Arcaro") and The World Financial Holdings Group Co., Ltd., purchaser of the control block of shares of ("World Financial"), there was a change in our control. Arcaro tendered his resignation as the sole member of the Board of Directors and our President/Chief Executive Officer, Secretary, Treasurer/Chief Financial Officer effective February 7, 2014. Effective February 7, 2014, the Board of Directors simultaneously appointed (i) Zhouping Jiao as the sole member of the Board of Directors and as the President/Chief Executive Officer and Treasurer/Chief Financial Officer of the Company; and (ii) Yuehong Yan as our Secretary.

In light of the upcoming new business operations, effective May 1, 2014, Zhouping Jiao resigned as the sole member of the Board of Directors and as our President/Chief Executive Officer, Treasurer/Chief Financial Officer and Yuehong Yan resigned as our Secretary. Simultaneously, the Board of Directors effective May 1, 2014 appointed Parsh Patel as the sole member of the Board of Directors and as our President/Chief Executive Officer, Secretary, Treasurer/Chief Financial Officer.

#### **Amendment to Articles of Incorporation**

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Effective January 9, 2014, our Board of Directors and the majority shareholders approved an amendment to the articles of incorporation to change our name from "Toro Ventures Inc." to "Baying Ecological Holding Group Inc." (the "Name Change Amendment"). The Amendment was filed with the Secretary of State of Nevada on January 23, 2014 changing our name to "Baying Ecological Holding Group Inc." (the "Name Change"). The Name Change was effected to better reflect our future business operations.

We filed appropriate documents with FINRA to effect the Name Change. FINRA declared an effective date of February 7, 2014 for the Name Change. Our trading symbol changed to "BYIN". The new cusip number for the Company is 07278X107.

The Name Change was effected to better reflect our future business operations.

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### **Submission of Matters to a Vote of Security Holders/Reverse Stock Split**

On January 9, 2014, our majority shareholders approved a reverse stock split of one for one for one hundred (1:100) of our total issued and outstanding shares of common stock (the "Stock Split") and the Name Change. Pursuant to our Bylaws and the Nevada Revised Statutes, a vote by the holders of at least a majority of our outstanding votes is required to effect the Stock Split and the Name Change. Our articles of incorporation does not authorize cumulative voting. As of the record date of January 9, 2014, we had 26,095,000 voting shares of common stock issued and outstanding. The consenting stockholders of the shares of common stock are entitled to 20,000,000 votes, which represents approximately 76.64% of the voting rights associated with our shares of common stock. The consenting stockholders voted in favor of the Stock Split and the Name Change described herein in a unanimous written consent dated January 9, 2014.

The Board of Directors had previously considered factors regarding their approval of the Stock Split including, but not limited to: (i) current trading price of our shares of common stock on the OTC QB Market and potential to increase the marketability and liquidity of our common stock; (ii) possible reluctance of brokerage firms and institutional investors to recommend lower-priced stocks to their clients or to hold in their own portfolios; (iii) desire to meet future requirements of per-share price and net tangible assets and shareholders' equity relating to admission for trading on other markets; and (iv) our posturing and corporate structure in favorable position in order to effectively negotiate with potential acquisition candidates. Our Board of Directors approved the Name Change and the Stock Split and recommended our majority shareholders review and approve the Name Change and the Stock Split.

The Stock Split was effected based upon the filing of appropriate documentation with FINRA. The Stock Split decreased our total issued and outstanding shares of common stock from approximately 26,095,000 shares to 260,950 shares of common stock. The common stock will continue to be \$0.001 par value.

### **OUR BUSINESS**

New management believes that agriculture is one of the fastest growing investment areas of the 21<sup>st</sup> century and is posturing the Company to embark on building an industry leading presence as one of China's walnut conglomerates. Based on management's research, management further believes that in order to capitalize on the growth potential of the walnut market, we will need to revolutionize the industry by building a large scale, all-inclusive, standardized industrial chain. Management intends to achieve this goal by fully utilizing a strong technical force and cultural awareness and heritage to build a strong marketing plan and achieve peak brand operational capability.

Management has been identifying and seeking potential corporate partnerships with the Yangling Modern Agricultural Standardization Institute, which provides an array of technical support for us, as well as Shaanxi Yuanwangda Venture Capital Co., Ltd. in an effort to continue our operational plans. We have been researching an industry-wide

chain of production standards for China's entire walnut industry to full realize the development potential that will lead the industry. We intend to incorporate national policy regulations into every step of our business as well as eco-friendly, yet markedly efficient, methods to ensure the very best product is available to our consumers, while also securing the appropriate profit margins for our investors.

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As of the date of this Annual Report, we have met the following milestones to prepare ourselves for complete self-sufficiency and dominance throughout the walnut industry:

- Successful cultivation of large-scale, eco-efficient walnut reserves (including seed bases and harvesting techniques)
- Independent development of a specialized compound, biological fertilizer that fights the most common forms of walnut disease and create a barrier to prevent future infection
- Acquisition and retention of a top-tier production management team to ensure continued success and growth

## PRODUCTS AND SERVICES

We offer a high quality, new to market brand that encompasses expertly grafted walnut breeds including the American red spike-shaped walnut and premier fragrant walnuts. We have a focus on providing all of our customers with the absolute pinnacle of walnut perfection while also offering our VIPs the ecologically sound, organic products that are in such high demand with our upper-level clientele.

We provide the following products and services:

No.	Items	Individual Membership	Corporate Membership
	Pre-paid consumer credit RMB	100--10,000	1,000--20,000
1	Sales	Pre-paid to enjoy double discount	
2	Discount for special products	15% off if paid by cash	Double discount for corporate credit card
3	Discount for consuming in the Club	15% off if paid by cash	Double discount for corporate credit card
4	Discount for normal products	10% off if paid by cash	Double discount for corporate credit card
5	Service fee for group buying	1%--3%	
6	A variety of free workshop	20 hours in total	
7	Annual fruit-picking	Not limited	
8	Group trips	Yes	



As special incentives to our long-term clients we are prepared to offer the following programs through our retail location, the Baying Precious and Delicious Food Club:

- **Rechargeable Membership Cards:** We will offer a discount to our members that choose to pre-pay for their products using a membership card system.
- **Special Products:** Working in tandem with our cooperative business partners, we will be ready to offer our customers unique products only available through our collaboration.
- **Glamorous VIP Reception Center:** At our physical location we will feature a VIP tasting experience within our established reception center. Our members will have an opportunity to host guests as they enjoy sampling our offerings at a discount.
- **Superior Offerings:** With a focus on providing our clients with the very best walnuts and related products, we are committed to producing only the finest ecologically sound, organic products for our VIPs.
- **Group Discount Purchasing:** Our VIPs will have the opportunity to purchase products as a group, thereby taking advantage of a bulk discount.
- **Personal and Professional Development Opportunities:** The Fine and Delicious Food Club will be offering free lectures to our clients so as to expand their knowledge base about nutritional and dietary options, health related topics, finance and investment opportunities, as well as classic Chinese cultural studies.
- **Group Enrichment Trips and Annual Fruit Picking Opportunities:** The agricultural hubs of the Baying Company are made available to our VIPs in an effort to offer true transparency to our top clients. We will also be offering group trips, organized with both leisure and education in mind, as well as a family-friendly annual fruit picking trip that will cultivate not only an appreciation of the richness of our products, but also a holistic approach to a family's health and nutrition.

The Baying Precious & Delicious Food Club was an idea that has allowed us to directly reach our customers as we market our products to them. Specializing in selling high-quality and organic fruits, vegetables, cereals, and precious oils, we believe that this aspect of our corporate strategy will be a strong solidifiers of profit and top-of-mind presence. In the end, the Club has nearly infinite profit making applications and as of now we are capitalizing on these: (i) membership card sales; (ii) direct profits from product sales; (iii) cooperation base supply; (iv) public media advertising revenue; and (v) website and periodical advertisement income.

We also intend on applying for and accepting subsidies from the following national organizations/branches of government to enrich our products and our production standards: (i) Department of Commerce: 'Rural Construction Development' project which is designed to assist companies with operations in rural areas who help serve local populations; (ii) Ministry of Agriculture: where the government provides subsidies for the construction of pollution-free base and food deep-processing factories countrywide; (iii) Development and Reform Commission:

subsidies from government for agricultural machinery equipment; (iv) The Provincial Labor Union; and(v) funds from SME Promotion Bureau.

As of the date of this Annual Report, our offices in China are located on the 6<sup>th</sup> Floor of Huihao Building, off of 3<sup>rd</sup> Keji Road, in the heart of Xi'an city.

## **MARKETING**

We are dedicated to capitalizing on a multi-pronged approach to advertising our products. We are confident that when potential consumers try our products, they will become loyal customers in swift order. As such, we participate in numerous customer acquisition and retention activities including complimentary tastings at outdoor events and venues, door-to-door direct advertising, one-on-one marketing techniques including organizing meet and greet opportunities with our staff and our potential consumers, print and electronic media advertising in the Guangming Daily and the Shaanxi Daily, as well as a referral program that benefits both the company, and our existing clients who spread the word about our fantastic offerings. Through these ever-evolving and personalized approaches, we are ensuring that we are both increasing brand awareness and profit margins at the same time.

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## COMPETITION

After dedicating years to understanding the domestic, as well as the international, walnut market we are confident in our ability to not only penetrate the existing market, but to revolutionize what success means for the industry. The current market is facing a number of shortcomings:

- There is a marked shortage of quality products. With a lack of well-engineered walnut varieties, the current offers are lacking. An oversaturation of product due to an intense uptick in the number of orchards has caused the quality of fine Chinese walnuts to decline.
- There are also rampant inconsistencies in the types of varieties being offered. We refer to this as the ‘wide and messy’ effect. Amongst the existing brands there is blind grafting of plants and almost no regulation when it comes to cultivations techniques. This leads to a lack of standardized quality as well as a lack of diversity in the available products.
- Severe frost damage has also caused a great number of problems within the walnut industry. With no proper research having been applied to create a more frost-resistant walnut, almost the entire industry’s crop was lost with a bald harvest.
- Without the ability to employ the systems that we have designed for crop management, the industry is currently experiencing the effects of poor management and in turn, they are seeing increasing smaller yields. When we compare the average yield in an American farm (around 4,000 to 5,000 kg per orchard) to the average in a Chinese farm (about 20 kg), we can see that if we are to be as successful as seasoned farmers, there is a vital need for our farmers to be using a better grafted plant in conjunction with a better, more standardized growing process.
- Finally, we are revolutionizing the existing industrial chain, which is flawed and entirely inadequate for the industry. With no effective business partnerships in place, and widely unregulated, home-based distributions centers, there is no central organizing principle that allows for efficient management of the walnut market. We plan to broaden the processing capabilities of the current system, and tap into the relatively un-competitive industry by offering a more efficient distribution and production chain as well as our superior product.

We have also adopted a world-renowned irrigation system designed by the Netafirm Company of Israel. In employing this system we are able to broaden our agricultural locations since this system can be utilized in even the most challenging of environments, thus allowing us endless options as to where we can cultivate our crops. In addition we use organic fertilizers to grow all of our products. Not only are organic foods better for the environment and our customers’ health, but they continue to be in extremely high demand and are on track to be the most requested items in the industry.

## EMPLOYEES

As of the date of this Annual Report, we employ approximately 30 persons.

## **ITEM 1A. RISK FACTORS.**

### **RISK FACTORS**

You should carefully consider the risks, uncertainties and other factors described below because they could materially and adversely affect our business, financial condition, operating results and prospects and could negatively affect the market price of our common stock. Also, you should be aware that the risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we do not yet know of, or that we currently believe are immaterial, may also impair our business operations and financial results. Our business, financial condition or results of operations could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

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In assessing these risks you should also refer to the other information contained in or incorporated by reference to this Annual Report on Form 10-K, including our financial statements and the related notes.

## **Risks Related to Our Business**

**Our walnut products have not been introduced to the market so there is no retail distribution history. Our future ability to grow our revenues depends upon successfully marketing and selling our walnut products.**

We have not yet marketed our walnut products. Any adverse developments with respect to the future sale of our walnut products could significantly reduce revenues and have a material adverse effect on our ability to achieve profitability and achieve future growth. We cannot be certain that we will be able to commercialize our walnut products or that our products will be accepted in markets. Specifically, the following factors, among others, could affect market acceptance, revenues and profitability of our walnut products:

- the introduction of competitive products into the healthy nut snack market;
- the level and effectiveness of our sales and marketing efforts;
- any unfavorable publicity regarding nut products or similar products;
- litigation or threats of litigation with respect to these products;
- the price of the product relative to other competing products;
- price increases resulting from rising commodity costs;
- regulatory developments affecting the manufacture, marketing or use of these products; and
- the inability to gain significant customers.

There is no assurance that this effort will be successful or that we will receive a return on our investment.

**We may not be able to contract for the timely processing of nuts at an acceptable quality and cost.**

In order to provide for the processing of our nuts, we may be required to enter into a nut processing agreement. While we believe that we will be able to enter into a processing agreement or engage other third parties to process our nuts, there is no assurance that we will be able to contract for the timely processing of nuts at an acceptable quality and cost. If we are unable to make arrangements with local processors, we would need to ship the crop to processors not in proximity, which may or may not be possible and, even if possible, would likely increase our cost of goods.

**We are required to comply with quality and food production standards. The failure to maintain the quality of our walnut products could adversely affect our reputation in the market place and result in product recalls and product liability claims.**

We are required to maintain the quality of our products and to comply with our product specifications and requirements for certain certifications for food safety from third-party organizations. In addition, we are required to comply with all Chinese local laws with respect to food safety. However, there can be no assurance that we will continue to produce products that are consistent with our standards or in compliance with applicable laws and standards, and we cannot guarantee that we will be able to identify instances in which we fail to comply with such standards or applicable laws. The failure to produce products that conform to our standards could materially and adversely affect our reputation in the marketplace and result in product recalls, product liability claims and severe economic loss.

**Any significant delays of shipments to or from our warehouses could adversely affect our sales.**

Shipments to and from our warehouses could be delayed for a variety of reasons, including weather conditions, strikes, and shipping delays. Any significant delay in the shipments of product would have a material adverse effect on our business, results of operations and financial condition, and could cause our sales and earnings to fluctuate during a particular period or periods. We have from time to time experienced, and may in the future experience, delays in the production and delivery of product.

**Our farming operations face a competitive labor market in China.**

Our farming operations require a large number of workers, many on a seasonal basis. The labor market in China is very competitive. In the event that we are not able to obtain and retain both permanent and seasonal workers to conduct our farming operations, or in the event that we are not able to maintain satisfactory relationships with our workers, our financial results could be negatively impacted.

**Our operations rely on certain key personnel who are critical to our business.**

Our future operating results depend substantially upon the continued service of key personnel and our ability to attract and retain qualified management and technical and support personnel. We cannot guarantee success in attracting or retaining qualified personnel. There may be only a limited number of persons with the requisite skills and relevant industry experience to serve in those positions. Our business, financial condition and results of operations could be materially adversely affected by the loss of any of our key employees, by the failure of any key employee to perform in his or her current position, or by our inability to attract and retain skilled employees.

**Our business is subject to seasonal fluctuations.**

We may experience seasonal fluctuations in production and sales and our quarterly results may fluctuate and our annual performance depends largely on results from prior quarters. Our business is highly seasonal, reflecting the general pattern of peak production and consumer demand for nut products during certain months. Typically, a substantial portion of our revenues may occur during those months. We may experience lower revenues during other quarters and may incur losses in these quarters. In addition, weather conditions may delay harvesting, which may result in a fiscal year with lower than normal revenues.

**Additional regulation could increase our costs of production, and our business could be adversely affected.**

As an agricultural company, we are subject to extensive government regulation, including regulation of the manner in which we cultivate and fertilize as well as process our walnuts. Furthermore, as we endeavor to move toward processing and selling our products, we will be subject to additional regulation regarding the manufacturing, distribution, and labeling of our products. There may be changes to the legal or regulatory environment, and governmental agencies and jurisdictions where we operate may impose new manufacturing, importation, processing, packaging, storage, distribution, labeling or other restrictions, which could increase our costs and affect our financial performance.

**Diseases and pests can adversely affect nut production.**

Walnuts are susceptible to various diseases and pests that can affect the health of the trees and resultant nut production. There are several types of fungal diseases that can affect nut development. Walnut trees and production may also be affected by insects and other pests. As indicated above, natural enemies are relied upon to manage insects that contribute to nut loss. Without these natural enemies, greater losses are possible. Pesticides may be available to manage these economic insect pests when treatment costs and nut loss justify their use, and when their use does not disrupt the natural enemy population. Increases in these diseases and pests or our inability to successfully control these diseases and pests could result in decreases in production, including loss of trees in affected orchards, which could have a material adverse effect on our business, financial condition and results of operations.

**Our orchards are susceptible to natural hazards such as wildfires, rainstorms, floods and windstorms, which may adversely affect nut production.**

Our orchards are located in areas that are susceptible to natural hazards, including drought, wildfires, heavy rains, floods, and windstorms. The occurrence of any natural disaster affecting a material portion of our orchards could have a material adverse effect on our business, financial conditions and results of operations.

**The amount and timing of rainfall can materially impact nut production.**

The productivity of orchards depends in large part on moisture conditions. Inadequate rainfall can reduce nut yields significantly, whereas excessive rain without adequate drainage can foster disease and hamper harvesting operations. Also, the timing of rainfall relative to key development stages in the growing season can impact nut production. Excessive rains affects pollination. Regardless of the timing, lack of adequate rainfall for prolonged periods of time will also negatively affect nut production.

**Fluctuations in various food and supply costs as well as increased costs associated with product processing and transportation could materially adversely affect our business, financial condition and operating results.**

As with most food products, the availability and cost of raw materials used in our products can be significantly affected by a number of factors beyond our control, such as general economic conditions, growing decisions, government programs (including government programs and mandates relating to ethanol), weather conditions such as frosts, drought, and floods, and plant diseases, pests and other acts of nature. Because we do not control the production of raw materials, we are also subject to delays caused by interruptions in production of raw materials based on conditions not within our control. Such conditions include job actions or strikes by employees of suppliers, weather, crop conditions, transportation interruptions, natural disasters, sustainability issues and boycotts of products or other catastrophic events.

There can be no assurance that we will be able to obtain alternative sources of raw materials at favorable prices, or at all, should there be shortages or other unfavorable conditions. Our inability to obtain adequate supplies of raw materials for our products or energy at favorable prices, or at all, as a result of any of the foregoing factors or otherwise could cause an increase in our cost of sales and a corresponding decrease in gross margin, or cause our sales and earnings to fluctuate from period to period. Such fluctuations and decrease in gross margin could have a material adverse effect on our business, results of operations and financial conditions. There is no assurance that we would be able to pass along any cost increases to our customers.

**We may be subject to significant liability should the consumption of any food products manufactured or marketed by us cause injury, illness or death.**

Regardless of whether such claims against us are valid, they may be expensive to defend and may generate negative publicity, both of which could materially adversely affect our operating results. The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of bacterial contamination, foreign objects, substances, chemicals, other agents or residues introduced during production processes. Although we believe that we and our manufacturers are in material compliance with all applicable laws and regulations, if the consumption of our products causes or is alleged to have caused an illness in the future, we may become subject to claims or lawsuits relating to such matters. Even if a liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding an illness, injury or death could materially adversely affect our reputation with existing and potential customers on a permanent basis as well as our corporate image and operating results.

**The food industry is highly competitive, and we compete with many companies that have greater resources than us.**

Numerous regional and local firms may compete or are capable of competing with us. We compete primarily on the basis of product quality, ability to satisfy specific consumer needs, brand recognition, brand loyalty, service, marketing, advertising and price. Some competitors may have different profit or strategic objectives than we do. Competitors may develop new patentable technology that results in products which are able to compete successfully with our products. Substantial advertising and promotional expenditures are required to maintain or improve a brand's market position or to introduce a new product, and participants in our industry are engaging with new media, including customer outreach through social media and web-based vehicles, which require additional staffing and financial resources.

**We have an accumulated deficit. If we are unable to reverse this trend, we will be like by forced to alter operations..**

We have incurred losses for the past two fiscal years which consists of a net loss of \$26,000 for June 30, 2014 and \$35,485 for June 30, 2013. In addition, we had an accumulated deficit of \$784,376 at June 30, 2014. Further, we do not expect positive cash flow from operations in the near term. There is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital will be required for future periods for: (i) new walnut product development expenses; (ii) potential marketing costs and professional fees; or (iii) we encounter greater costs associated with general and administrative expenses or offering costs. As a result, we are unable to predict whether we will achieve profitability in the future, or at all.

The uncertainty and factors described throughout this section may impede our ability to economically develop, produce, and market our walnut products effectively. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future. Furthermore, since we have not yet achieved or acquired sufficient operating capital and given these financial results along with our expected cash requirements in 2014/2015, additional capital investment will be necessary to develop and sustain our operations.

**Our independent registered public accounting firm has raised about over our ability to continue as a going concern.**

The independent registered public accounting firm's report accompanying our June 30, 2014 and 2013 audited financial statements contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. The financial statements have been prepared "assuming that the Company will continue as a going concern." Our ability to continue as a going concern is dependent on raising additional capital to fund our operations and ultimately on generating future profitable operations. There can be no assurance that we will be able to raise

sufficient additional capital or eventually have positive cash flow from operations to address all of our cash flow needs. If we are not able to find alternative sources of cash or generate positive cash flow from operations, our business and shareholders will be materially and adversely affected

We have incurred operating and net losses as well as negative operating cash flow and do not have financing commitments in place to meet expected cash requirements for the next twelve months. If we are unable to fund our day-to-day operations through revenues alone, and management believes we will incur operating losses for the near future while we expand our sales channels. While we have expanded our product line and expect to establish new sales channels, we may be unable to increase revenues to the point that we attain and are able to maintain profitability. We have had to rely on private financing to cover cash shortfalls. As a result, we continue to have significant working capital and stockholders' deficits including a substantial accumulated deficit at June 30, 2014. In recognition of such, our independent registered public accounting firms have included an explanatory paragraph in their respective reports on our consolidated financial statements for the fiscal years ended June 30, 2014 and June 30, 2013 that expressed substantial doubt regarding our ability to continue as a going concern.



**We need additional external capital and if we are unable to raise sufficient capital to fund our plans, we may be forced to delay operations.**

Based on our current growth plan we believe we may require approximately \$1,200,000 in additional financing within the next twelve months to develop our walnut products. Furthermore, if the cost of our development, production and marketing programs are greater than anticipated, we may have to seek additional funds through public or private share offerings or arrangements with corporate partners. There can be no assurance that we will be successful in our efforts to raise these required funds, or on terms satisfactory to us. Our success will depend upon our ability to access equity capital markets and borrow on terms that are financially advantageous to us. However, we may not be able to obtain additional funds on acceptable terms. If we fail to obtain funds on acceptable terms, then we might be forced to delay or abandon some or all of our business plans or may not have sufficient working capital to develop products, finance acquisitions, or pursue business opportunities. If we borrow funds, then we could be forced to use a large portion of our cash reserves, if any, to repay principal and interest on those loans. If we issue our securities for capital, then the interests of investors and stockholders will be diluted.

**The success of our business depends upon the continuing contribution of our key personnel, including Mr. Parsh Patel, our Chief Executive Officer, whose knowledge of our business would be difficult to replace in the event we lose his services.**

We are dependent on the services of Parsh Patel, our Chief Executive Officer, and a member of our Board and our other members of our senior management team.. There can be no assurance that Mr. Parsh will continue in his present capacity for any particular period of time. Other than non-compete provisions of limited duration included in employment agreements that we may or will have with certain individuals, we do not generally seek non-compete agreements with key personnel, and they may leave and subsequently compete against us. The loss of service of any of our senior management team, particularly those who are not party to employment agreements with us, or our failure to attract and retain other qualified and experienced personnel on acceptable terms, could have a material adverse effect on our business.

**Our majority shareholder is able to exercise significant influence over matters requiring stockholder approval.**

As of the date of this Annual Report, we have 260,983 shares of common stock issued. Currently, our majority shareholder holds approximately 76.6% of the voting power of our common entitled to vote on any matter brought to a vote of the stockholders. Pursuant to Nevada law and our bylaws, the holders of a majority of our voting stock may authorize or take corporate action with only a notice provided to our stockholders. A stockholder vote may not be made available to our minority stockholders, and in any event, a stockholder vote would be controlled by the majority stockholders.

**Our office and director may be subject to conflicts of interest.**

Our officer and director serves only part time and can become subject to conflicts of interest. Mr. Parsh may devote part of his working time to other business endeavors, including consulting relationships with other entities, and have responsibilities to these other entities. Such conflicts include deciding how much time to devote to our affairs, as well as what business opportunities should be presented to us. Because of these relationships, our officer and director could be subject to conflicts of interest. Currently, we have no policy in place to address such conflicts of interest.

**Nevada law and our Articles of Incorporation may protect our director from certain types of lawsuits.**

Nevada law provides that our officers and directors will not be liable to us or our stockholders for monetary damages for all but certain types of conduct as officers and directors. Our Bylaws permit us broad indemnification powers to all persons against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our officers and directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our limited assets to defend our officers and directors against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

**We have identified material weakness in our internal control over financial reporting, and our business and stock price may be adversely affected if we do not adequately address those weakness or if we have other material weaknesses or significant deficiencies in our internal control over financial reporting.**

For fiscal year ended June 30, 2014, we did not adequately implement certain internal controls and for the interim periods of March 31, 2014, December 31, 2013 and September 30, 2013. Although we intend to take steps to correct our identified material weaknesses in our internal controls, the existence of these or possibly other material weaknesses or significant deficiencies raises concerns that the prevention of future errors could require the allocation of scarce financial resources at times when such resources may not be available to us. As of the date of this Annual Report, we believe we will be able to correct any material weaknesses in our internal controls in the future. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information; the market price of our stock could decline significantly; we may be unable to obtain additional financing to operate and expand our business, and our business and financial condition could be harmed.

Pursuant to proposals related to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting. If we cannot provide reliable financial reports or prevent fraud, then our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

To maintain compliance with Section 404 of the Act, we will engage in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging and requires management to dedicate scarce internal resources and to retain outside consultants.

During the course of our testing, we may identify deficiencies which we may not be able to remediate in time for securities disclosure reporting deadlines. In addition, if we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud.

**There is no significant active trading market for our shares and if an active trading market does not develop, purchasers of our shares maybe unable to sell them publicly.**

There is no significant active trading market for our shares, and we do not know if an active trading market will develop. An active market will not develop unless broker-dealers develop interest in trading our shares, and we may be unable to generate interest in our shares among broker-dealers until we generate meaningful revenues and profits

from operations. Until that time occurs, if it does at all, purchasers of our shares may be unable to sell them publicly. In the absence of an active trading market:

Investors may have difficulty buying and selling our shares or obtaining market quotations;

Market visibility for our common stock may be limited; and

A lack of visibility for our common stock may depress the market price for our shares.

Moreover, the market price for our shares is likely to be highly volatile and subject to wide fluctuations in response to various factors, including the following: (i) actual or anticipated fluctuations in our quarterly operating results and revisions to our expected results; (ii) changes in financial estimates by securities research analysts; (iii) conditions in the market for our walnut products; (iv) changes in the economic performance or market valuations of companies specializing in the nut industries; (v) announcements by us or our competitors of new products, strategic relationships, joint ventures or capital commitments; (vi) addition or departure of key personnel; and (vii) sales or perceived potential sales of our shares.

In addition, the securities market has from time to time, and to an even greater degree since the last quarter of 2007, experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ordinary shares. Furthermore, in the past, following periods of volatility in the market price of a public company's securities, shareholders have frequently instituted securities class action litigation against that company. Litigation of this kind could result in substantial costs and a diversion of our management's attention and resources.

#### **OUR COMMON STOCK IS CONSIDERED TO BE "PENNY STOCK."**

Our common stock is considered to be a "penny stock" because it meets one or more of the definitions in Rules 15g-2 through 15g-6 promulgated under Section 15(g) of the Securities Exchange Act of 1934, as amended. These include but are not limited to, the following: (i) the stock trades at a price less than \$5.00 per share; (ii) it is not traded on a "recognized" national exchange; (iii) it is not quoted on The NASDAQ Stock Market, or even if quoted, has a price less than \$5.00 per share; or (iv) is issued by a company with net tangible assets less than \$2.0 million, if in business more than a continuous three years, or with average revenues of less than \$6.0 million for the past three years. The principal result or effect of being designated a "penny stock" is that securities broker-dealers cannot recommend the stock but must trade it on an unsolicited basis.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). Penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the SEC, which specifies information about penny stocks and the nature and significance of risks of the penny stock market. A broker-dealer must also provide the customer with bid and offer quotations for the penny stock, the compensation of the broker-dealer, and sales person in the transaction, and monthly account statements indicating the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for stock that becomes subject to those penny stock rules. If a trading market for our common stock develops, our common stock will probably become subject to the penny stock rules, and shareholders may have difficulty in selling their shares.

#### **BROKER-DEALER REQUIREMENTS MAY AFFECT TRADING AND LIQUIDITY.**

Section 15(g) of the Securities Exchange Act of 1934, as amended, and Rule 15g-2 promulgated thereunder by the SEC require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any

transaction in a penny stock for the investor's account. Potential investors in our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stocks." Moreover, Rule 15g-9 requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for holders of our common stock to resell their shares to third parties or to otherwise dispose of them in the market or otherwise.

**Our common stock may be volatile, which substantially increases the risk that you may not be able to sell your shares at or above the price that you may pay for the shares.**

Because of the limited trading market for our common stock, and because of the possible price volatility, you may not be able to sell your shares of common stock when you desire to do so. The inability to sell your shares in a rapidly declining market may substantially increase your risk of loss because of such illiquidity and because the price for our common stock may suffer greater declines because of its price volatility.

The market price of our common stock may be higher or lower than the price you may pay for your shares. Certain factors, some of which are beyond our control, that may cause our share price to fluctuate significantly include, but are not limited to, the following:

variations in our quarterly operating results;

loss of a key relationship or failure to complete significant transactions;

additions or departures of key personnel; and

fluctuations in stock market price and volume.

Additionally, in recent years the stock market in general, and the over-the-counter markets in particular, have experienced extreme price and volume fluctuations. In some cases, these fluctuations are unrelated or disproportionate to the operating performance of the underlying company. These market and industry factors may materially and adversely affect our stock price, regardless of our operating performance.

In the past, class action litigation often has been brought against companies following periods of volatility in the market price of those companies' common stock. If we become involved in this type of litigation in the future, it could result in substantial costs and diversion of management attention and resources, which could have a further negative effect on your investment in our stock.

**WE HAVE NOT PAID, AND DO NOT INTEND TO PAY, CASH DIVIDENDS IN THE FORESEEABLE FUTURE.**

We have not paid any cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We intend to retain future earnings, if any, for reinvestment in the development and expansion of our business.

Dividend payments in the future may also be limited by other loan agreements or covenants contained in other securities which we may issue. Any future determination to pay cash dividends will be at the discretion of our board of directors and depend on our financial condition, results of operations, capital and legal requirements and such other factors as our board of directors deems relevant.



**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

As of the date of this Annual Report, there are no unresolved SEC Staff comments.

**ITEM 2. DESCRIPTION OF PROPERTY**

The Company leases office space at 850 Stephenson Highway, Suite 310, Troy, Michigan 90265 for principal office location. We also have an office in . a three-year non-cancellable operating lease, which expires December 2014. This location serves as both our principal executive office and the manufacturing and assembly location for our proprietary products.

Presently, Baying Company's office is located on the 6<sup>th</sup> Floor of Huihao Building, off of 3<sup>rd</sup> Keji Road, in the heart of Xi'an city. As of the second quarter of 2014, our registered capital is 100 million RMB.

**ITEM 3. LEGAL PROCEEDINGS.**

As of the date of this Annual Report, management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this Annual Report, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not Applicable.

**PART II****ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASERS OF EQUITY SECURITIES.****MARKET INFORMATION**

Our common stock has been quoted on the OTC Bulletin Board under the symbol "BYIN.QB". We previously traded under the symbol "MACO". The following table sets forth the high and low price information of the Company's common stock for the periods indicated.

**OTC Bulletin Board (1) (2)**

	<b>High</b>		<b>Low</b>
FISCAL YEAR ENDED			
JUNE 30, 2014:			
Fourth Quarter Ended June 30, 2014	\$ 0.00	\$	0.00
Third Quarter Ended March 31, 2014	\$ 0.00	\$	0.00
Second Quarter Ended December 31, 2013	\$ 0.00	\$	0.00
First Quarter Ended September 30, 2013	\$ 0.00	\$	0.00
FISCAL YEAR ENDED			
JUNE 30, 2013:			
Fourth Quarter Ended June 30, 2013	\$ 0.00	\$	0.00
Third Quarter Ended March 31, 2013	\$ 0.00	\$	0.00
Second Quarter Ended December 31, 2012	\$ 0.00	\$	0.00
First Quarter Ended September 30, 2012	\$ 0.00	\$	0.00

- (1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

(2) Source: [www.nasdaq.com](http://www.nasdaq.com)

## **SHAREHOLDERS OF RECORD**

As of June 30, 2014, there were approximately 90 holders of record of our common stock, not including holders who hold their shares in street name.

## **DIVIDENDS**

We have never declared or paid a cash dividend. At this time, we do not anticipate paying dividends in the future. We are under no legal or contractual obligation to declare or to pay dividends, and the timing and amount of any future cash dividends and distributions is at the discretion of our Board of Directors and will depend, among other things, on our future after-tax earnings, operations, capital requirements, borrowing capacity, financial condition and general business conditions. We plan to retain any earnings for use in the operation of our business and to fund future growth. You should not purchase our Shares on the expectation of future dividends.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS****Equity Compensation Plan Information**

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<b>Plan Category</b>			
Equity compensation plans approved by security holders	-0-	-0-	-0-
Equity compensation plans not approved by security holders	-0-	-0-	-0-
<b>Total</b>	-0-	-0-	-0-

We do not have any equity compensation plans authorized or approved.

**INFORMATION RELATING TO OUTSTANDING SHARES**

As of June 30, 2014, there were 260,983 shares of our common stock issued. We have not reserved any shares for issuance upon exercise of common stock purchase warrants or stock options.

The resale of our shares of common stock owned by officers, directors and affiliates is subject to the volume limitations of Rule 144. In general, Rule 144 permits our affiliate shareholders who have beneficially-owned restricted shares of common stock for at least six months to sell without registration, within a three-month period, a number of shares not exceeding one percent of the then outstanding shares of common stock. Furthermore, if such shares are held

for at least six months by a person not affiliated with us (in general, a person who is not one of our executive officers, directors or principal shareholders during the three month period prior to resale), such restricted shares can be sold without any volume limitation, provided all of the other requirements for resale under Rule 144 are applicable.

#### **RECENT SALES OF UNREGISTERED SECURITIES**

During fiscal year ended June 30, 2014 and to current date, we did not issue any shares of unregistered common stock.

#### **ISSUER PURCHASE OF SECURITIES**

None.

#### **ITEM 6. SELECTED FINANCIAL DATA.**

Not Applicable.

**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The following analysis of our consolidated financial condition and results of operations for the years ended June 30, 2014 and 2013 should be read in conjunction with the Consolidated Financial Statements and other information presented elsewhere in this annual report.

**OVERVIEW**

In accordance with the terms and provisions of the Stock Purchase Agreement, there was a change in control of the Company.

**RESULTS OF OPERATIONS FOR FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

The following discussions are based on our financial statements. These charts and discussions summarize our financial statements for fiscal years ended June 30, 2014 and 2013 and should be read in conjunction with the financial statements, and notes thereto, included with this Annual Report.

**SUMMARY COMPARISON OF OPERATING RESULTS**

	<b>Years ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Total operating expenses	26,000	35,485
Loss from operations	(26,000)	(35,485)
Total other income		
(expense)	-0-	-0-
Net loss	(26,000)	(35,485)
Net loss per share	\$ (0.14)	\$ (0.53)

**Fiscal Year Ended June 30, 2014 Compared to Fiscal Year Ended June 30, 2013.**

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Our net loss for fiscal year ended June 30, 2014 was (\$26,000) compared to a net loss of (\$35,485) during fiscal year ended June 30, 2013 (a decrease in net loss of \$9,485). During fiscal years ended June 30, 2014 and 2013, we did not generate any revenues.

During fiscal year ended June 30, 2014, we incurred operating expenses of \$26,000 compared to \$35,485 incurred during fiscal year ended June 30, 2013 (a decrease of \$9,485). These operating expenses incurred during fiscal year ended June 30, 2014 consisted of: (i) management fees of \$12,000 (2013: \$12,000); (ii) professional fees of \$10,000 (2013: \$19,485); and (iii) rent of \$4,000 (2013: \$4,000).

Operating expenses incurred during fiscal year ended June 30, 2014 compared to fiscal year ended June 30, 2013 decreased primarily due to the decrease in professional fees of \$9,485. The decrease in professional fees was related to decreases in accounting, auditing and legal fees

Net loss during fiscal year ended June 30, 2014 was (\$26,000) compared to a net loss of (\$35,485) during fiscal year ended June 30, 2013.

## **LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN**

### **Fiscal Year Ended June 30, 2014**

As of June 30, 2014, our current assets were \$-0- and our current liabilities were \$9,485, which resulted in a working capital deficit of \$9,485. As of June 30, 2014, our total assets were \$-0-

As of June 30, 2014, our total liabilities were \$9,485 comprised of accrued expenses.

Stockholders' deficit increased from (\$758,376) for fiscal year ended June 30, 2013 to (\$784,376) for fiscal year ended June 30, 2014.

### **Cash Flows from Operating Activities**

A term loan secured by a shareholder payable in monthly installments of \$2,587 commencing December 25, 2009 but re-financed in May 2011. The loan is due in full on May 18, 2016 and interest accrued monthly at 7.5% per annum.

We have not generated positive cash flows from operating activities. For fiscal year ended June 30, 2014, net cash flows used in operating activities was \$-0- compared to \$-0- for fiscal year ended June 30, 2013. Net cash flows used in operating activities consisted primarily of a net loss of \$26,000 (2013: \$35,485), which was partially adjusted by: (i) \$16,000 (2013: \$16,000) in expenses charged to contributed surplus; and (ii) \$10,000 (2013: \$10,000) in shares for services.

### **Cash Flows from Investing Activities**

For fiscal year ended June 30, 2014 and June 30, 2013, net cash flows used in investing activities was \$-0-.

### **Cash Flows from Financing Activities**



For the fiscal year ended June 30, 2014 and June 30, 2013, net cash flows provided from financing activities was \$-0-.

## **PLAN OF OPERATION AND FUNDING**

We have incurred losses for the past two fiscal years and had a net loss of \$26,000 at fiscal year ended June 30, 2014. Management intends to finance our 2014/2015 operations primarily with the potential revenue from walnut product sales and any cash short falls will be addressed through equity or debt financing, if available. We will need to raise additional capital, both internally and externally, to cover cash shortfalls and to compete in our markets. Management believes we will require an additional \$1,200,000 in equity financing during the next 12 months to satisfy our cash requirements for operations and to facilitate our business plan.

These operating costs include cost of sales, general and administrative expenses, salaries and benefits and professional fees related to contracting personnel. If we cannot obtain financing to fund our operations in 2013, then we may be required to reduce our expenses and scale back our operations.

### **Going Concern**

If we cannot obtain financing or generate sufficient revenue to fund our operations in 2014/2015, then we may be required to reduce our expenses and scale back our operations. These factors raise substantial doubt of our ability to continue as a going concern. Footnote 2 to our financial statements provides additional explanation of Management's views on our status as a going concern. The audited financial statements contained in this Annual Report do not include any adjustments to reflect the possible future effects on the recoverability of assets or the amounts of liabilities that may result should we be unable to continue as a going concern.

Our independent registered accounting firm included an explanatory paragraph June 30, 2014, in their reports on the accompanying financial statements for June 30, 2014 regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

## **OFF BALANCE SHEET ARRANGEMENTS**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

## **CONTRACTUAL OBLIGATIONS**

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

## **CRITICAL ACCOUNTING POLICIES**

In July 2013, the FASB issued Accounting Standards Update 2013-11 Income Taxes (Topic 740) Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry-forward, a similar tax loss or a tax credit carry-forward, except as follows. To the extent a net operating loss carry-forward, a similar tax loss or a tax credit carry-forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. This Update applies to all entities that have unrecognized tax benefits when a net operating loss carry-forward, a similar tax loss, or a tax credit carry-forward exists at the reporting date. The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In January 2013, the FASB issued ASU No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, which clarifies which instruments and transactions are subject to the offsetting disclosure requirements originally established by ASU 2011-11. The new ASU addresses preparer concerns that the scope of the disclosure requirements under ASU 2011-11 was overly broad and imposed unintended costs that were not commensurate with estimated benefits to financial statement users. In choosing to narrow the scope of the offsetting disclosures, the Board determined that it could make them more operable and cost effective for preparers while still giving financial statement users sufficient information to analyze the most significant presentation differences between financial statements prepared in accordance with U.S. GAAP and those prepared under IFRSs. Like ASU 2011-11, the amendments in this update will be effective for fiscal periods beginning on, or after January 1, 2013. The adoption of ASU 2013-01 is not expected to have a material impact on our financial position or results of operations.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As a “smaller reporting company”, we are not required to provide this information.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

**BAYING ECOLOGICAL HOLDING GROUP INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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## **Report of Independent Registered Public Accounting Firm**

To The Board of Directors and shareholders of

Baying Ecological Holding Group, Inc.

We have audited the accompanying consolidated balance sheets of Baying Ecological Holding Group, Inc. (the “Company”) as of June 30, 2014 and June 2013 and the related statements of operations, stockholders’ deficit and cash flows for the years then ended.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on my audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2014 and 2013 and the results of its operations and its cash flows for the years ended June 30, 2014, and 2013 in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 3 of the accompanying financial statements, the Company has a significant accumulated deficit and no cash to for payment of ongoing operating expenses, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Terry L. Johnson, CPA

Casselberry, Florida

October 13, 2014

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**Baying Ecological Holding Group, Inc.****Balance Sheets**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ -	\$ -
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>
<b>Other Assets</b>		
Interest in Oil and Gas Properties	-	-
	\$ -	\$ -
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses	\$ 9,485	\$ 9,485
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,485</b>	<b>9,485</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.001, Authorized - 75,000,000 \$0.001 par value common shares Issued 260,983 as of June 30, 2014 and 160,950 as of June 30, 2013	261	161
Additional paid-in capital	774,630	748,730
Retained Earnings (Deficit)	(784,376)	(758,376)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>(9,485)</b>	<b>(9,485)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ -</b>	<b>\$ -</b>

See Accompanying Notes to Financial Statements

**Baying Ecological Holding Group, Inc.****Statements of Operations**

	<b>Year ended</b>		<b>Cumulative from Date of Inception on April 11, 2005 to June 30, 2014</b>
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	
<b>OPERATING EXPENSES</b>			
Regulatory and transfer agent fees	-	-	2,380
Management Fees	12,000	12,000	107,843
Professional Fees	10,000	19,485	276,023
Rent	4,000	4,000	70,243
Amortization	-	-	8,125
Impairment Charge	-	-	334,375
Bank Charges and Interest	-	-	783
Total Operating Expenses	26,000	35,485	799,772
Loss before other	(26,000)	(35,485)	(799,772)
OTHER	-	-	15,396
<b>NET INCOME (LOSS)</b>	<b>\$ (26,000)</b>	<b>\$ (35,485)</b>	<b>\$ (784,376)</b>
<b>NET INCOME (LOSS) PER SHARE</b>	<b>\$ (0.14)</b>	<b>\$ (0.53)</b>	
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES</b>	<b>179,586</b>	<b>66,429</b>	

See Accompanying Notes to Financial Statements



## Baying Ecological Holding Group, Inc.

## Statements of Stockholders' Equity

	# of Shares	Par Value	Contributed Surplus	Retained Earnings	Total
Shares Issued for Cash	55,700	\$ 56	\$ 34,944		\$ 35,000
Shares Issued for Franchise	2,750	2	24,998		25,000
Net Loss for year ended June 30, 2005				(9,562)	(9,562)
Balance June 30, 2005	58,450	58	59,942	(9,562)	50,438
Net Loss for year ended June 30, 2006				(48,096)	(48,096)
Balance June 30, 2006	58,450	58	59,942	(57,658)	2,342
Net Loss for year ended June 30, 2007				(23,754)	(23,754)
Balance June 30, 2007	58,450	58	59,942	(81,412)	(21,412)
Shares Issued for Cash	1,250	1	249,999		250,000
Shares Issued for Property	1,587	2	317,498		317,500
Net Loss for year ended June 30, 2008				(189,550)	(189,550)
Balance June 30, 2008	61,287	61	627,439	(270,962)	356,538
Buyback of Shares	(337)	-	(50,000)		(50,000)
Expenses forgiven to Contributed Surplus			12,000		12,000
Net Loss for year ended June 30, 2009				(419,325)	(419,325)
Balance June 30, 2009	60,950	61	589,439	(690,287)	(100,787)
Expenses forgiven to Contributed Surplus			16,000		16,000
Net Loss for year ended June 30, 2010				(16,000)	(16,000)
Balance June 30, 2010	60,950	61	605,439	(706,287)	(100,787)
Loan forgiven to Capital			85,391		85,391
Expenses forgiven to Contributed Surplus			16,000		16,000
Net Loss for year ended June 30, 2011				(604)	(604)
Balance June 30, 2011	60,950	61	706,830	(706,891)	-
Expenses charged to surplus			16,000		16,000

<b>Net Loss for the year ended June 30, 2012</b>				(16,000)	(16,000)
<b>Balance June 30, 2012</b>	<b>60,950</b>	<b>61</b>	<b>\$ 722,830</b>	<b>\$ (722,891)</b>	<b>-</b>
Shares issued for services	100,000	100	25,900	16,000	10,000
<b>Net Loss for year ended June 30, 2013</b>				(35,485)	(35,485)
<b>Balance June 30, 2013</b>	<b>160,950</b>	<b>\$ 161</b>	<b>\$ 748,730</b>	<b>\$ (758,376)</b>	<b>\$ (9,485)</b>
Shares issued for services		100,033	100	9,900	10,000
Contributed services				16,000	16,000
<b>Net loss for year ended June 30, 2014</b>				(26,000)	(26,000)
<b>Balance June 30, 2014</b>	<b>260,983</b>	<b>261</b>	<b>774,630</b>	<b>(784,376)</b>	<b>(9,485)</b>

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## Baying Ecological Holding Group, Inc.

## Statements of Cash Flows

	Year ended		Cumulative
	June 30,	June 30,	from Date
	2014	2013	of
			Inception
			on April
			11, 2005 to
			June 30,
			2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$ (26,000)	\$ (35,485)	\$ (784,376)
Adjustments to reconcile net income (loss) to net cash used in operating activities			
Amortization Expense	-	-	8,125
Expense charged to Contributed Surplus	16,000	16,000	177,391
Debts charged to Contributed Surplus	-	-	-
Shares for services	10,000	10,000	20,000
Write-off of Properties	-	-	16,875
Shares issued for Properties	-	-	342,500
Increase (decrease) in Accrued Expenses	-	9,485	9,485
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>-</b>	<b>-</b>	<b>(210,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in Franchise	-	-	(25,000)
Investment in Oil and Gas Properties	-	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>-</b>	<b>(25,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of Capital Stock for cash	-	-	235,000
Note payable	-	-	-
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>-</b>	<b>--</b>	<b>235,000</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning	-	-	-
<b>Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental Disclosures of Cash Flow Information:</b>			
Stock issued for properties	\$ -	\$ -	\$ 342,500
Stock issued for services	\$ -	\$ -	\$ -
Debt forgiveness to Contributed Surplus	\$ -	\$ -	\$ 85,391

See Accompanying Notes to Financial Statements

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**Baying Ecological Holding Group, Inc.,**

**Notes to Financial Statements**

**June 30, 2014**

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

Baying Ecological Holdings, Inc was formerly Toro Ventures Inc which. was incorporated on 11 April 2005, under the laws of the State of Nevada. The company changed its name on January 9, 2014 to better reflect its new business direction.

The Company originally in the exploration of oil and gas properties is largely inactive.

**Reverse Stock Split**

On January 9, 2014 the Company effectuated a 1 to 100 reverse stock split. The financial statements have been presented for all periods to reflect this split.

**Basis of Presentation**

These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles.

**NOTE 2 - GOING CONCERN**

The Company's financial statements as of June 30, 2014 have been prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The Company has incurred a cumulative net loss from inception (April 11, 2005) through June 30, 2014 of \$784,376.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

The Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Net Loss per Share**

Net loss per common share is computed by dividing net loss by the weighted average common shares outstanding during the period as defined by Financial Accounting Standards, ASC Topic 260, "Earnings per Share". Basic earnings per common share ("EPS") calculations are determined by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Management believes that the estimates used are reasonable.

In Management's opinion all adjustments necessary for a fair statement of the results for the interim periods have been made. All adjustments are normal and recurring.

#### **Reclassifications**

Certain prior year balances have been reclassified to conform to the current year presentation.

### **Revenue Recognition**

The Company recognizes revenue on an accrual basis. Revenue is generally realized or realizable and earned when all of the following criteria are met: 1) persuasive evidence of an arrangement exists between the Company and our customer(s); 2) services have been rendered; 3) our price to our customer is fixed or determinable; and 4) collectability is reasonably assured.

### **Fair value of financial instruments**

The carrying value of cash equivalents and accrued expenses approximates fair value due to the short period of time to maturity.

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\$(0.07) \$0.85 \$(2.50) \$1.22 \$0.96 \$(0.78)

Diluted

\$0.41 \$(0.07) \$0.67 \$(2.50) \$1.11 \$0.90 \$(0.78)

Shares used in computing per common share amounts:

Basic

183,250 183,036 183,067 182,734 180,597 177,682 176,385

Diluted

282,551 183,036 263,379 182,734 208,767 199,556 176,385

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	<b>June 30, 2010</b>	<b>2009</b>	<b>2008</b>	<b>December 31, 2007</b>	<b>2006</b>	<b>2005</b>
			(in thousands)			
<b>Consolidated</b>						
<b>Balance Sheet Data:</b>						
Cash and cash equivalents	\$ 437,803	\$ 395,406	\$ 424,316	\$ 410,070	\$ 244,694	\$ 206,575
Working capital	292,809	327,088	306,174	310,341	215,095	131,362
Total assets	2,693,058	2,432,909	2,383,993	3,192,606	3,041,264	2,955,091
Total long-term debt	1,299,335	1,345,241	1,438,751	1,611,570	1,819,901	1,956,247
Total debt, including short-term borrowings and current portion of long-term debt	1,443,835	1,434,185	1,493,360	1,764,059	2,005,315	2,140,636
Total Amkor stockholders equity	490,986	383,209	237,139	654,619	393,920	223,905

(1) During 2008, we recorded a charge of \$61.4 million for unpaid royalties relating to the resolution of a patent license dispute, of which \$49.0 million related to royalties for periods prior to 2008.

(2) During 2006 and 2005, we recorded \$1.0 million and \$50.0 million respectively, related to epoxy mold compound litigation.

(3) At December 31, 2008, we recorded a

non-cash charge  
of  
\$671.1 million  
to write off our  
remaining  
goodwill.

- (4) During 2009,  
we sold land  
and dormitory  
buildings in  
Korea and  
recorded a gain  
of \$0.3 million.  
During 2008,  
we sold land  
and a warehouse  
in Korea and  
recorded a gain  
of \$9.9 million.  
In 2007, we  
recorded a gain  
of \$3.1 million  
in connection  
with the sale of  
real property in  
Korea used for  
administrative  
purposes.  
During 2005,  
we recognized a  
gain of \$4.4  
million on the  
sale of our  
Wichita, Kansas  
specialty test  
operation and in  
2007, we  
recognized an  
additional  
\$1.7 million  
gain related to  
an earn-out  
provision.
- (5) We recognize  
foreign currency  
(gains) losses  
due to the  
remeasurement  
of certain of our

foreign currency  
denominated  
monetary assets  
and liabilities.  
During 2008,  
the net foreign  
currency gain of  
\$61.1 million is  
primarily  
attributable to  
the significant  
depreciation of  
the Korean won  
and the impact  
on the  
remeasurement  
of our Korean  
severance  
obligation.

- (6) During the six  
months ended  
June 30, 2010,  
we recorded  
\$17.8 million of  
debt retirement  
costs primarily  
related to the  
repurchase of  
the  
\$53.5 million  
outstanding  
principal  
amount of our  
2011 Notes and  
the  
\$358.3 million  
principal  
amount of our  
2013 Notes.  
During the six  
months ended  
June 30, 2009,  
we recorded a  
net gain of  
\$16.9 million  
related to the  
repurchase of an  
aggregate  
\$177.3 million  
principal

amount of our  
2011 Notes and  
2011  
Convertible  
Notes.

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During 2009,  
we recorded a  
net gain of  
\$15.1 million  
related to the  
repurchase of an  
aggregate  
\$289.3 million  
principal  
amount of our  
2011 Notes and  
2011  
Convertible  
Notes and our  
2013 Notes.  
During 2008,  
we recorded a  
gain of  
\$36.0 million  
related to the  
repurchase of an  
aggregate  
\$118.3 million  
principal  
amount of our  
2011 Notes and  
2011  
Convertible  
Notes. In 2007,  
we recorded a  
loss of  
\$15.9 million  
related to the  
refinancing of  
our second lien  
term loan.  
During 2006,  
we recorded a  
loss of  
\$27.4 million  
related to the  
tender offer to  
purchase \$352.3  
million principal  
amount of our  
9.25% senior  
notes due  
February 2008  
and the

repurchase of  
\$178.1 million  
of our 10.5%  
senior  
subordinated  
notes due  
May 2009.

(7) For the six  
months ended  
June 30, 2010  
and year ended  
December 31,  
2009, our 30%  
equity  
investment in  
J-Devices  
Corporation was  
accounted for  
using the equity  
method, and we  
recognized  
equity in  
earnings of  
\$2.7 million and  
\$2.4 million,  
respectively.

(8) Generally, our  
effective tax  
rate is  
substantially  
below the U.S.  
federal tax rate  
of 35% because  
we have  
experienced  
taxable losses in  
the U.S. and our  
income is taxed  
in foreign  
jurisdictions  
where we  
benefit from tax  
holidays or tax  
rates lower than  
the U.S.  
statutory rate.  
For the six  
months ended  
June 30, 2010,

we recognized an income tax benefit of \$1.4 million, which reflects the release of a valuation allowance of \$5.3 million on net deferred tax assets of a Taiwan subsidiary partially offset by \$3.9 million of expense primarily related to income taxes at certain of our foreign operations, foreign withholding taxes and minimum taxes. For the six months ended June 30, 2009, we recognized an income tax expense of \$4.9 million. In 2009, a \$25.6 million benefit for the release of a valuation allowance in Korea is included in the income tax benefit. In 2008, the \$671.1 million goodwill impairment charge did not have a significant income tax benefit. Also,



the 2008 income  
tax provision  
included a  
charge of  
\$8.3 million for  
the  
establishment of  
a valuation  
allowance in  
Japan.

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**THE EXCHANGE OFFER**

**Purpose and Effect of the Exchange Offer**

On May 4, 2010, we sold \$345.0 million in aggregate principal amount of the original notes in a private placement. The original notes were sold to the initial purchasers who in turn resold the notes to a limited number of qualified institutional buyers, as defined in Rule 144A promulgated under the Securities Act, and to non-U.S. persons in transactions outside the United States in reliance on Regulation S of the Securities Act. In connection with the sale of the original notes, we and Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., as initial purchasers, entered into a registration rights agreement. Under the registration rights agreement, we agreed to use our reasonable best efforts to file a registration statement regarding the exchange of the original notes for the exchange notes which are registered under the Securities Act. We have also agreed to use our reasonable best efforts to cause the registration statement to become effective with the Commission and to conduct this exchange offer. For a more detailed explanation of our obligations under the registration rights agreement, see the section entitled **Registration Rights; Additional Interest**.

We are making the exchange offer to comply with our obligations under the registration rights agreement. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus is a part.

In order to participate in the exchange offer, you must represent to us, among other things, that:

- you are acquiring the exchange notes in the exchange offer in the ordinary course of your business;
- you are not engaged in, and do not intend to engage in, a distribution of the exchange notes;
- you do not have any arrangement or understanding with any person to participate in the distribution of the exchange notes;
- you are not a broker-dealer tendering original notes acquired directly from us for your own account; and
- you are not one of our affiliates, as defined in Rule 405 of the Securities Act.

**Resale of the Exchange Notes**

Based on a previous interpretation by the Staff of the Commission set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation (available May 13, 1988) and Morgan Stanley & Co. Incorporated (available June 5, 1991), we believe that the exchange notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, *provided* that the representations set forth above in **Purpose and Effect of the Exchange Offer** apply to you.

If:

- you are one of our affiliates, as defined in Rule 405 of the Securities Act;

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you are a broker-dealer who acquired original notes in the initial private placement and not as a result of market-making activities or other trading activities; or

you acquire exchange notes in the exchange offer for the purpose of distributing or participating in the distribution of the exchange notes,

you cannot participate in the exchange offer or rely on the position of the Staff of the Commission contained in the no-action letters mentioned above and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, which the broker-dealer acquired as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus (or, to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. We have agreed to make available a prospectus meeting the requirements of the Securities Act to any participating broker-dealers for use in connection with any resale of any such exchange notes so acquired; *provided* that we will not be required to amend or supplement such prospectus for a period exceeding 90 days after the time of the consummation of the registered exchange offer. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with the resales of exchange notes received in exchange for original notes which the broker-dealer acquired as a result of market-making or other trading activities. Any holder that is a broker-dealer participating in the exchange offer must notify the exchange agent at the telephone number set forth in the enclosed letter of transmittal and must comply with the procedures for broker-dealers participating in the exchange offer. We have not entered into any arrangement or understanding with any person to distribute the exchange notes to be received in the exchange offer. The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of original notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of the particular jurisdiction.

**Terms of the Exchange Offer**

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept original notes for exchange which are properly tendered on or before the expiration date and are not withdrawn as permitted below. The expiration date for this exchange offer is 5:00 p.m., New York City time, on November 22, 2010, or such later date and time to which we, in our sole discretion, extend the exchange offer, subject to applicable law.

As of the date of this prospectus, \$345.0 million in aggregate principal amount of the original notes are outstanding. This prospectus, together with the letter of transmittal, is being sent to all registered holders of the original notes on this date. There will be no fixed record date for determining registered holders of the original notes entitled to participate in the exchange offer. However, holders of the original notes must cause their original notes to be tendered by book-entry transfer or tender their certificates for the original notes before 5:00 p.m., New York City time, on the expiration date of the exchange offer in order to participate in the exchange offer.

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The form and terms of the exchange notes being issued in the exchange offer are the same as the form and terms of the original notes except that:

- the exchange notes being issued in the exchange offer will have been registered under the Securities Act;
- the exchange notes being issued in the exchange offer will not bear the restrictive legends restricting their transfer under the Securities Act; and
- the exchange notes being issued in the exchange offer will not contain the registration rights and special interest provisions contained in the original notes.

The exchange notes will evidence the same debt as the original notes and will be issued under the same indenture, so the exchange notes and the original notes will be treated as a single class of debt securities under the indenture. The original notes and the exchange notes will, however, have separate CUSIP numbers.

Outstanding notes being tendered in the exchange offer must be in denominations of \$2,000 and in integral multiples of \$1,000 in excess of \$2,000. We will issue \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of outstanding notes surrendered pursuant to the exchange offer.

The exchange offer is not conditioned upon any minimum aggregate principal amount of the original notes being tendered for exchange.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and applicable federal securities laws. Original notes that are not tendered for exchange under the exchange offer will remain outstanding and will be entitled to the rights under the indenture. Any original notes not tendered for exchange will not retain any rights under the registration rights agreement and will remain subject to transfer restrictions. See

Consequences of Failure to Exchange Outstanding Securities. You do not have any approval or dissenters' rights under the indenture in connection with the exchange offer.

We will be deemed to have accepted validly tendered original notes when, as and if we will have given oral or written notice of our acceptance of the validly tendered original notes to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us. If any tendered original notes are not accepted for exchange because of an invalid tender or the occurrence of other events set forth in this prospectus or otherwise, certificates for any unaccepted original notes will be returned, or, in the case of original notes tendered by book-entry transfer, those unaccepted original notes will be credited to an account maintained with DTC, without expense to the tendering holder of those original notes, as promptly as practicable after the expiration date of the exchange offer. See Procedures for Tendering.

Those who tender original notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instruction in the letter of transmittal, transfer taxes with respect to the exchange under the exchange offer. We will pay all charges and expenses, other than applicable taxes described below, in connection with the exchange offer. See Fees and Expenses.

**Expiration Date; Extensions, Amendments**

The expiration date is 5:00 p.m., New York City time on November 22, 2010, or such later date and time to which we, in our sole discretion, extend the exchange offer, subject to applicable law. In case of an extension of the expiration date of the exchange offer, we will issue a press release or other public

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announcement no later than 9:00 a.m. Eastern time, on the next business day after the previously scheduled expiration date. Such notification may state that we are extending this exchange offer for a specified period of time.

**Conditions to the Completion of the Exchange Offer**

We may not accept original notes for exchange and may terminate or not complete the exchange offer on or prior to the expiration date for the exchange offer if:

- any action, proceeding or litigation seeking to enjoin, make illegal or delay completion of the exchange offer or otherwise relating in any manner to the exchange offer is instituted or threatened;
- any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction shall have been proposed, enacted, enforced or deemed applicable to the exchange offer, any of which would or might restrain, prohibit or delay completion of the exchange offer;
- any of the following occurs and the adverse effect of such occurrence shall, in our reasonable judgment, be continuing:
  - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;
  - any extraordinary or material adverse change in U.S. financial markets generally, including, without limitation, a decline of at least 10% in either the Dow Jones Industrial Average, the NASDAQ Index or the Standard & Poor's 500 Index from the date of commencement of the exchange offer;
  - a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;
  - any limitation, whether or not mandatory, by any governmental entity on, or any other event that would reasonably be expected to adversely affect the extension of credit by banks or other lending institutions;
  - a commencement of a war or other national or international calamity directly or indirectly involving the United States, which would reasonably be expected to affect materially or adversely, or to delay materially, the completion of the exchange offer; or
  - if any of the situations described above existed at the time of commencement of the exchange offer and that situation deteriorates materially after commencement of the exchange offer.
- any tender or exchange offer, other than this exchange offer by us, with respect to some or all of our outstanding common stock or any merger, acquisition or other business combination proposal involving us shall have been proposed, announced or made by any person or entity;

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any change, or any development involving a prospective change, has occurred or been threatened in our business, financial condition, operations or prospects and those of our subsidiaries taken as a whole that is or may be adverse to us, or we have become aware of facts that have or may have an adverse impact on the value of the original notes or the exchange notes, which in our sole reasonable judgment in any case makes it inadvisable to proceed with the exchange offer, with such acceptance for exchange or with such exchange;

as the term "group" is used in Section 13(d)(3) of the Exchange Act:

any person, entity or group acquires more than 5% of our outstanding shares of common stock, other than a person, entity or group which had publicly disclosed such ownership with the Commission prior to the date of commencement of the exchange offer; or

any such person, entity or group which had publicly disclosed such ownership prior to such date shall acquire additional common stock constituting more than 2% of our outstanding shares; or any new group shall have formed that beneficially owns more than 5% of our outstanding shares of common stock that in our reasonable judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the exchange offer or with such acceptance for exchange of existing notes;

any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939;

any governmental approval or approval by holders of the original notes has not been obtained if we, in our reasonable judgment, deem this approval necessary for the consummation of the exchange offer; or there occurs a change in the current interpretation by the Staff of the Commission which permits the exchange notes to be issued in the exchange offer to be offered for resale, resold and otherwise transferred by the holders of the exchange notes, other than broker-dealers and any holder which is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the exchange notes acquired in the exchange offer are acquired in the ordinary course of that holder's business and that holder has no arrangement or understanding with any person to participate in the distribution of the exchange notes to be issued in the exchange offer.

If any of the above events occur on or prior to the expiration date for the exchange offer, we may:

terminate the exchange offer and promptly return all tendered original notes to tendering holders;

complete and/or extend the exchange offer and, subject to your withdrawal rights, retain all tendered original notes until the extended exchange offer expires;

amend the terms of the exchange offer; or

waive any unsatisfied condition (other than those dependent upon receipt of necessary governmental approvals) and, subject to any requirement to extend the period of time during which the exchange offer is open, complete the exchange offer.

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We may assert these conditions with respect to the exchange offer regardless of the circumstances giving rise to them. All conditions to the exchange offer, other than those dependent upon receipt of necessary government approvals, must be satisfied or waived by us on or prior to the expiration date for the exchange offer. We may waive any condition (other than those dependent upon receipt of necessary governmental approvals) in whole or in part at any time on or prior to the expiration date for the exchange offer in our discretion. Our failure to exercise our rights under any of the above circumstances does not represent a waiver of these rights. Each right is an ongoing right that may be asserted at any time on or prior to the expiration date for the exchange offer. Any determination by us concerning the conditions described above will be final and binding upon all parties.

If a waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that we will file with the Commission and, if required, distribute to the registered holders of the original notes, and we will extend the exchange offer for a period of five to ten business days, as required by applicable law, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during the five to ten business day period.

## **Procedures for Tendering**

To effectively tender original notes by book-entry transfer to the account maintained by the exchange agent at DTC, holders of original notes must request a DTC participant to, on their behalf, in lieu of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance through DTC's Automated Tender Offer Program ( ATOP ). DTC will then edit and verify the acceptance and send an agent's message to the exchange agent for its acceptance. An agent's message is a message transmitted by DTC to, and received by, the exchange agent and forming a part of the book-entry confirmation, as defined below, which states that DTC has received an express acknowledgment from the DTC participant tendering original notes on behalf of the holder of such original notes that such DTC participant has received and agrees to be bound by the terms and conditions of the exchange offer as set forth in this prospectus and the related letter of transmittal and that we may enforce such agreement against such participant. Timely confirmation of a book-entry transfer of the original notes into the exchange agent's account at DTC (a book-entry confirmation ) pursuant to the book-entry transfer procedures described below, as well as an agent's message pursuant to DTC's ATOP system must be delivered to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

To effectively tender any original notes held in physical form, a holder of the original notes must complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal or a facsimile thereof, together with the certificates representing such original notes and any other required documents, to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date.

Holders of original notes whose certificates for original notes are not lost but are not immediately available or who cannot deliver their certificates and all other documents required by the letter of transmittal to the exchange agent on or prior to 5:00 p.m., New York City time, on the expiration date, or who cannot complete the procedures for book-entry transfer on or prior to 5:00 p.m., New York City time, on the expiration date, may tender their original notes according to the guaranteed delivery procedures set forth in **Guaranteed Delivery Procedures** below.

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The method of delivery of the letter of transmittal, any required signature guarantees, the original notes and all other required documents, including delivery of original notes through DTC, and transmission of an agent's message through DTC's ATOP system, is at the election and risk of the tendering holders, and the delivery will be deemed made only when actually received or confirmed by the exchange agent. If original notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the expiration date, as desired, to permit delivery to the exchange agent prior to 5:00 p.m. on the expiration date. Holders tendering original notes through DTC's ATOP system must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such respective date.

No original notes, agent's messages, letters of transmittal or other required documents should be sent to us. Delivery of all original notes, agent's messages, letters of transmittal and other documents must be made to the exchange agent. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of original notes, including pursuant to the delivery of an agent's message through DTC's ATOP system, will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth herein and in the letter of transmittal.

Holders of original notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee who wish to tender must contact such registered holder promptly and instruct such registered holder how to act on such non-registered holder's behalf.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act (each an eligible institution) unless the original notes tendered pursuant to the letter of transmittal or a notice of withdrawal are tendered:

by a registered holder of original notes (which term, for purposes of the exchange offer, includes any participant in the DTC system whose name appears on a security position listing as the holder of such original notes) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or  
for the account of an eligible institution.

If a letter of transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such person should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with such letter of transmittal.

If the letter of transmittal is signed by a person other than the registered holder, the original notes must be endorsed or accompanied by a properly completed bond power, signed by the registered holder as the registered holder's name appears on the original notes.

All questions as to the validity, form, eligibility, time of receipt and withdrawal of the tendered original notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all original notes not validly tendered or any original notes



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which, if accepted, would, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any irregularities or conditions of tender as to particular original notes. Our interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within such time as we shall determine. Although we intend to notify you of defects or irregularities with respect to tenders of original notes, none of us, the exchange agent, or any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of original notes, nor shall any of them incur any liability for failure to give such notification. Tendere of original notes will not be deemed to have been made until such irregularities have been cured or waived. Any original notes received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such holder by the exchange agent, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date of the exchange offer.

Although we have no present plan to acquire any original notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any original notes that are not tendered in the exchange offer, we reserve the right, in our sole discretion, to purchase or make offers for any original notes after the completion of the exchange offer, from time to time, through open market or privately negotiated transactions, one or more additional exchange or tender offers, or otherwise, as permitted by law, the indenture and our other debt agreements. Following consummation of this exchange offer, the terms of any such purchases or offers could differ materially from the terms of this exchange offer.

By tendering, each holder will represent to us that, among other things:

it is not an affiliate of ours;

the person acquiring the exchange notes in the exchange offer is obtaining them in the ordinary course of its business, whether or not such person is the holder, and

neither the holder nor such person is engaged in or intends to engage in or has any arrangement or understanding with any person to participate in the distribution of the exchange notes issued in the exchange offer.

If any holder or any such other person is an affiliate, as defined under Rule 405 of the Securities Act, of us, or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution of exchange notes to be acquired in the exchange offer, that holder or any such other person:

may not participate in the exchange offer;

may not rely on the applicable interpretations of the Staff of the Commission; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its original notes as a result of market-making activities or other trading activities, and thereafter receives exchange notes issued for its own account in the exchange offer, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes issued in the exchange offer. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the

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Securities Act. See Plan of Distribution for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

**Acceptance of Original Notes for Exchange; Delivery of Exchange Notes Issued in the Exchange Offer**

Upon satisfaction or waiver of all of the conditions to the exchange offer on or prior to the expiration date for the exchange offer, we will accept, promptly after the expiration date, all original notes properly tendered and will issue exchange notes registered under the Securities Act. For purposes of the exchange offer, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given oral or written notice to the exchange agent, with written confirmation of any oral notice to be given promptly thereafter. See Conditions to the Exchange Offer for a discussion of the conditions that must be satisfied before we accept any original notes for exchange.

For each original note accepted for exchange, the holder will receive an exchange note registered under the Securities Act having a principal amount equal to that of the surrendered original note. The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes, or if no interest has been paid on the original notes, from May 4, 2010. As a result, registered holders of exchange notes issued in the exchange offer on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid on the original notes, from May 4, 2010. Original notes that we accept for exchange will cease to accrue interest from and after the date of completion of the exchange offer. Holders of original notes accepted for exchange will not receive any payment of accrued interest on such original notes on any interest payment date if the relevant record date occurs on or after the closing date of the exchange offer. Under the registration rights agreement, we may be required to make additional payments in the form of additional interest to the holders of the original notes under certain circumstances relating to the timing of the exchange offer.

In all cases, we will issue exchange notes in the exchange offer for original notes that are accepted for exchange only after the exchange agent timely receives:

- certificates for such original notes or a book-entry confirmation of such original notes into the exchange agent's account at DTC or certificates for such original notes;
- an agent's message or a properly completed and duly executed letter of transmittal; and/or
- any other required documents.

If for any reason set forth in the terms and conditions of the exchange offer we do not accept any tendered original notes, or if a holder submits original notes for a greater principal amount than the holder desires to exchange or a holder withdraws original notes, we will return such unaccepted, non-exchanged or withdrawn original note without cost to the tendering holder. In the case of original notes tendered by book-entry transfer into the exchange agent's account at DTC, such non-exchanged original notes will be credited to an account maintained with DTC. We will return the original notes or have them credited to the DTC account as promptly as practicable after the expiration or termination of the exchange offer.

**Book-Entry Transfer**

The exchange agent will establish an account with respect to the original notes at DTC for purposes of this exchange offer. Any financial institution that is a participant in DTC's ATOP systems may use DTC's

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ATOP procedures to tender original notes. Such participant may make a book-entry delivery of original notes by causing DTC to transfer such original notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. However, although delivery of original notes may be effected through a book-entry transfer at DTC, the letter of transmittal, or facsimile thereof, with any required signature guarantees, or an agent's message pursuant to the ATOP procedures and any other required documents must, in any case, be transmitted to and received by the exchange agent at the address set forth in this prospectus at or prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer, or the guaranteed delivery procedures described below must be complied with. Delivery of documents to DTC will not constitute valid delivery to the exchange agent.

**Guaranteed Delivery Procedures**

If your certificates for original notes are not lost but are not immediately available or you cannot deliver your certificates and any other required documents to the exchange agent at or prior to 5:00 p.m., New York City time, on the expiration date, or you cannot complete the procedures for book-entry transfer at or prior to 5:00 p.m., New York City time, on the expiration date, you may nevertheless effect a tender of your original notes if:

- the tender is made through an eligible institution;
- on or prior to the expiration date for the exchange offer, the exchange agent receives by facsimile transmission, mail or hand delivery from such eligible institution a validly completed and duly executed notice of guaranteed delivery, substantially in the form provided with this prospectus, or an agent's message with respect to guaranteed delivery which:

- sets forth your name and address and the amount of your original notes tendered;

- states that the tender is being made thereby; and

- guarantees that within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

- the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

**Withdrawal of Tenders**

Tenders of original notes may be properly withdrawn at any time prior 5:00 p.m., New York City time, on the expiration date of the exchange offer.

For a withdrawal of a tender to be effective, a written notice of withdrawal delivered by hand, overnight by courier or by mail, or a manually signed facsimile transmission, or a properly transmitted Request Message through DTC's ATOP system, must be received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. Any such notice of withdrawal must:

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specify the name of the person that tendered the original notes to be properly withdrawn;  
identify the original notes to be properly withdrawn, including certificate number or numbers and the principal amount of such original notes;  
in the case of original notes tendered by book-entry transfer, specify the number of the account at DTC from which the original notes were tendered and specify the name and number of the account at DTC to be credited with the properly withdrawn original notes and otherwise comply with the procedures of such facility;  
contain a statement that such holder is withdrawing its election to have such original notes exchanged for exchange notes;  
other than a notice transmitted through DTC's ATOP system, be signed by the holder in the same manner as the original signature on the letter of transmittal by which such original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the original notes register the transfer of such original notes in the name of the person withdrawing the tender; and  
specify the name in which such original notes are registered, if different from the person who tendered such original notes.

All questions as to the validity, form, eligibility and time of receipt of such notice will be determined by us, and our determination shall be final and binding on all parties. Any original notes so properly withdrawn will be deemed not to have been validly tendered for exchange for purposes of this exchange offer. No exchange notes will be issued with respect to any withdrawn original notes unless the original notes so withdrawn are later tendered in a valid fashion. Any original notes that have been tendered for exchange but are not exchanged for any reason will be returned to the tendering holder thereof without cost to such holder, or, in the case of original notes tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the book-entry transfer procedures described above, such original notes will be credited to an account maintained with DTC for the original notes as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn original notes may be retendered by following the procedures described above at any time at or prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

**Exchange Agent**

U.S. Bank National Association has been appointed as exchange agent for this exchange offer. Letters of transmittal, agent's message or Request Messages through DTC's ATOP system, notices of guaranteed delivery and all correspondence in connection with this exchange offer should be sent or delivered by each holder of original notes or a beneficial owner's broker, dealer, commercial bank, trust company or other nominee to the exchange agent at the following address:

U.S. Bank National Association  
Attn: Specialized Finance  
60 Livingston Ave.  
St. Paul, MN 55107

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We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith. Delivery or facsimile to a party other than the exchange agent will not constitute valid delivery.

**Fees and Expenses**

The expenses of soliciting tenders pursuant to this exchange offer will be paid by us.

Except as described above, we will not make any payments to brokers, dealers or other persons soliciting acceptances of this exchange offer. We will, however, pay the reasonable and customary fees and out-of-pocket expenses of the exchange agent, the trustee, and legal, accounting, and related fees and expenses. We may also pay brokerage houses and other custodians, nominees and fiduciaries their reasonable out-of-pocket expenses incurred in forwarding copies of this prospectus and related documents to the beneficial owners of the original notes, and in handling or forwarding tenders for exchange.

We will also pay all transfer taxes, if any, applicable to the exchange of original notes pursuant to this exchange offer. If, however, original notes are to be issued for principal amounts not tendered or accepted for exchange in the name of any person other than the registered holder of the original notes tendered or if tendered original notes are registered in the name of any person other than the person signing the letter of transmittal, or if a transfer tax is imposed for any reason other than the exchange of original notes pursuant to this exchange offer, then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the consent and letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

The cash expenses to be incurred in connection with the exchange offer are estimated in the aggregate to be approximately \$0.1 million. These expenses include registration fees, fees and expenses of the exchange agent, accounting and legal fees, and printing costs, among other expenses.

**Accounting Treatment**

We will record the exchange notes at the same carrying value as the original notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes as the terms of the exchange notes are substantially identical to the terms of the original notes. Third party costs related to the exchange offer will be expensed as incurred, but costs to the creditor (if any) are treated as a discount, and will be amortized over the term of the exchange.

**Consequences of Failure to Exchange Outstanding Securities**

Holders who desire to tender their original notes in exchange for exchange notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither the exchange agent nor us is under any duty to give notification of defects or irregularities with respect to the tenders of original notes for exchange.

Original notes that are not tendered or are tendered but not accepted will, following the completion of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the original notes and the existing restrictions on transfer set forth in the legend on the original notes set forth in the indenture for the notes. Except in limited circumstances with respect to specific types of holders of original notes, we will have no further obligation to provide for the registration under the Securities Act of such original notes. In general, original notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

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We do not currently anticipate that we will take any action to register the original notes under the Securities Act or under any state securities laws other than pursuant to this registration statement. Upon completion of the exchange offer, holders of the original notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances.

Holders of the exchange notes issued in the exchange offer and any original notes which remain outstanding after completion of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

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**DESCRIPTION OF OTHER INDEBTEDNESS**

**Debt of Amkor Technology Inc.**

***Senior Secured Credit Facilities***

In September 2010, we amended our \$100.0 million Revolving Credit Facility to reduce interest rates and extend its term to April 16, 2015. The facility has a letter of credit sub-limit of \$25.0 million. As amended, interest is charged under the facility at a floating rate based on the base rate in effect from time to time plus the applicable margins which range from 1.0% to 1.5% for base rate revolving loans, or LIBOR plus 2.25% to 2.75% for LIBOR revolving loans. We incur commitment fees on the unused amounts of the Revolving Credit Facility ranging from 0.50% to 0.75%, based on the unused portion of the Revolving Credit Facility.

There have been no borrowings under this Revolving Credit Facility as of June 30, 2010; however, we have utilized \$0.5 million of the available letter of credit sub-limit of \$25.0 million. The borrowing base of the Revolving Credit Facility is based on the amount of our eligible accounts receivable, which exceeded \$100.0 million as of June 30, 2010. This facility includes a number of affirmative and negative covenants, which could restrict our operations. If we were to default under the Revolving Credit Facility, we would not be permitted to draw additional amounts, and the lenders could accelerate our obligation to pay all outstanding amounts.

***Senior Notes***

In May 2006, we issued \$400.0 million of our 9.25% Senior Notes due June 2016 (the 2016 Notes ). The 2016 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 by us at specified prices, beginning at 104.625% plus accrued and unpaid interest to, but excluding, the redemption date. In May 2010, we announced a tender offer for up to \$175.0 million of our outstanding 2016 Notes. We used proceeds from the lower interest rate ATK Loan (described below) to purchase \$125.7 million in notes tendered. We recorded a \$6.7 million loss on extinguishment related to premiums and fees paid for the tender of the 2016 Notes and a \$1.6 million charge for the write-off of the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net in our Consolidated Statement of Operations for the three months ended June 30, 2010.

The 2016 Notes contain a number of affirmative and negative covenants, which could restrict our operations. As of June 30, 2010, there was approximately \$264.3 million of our 2016 Notes outstanding.

***Convertible Senior Subordinated and Subordinated Notes***

In November 2005, we issued \$100.0 million of our 6.25% Convertible Subordinated Notes due December 2013 (the 2013 Convertible Notes ) in a private placement to Mr. James J. Kim, our Executive Chairman of the Board of Directors, and certain Kim family members. The 2013 Convertible Notes are convertible at any time prior to the maturity date into our common stock at an initial price of approximately \$7.49 per share, subject to adjustment. The 2013

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Convertible Notes are subordinated in right of payment to the prior payment in full of all of our senior and senior subordinated debt. The 2013 Convertible Notes are not redeemable at our option before December 5, 2010. On or after December 5, 2010, the 2013 Convertible Notes are redeemable by us at specified prices, beginning at 102.344%, plus accrued and unpaid interest. As of June 30, 2010, there was \$100.0 million of our 2013 Convertible Notes outstanding.

In May 2006, we issued \$190.0 million of our 2.5% Convertible Senior Subordinated Notes due May 2011 (the 2011 Convertible Notes ). The 2011 Convertible Notes are convertible at any time, prior to the maturity date, into our common stock at a price of approximately \$14.59 per share, subject to adjustment. The 2011 Convertible Notes are subordinated in right of payment to the prior payment in full of all of our senior debt. We may not redeem the 2011 Convertible Notes prior to maturity. As of June 30, 2010, there was approximately \$42.6 million of our 2011 Convertible Notes outstanding.

In April 2009, we issued \$250.0 million of our 6.0% Convertible Subordinated Notes due April 2014 (the 2014 Convertible Notes ). The 2014 Convertible Notes are convertible at any time prior to the maturity date into our common stock at a price of approximately \$3.02 per share, subject to adjustment. The 2014 Convertible Notes are subordinated in right of payment to the prior payment in full of all of our senior debt. The 2014 Convertible Notes were purchased by certain qualified institutional buyers and Mr. James J. Kim, our Executive Chairman of the Board of Directors, and an entity controlled by Mr. Kim. Mr. Kim and his affiliate purchased \$150.0 million of the 2014 Convertible Notes. We may not redeem the 2014 Convertible Notes prior to maturity. As of June 30, 2010, there was \$250.0 million of our 2014 Convertible Notes outstanding.

At June 30, 2010, Mr. James J. Kim, our Executive Chairman of the Board of Directors, and certain Kim family members owned all of the \$100 million principal amount of our 6.25% Convertible Subordinated Notes due December 2013, \$150 million principal amount of our 6.0% Convertible Senior Subordinated Notes due April 2014, and \$35.6 million principal amount of our outstanding 9.25% Senior Notes due 2016. The 2016 notes were acquired in open market purchases during 2008 and 2009.

***Debt of Subsidiaries***

***Secured Term Loans***

In April 2007, Amkor Technology Korea, Inc., a Korean wholly-owned subsidiary ( ATK ), entered into a \$300.0 million, 7-year secured term loan with a Korean Bank (the Term Loan ). The Term Loan is guaranteed on an unsecured basis by Amkor in an amount up to 130% of the original principal amount of the loan. The Term Loan is secured by substantially all the land, factories, buildings and equipment located at our ATK facilities. The Term Loan bears interest at the Korean Bank s base rate plus 50 basis points (3.2% as of June 30, 2010) and amortizes in 28 equal quarterly payments through April 2014. At June 30, 2010, the Term Loan balance was \$171.4 million.



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In March 2010, Amkor Iwate Company, Ltd., a Japanese subsidiary ( AIC ), entered into a 1.0 billion Japanese yen (approximately \$11 million) term loan with a Japanese bank initially due October 2012. In May 2010, we prepaid \$5.3 million of the outstanding balance, which changed the maturity date to July 2011. Principal amounts borrowed are to be repaid in equal monthly payments and may be prepaid at any time without penalty. The term loan accrues interest monthly at the Tokyo Interbank Offering Rate ( TIBOR ) plus 0.65% (0.9% as of June 30, 2010). The borrowing outstanding was \$4.5 million as of June 30, 2010. The term loan is collateralized with certain equipment located at our AIC facilities. The proceeds of the term loan were used to repay the \$3.3 million of AIC s existing revolving line of credit balance and the remaining proceeds were used for general corporate purposes.

In April 2010, Amkor Technology Taiwan Ltd, a Taiwanese subsidiary ( ATT ), entered into a 1.5 billion Taiwan dollar (approximately \$47 million) term loan with a Taiwanese bank due April 2015 primarily to fund capital expenditures. This term loan is guaranteed on an unsecured basis by Amkor. The term loan is collateralized with certain land, buildings and equipment in Taiwan. Principal payments are due annually in the first year and semiannually thereafter and interest payments are due monthly. The term loan accrues interest at the 90-day primary commercial paper rate plus 0.835% (2.3% as of June 30, 2010). The borrowing outstanding as of June 30, 2010 was \$46.8 million.

In May 2010, ATK entered into a \$180.0 million, 3-year secured term loan with a Korean bank (the ATK Loan ), of which \$47.0 million was repaid in July 2010 upon conclusion of the 2016 Notes Tender. The ATK Loan is guaranteed on an unsecured basis by Amkor and is secured by substantially all the land, factories, and equipment located at our ATK facilities. The ATK Loan bears interest at the bank s funding rate-linked base rate plus 1.99% (4.5% as of June 30, 2010) and amortizes in 11 equal quarterly installments of \$5 million per installment, with the remaining balance of \$78.0 million due in May 2013.

The agreements governing these term loans contain a number of affirmative and negative covenants which could restrict our operations.

***Unsecured Term Loans***

In March 2010, AIC entered into a 2.5 billion Japanese yen (approximately \$28 million) term loan with a Japanese bank due September 2012. Principal amounts borrowed are payable quarterly and may be prepaid with the bank s consent at any time and may be subject to commissions and interest at the bank s discretion. The term loan accrues interest monthly at TIBOR plus 0.8% (1.4% as of June 30, 2010). The borrowing outstanding as of June 30, 2010 was \$23.1 million. The proceeds of the term loan were used to repay the revolving line of credit with the same bank.

***Working Capital Credit Facility***

In January 2009, Amkor Assembly & Test (Shanghai) Co, Ltd., a Chinese subsidiary, entered into a \$50.0 million U.S. dollar denominated working capital facility agreement with a Chinese bank maturing in January 2011. The facility is collateralized with certain real property and buildings in China. Principal amounts borrowed must be repaid within twelve months of the drawdown date and may be prepaid at any time without penalty. As of January 2010, no additional borrowings can be made according to the terms of the agreement. The working capital facility bears interest at LIBOR plus 1.7% which is payable in semi-annual payments. The borrowings outstanding as of June 30, 2010 were \$15.0 million, and were due in February and March 2010. In January 2010, the maturity date of the outstanding balance was extended through January 2011. At June 30, 2010, the interest rate was 2.1%. The working capital facility contains certain affirmative and negative covenants, which could restrict our operations. If we were to default on our obligations under this facility, the lender could accelerate our obligation to pay all outstanding amounts.

***Secured Equipment and Property Financing***

Our secured equipment and property financing, totaling \$1.2 million at June 30, 2010, consists of loans secured with specific assets at our Chinese subsidiary. 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 June 30, 2010 was 5.8%. Our Chinese subsidiary s financing agreement contains affirmative and negative covenants, which could restrict our operations, and, if we were to default on our obligations, the lender could accelerate our obligation to repay amounts borrowed under such facilities.



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**DESCRIPTION OF NOTES**

You can find the definitions of certain terms used in this description under the caption **Certain Definitions**. In this description, the word **Amkor** refers only to Amkor Technology, Inc. and not to any of its Subsidiaries.

Amkor issued the Notes under an Indenture, dated May 4, 2010 (the **Indenture** ), between itself and U.S. Bank National Association, as trustee (the **Trustee** ). The terms of the Notes, including the Exchange Notes, include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939.

The following description is a summary of the material provisions of the Indenture. It does not restate that agreement in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the Notes. The Indenture has been filed as an exhibit to the registration statement of which this prospectus forms a part.

**Ranking**

The Notes are:

general unsecured, senior obligations of us and any of our Subsidiaries that become Guarantors of the Notes;

effectively subordinated in right of payment to all of our existing and future secured debt, including any amounts outstanding under our Revolving Credit Facility, to the extent of the value of the collateral securing that debt;

effectively subordinated in right of payment to all existing and future debt and other liabilities, including trade payables, of any of our Subsidiaries that are not Guarantors of the Notes;

equal in right of payment with all our existing and future unsecured senior debt, including our outstanding 2016 Notes; and

senior in right of payment to all our existing and future debt that expressly provides that it is subordinated to the Notes, including our outstanding Convertible Subordinated Notes.

The Notes are **Designated Senior Debt** for purposes of the indentures governing our **Convertible Subordinated Notes**.

Following the Issue Date, certain of our Restricted Subsidiaries may become Guarantors pursuant to **Certain Covenants Future Subsidiary Guarantees**. The Notes are not currently Guaranteed by any of our Subsidiaries. The Notes Guarantee of any future Guarantor will be:

the general unsecured, senior obligation of such Guarantor;

effectively subordinated in right of payment to the existing and future secured debt, if any, of such Guarantor to the extent of the value of the collateral securing that debt;

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equal in right of payment with the existing and future unsecured senior debt of such Guarantor; and senior in right of payment to the existing and future debt of such Guarantor that expressly provides that it is subordinated to the Notes.

As of June 30, 2010, Amkor had total outstanding debt of \$1,443.8 million, none of which was secured debt, \$609.3 million of which was senior debt, \$392.6 million of which was senior subordinated or subordinated debt. Subject to certain limitations, the Indenture permits us to incur substantial additional secured debt.

We conduct a large portion of our operations through our Subsidiaries. Accordingly, our ability to meet our cash obligations is dependent upon the ability of our Subsidiaries to make cash payments to us. Payments from our Subsidiaries are expected to be a large source of funds for payment of interest on the Notes. The claims of creditors (including trade creditors) of any Subsidiary that is not a Guarantor will generally have priority as to the assets of such Subsidiary over the claims of the holders of the Notes. In the event of a liquidation of any Subsidiary that is not a Guarantor, our right to receive the assets of any such Subsidiary (and the resulting right of the holders of the Notes to participate in the distribution of the proceeds of those assets) will effectively be subordinated by operation of law to the claims of creditors (including trade creditors) of such Subsidiary and holders of such Subsidiary's preferred stock and any Guarantees by such Subsidiary of Indebtedness of Amkor. If Amkor were a creditor of such Subsidiary or a holder of its preferred stock, we would be entitled to participate in the distribution of the proceeds of such Subsidiary's assets. Our claims would, however, remain subordinate to any Indebtedness or preferred stock of such Subsidiary that is senior in right of payment to the Indebtedness or preferred stock held by us. In the event of the liquidation, bankruptcy, reorganization, insolvency, receivership or similar proceeding or any assignment for the benefit of our creditors or a marshaling of our assets or liabilities, holders of the Notes may receive ratably less than other such creditors or interest holders.

As of June 30, 2010, our Subsidiaries had approximately \$921.3 million of indebtedness and other liabilities (including trade payables but excluding intercompany obligations). Subject to certain limitations, the Indenture permits our Subsidiaries to incur substantial additional debt.

As of the date of the Indenture and the date hereof, all our Subsidiaries were Restricted Subsidiaries. However, under the circumstances described below under the caption Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, we are permitted to designate certain of our Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture.

**Principal, Maturity and Interest**

The Notes will mature on May 1, 2018.

Interest on the Notes accrues at the rate of 7.375% per annum and is payable semiannually in arrears on May 1 and November 1, commencing on November 1, 2010. Amkor will make each interest payment to the holders of record of the Notes on the immediately preceding April 15 and October 15.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year

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comprised of twelve 30-day months. Amkor issued Notes in denominations of \$2,000 and integral multiples of \$1,000 thereafter.

Additional interest is payable with respect to the Notes in certain circumstances if the Company does not consummate the exchange offer or shelf registration, as applicable, as provided in the Registration Rights Agreement referred to under the heading Registration Rights; Additional Interest in this prospectus.

**Notes Guarantees**

Each future Domestic Subsidiary that is a Significant Subsidiary of the Company will be required to Guarantee the Notes. As of the date hereof, we have no Domestic Subsidiaries that are Significant Subsidiaries and, accordingly, the Notes are not Guaranteed by any of our Subsidiaries.

A Notes Guarantee will be released:

in connection with any sale or other disposition of all or substantially all of the assets or all of the Capital Stock of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Domestic Subsidiary of the Company, if such sale or other disposition is in compliance with the covenant described in Certain Covenants Merger, Consolidation or Sale of Assets ;

upon the designation of such Guarantor as an Unrestricted Subsidiary, in accordance with the terms of the Indenture; or

upon the delivery by the Company to the Trustee of an Officers Certificate certifying that such Guarantor does not constitute a Significant Subsidiary or a Domestic Subsidiary within the meaning of the Indenture.

Under certain circumstances, bankruptcy fraudulent conveyance laws or other similar laws could invalidate the Notes Guarantees. If this were to occur, the Company would also be unable to access the assets of the Guarantors to service the Notes to the extent such Guarantors were restricted from distributing funds to the Company.

**Optional Redemption**

Except as set forth below, the Notes are not redeemable at the option of Amkor prior to May 1, 2014. Starting on that date, the Notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). The following redemption prices are for the Notes redeemed during the 12-month period commencing on May 1 of the years set forth below, and are expressed as percentages of principal amount:

<b>Year</b>	<b>Redemption Price</b>
2014	103.688%
2015	101.844%
2016 and thereafter	100.000%

In addition, at any time, and from time to time, prior to May 1, 2014, the Notes are subject to redemption upon not less than 30 nor more than 60 days notice, as a whole or in part, at the election of

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Amkor, at a price equal to the sum of (i) 100% of the principal amount thereof plus accrued interest and additional interest, if any, to, but excluding, the redemption date plus (ii) the Make-Whole Amount, if any.

At any time, and from time to time, prior to May 1, 2013, Amkor may redeem up to a maximum of 35% of the aggregate principal amount of the Notes with the proceeds of one or more Equity Offerings at a redemption price (expressed as a percentage of the principal amount) equal to 107.375% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the redemption date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that after giving effect to any such redemption at least 65% of the original aggregate principal amount of the Notes (excluding Notes held by Amkor and its Subsidiaries) remains outstanding. The redemption must occur within 45 days of the date of the closing of such Equity Offering.

**Repurchase at the Option of Holders**

***Offer to Repurchase Upon Change of Control***

If a Change of Control occurs, each holder of the Notes will have the right to require Amkor to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 thereafter) of that holder's Notes pursuant to an offer made by Amkor (the Change of Control Offer). In the Change of Control Offer, Amkor will offer to make a payment (the Change of Control Payment) in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and additional interest, if any, thereon to, but excluding, the date of purchase. Within 30 days following any Change of Control, Amkor will deliver a notice to each holder of the Notes describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in such notice (the Change of Control Payment Date), pursuant to the procedures required by the Indenture and described in such notice. Amkor will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control.

On the Change of Control Payment Date, Amkor will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by Amkor.

The Paying Agent will promptly deliver to each holder of the Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 thereafter.

Amkor will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

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The provisions described above that require Amkor to make a Change of Control Offer following a Change of Control will be applicable regardless of whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that Amkor repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Amkor will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by Amkor and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of Amkor and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require Amkor to repurchase such Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all the assets of Amkor and its Subsidiaries taken as a whole to another Person or group may be uncertain.

***Offer to Repurchase by Application of Excess Proceeds of Asset Sales***

Amkor will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) Amkor (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;
- (2) such fair market value is determined by the Board of Directors; and
- (3) at least 75% of the consideration therefor received by Amkor or such Restricted Subsidiary is in the form of cash or other Qualified Proceeds.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Amkor may apply such Net Proceeds at its option:

- (1) to repay Permitted Bank Debt, and if such Permitted Bank Debt is revolving debt, to effect a corresponding commitment reduction thereunder;
- (2) to acquire all or substantially all the assets of, or a majority of the Voting Stock of, another Permitted Business;
- (3) to make a capital expenditure; or
- (4) to acquire any other long-term assets that are used or useful in a Permitted Business.

Pending the final application of any such Net Proceeds, Amkor may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture.

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Any Net Proceeds from any Asset Sale that are not applied or invested as provided in the preceding paragraph within 365 days of such Asset Sale will constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds \$20.0 million, Amkor will make an offer (the Asset Sale Offer ) to all holders of the Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100.0% of principal amount plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Amkor may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and such other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other pari passu Indebtedness to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

**Certain Covenants**

***Restricted Payments***

Amkor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of Amkor s or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Amkor or any of its Restricted Subsidiaries) or to the direct or indirect holders of Amkor s or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Amkor or to Amkor or a Restricted Subsidiary of Amkor);
  - (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Amkor) any Equity Interests of Amkor or any direct or indirect parent of Amkor or any Restricted Subsidiary of Amkor (other than any such Equity Interests owned by Amkor or any Restricted Subsidiary of Amkor);
  - (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes, except (a) a payment of interest or principal at the Stated Maturity thereof, (b) the purchase, redemption, defeasance or other acquisition or retirement thereof for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, redemption, defeasance, acquisition or retirement, or (c) the purchase, redemption, defeasance or other acquisition or retirement of the 2011 Convertible Notes; or
  - (4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as Restricted Payments ),
- unless, at the time of and after giving effect to such Restricted Payment:
- (1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;



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- (2) Amkor would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Consolidated Interest Expense Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ; and
- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Amkor and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (7) and (9) of the next succeeding paragraph), is less than the sum, without duplication, of:
- (a) 50% of the Consolidated Net Income of Amkor for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing on January 1, 2010 to the end of Amkor's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*
- (b) 100% of the aggregate net cash proceeds received by Amkor since January 1, 2010 as a contribution to its common equity capital or from the issue or sale of Equity Interests of Amkor (other than Disqualified Stock) (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Amkor), *plus*
- (c) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment, *plus*
- (d) the amount by which (i) Indebtedness (other than Disqualified Stock) of Amkor or any Restricted Subsidiary (1) issued after the Issue Date or (2) consisting of Amkor's Convertible Subordinated Notes, in each case, is reduced on Amkor's consolidated balance sheet (if prepared in accordance with GAAP as of the date of determination) and (ii) Disqualified Stock of Amkor issued after the Issue Date (held by any Person other than any Restricted Subsidiary) is reduced (measured with reference to its redemption or repurchase price), in each case, as a result of the conversion or exchange of any such Indebtedness or Disqualified Stock into Equity Interests (other than Disqualified Stock) of Amkor, less, in each case, any cash distributed by Amkor upon such conversion or exchange, *plus*
- (e) to the extent that any Investment in any Unrestricted Subsidiary that was made after the Issue Date is sold for cash or otherwise liquidated, repaid for cash or such Unrestricted Subsidiary is converted into a Restricted Subsidiary, the lesser of (i) an amount equal to the sum of (A) the net reduction in Investments in Unrestricted Subsidiaries resulting from dividends, repayments of loans or advances or other transfers of assets, in each case to Amkor or any Restricted Subsidiary from Unrestricted Subsidiaries, and (B) the fair market value of the net assets of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a

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Restricted Subsidiary, and (ii) the remaining amount of the Investment in such Unrestricted Subsidiary which has not been repaid or converted into cash or assets.

The preceding provisions will not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration no Default has occurred and is continuing or would be caused thereby and such payment would have complied with the provisions of the Indenture;
- (2) the making of any payment on or with respect to, or in connection with, the redemption, repurchase, retirement, defeasance or other acquisition of, any Indebtedness of Amkor or any Restricted Subsidiary that is subordinated to the Notes or of any Equity Interests of Amkor or any Restricted Subsidiary in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Amkor) of, Equity Interests (other than Disqualified Stock) of Amkor or any subordinated Indebtedness of Amkor; *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(b) of the preceding paragraph;
- (3) the making of any payment on or with respect to, or in connection with, the defeasance, redemption, repurchase or other acquisition of Indebtedness of Amkor or any Restricted Subsidiary that is subordinated to the Notes with the net cash proceeds from the incurrence of Permitted Refinancing Indebtedness;
- (4) the payment of any dividend by a Restricted Subsidiary of Amkor to the holders of its common Capital Stock on a pro rata basis;
- (5) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Amkor or any Restricted Subsidiary of Amkor held by any employee of Amkor or any Restricted Subsidiary pursuant to any employee equity subscription agreement, stock ownership plan or stock option agreement in effect from time to time; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed \$5.0 million in any twelve-month period;
- (6) the making of any payment on or with respect to, or repurchase, redemption, defeasance or other acquisition or retirement for value of the Convertible Subordinated Notes or any future convertible notes of Amkor solely by the honoring by Amkor of any request to convert such notes into Capital Stock (other than Disqualified Stock) by a holder of either such convertible notes or such future convertible notes (including the payment by Amkor of any cash in lieu of fractional shares) in accordance with their terms;
- (7) that portion of Investments the payment for which consists exclusively of Equity Interests (other than Disqualified Stock) of Amkor;
- (8) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed \$125.0 million;
- (9) the repurchase of Equity Interests of Amkor that may be deemed to occur upon the exercise of stock options if such Equity Interests represent a portion of the exercise price thereof;

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- (10) any payments to one or more stockholders of Amkor in connection with settling stockholder obligations for income taxes in respect of tax periods ending prior to the conversion of Amkor from S corporation status to C corporation status;
- (11) in the case of an Asset Sale, an asset sale offer required under terms of other Indebtedness of the Company; *provided* that Amkor shall have complied with its obligations to the holders of the Notes under the Asset Sale covenant contained in the Indenture; and
- (12) in the case of a Change of Control, any Change of Control Offer to repurchase the senior subordinated notes after Amkor has complied with its obligations to the holders of the Notes under the Change of Control covenant contained in the Indenture.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by Amkor or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant with a fair market value in excess of \$5.0 million shall be evidenced by an Officer's Certificate which shall be delivered to the Trustee.

***Incurrence of Indebtedness and Issuance of Preferred Stock***

Amkor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, *incur*) any Indebtedness (including Acquired Debt), and Amkor will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that Amkor and any Restricted Subsidiary that is a Guarantor may incur Indebtedness (including Acquired Debt), and Amkor may issue Disqualified Stock, and any Restricted Subsidiary that is a Guarantor may issue preferred stock, if the Consolidated Interest Expense Coverage Ratio for Amkor's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, *Permitted Debt*):

- (1) the incurrence by Amkor and any Restricted Subsidiary of any Permitted Bank Debt; *provided* that the aggregate principal amount of all Permitted Bank Debt at any one time outstanding shall not exceed \$100.0 million plus 85% of the consolidated accounts receivable of Amkor plus 50% of the consolidated inventory of Amkor;
- (2) the incurrence by Amkor and its Subsidiaries of Existing Indebtedness;
- (3) the incurrence by Amkor and any Guarantor of Indebtedness represented by the Notes, and any Subsidiary Guarantees;
- (4) the incurrence by Amkor or any of its Restricted Subsidiaries of (a) Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of Amkor or such

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- Restricted Subsidiary and (b) Capital Lease Obligations, in an aggregate amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of \$75.0 million and 10% of Amkor's Consolidated Net Assets;
- (5) the incurrence by Amkor or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clause (2), (3), (5), (13) or (14) of this paragraph;
- (6) the incurrence by Amkor or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Amkor and any of its Restricted Subsidiaries; *provided, however*, that:
- (a) if Amkor or any Guarantor is the obligor on such Indebtedness and such Indebtedness is in favor of a Restricted Subsidiary other than a Wholly Owned Restricted Subsidiary, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of Amkor, or the Subsidiary Guarantee, in the case of a Guarantor; and
- (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Amkor or a Wholly Owned Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Amkor or a Wholly Owned Restricted Subsidiary thereof shall be deemed, in each case, to constitute an incurrence of such Indebtedness by Amkor or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);
- (7) the incurrence by Amkor or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate, commodity or currency risk in the ordinary course of business for bona fide hedging purposes; *provided* that the notional principal amount of any such Hedging Obligation with respect to interest rates does not exceed the amount of Indebtedness or other liability to which such Hedging Obligation relates;
- (8) the Guarantee by Amkor or any of the Guarantors of Indebtedness of Amkor or a Restricted Subsidiary of Amkor that was permitted to be incurred by another provision of this covenant;
- (9) the incurrence by Amkor's Unrestricted Subsidiaries of Non-Recourse Debt; *provided, however*, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of Amkor that was not permitted by this clause (9);
- (10) the incurrence of Indebtedness solely in respect of performance, surety and similar bonds or completion or performance Guarantees, to the extent that such incurrence does not result in the incurrence of any obligation for the payment of borrowed money to others;
- (11) the incurrence of Indebtedness arising from the agreements of Amkor or a Restricted Subsidiary of Amkor providing for indemnification, adjustment of purchase price or similar

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obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary; *provided, however*, that:

- (a) such Indebtedness is not reflected as a liability on the balance sheet of Amkor or any Restricted Subsidiary of Amkor; and
  - (b) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received by Amkor and its Restricted Subsidiaries in connection with such disposition;
- (12) the accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock; *provided*, in each such case, that the amount thereof is included in Consolidated Interest Expense of Amkor as accrued;
- (13) the incurrence of Indebtedness by Foreign Subsidiaries in an amount not to exceed 10% of the Total Tangible Assets of the Foreign Subsidiaries, taken as a whole; and
- (14) the incurrence by Amkor or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (14), not to exceed \$75.0 million.

Indebtedness or preferred stock of any Person that is outstanding at the time such Person becomes a Restricted Subsidiary of Amkor (including upon designation of any Subsidiary or other Person as a Restricted Subsidiary) or is merged with or into or consolidated with Amkor or a Restricted Subsidiary of Amkor shall be deemed to have been incurred at the time such Person becomes such a Restricted Subsidiary of Amkor or is merged with or into or consolidated with Amkor or a Restricted Subsidiary of Amkor, as applicable.

Amkor will not incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of Amkor unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms; *provided, however*, that no Indebtedness of Amkor shall be deemed to be contractually subordinated in right of payment to any other Indebtedness of Amkor solely by virtue of any Liens, Guarantees, maturity of payments or structural seniority.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Preferred Stock covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (14) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, Amkor may, in its sole discretion, classify or reclassify such item of Indebtedness (or any part thereof) in any manner that complies with this covenant, and such item of Indebtedness shall be treated as having been incurred pursuant to only one of such clauses or pursuant to the first paragraph of this covenant.

For purposes of determining any particular amount of Indebtedness under this covenant, Guarantees, Liens or obligations in support of letters of credit supporting Indebtedness shall not be included to the extent such letters of credit are included in the amount of such Indebtedness.

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Any increase in the amount of any Indebtedness solely by reason of currency fluctuations shall not be considered an incurrence of Indebtedness for purposes of this covenant.

***Liens***

Amkor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness on any asset now owned or hereafter acquired, except Permitted Liens, unless the Notes and any existing Notes Guarantee of a Subsidiary subject to such Lien, are equally and ratably secured with the obligations so secured for as long as such Indebtedness will be so secured.

***Dividend and Other Payment Restrictions Affecting Subsidiaries***

Amkor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to Amkor or any of Amkor's Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Amkor or any of Amkor's Restricted Subsidiaries;
- (2) make loans or advances to Amkor or any of Amkor's Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to Amkor or any of Amkor's Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) Existing Indebtedness as in effect on the date of the Indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such Existing Indebtedness, as in effect on the date of the Indenture;
- (2) the Indenture, the Notes and the Notes Guarantees;
- (3) applicable law;
- (4) any instrument governing or relating to Permitted Bank Debt or Indebtedness of Foreign Subsidiaries, in each case that meets the criteria specified in clauses (1) and (13), respectively, of the second paragraph of the covenant described above under the caption *Certain Covenants - Incurrence of Indebtedness and Issuance of Preferred Stock*; *provided*, that the Board of Directors shall have determined in good faith at the time that such encumbrance or restriction is created that such encumbrance or restriction (i) would not reasonably be expected to impair the ability of the Company to pay interest on the Notes at their Stated Maturity or to pay principal and accrued and unpaid interest on the Notes at their final Stated Maturity, and (ii) is not materially more disadvantageous to holders of the Notes than is customary in comparable financings;

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- (5) any instrument governing Indebtedness or Capital Stock of a Person acquired by Amkor or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (6) customary nonassignment provisions in leases, licenses or other contracts entered into in the ordinary course of business and consistent with past practices;
- (7) purchase money obligations or Capital Lease Obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the first paragraph of this section;
- (8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts dividends, distributions, loans, advances or transfers by such Restricted Subsidiary pending its sale or other disposition;
- (9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (10) agreements entered into with respect to Liens securing Indebtedness otherwise permitted to be incurred pursuant to the provisions of the covenant described above under the caption Certain Covenants Liens that limit the right of Amkor or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien;
- (11) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business;
- (12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
- (13) any Receivables Program; and
- (14) any restriction imposed pursuant to contracts for the sale of assets with respect to the transfer of the assets to be sold pursuant to such contract.

***Merger, Consolidation or Sale of Assets***

Amkor may not, directly or indirectly consolidate or merge with or into another Person (whether or not Amkor is the surviving corporation) or sell, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person, unless:

- (1) either (a) Amkor is the surviving corporation or (b) the Person formed by or surviving any such consolidation or merger (if other than Amkor) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

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- (2) the Person formed by or surviving any such consolidation or merger (if other than Amkor) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of Amkor under the Notes and the Indenture pursuant to agreements reasonably satisfactory to the Trustee;
- (3) immediately after such transaction no Default or Event of Default exists;
- (4) except in the case of the amalgamation, consolidation or merger of Amkor (a) with or into a Wholly Owned Restricted Subsidiary or (b) with or into any Person solely for the purpose of effecting a change in the state of incorporation of Amkor, Amkor or the Person formed by or surviving any such consolidation or merger (if other than Amkor) will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Consolidated Interest Expense Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock** ; and
- (5) Amkor shall have delivered to the Trustee an Officer's Certificate stating that such consolidation, merger, sale, assignment, transfer, conveyance or other disposition complies with the Indenture.

In addition, Amkor may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This **Merger, Consolidation or Sale of Assets** covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets by Amkor to any of its Wholly Owned Restricted Subsidiaries.

A Guarantor may not, directly or indirectly, consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation) or sell, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person, in each case other than with or to the Company or another Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default exists under the Indenture; and
- (2) either: (a) the Surviving Person (if not the Company or such Guarantor) is a Restricted Subsidiary and expressly assumes all the obligations of that Guarantor under the Indenture and the Notes Guarantee by executing a supplemental indenture and other documents reasonably satisfactory to the Trustee; or (b) such sale, transfer, assignment, conveyance or other disposition or merger, consolidation or amalgamation is otherwise in compliance with the covenant described in **Certain Covenants Limitation on Asset Sales**.

Upon satisfaction of the foregoing conditions, the Surviving Person shall succeed to, and be substituted for, and may exercise every right and power of the Company under the Indenture (or of the Guarantor under the Notes Guarantee and the Indenture).

***Transactions with Affiliates***

Amkor will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets



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from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each, an Affiliate Transaction), unless:

- (1) such Affiliate Transaction (when viewed together with related Affiliate Transactions, if any) is on terms that are no less favorable to Amkor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Amkor or such Restricted Subsidiary with an unrelated Person; and
- (2) Amkor delivers to the Trustee:
  - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, a resolution of the Board of Directors set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors (of which there must be at least one); and
  - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$25.0 million, an opinion as to the fairness to the holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The following items shall not be deemed Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement or arrangement entered into by Amkor or any of its Restricted Subsidiaries or any employee benefit plan available to employees of Amkor and its Subsidiaries generally, in each case in the ordinary course of business and consistent with the past practice of Amkor or such Restricted Subsidiary;
- (2) Affiliate Transactions between or among Amkor and/or its Restricted Subsidiaries;
- (3) payment of reasonable directors' fees to Persons who are not otherwise Affiliates of Amkor and indemnity provided on behalf of officers, directors and employees of Amkor or any of its Restricted Subsidiaries as determined in good faith by the Board of Directors of Amkor; and
- (4) any Restricted Payments that are permitted as described above under the caption Certain Covenants Restricted Payments.

For purposes of this Transactions With Affiliates covenant, any transaction or series of related Affiliate Transactions between Amkor or any Restricted Subsidiary and an Affiliate that is approved by a majority of the disinterested members of the Board of Directors (of which there must be at least one to utilize this method of approval) and evidenced by a Board resolution or for which a fairness opinion has been issued shall be deemed to be on terms that are no less favorable to Amkor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Amkor or such Restricted Subsidiary with an unrelated Person and thus shall be permitted under this Transactions With Affiliates covenant.

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***Sale and Leaseback Transactions***

Amkor will not, and will not permit any of its Subsidiaries to, enter into any sale and leaseback transaction; *provided* that Amkor or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

- (1) Amkor or such Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction (if the lease is in the nature of an operating lease, otherwise the amount of Indebtedness) under the Consolidated Interest Expense Coverage Ratio test in the first paragraph of the covenant described above under the caption **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock** ; and
- (2) the transfer of assets in that sale and leaseback transaction is permitted by, and Amkor applies the proceeds of such transaction in compliance with, the covenant described above under the caption **Repurchase at the Option of Holders Offer to Repurchase by Application of Excess Proceeds of Asset Sales**.

The foregoing restriction shall not apply to any sale and leaseback transaction if (i) the transaction is solely between Amkor and any Restricted Subsidiary or between Restricted Subsidiaries or (ii) the sale and leaseback transaction is consummated within 180 days after the purchase of the assets subject to such transaction.

***Future Subsidiary Guarantees***

If Amkor or any of its Restricted Subsidiaries acquires, creates or capitalizes a Domestic Subsidiary after the date of the Indenture that is a Significant Subsidiary, then that newly acquired, created or capitalized Subsidiary must become a Guarantor and execute a supplemental indenture satisfactory to the Trustee and deliver an opinion of counsel to the Trustee within 10 business days of the date on which it was acquired or created.

***Designation of Restricted and Unrestricted Subsidiaries***

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, all outstanding Investments owned by Amkor and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption **Certain Covenants Restricted Payments or Permitted Investments**, as applicable. All such outstanding Investments will be valued at their fair market value at the time of such designation. That designation will only be permitted if such Restricted Payment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

***Limitation on Issuances and Sales of Equity Interests in Wholly Owned Restricted Subsidiaries***

Amkor will not, and will not permit any of its Wholly Owned Restricted Subsidiaries to, transfer, convey, sell, lease or otherwise dispose of any Equity Interests in any Wholly Owned Restricted Subsidiary of Amkor to any Person (other than Amkor or a Wholly Owned Restricted Subsidiary of Amkor), unless:

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- (1) such transfer, conveyance, sale, lease or other disposition is of all the Equity Interests in such Wholly Owned Restricted Subsidiary or immediately following such transfer, conveyance, sale, lease or other disposition, the Wholly Owned Restricted Subsidiary is a Restricted Subsidiary; and
- (2) the cash Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with the covenant described above under the caption Repurchase at the Option of Holders Offer to Repurchase by Application of Excess Proceeds of Asset Sales.

In addition, Amkor will not permit any Wholly Owned Restricted Subsidiary of Amkor to issue any of its Equity Interests (other than, if necessary, shares of its Capital Stock constituting directors qualifying shares) to any Person other than to Amkor or a Wholly Owned Restricted Subsidiary of Amkor unless immediately following such issuance the Wholly Owned Restricted Subsidiary is a Restricted Subsidiary.

***Methods of Receiving Payments on the Notes***

If a holder has given wire transfer instructions to Amkor, Amkor will make all principal, premium and interest payments on those Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency of the Paying Agent and Registrar within the City and State of New York unless Amkor elects to make interest payments by check mailed to the holders at their addresses set forth in the register of holders.

**Paying Agent and Registrar for the Notes**

The Trustee will initially act as Paying Agent and Registrar. Amkor may change the Paying Agent or Registrar without prior notice to the holders of the Notes, and Amkor or any of its Subsidiaries may act as Paying Agent or Registrar.

**Transfer and Exchange**

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and Amkor may require a holder to pay any taxes and fees required by law or permitted by the Indenture.

The registered holder of a Note will be treated as its owner for all purposes.

**Payments for Consent**

Amkor will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of the Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

**Reports**

Whether or not required by the SEC, so long as any Notes are outstanding, Amkor shall file with the SEC (if permitted) all the reports and other information as it would be required to file with the SEC by

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Sections 13(a) and 15(d) under the Exchange Act, as if it were subject thereto. Amkor shall supply the Trustee and each holder of the Notes, or shall supply to the Trustee for forwarding to each holder of the Notes, without cost to any such holder, copies of such reports and other information (whether or not so filed).

**Events of Default and Remedies**

With respect to the Notes, each of the following is an Event of Default :

- (1) default for 30 days in the payment when due of interest and additional interest, if any, on the Notes;
- (2) default in payment when due of the principal of or premium, if any, on the Notes;
- (3) failure by Amkor or any of its Subsidiaries to make any payment required to be made under the provisions described above under the caption **Repurchase at the Option of Holders Offer to Repurchase Upon Change of Control** or **Repurchase at the Option of Holders Offer to Repurchase by Application of Excess Proceeds of Asset Sales**;
- (4) failure by Amkor or any of its Restricted Subsidiaries for 60 days after notice to comply with any covenant, representations, warranty or other agreements in the Indenture is provided to Amkor by the Trustee or the holders of at least 25% in principal amount of then outstanding Notes;
- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Amkor or any of its Restricted Subsidiaries (or the payment of which is guaranteed by Amkor or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the date of the Indenture, in an aggregate principal amount of \$10.0 million or more, if that default:
  - (a) is caused by a failure to pay principal of such Indebtedness at the Stated Maturity thereof (a **Payment Default** ); or
  - (b) results in the acceleration of such Indebtedness prior to the Stated Maturity thereof;
- (6) failure by Amkor or any of its Significant Subsidiaries or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of \$10.0 million (other than amounts covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days; and
- (7) certain events of bankruptcy or insolvency with respect to Amkor or any of its Significant Subsidiaries, or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Amkor, any Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

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Holders of the Notes may not enforce their respective indentures or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes.

Notwithstanding the foregoing, if Amkor so elects, the sole remedy of the holders for Amkor's failure to file or furnish reports or other financial information pursuant to section 3.14(a) of the Trust Indenture Act or as otherwise required by the Indenture, will for the first 180 days after the occurrence of such failure, consist exclusively of the right to receive additional interest on the notes at a rate per annum: equal to (i) 0.25% for the first 90 days after the occurrence of such failure and (ii) 0.50% from the 91st day to, and including, the 180th day after the occurrence of such failure ( "Additional Interest" ). Additional Interest will accrue on all outstanding notes from and including the date on which such failure first occurs until such violation is cured or waived and shall be payable on each relevant interest payment date to holders of record on the regular record date immediately preceding such interest payment date. On the 181st day after such failure (if such violation is not cured or waived prior to such 181st day), such failure will then constitute an Event of Default without any further notice or lapse of time and the notes will be subject to acceleration as provided above. Unless the context requires otherwise, all references to "interest" contained herein shall be deemed to include Additional Interest.

Amkor is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, Amkor is required to deliver to the Trustee a statement specifying such Default or Event of Default.

**No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator or stockholder of Amkor or any Guarantor, as such, shall have any liability for any obligations of Amkor or the Guarantors under the Notes, the Indenture, and the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

**Legal Defeasance and Covenant Defeasance**

Amkor may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees ( "Legal Defeasance" ), except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due from the trust referred to below;

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- (2) Amkor's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and Amkor's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, Amkor may, at its option and at any time, elect to have the Obligations of Amkor and the Guarantors released with respect to certain covenants that are described in the Indenture (Covenant Defeasance), and thereafter any omission to comply with those covenants shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (other than nonpayment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption Events of Default and Remedies will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) Amkor must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in United States dollars, noncallable government securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium and interest on the outstanding Notes at the Stated Maturity or on the applicable redemption date, as the case may be, and Amkor must specify whether the Notes are being defeased to maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, Amkor shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that (a) Amkor has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, Amkor shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default shall have occurred and be continuing either (a) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

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- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which Amkor or any of its Restricted Subsidiaries are parties or by which Amkor or any of its Restricted Subsidiaries are bound;
- (6) Amkor must have delivered to the Trustee an opinion of counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;
- (7) Amkor must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by Amkor with the intent of preferring the holders of the Notes over the other creditors of Amkor with the intent of defeating, hindering, delaying or defrauding creditors of Amkor or others;
- (8) Amkor must deliver to the Trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and
- (9) except as otherwise provided in the Indenture, each Guarantor shall have been released from any of its Obligations under its Guarantee of the Notes.

**Amendment, Supplement and Waiver**

Subject to the exceptions specified in the following paragraphs, the Indenture may be amended with the consent of the holders of a majority of the aggregate outstanding principal amount of the Notes and any Default or compliance with any provision of the Indenture may be waived with the consent of the holders of a majority of the aggregate outstanding principal amount of the Notes.

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Notes held by a nonconsenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption Repurchase at the Option of Holders );
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes and a waiver of the Payment Default that resulted from such acceleration);
- (5) make any Note payable in money other than that stated in the Notes;

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- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of the Notes to receive payments of principal of or premium, if any, or interest on the Notes;
- (7) waive a payment required by one of the covenants described above under the caption      Repurchase at the Option of Holders;
- (8) make any change in the preceding amendment and waiver provisions; or
- (9) release any Guarantor from any of its obligations under its Guarantee of the Notes or the Indenture, except in accordance with the terms of the Indenture.

Notwithstanding the preceding, without the consent of any holder of the Notes, Amkor and the Trustee may amend or supplement the Indenture, the Notes or the Notes Guarantees to:

- (1) cure any ambiguity, defect or inconsistency;
- (2) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) provide for the assumption of Amkor's obligations to holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of Amkor's assets;
- (4) make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder;
- (5) make any change necessary to make the Indenture, the Notes or the Notes Guarantee, as applicable, consistent with this description of notes;
- (6) permit any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes; or
- (7) comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act of 1939.

**Concerning the Trustee**

If the Trustee becomes a creditor of Amkor or any Guarantor, the Indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. Such Trustee will be permitted to engage in other transactions, but if it acquires any conflicting interest, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur and be continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.



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### **Available Information**

Anyone who receives this prospectus may obtain a copy of the Indenture without charge by writing to Amkor Technology, Inc., 1900 South Price Road, Chandler Arizona 85286, and Attention: Chief Financial Officer.

### **Governing Law**

The Indenture provides that it and the Notes are governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of laws to the extent that the application of the law of another jurisdiction would be required thereby.

### **Consent to Jurisdiction and Service**

The Indenture provides that Amkor will irrevocably appoint CT Corporation System as its agent for service of process in any suit, action or proceeding with respect to the Indenture or the Notes and for actions brought under federal or state securities laws in any federal or state court located in the Borough of Manhattan in The City of New York, and submits to such jurisdiction.

### **Certain Definitions**

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided. Cross references to subcaptions shall mean the respective subcaption, as appropriate, under the caption Description of Notes.

**Acquired Debt** means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

**Affiliate** of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, control, as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more, or an agreement, obligation or option to purchase 10% or more, of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms controlling, controlled by and under common control with shall have correlative meanings.

**Asset Sale** means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights (including by way of a sale-and-leaseback) other than sales of inventory in the ordinary course of business (*provided* that the sale, lease conveyance or other disposition of all or substantially all the assets of Amkor and its Restricted Subsidiaries taken as a whole will be governed by the provisions of

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the Indenture described above under the caption Repurchase at the Option of Holders Offer to Repurchase Upon Change of Control and/or the provisions described above under the caption Certain Covenants Merger, Consolidation or Sale of Assets and not by the provisions described above under the caption Repurchase at the Option of Holders Offer to Repurchase by Application of Excess Proceeds of Asset Sales );

- (2) with respect to Amkor, the sale of Equity Interests in any of its Subsidiaries;
- (3) with respect to Amkor's Restricted Subsidiaries, the issuance of Equity Interests.  
Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:
  - (1) any single transaction or series of related transactions that: (a) involves assets having a fair market value of less than \$5.0 million; or (b) results in net proceeds to Amkor and its Restricted Subsidiaries of less than \$5.0 million;
  - (2) a transfer of assets between or among Amkor and any Restricted Subsidiary;
  - (3) an issuance of Equity Interests by a Restricted Subsidiary to Amkor or to another Wholly Owned Restricted Subsidiary;
  - (4) the sale, lease, conveyance or other disposition of any Receivable Program Assets by Amkor or any Restricted Subsidiary in connection with a Receivables Program;
  - (5) the sale, lease, conveyance or other disposition of any inventory, receivables or other current assets by Amkor or any of its Restricted Subsidiaries in the ordinary course of business;
  - (6) the granting of a Permitted Lien;
  - (7) the licensing by Amkor or any Restricted Subsidiary of intellectual property in the ordinary course of business or on commercially reasonable terms;
  - (8) the sale, lease, conveyance or other disposition of obsolete or worn out equipment or equipment no longer useful in Amkor's business; and
  - (9) the making or liquidating of any Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption Certain Covenants Restricted Payments.

**Attributable Debt** in respect of a sale and leaseback transaction involving an operating lease means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

**Beneficial Owner** has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person (as such term is used in Section 13(d) of the Exchange Act), such person shall be deemed to have beneficial ownership of all

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securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition.

**Capital Lease Obligation** means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

**Capital Stock** means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

**Cash Equivalents** means:

- (1) United States dollars or currency of any other sovereign nation in which Amkor or any Restricted Subsidiary conducts business;
- (2) securities issued or direct and fully guaranteed or insured by the full faith and credit of the United States government or any agency or instrumentality thereof having maturities of not more than 12 months from the date of acquisition;
- (3) certificates of deposit and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case with (a) any domestic commercial bank having capital and surplus in excess of \$500.0 million and a Fitch Individual Rating (formerly Thompson Bank Watch Rating) of B or better, or (b) any commercial bank organized under the laws of any foreign country recognized by the United States of America having capital and surplus in excess of \$500.0 million (or the foreign currency equivalent thereof) and a Fitch Individual Rating (formerly Thompson Bank Watch Rating) of B or better;
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses and above entered into with any financial institution meeting the qualifications specified in clause above;
- (5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Corporation and in each case maturing within six months after the date of acquisition; and
- (6) money market funds at least 95.0% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through of this definition;

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*provided* that currency of any sovereign nation other than the United States and certificates of deposit, eurodollar time deposits, bankers' acceptances and overnight bank deposits with any commercial bank organized under the laws of a foreign country shall not be considered Cash Equivalents for purposes of determining whether an Asset Sale constitutes a permitted Asset Sale under the covenants described under the heading Repurchase at the Option of Holders Offer to Repurchase by Application of Excess Proceeds of Asset Sales.

**Change of Control** means the occurrence of any of the following:

- (1) the adoption of a plan relating to the liquidation or dissolution of Amkor;
- (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above), other than a Permitted holder, becomes the Beneficial Owner, directly or indirectly, of more than 35% of the Voting Stock of Amkor, measured by voting power rather than number of shares, and such percentage represents more than the aggregate percentage of the Voting Stock of Amkor, measured by voting power rather than number of shares, as to which any Permitted Holder is the Beneficial Owner; or
- (3) the first date during any consecutive two-year period on which a majority of the members of the Board of Directors of Amkor are not Continuing Directors.

For purposes of this definition, any transfer of an Equity Interest of an entity that was formed for the purpose of acquiring Voting Stock of Amkor will be deemed to be a transfer of such portion of Voting Stock as corresponds to the portion of the equity of such entity that has been so transferred.

**Consolidated Cash Flow** means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period *plus*:

- (1) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*
- (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*
- (3) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; *plus*
- (4) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an

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accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

- (5) non-cash items (other than any non-cash items that will require cash payments in the future or that relate to foreign currency translation) decreasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP; *minus*
- (6) non-cash items (other than any non-cash items that will require cash payments in the future or that relate to foreign currency translation) increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of Amkor shall be added to Consolidated Net Income to compute Consolidated Cash Flow of Amkor only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to Amkor by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

***Consolidated Interest Expense*** means, with respect to any Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net payments, if any, pursuant to Hedging Obligations; *plus*
- (2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*
- (3) interest actually paid by Amkor or any Restricted Subsidiary under any Guarantee of Indebtedness of another Person; *plus*
- (4) the product of all dividend payments, whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividend payments on Equity Interests payable solely in Equity Interests of Amkor (other than Disqualified Stock) or to Amkor or a Restricted Subsidiary of Amkor.

***Consolidated Interest Expense Coverage Ratio*** means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Consolidated Interest Expense of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees or redeems any Indebtedness (other than revolving credit borrowings) or issues or redeems preferred stock subsequent to the commencement of

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the period for which the Consolidated Interest Expense Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Consolidated Interest Expense Coverage Ratio is made (the Calculation Date ), then the Consolidated Interest Expense Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee or redemption of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated Interest Expense Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period, and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause of the proviso set forth in the definition of Consolidated Net Income;
- (2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded; and
- (3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

***Consolidated Net Assets*** means, with respect to any specified Person as of any date, the total assets of such Person as of such date less (1) the total liabilities of such Person as of such date, the amount of any Disqualified Stock as of such date, and any minority interests reflected on the balance sheet of such Person as of such date.

***Consolidated Net Income*** means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

- (1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary thereof;
- (2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;
- (3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

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(4) the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries; and

(5) the cumulative effect of a change in accounting principles shall be excluded.

**Continuing Directors** means, as of any date of determination, any member of the Board of Directors who:

(1) was a member of such Board of Directors on the date of the Indenture; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

**Convertible Subordinated Notes** means Amkor's 2.50% Convertible Senior Subordinated Notes due May 15, 2011, 6.00% Convertible Senior Subordinated Notes due 2014, and 6.25% Convertible Subordinated Notes due 2013.

**Credit Facilities** means, with respect to Amkor or any Subsidiary, one or more debt facilities or commercial paper facilities with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

**Default** means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

**Disqualified Stock** means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require Amkor to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that Amkor may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption Certain Covenants Restricted Payments.

**Domestic Subsidiary** means a Restricted Subsidiary that is (1) formed under the laws of the United States of America or a state or territory thereof or (2) as of the date of determination, treated as a domestic entity or a partnership or a division of a domestic entity for United States federal income tax purposes; and, in either case, is not owned, directly or indirectly, by an entity that is not described in clause (1) or above.

**Equity Interests** means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

**Equity Offering** means any offering for cash of common stock of Amkor or options, warrants or rights with respect to its common stock so long as shares of the common stock of Amkor remain listed on a national securities exchange or quoted on an established over-the-counter trading market in the United States.

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**Exchange Notes** means the Notes issued in the Exchange Offer.

**Exchange Offer** has the meaning set forth in the Registration Rights Agreement.

**Existing Indebtedness** means Indebtedness of Amkor and its Restricted Subsidiaries in existence on the date of the Indenture, until such amounts are repaid.

**Foreign Subsidiary** means a Subsidiary of Amkor that is not a Domestic Subsidiary.

**GAAP** means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

**Guarantee** means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including, without limitation, through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

**Guarantor** means any future Domestic Subsidiary of Amkor formed or capitalized after the date of the Indenture that is a Significant Subsidiary and that is required by the terms of the Indenture to execute a Subsidiary Guarantee, in accordance with the provisions of the Indenture, and its successors and assigns, until such Guarantor is released as a Guarantor in accordance with the terms of the Indenture.

**Hedging Obligations** means, with respect to any Person, the Obligations of such Person under:

- (1) swap agreements, cap agreements and collar agreements relating to interest rates, commodities or currencies; and
- (2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodities or currencies.

**holder** means the Person in whose name a Note is registered.

**Indebtedness** means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

- (1) borrowed money;
- (2) bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) banker's acceptances;
- (4) Capital Lease Obligations;
- (5) the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable; or
- (6) Hedging Obligations,



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if and to the extent any of such indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term

**Indebtedness** includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person measured as the lesser of the fair market value of the assets of such Person so secured or the amount of such Indebtedness) and, to the extent not otherwise included, the Guarantee by such Person of any indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be the accreted value thereof, in the case of any Indebtedness issued with original issue discount. In addition, the amount of any Indebtedness shall also include the amount of all Obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Restricted Subsidiary of Amkor, any preferred stock of such Restricted Subsidiary.

**Investments** means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including Guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Amkor or any Restricted Subsidiary of Amkor sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Amkor such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Amkor, Amkor shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption **Certain Covenants Restricted Payments**.

**Issue Date** means the date on which the Notes are initially issued.

**Lien** means, with respect to any asset, any mortgage, lien, pledge, fixed or floating charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof; *provided* that the term **Lien** shall not include any lease properly classified as an operating lease in accordance with GAAP.

**Make-Whole Amount** means, in connection with any optional redemption of any note, the excess, if any, of (i) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the redemption date) that would have been payable in respect of such dollar if such prepayment had not been made, determined by discounting, on a semiannual basis, such principal and interest at the Reinvestment Rate (determined on the Business Day preceding the date of such redemption) from the respective dates on which such principal and interest would have been payable if such payment had not been made, over (ii) the aggregate principal amount of the notes to be redeemed.

**Net Income** means, with respect to any Person, the net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

- (1) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (a) any Asset Sale or (b) the disposition of any securities by

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such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries;

- (2) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss);
- (3) any gain or loss relating to foreign currency translation or exchange; and
- (4) any income or loss related to any discontinued operation.

***Net Proceeds*** means the aggregate cash proceeds received by Amkor or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof, in each case after taking into account any available tax credits or deductions and any tax sharing arrangements and amounts required to be applied to the repayment of Indebtedness, other than Permitted Bank Debt, secured by a Lien on the asset or assets that were the subject of such Asset Sale.

***Non-Recourse Debt*** means Indebtedness:

- (1) as to which neither Amkor nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any obligation that would constitute Indebtedness), or (b) is directly or indirectly liable as a guarantor or otherwise, other than in the form of a Lien on the Equity Interests of an Unrestricted Subsidiary held by Amkor or any Restricted Subsidiary in favor of any holder of Non-Recourse Debt of such Unrestricted Subsidiary;
- (2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of Amkor or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and
- (3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Amkor or any of its Restricted Subsidiaries (other than against the Equity Interests of such Unrestricted Subsidiary, if any).

***Obligations*** means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

***Permitted Bank Debt*** means Indebtedness incurred by Amkor or any Restricted Subsidiary pursuant to the Credit Facilities, any Receivables Program, or one or more other term loan and/or revolving credit or commercial paper facilities (including any letter of credit subfacilities) or indentures or note purchase agreements entered into with commercial banks and/or financial institutions and/or institutional investors and/or insurance companies or trustees, whether in the bank or debt capital markets or otherwise (or combination thereof) and any replacement, extension, renewal, refinancing or refunding thereof.

***Permitted Business*** means the business of Amkor and its Subsidiaries, taken as a whole, operated in a manner consistent with past operations, and any business that is reasonably related thereto or supplements such business or is a reasonable extension thereof.

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***Permitted Holder*** means James J. Kim and his estate, spouse, siblings, ancestors, heirs and lineal descendants, and spouses of any such Persons, the legal representatives of any of the foregoing, and the trustee of any bona fide trust of which one or more of the foregoing are the principal beneficiaries or the grantors or any other Person that is controlled by any of the foregoing.

***Permitted Investments*** means:

- (1) any Investment in Amkor or in a Restricted Subsidiary;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by Amkor or any Restricted Subsidiary of Amkor in a Person, if as a result of such Investment or in connection with the transaction pursuant to which such Investment is made:
  - (a) such Person becomes a Restricted Subsidiary of Amkor; or
  - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Amkor or a Restricted Subsidiary of Amkor;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption **Repurchase at the Option of Holders Offer to Repurchase by Application of Excess Proceeds of Asset Sales**;
- (5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Amkor;
- (6) any Investment in connection with Hedging Obligations;
- (7) any Investments received (a) in satisfaction of judgments or (b) as payment on a claim made in connection with any bankruptcy, liquidation, receivership or other insolvency proceeding;
- (8) Investments in (a) prepaid expenses and negotiable instruments held for collection, (b) accounts receivable arising in the ordinary course of business (and Investments obtained in exchange or settlement of accounts receivable for which Amkor or any Restricted Subsidiary has determined that collection is not likely), and (c) lease, utility and workers compensation, performance and other similar deposits arising in the ordinary course of business;
- (9) any Strategic Investment; *provided* that the aggregate amount of all Investments by Amkor and any Restricted Subsidiaries in Strategic Investments shall not exceed 5% of Amkor's consolidated total assets determined as of the date of Amkor's most recently ended fiscal quarter;
- (10) Investments purchased or received in exchange for Permitted Investments existing as of the Issue Date or made thereafter; *provided* that any additional consideration provided by Amkor or any Restricted Subsidiary in such exchange shall not be permitted pursuant to this clause (10); and *provided, further*, that such purchased or exchanged Investments shall have a fair

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market value (as determined by an officer of Amkor unless such fair market value exceeds \$25.0 million in which case, as determined by Amkor's Board of Directors) equal to or exceeding the Permitted Investments exchanged therefor;

*provided* that, notwithstanding the preceding, any extension of credit or advance by Amkor or any of its Subsidiaries to a customer or supplier of Amkor or its Subsidiaries shall not be a Permitted Investment.

***Permitted Liens*** means:

- (1) Liens on the assets of Amkor and any Restricted Subsidiary securing Permitted Bank Debt that was permitted by the terms of the Indenture to be incurred;
- (2) Liens on the assets of any Foreign Subsidiary securing Indebtedness and other Obligations under Indebtedness of such Foreign Subsidiary that were permitted by the terms of the Indenture to be incurred;
- (3) Liens in favor of Amkor or any Restricted Subsidiary;
- (4) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with Amkor or any Restricted Subsidiary of Amkor; *provided* that such Liens were not incurred in contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Amkor or the Restricted Subsidiary;
- (5) Liens on property existing at the time of acquisition thereof by Amkor or any Restricted Subsidiary of Amkor; *provided* that such Liens were not incurred in contemplation of such acquisition;
- (6) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (7) Liens to secure Obligations in respect of Indebtedness (including Capital Lease Obligations) permitted by clause of the second paragraph of Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock covering only the assets acquired with such Indebtedness, including accessions, additions, parts, attachments, improvements, fixtures, leasehold improvements or proceeds, if any, related thereto;
- (8) Liens existing on the date of this Indenture;
- (9) Liens securing Obligations of Amkor and/or any Restricted Subsidiary in respect of any Receivables Program;
- (10) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings; *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;
- (11) Liens imposed by law or arising by operation of law, including, without limitation, landlords, mechanics, carriers, warehousemen, materialmen, suppliers and vendors Liens, Liens for masters and crews wages and other similar Liens, in each case that are

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incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made with respect thereto;

- (12) Liens incurred or pledges and deposits made in the ordinary course of business in connection with workers' compensation and unemployment insurance and other types of social security;
- (13) Liens to secure any extension, renewal, refinancing or refunding (or successive extensions, renewals, refinancings or refundings), in whole or in part, of any Indebtedness secured by Liens referred to in the foregoing clauses (4), (5), (7) and of this definition; *provided* that such Liens do not extend to any other property of Amkor or any Restricted Subsidiary of Amkor and the principal amount of the Indebtedness secured by such Lien is not increased;
- (14) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;
- (15) Liens securing obligations of Amkor under Hedging Obligations permitted to be incurred under clause (7) of the second paragraph of Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock or any collateral for the Indebtedness to which such Hedging Obligations relate;
- (16) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of banker's acceptances issued or credited for the account of such Person to facilitate the purchase, shipment or storage of such inventory or goods;
- (17) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;
- (18) Liens arising out of consignment or similar arrangements for the sale of goods in the ordinary course of business;
- (19) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (20) Liens securing other Indebtedness not exceeding \$25.0 million at any time outstanding;
- (21) Liens securing Permitted Refinancing Indebtedness, *provided* that such Liens do not extend to any other property of Amkor or any Restricted Subsidiary of Amkor and the principal amount of the Indebtedness secured by such Lien is not increased; and
- (22) Liens on the Equity Interests of Unrestricted Subsidiaries securing obligations of Unrestricted Subsidiaries not otherwise prohibited by the Indenture.

***Permitted Refinancing Indebtedness*** means any Indebtedness of Amkor or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew,

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replace, defease or refund other Indebtedness of Amkor or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

- (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest or premium (including any make-whole premium), if any, on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; *provided* that if the original maturity date of such Indebtedness is after the Stated Maturity of the Notes, then such Permitted Refinancing Indebtedness shall have a maturity at least 180 days after the Notes;
- (3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and
- (4) such Indebtedness is incurred either by Amkor or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

**Person** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

**Qualified Proceeds** means any of the following or any combination of the following:

- (1) any Cash Equivalents other than (a) currency of any sovereign nation other than the United States and (b) certificates of deposit, eurodollar time deposits, bankers' acceptances and overnight bank deposits with any commercial bank organized under the laws of a foreign country;
- (2) any liabilities (as would be shown on Amkor's or such Restricted Subsidiary's balance sheet if prepared in accordance with GAAP on the date of the corresponding Asset Sale) of Amkor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases or indemnifies Amkor or such Restricted Subsidiary from further liability;
- (3) any securities, notes or other obligations received by Amkor or any such Restricted Subsidiary from such transferee that are converted by Amkor or such Restricted Subsidiary into cash within 90 days after such Asset Sale (to the extent of the cash received in that conversion);
- (4) long-term assets that are used or useful in a Permitted Business; and

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(5) all or substantially all of the assets of, or a majority of the Voting Stock of, any Permitted Business; *provided, however*, that in the case of clauses (4) and (5) above, the Asset Sale transaction shall be with a non-Affiliate and the amount of long-term assets or Voting Stock received in the Asset Sale transaction shall not exceed 10% of the consideration received.

***Receivables Program*** means, with respect to any Person, an agreement or other arrangement or program providing for the advance of funds to such Person against the pledge, contribution, sale or other transfer of encumbrances of Receivables Program Assets of such Person or such Person and/or one or more of its Subsidiaries.

***Receivables Program Assets*** means all of the following property and interests in property, including any undivided interest in any pool of any such property or interests, whether now existing or existing in the future or hereafter arising or acquired:

- (1) accounts;
- (2) accounts receivable, general intangibles, instruments, contract rights, documents and chattel paper (including, without limitation, all rights to payment created by or arising from sales of goods, leases of goods, or the rendition of services, no matter how evidenced, whether or not earned by performance);
- (3) all unpaid seller's or lessor's rights (including, without limitation, rescission, replevin, reclamation and stoppage in transit) relating to any of the foregoing or arising therefrom;
- (4) all rights to any goods or merchandise represented by any of the foregoing (including, without limitation, returned or repossessed goods);
- (5) all reserves and credit balances with respect to any such accounts receivable or account debtors;
- (6) all letters of credit, security or Guarantees of any of the foregoing;
- (7) all insurance policies or reports relating to any of the foregoing;
- (8) all collection or deposit accounts relating to any of the foregoing;
- (9) all books and records relating to any of the foregoing;
- (10) all instruments, contract rights, chattel paper, documents and general intangibles relating to any of the foregoing; and
- (11) all proceeds of any of the foregoing.

***Receivables Program Debt*** means, with respect to any Person, the unreturned portion of the amount funded by the investors under a Receivables Program of such Person.

***Reinvestment Rate*** means 0.50% plus the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release under the caption "Treasury

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Constant Maturities for the maturity (rounded to the nearest month) corresponding to the maturity of the principal being prepaid. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purpose of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

**Registration Rights Agreement** means the Registration Rights Agreement, dated as of the Issue Date, by and among the Company and the other parties named on the signature pages thereof, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

**Restricted Investment** means an Investment other than a Permitted Investment.

**Restricted Subsidiary** of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

**Significant Subsidiary** means any Subsidiary that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated by the SEC, as such Regulation is in effect on the date hereof assuming that Amkor were the registrant for purposes of such definition; *provided* that in no event shall a Significant Subsidiary include (i) any direct or indirect Subsidiary of Amkor created for the primary purpose of facilitating one or more Receivables Programs or holding or purchasing inventory, (ii) any non-operating Subsidiary which does not have any liabilities to Persons other than Amkor or its Subsidiaries, or (iii) any Unrestricted Subsidiary.

**Stated Maturity** means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

**Statistical Release** means the statistical release designated H. 15(519) or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. government securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination under the Indenture, then such other reasonably comparable index which shall be designated by the Company.

**Strategic Investment** means any Investment in any Person (other than an Unrestricted Subsidiary) whose primary business is related, ancillary or complementary to a Permitted Business, and such Investment is determined in good faith by the Board of Directors (or senior officers of Amkor to whom the Board of Directors has duly delegated the authority to make such a determination), whose determination shall be conclusive and evidenced by a resolution, to promote or significantly benefit the businesses of Amkor and its Restricted Subsidiaries on the date of such Investment; *provided* that, with respect to any Strategic Investment or series of related Strategic Investments involving aggregate consideration in excess of \$10 million, Amkor shall deliver to the Trustee a resolution of the Board of Directors of Amkor set forth in an Officer's Certificate certifying that such Investment qualifies as a Strategic Investment pursuant to this definition.

**Subsidiary** means, with respect to any Person:



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- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

***Subsidiary Guarantee*** means a Guarantee endorsed on the Notes by a Guarantor.

***substantially concurrent*** means, with respect to any two or more events, the occurring of such events within 90 days of each other.

***Total Tangible Assets of the Foreign Subsidiaries*** means, as of any date, the total assets of the Foreign Subsidiaries of Amkor as of such date less the amount of the intangible assets of the Foreign Subsidiaries of Amkor as of such date.

***Unrestricted Subsidiary*** means any Subsidiary of Amkor that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board resolution, but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt;
- (2) is a Person with respect to which neither Amkor nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;
- (3) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Amkor or any of its Restricted Subsidiaries; and
- (4) has at least one director on its Board of Directors that is not a director or executive officer of Amkor or any of its Restricted Subsidiaries and has at least one executive officer that is not a director or executive officer of Amkor or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of Amkor as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted under Certain Covenants Restricted Payments. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of Amkor as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, Amkor shall be in default of such covenant. The Board of Directors of Amkor may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Amkor of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under Certain Covenants Incurrence of Indebtedness and Issuance of

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Preferred Stock, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period, and no Default or Event of Default would be in existence following such designation.

**Voting Stock** of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

**Weighted Average Life to Maturity** means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

**Wholly Owned Restricted Subsidiary** of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or similar shares required by law to be held by third parties) shall at the time be owned by such Person and/or by one or more Wholly Owned Restricted Subsidiaries of such Person.

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**REGISTRATION RIGHTS; ADDITIONAL INTEREST**

*The following description is a summary of the material provisions of the Registration Rights Agreement. It does not restate that agreement in its entirety. We urge you to read the Registration Rights Agreement in its entirety because it, and not this description, defines your registration rights as a holder of the notes.*

We entered into the Registration Rights Agreement with the initial purchasers, dated as of May 4, 2010. Pursuant to the Registration Rights Agreement, we agreed, for the benefit of the holders of the original notes, that we will, at our cost:

use our reasonable best efforts to file a registration statement (the exchange offer registration statement ) with respect to a registered offer to exchange the original notes for an equal principal amount of a new series of notes (the exchange notes ) with substantially identical terms, except that the exchange notes will not contain transfer restrictions;

use our reasonable best efforts to cause the exchange offer registration statement to be declared effective under the Securities Act; and

use our reasonable best efforts to complete the registered exchange offer within 210 days after May 4, 2010.

We have filed the registration statement of which this prospectus forms a part for the exchange offer in order to meet our obligations under the Registration Rights agreement. For details regarding the exchange offer, see The Exchange Offer.

Under existing interpretations of the Staff of the SEC, the exchange notes issued upon exchange for original notes will generally be freely tradable after the completion of the registered exchange offer without further compliance with the registration and prospectus delivery requirements of the Securities Act. However, any purchaser of original notes who is an affiliate of ours or who intends to participate in the registered exchange offer for the purposes of distributing the exchange notes:

will not be able to rely on the interpretations of the Staff of the SEC;

will not be entitled to participate in the registered exchange offer; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the notes, unless that sale or transfer is made pursuant to an exemption from those requirements.

Each holder of original notes who wishes to exchange its original notes for exchange notes pursuant to the registered exchange offer will be required to represent to us at the time of the consummation of the registered exchange offer that:

it is not an affiliate of ours;

the exchange notes to be received by it will be acquired in the ordinary course of its business; and

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it has no arrangement or understanding with any person to participate in the distribution, within the meaning of the Securities Act, of the exchange notes.

In addition, in connection with any resales of the exchange notes, any broker-dealer that acquired exchange notes for its own account as a result of market-making or other trading activities, which we refer to as exchanging broker-dealers, must deliver a prospectus meeting the requirements of the Securities Act as required by applicable law. The SEC has taken the position that exchanging broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes with the prospectus contained in the exchange offer registration statement. Under the Registration Rights Agreement, we will be required to allow exchanging broker-dealers and other persons, if any, subject to similar prospectus delivery requirements, to use the prospectus contained in the exchange offer registration statement in connection with the resale of exchange notes; *provided* that we will not be required to amend or supplement such prospectus for a period exceeding 90 days after the time of the consummation of the registered exchange offer.

In certain circumstances described in the Registration Rights Agreement, we may be required to file a shelf registration statement, which we refer to as the shelf registration statement, covering resales of the original notes and cause such shelf registration statement to be declared effective under the Securities Act within a specified time. We will also be required to keep the shelf registration statement effective for the time period specified in the Registration Rights Agreement.

If:

the registered exchange offer is not completed within 210 days after May 4, 2010;

the shelf registration statement is not declared effective by the SEC within 60 days of the later of (x) 120 days after May 4, 2010 or (y) the date that is 45 days after such filing is required pursuant to the Registration Rights Agreement; or

the shelf registration statement, if applicable, has been declared effective but ceases to be effective or usable for a period of time that exceeds 90 days in the aggregate in any 12-month period in which it is required to be effective under the Registration Rights Agreement, each such event referred to in this bullet point and any of the previous two bullet points we refer to as a registration default,

then we will pay additional interest as liquidated damages to the holders of the original notes affected thereby, and that additional interest will accrue on the principal amount of the original notes affected thereby, in addition to the stated interest on the original notes, from and including the date on which any registration default shall occur to, but not including, the date on which all registration defaults have been cured. Additional interest will accrue at a rate of 0.25% per annum for the first 90 days after the occurrence of any registration default and 0.50% per annum after the first 90 days after the occurrence of the registration default.

Once (i) all registration defaults have been cured or (ii) the original notes are sold or have become freely transferable by persons other than our affiliates pursuant to Rule 144 under the Securities Act under circumstances in which any legend borne by the notes relating to restrictions on transferability thereof is removed or is subject to removal at the request of the holder, the notes do not (or are not required to) bear a restricted CUSIP number and such notes are eligible to be sold pursuant to Rule 144 or any successor provision, the accrual of additional interest on the notes will cease and the interest rate will revert to the original rate on the notes. Any additional interest will constitute liquidated damages and will be the exclusive remedy, monetary or otherwise, available to any holder of notes with respect to any registration default.

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The Registration Rights Agreement will provide that a holder of notes is deemed to have agreed to be bound by the provisions of the Registration Rights Agreement whether or not the holder has signed the Registration Rights Agreement.

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**BOOK-ENTRY SYSTEM**

**The Global Securities**

Global notes will be deposited with a custodian for The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC.

DTC has advised us that it is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code, as amended, and a clearing agency registered pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, or the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's participants include securities brokers and dealers, including the underwriter, banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies, referred to as indirect participants, that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

Ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC, with respect to the interests of participants, and the records of participants and the indirect participants, with respect to the interests of persons other than participants.

The laws of some jurisdictions may require that some types of purchasers of notes take physical delivery of the securities in definitive form. Accordingly, the ability to transfer interests in notes represented by a global security to these persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in securities represented by a global security to pledge or transfer the interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of the interest, may be affected by the lack of a physical definitive security in respect of the interest.

So long as DTC or its nominee is the registered owner of a global security, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of certificated securities, and will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture. Accordingly, each holder owning a beneficial interest in a global security must rely on the procedures of DTC and, if the holder is not a participant or an indirect participant, on the procedures of the participant through which the holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global security.

We understand that under existing industry practice, in the event that we request any action of holders of notes, or a holder that is an owner of a beneficial interest in a global security desires to take any action that DTC, as the holder of such global security, is entitled to take, DTC would authorize the participants to take the action and the participants would authorize holders owning through the participants to take the action or would otherwise act upon the instruction of the holders. Neither we nor the trustee will have any

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responsibility or liability for any aspect of the records relating to, or payments made on account of securities by, DTC, or for maintaining, supervising or reviewing any records of DTC relating to the notes.

Payments with respect to the principal of, and premium, if any, and interest on, any notes represented by a global security registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the global security representing the notes under the indenture. Under the terms of the indenture, we may treat, and the trustee may treat, the persons in whose names the notes, including the global securities, are registered as the owners of the notes for the purpose of receiving payment on the notes and for any and all other purposes whatsoever. Accordingly, neither we nor the trustee has or will have any responsibility or liability for the payment of these amounts to owners of beneficial interests in the global security, including principal, premium, if any, and interest. Payments by the participants and the indirect participants to the owners of beneficial interests in the global securities will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds.

**Issuance of Certificated Securities**

If (1) we notify the trustee in writing that DTC is no longer willing or able to act as a depository or clearing system for the notes or DTC ceases to be registered as a clearing agency under the Exchange Act, and a successor depository or clearing system is not appointed within 90 days of this notice or cessation, (2) we, at our option, notify the trustee in writing that we elect to cause the issuance of notes in definitive form under the indenture, or (3) upon the occurrence and continuation of an event of default under the indenture with respect to any series of notes, then, upon surrender by DTC of the global securities, certificated securities will be issued to each person that DTC identifies as the beneficial owner of the notes represented by the global securities. Upon any such issuance, the trustee is required to register the certificated securities in the name of the person or persons or the nominee of any of these persons and cause the same to be delivered to these persons.

Neither we nor the trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

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**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

This section is a discussion of certain U.S. federal income tax considerations relating to the exchange offer. This summary does not provide a complete analysis of all potential tax considerations. The information provided below is based on existing U.S. federal tax authorities as of the date hereof, all of which are subject to change or differing interpretations, possibly with retroactive effect. There can be no assurances that the Internal Revenue Service (the

IRS ) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income tax consequences of the exchange offer. This summary generally applies only to beneficial owners of the notes that hold the notes as capital assets (generally, for investment), and does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular beneficial owner in light of the beneficial owner's circumstances (for example, persons subject to the alternative minimum tax provisions of the Code, or a U.S. holder (as defined below) whose functional currency is not the U.S. dollar). Also, it is not intended to address all categories of investors, some of which may be subject to special rules (such as partnerships or other pass-through entities (or investors in such entities), dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, banks, thrifts, regulated investment companies, real estate investment trusts, insurance companies, tax-exempt entities, tax-deferred or other retirement accounts, former citizens or residents of the United States, persons holding notes as part of a hedging or conversion transaction or a straddle, or persons deemed to sell notes under the constructive sale provisions of the Internal Revenue Code of 1986, as amended (the Code )). Finally, the summary does not describe the effect of the U.S. federal estate and gift tax laws or the effects of any applicable non-U.S., state or local laws.

**INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE CONSEQUENCES OF U.S. FEDERAL ESTATE AND GIFT TAX LAWS, NON-U.S., STATE AND LOCAL TAX LAWS, AND TAX TREATIES.**

As used herein, the term U.S. holder means a beneficial owner of the notes that, for U.S. federal income tax purposes is (1) an individual who is a citizen or resident of the United States, (2) a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if it (x) is subject to the primary supervision of a U.S. court and the control of one of more U.S. persons or (y) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. A non-U.S. holder is a beneficial owner of the notes that is an individual, corporation, estate or trust and is not a U.S. holder. If any entity or arrangement (domestic or foreign) that is treated as a partnership for U.S. federal income tax purposes is a beneficial owner of a note, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. A beneficial owner of a note that is a partnership, and partners in such partnership, should consult their own tax advisors about the U.S. federal income tax consequences of the exchange offer, and of purchasing, owning and disposing of the exchange notes.

The exchange of original notes for exchange notes pursuant to the exchange offer will not be a taxable exchange for U.S. federal income tax purposes. Accordingly, for U.S. federal income tax purposes, a holder should have the same tax basis and holding period in the exchange notes as the holder had in the original notes immediately before the exchange.



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**PLAN OF DISTRIBUTION**

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale; *provided* that we will not be required to amend or supplement such prospectus for a period exceeding 90 days after the time of the consummation of the exchange offer. In addition, until February 20, 2011, all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of exchange notes by broker-dealers or any other persons. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit of any such resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

We have agreed to pay all expenses incident to this exchange offer, excluding underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, related to the sale or disposition of notes by a holder, and will indemnify the holders of the original notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act in connection with the exchange offer.

Each broker-dealer further acknowledges and agrees that, upon receipt of notice from us of the happening of any event which makes any statement in the prospectus untrue in any material respect or which requires the making of any changes in the prospectus to make the statements in the prospectus not misleading, which notice we agree to deliver promptly to such broker-dealer, such broker-dealer will suspend use of the prospectus until we have notified such broker-dealer that delivery of the prospectus may resume and have furnished copies of any amendment or supplement to the prospectus to the broker-dealer.

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**LEGAL MATTERS**

Certain legal matters relating to the validity of the notes offered hereby will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California and New York, New York.

**EXPERTS**

The consolidated financial statements, financial statement schedule and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2009 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**WHERE YOU CAN FIND MORE INFORMATION**

We are a reporting company and file annual, quarterly and current reports, proxy statements and other information with the Commission. You may read any reports, proxy statements or other information that we file with the Commission at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for more information about the operation of the public reference room. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission, including Amkor Technology, Inc. The Commission's Internet site can be found at [www.sec.gov](http://www.sec.gov). Periodic and current reports we file with the Commission are available at our web site [www.amkor.com](http://www.amkor.com). Information on our web site is not incorporated by reference into this prospectus.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

We are filing with the Commission a registration statement on Form S-4 relating to the exchange notes. This prospectus is a part of the registration statement, but the registration statement includes additional information and also attaches exhibits that are referenced in this prospectus. In addition, as allowed by the Commission's rules, this prospectus incorporates by reference important business and financial information about us that is not included or delivered with this prospectus.

We incorporate by reference into this prospectus the following documents filed with the Commission:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (including the portions of our Proxy Statement for our 2010 Annual Meeting of Stockholders that are incorporated therein by reference);

Our Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2010 and March 31, 2010; and

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Our Current Reports on Form 8-K filed on September 10, 2010, July 22, 2010, May 27, 2010 (to the extent such information is filed and not furnished), May 11, 2010, May 5, 2010, April 29, 2010 (to the extent such information is filed and not furnished), April 1, 2010, February 26, 2010 and February 9, 2010.

All documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before the end of the offering pursuant to this prospectus shall also be deemed to be incorporated herein by reference. We do not incorporate by reference any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K in any past or future filings, unless specifically stated otherwise. Any such information incorporated by reference would be an important part of this prospectus. Information in this prospectus supersedes information that we filed with the Commission prior to the date of this prospectus, while information that we file later with the Commission will automatically update and supersede this prospectus. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request copies of our filings with the Commission and forms of documents pertaining to the securities offered hereby referred to in this prospectus without charge, from our website at [www.amkor.com](http://www.amkor.com) or by requesting them in writing or by telephone at:

Investor Relations  
Amkor Technology, Inc.  
1900 South Price Road  
Chandler, AZ 85286  
(480) 821-5000

**In order to obtain timely delivery of such documents, holders of original notes must request this information no later than five business days prior to the expiration date of the exchange offer for the original notes.**

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\$345,000,000  
Offer To Exchange  
7.375% Senior Notes due 2018  
Registered under the Securities Act  
for  
All Outstanding 7.375% Senior Notes due 2018  
of  
Amkor Technology, Inc.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale; *provided* that we will not be required to amend or supplement such prospectus for a period exceeding 90 days after the time of the consummation of the registered exchange offer. In addition, until February 20, 2011, all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.