

1 800 FLOWERS COM INC
Form DEF 14A
October 30, 2017
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934, as amended.

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential for Use of the Commission only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement X

Definitive Additional Materials

Soliciting Material Pursuant to §§ 240.14a-12

1-800-FLOWERS.COM, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1-800-FLOWERS.COM, INC.

One Old Country Road

Carle Place, New York 11514

Notice of Annual Meeting of Stockholders

December 11, 2017

The Annual Meeting of Stockholders (the “Annual Meeting”) of 1-800-FLOWERS.COM, Inc. (the “Company”) will be held at One Old Country Road, Carle Place, New York 11514, Fourth Floor Conference Room (the “Meeting Place”), on Monday, December 11, 2017 at 9:00 a.m. eastern standard time, or any adjournment thereof, for the following purposes, as more fully described in the Proxy Statement accompanying this notice:

- (1) To elect ten Directors to serve until the 2018 Annual Meeting or until their respective successors have been duly elected and qualified;
- (2) To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending July 1, 2018;
- (3) Advisory vote on executive compensation;
- (4) Advisory vote on the frequency of holding future advisory votes on executive compensation;
- (5) To vote on one shareholder proposal, if properly presented; and
- (6) To transact such other matters as may properly come before the Annual Meeting.

Only stockholders of record at the close of business on October 13, 2017 will be entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting, and for a period of ten days prior to the Annual Meeting, during regular business hours at the Meeting Place.

All stockholders are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, your proxy vote is important. To assure your representation at the Annual Meeting, you are urged to cast your vote, as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet or by telephone as promptly as possible. If you received a copy of the proxy materials by mail, you may sign, date and mail the proxy card in the envelope provided. Any stockholder of record attending the Annual Meeting may vote in person, even if he or she has voted over the Internet, by telephone or returned a completed proxy card. You may revoke your proxy at any time prior to the Annual Meeting. If you attend the Annual Meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

By Order of the Board of Directors

/s/ Gerard M. Gallagher
Gerard M. Gallagher
Corporate Secretary

Carle Place, New York
October 30, 2017

YOUR VOTE IS EXTREMELY IMPORTANT. YOU ARE URGED TO VOTE BY TELEPHONE OR INTERNET AS PROMPTLY AS POSSIBLE. ALTERNATIVELY, IF YOU RECEIVED A PAPER PROXY CARD BY MAIL, YOU MAY COMPLETE, SIGN AND RETURN THE PROXY CARD BY MAIL.

1-800-FLOWERS.COM, INC.
PROXY STATEMENT

October 30, 2017

This Proxy Statement is furnished to stockholders of record of 1-800-FLOWERS.COM, Inc. (the “Company”) as of October 13, 2017 (the “Record Date”) in connection with the solicitation of proxies by the Board of Directors of the Company (the “Board of Directors” or the “Board”) for use at the Annual Meeting of Stockholders (the “Annual Meeting”) which will be held at One Old Country Road, Carle Place, New York 11514, Fourth Floor Conference Room (the “Meeting Place”), on Monday, December 11, 2017 at 9:00 a.m. eastern standard time or any adjournment thereof.

In accordance with rules and regulations adopted by the Securities and Exchange Commission, instead of mailing a printed copy of our proxy materials to every stockholder, we are now furnishing proxy materials to our stockholders on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail, you may not receive a printed copy of the proxy materials other than as described below. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you as to how you may submit your proxy by telephone or over the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and did not receive proxy materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

The Securities and Exchange Commission’s rules permit us to deliver a single Notice or set of Annual Meeting materials to one address shared by two or more of our stockholders. This delivery method is referred to as “householding” and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one proxy statement and annual report to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the Notice or Annual Meeting materials, as requested, to any stockholder at the shared address to which a single copy of those documents was delivered. If you prefer to receive separate copies of the proxy statement or annual report, contact Broadridge Financial Solutions, Inc. at 1.800.542.1061 or in writing at Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. If you are currently a stockholder sharing an address with another stockholder and wish to receive only one copy of future Notices, proxy statements and annual reports for your household, please contact Broadridge at the above phone number or address.

Shares cannot be voted at the Annual Meeting unless the owner is present in person or by proxy. All properly executed and unrevoked proxies in the accompanying form that are received in time for the Annual Meeting will be voted at the Annual Meeting or any adjournment thereof in accordance with instructions thereon, or if no instructions are given, will be voted “FOR” the election of ten Directors named in this proxy statement, “FOR” the ratification of the

appointment of BDO USA, LLP, as the Company's independent registered public accounting firm, for the fiscal year ending July 1, 2018, "FOR" the approval of the executive compensation, "THREE YEARS" with respect to the frequency of future advisory votes on executive compensation, "AGAINST" the shareholder proposal and will be voted in accordance with the discretion of the person appointed as proxy with respect to other matters which may properly come before the Annual Meeting. Any person giving a proxy may revoke it by written notice to the Company at any time prior to the exercise of the proxy. In addition, although mere attendance at the Annual Meeting will not revoke the proxy, a stockholder who attends the Annual Meeting may withdraw his or her proxy and vote in person. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting. Abstentions will be counted in tabulations of the votes cast on each of the proposals presented at the Annual Meeting, whereas broker non-votes will not be counted for purposes of determining whether a proposal has been approved.

The Annual Report of the Company (which does not form a part of the proxy solicitation materials) is being made available on www.proxyvote.com concurrently herewith to stockholders.

The mailing address of the principal executive office of the Company is One Old Country Road, Suite 500, Carle Place, New York 11514. It is anticipated that the Notice of Internet Availability of Proxy Materials is first being sent to stockholders on or about October 30, 2017. The proxy statement and form of proxy relating to the 2017 Annual Meeting is first being made available to stockholders on or about October 30, 2017.

VOTING SECURITIES

The Company has two classes of voting securities issued and outstanding, its Class A common stock, par value \$0.01 per share (the “Class A Common Stock”), and its Class B common stock, par value \$0.01 per share (the “Class B Common Stock”, and together with the Class A Common Stock, the “Common Stock”), which generally vote together as a single class on all matters presented to the stockholders for their vote or approval. At the Annual Meeting, each stockholder of record at the close of business on October 13, 2017 of Class A Common Stock will be entitled to one vote for each share of Class A Common Stock owned on that date as to each matter presented at the Annual Meeting and each stockholder of record at the close of business on October 13, 2017 of Class B Common Stock will be entitled to ten votes for each share of Class B Common Stock owned on that date as to each matter presented at the Annual Meeting. On October 13, 2017, 36,018,141 shares of Class A Common Stock and 28,567,063 shares of Class B Common Stock were outstanding. A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting, and for a period of ten days prior to the Annual Meeting, during regular business hours at the Meeting Place.

METHODS OF VOTING

Stockholders can vote in person at the Annual Meeting or by proxy. There are three ways to vote by proxy:

By Telephone -- You can vote by telephone by calling 1.800.690.6903

By Internet -- You can vote over the Internet at www.proxyvote.com by following the instructions on the proxy card;
or

By Mail -- If you received your proxy materials by mail, you can vote by mail by signing, dating and mailing the enclosed proxy card.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (EST) on December 10, 2017.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors has recommended Meses. GERALYN R. BREIG, CELIA R. BROWN and KATHERINE OLIVER and Messrs. JAMES CANNAVINO, EUGENE DEMARK, LEONARD J. ELMORE, SEAN HEGARTY, CHRISTOPHER G. MCCANN, JAMES F. MCCANN, and LARRY ZARIN for election as Directors, to serve until the 2018 Annual Meeting or until their successors are duly elected and qualified. If a nominee is unable to be a candidate when the election takes place, the shares represented by valid proxies will be voted in favor of the remaining nominees. The Board of Directors does not currently anticipate that any of the nominees will be unable to be a candidate for election.

Information regarding the director nominees is set forth below under the heading “—Information Regarding Director Nominees”.

The affirmative vote of a plurality of the Company’s outstanding Common Stock present in person or by proxy at the Annual Meeting is required to elect the nominees for Directors. Unless otherwise instructed, the proxy holder will vote the proxies received by him “FOR” the election of the Directors.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF ITS TEN DIRECTOR NOMINEES

Information Regarding Director Nominees

Our Board of Directors currently consists of ten Directors with each Director serving a one year term. The following information with respect to the principal occupation or employment, other affiliations and business experience of each of the nominees to be elected at the meeting and during the last five years has been furnished to the Company by the nominee.

Geralyn R. Breig, age 55, has been a Director of the Company since January 2012. Ms. Breig served as President of Clarks, Americas Region, a division of the global, privately held footwear company C & J Clark Ltd. headquartered in England, from 2014 through 2016. Prior to Clarks she worked for Avon Products Inc. where she served as President of Avon North America and General Manager of Avon USA from 2008 to 2011. Prior to that, she was Senior Vice President & Brand President of Avon's Global Marketing Business Unit from 2005-2008. Ms. Breig held several executive positions at the Campbell Soup Company from 1995 to 2005. She began her career in brand management for the Beauty Care Division at The Procter & Gamble Company and from 1986 to 1995, she held several managerial positions at Kraft Foods, Inc. Ms. Breig has been a Director of Welch Foods Inc. since 2013 where she is a member of the Compensation Committee, Chair of the Nominating and Governance committee and former member of the Audit Committee.

Ms. Breig's career has focused on brand and product management at the management and executive level. She provides the Board with a brand management strategy, executive management experience and operational insights. We believe these experiences, qualifications, attributes and skills qualify her to serve as a member of our Board of Directors.

Celia R. Brown, age 63, has been a director of the Company since June 2016. Since 2017, Ms. Brown has served as an Independent Management Consultant. From 2010 until June 2016, she served as EVP, Group HR Director of Willis Group, a multi-billion dollar global, risk management and insurance brokerage company with operations in more than 120 countries. At Willis, Ms. Brown was an advisor to the CEO, compensation committee and Board of Directors on talent strategy, succession planning, reward strategy (including executive compensation), culture and diversity. Upon the 2016 merger of Willis and Towers Watson, Ms. Brown served as an integration advisor to the combined company. Prior to joining Willis, Ms. Brown was with XL Capital Ltd. and its predecessor company from 1988 through 2009 where she held numerous positions culminating in EVP, Head of Global HR and Corporate Relations. Ms. Brown serves as a board member for non-profit organization Volunteer New York.

As a result of Ms. Brown's career, she provides the Board with compensation and human resource experience and expertise. She also has experience integrating merger and acquisition transactions at the executive level. We believe these experiences, qualifications, attributes and skills qualify her to serve as a member of our Board of Directors.

James Cannavino, age 73, has been a Director of the Company since June 2007. Mr. Cannavino served as Chairman of the Board of Direct Insite from 2000 through 2011 and was Chief Executive Officer from December 2002 until May 2011. He continues to serve as a director. Direct Insite is a global provider of financial supply chain automation across procure-to-pay and order-to cash business processes. From September 1997 through April 2000, he was elected non-executive Chairman of Softworks, Inc. (a wholly owned subsidiary of Direct Insite, formerly Computer Concepts), which went public and was later sold to EMC. Mr. Cannavino was also the Chief Executive Officer and Chairman of the Board of Directors of Cybersafe, Inc., a company specializing in network security. Prior to Cybersafe, Mr. Cannavino was hired as President and Chief Operating Officer of Perot Systems Corporation; he was elected to serve as Chief Executive Officer through July 1997. Mr. Cannavino retired from IBM in 1995, a career that spanned 30 years, where he was Senior Vice President for Strategy and Business Development. Mr. Cannavino presently serves on the Boards of the National Center for Missing and Exploited Children and is the immediate past Chairman of The International Center for Missing and Exploited Children. He is a past chairman of the Board of Marist College in Poughkeepsie, New York and continues to serve on that board.

Mr. Cannavino's numerous years of experience in executive level positions in the technology industry provides the Board with a wealth of valuable insight and knowledge regarding business strategy, operational and management experience in the technology industry. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Eugene DeMark, age 70, has been a Director of the Company since January 2012. Mr. DeMark worked for KPMG LLP, a global professional services firm, from June 1969 until his retirement in October 2009. He served as the Advisory Northeast Area Managing Partner at KPMG from October 2005 until his retirement. During his career with KPMG, he served in various leadership positions including Area Managing Partner of the Information, Communications and Electronics Practice as well as Managing Partner of the firm's Long Island office. While on special assignment at KPMG he worked on the research staff of the Commission on Auditors Responsibilities (the predecessor of the Treadway Commission) that was formed to assess increases in fraudulent financial reporting and

developed KPMG's first study guide on SEC reporting. Since his retirement, Mr. DeMark has been an independent consultant. Mr. DeMark has served on the Board of Directors of BankUnited, Florida's largest independent bank, since 2010 and is the chair of the Audit and Risk Committee. He also serves on the Governance and Compensation committees of the Bank's Board and is the Lead Director. Mr. DeMark was on the Board of Directors of MSG Networks from October 2015 to December 2016 and was the Chair of their Audit Committee and served on the Compensation Committee. He is a Certified Public Accountant in the State of New York.

As a result of Mr. DeMark's professional experience and 40-year career with one of the leading professional services firm, he provides the Board with financial expertise, experience in risk management and executive managerial experience. Mr. DeMark qualifies as an audit committee financial expert and is financially sophisticated within the meaning of the NASDAQ Stock Market Rules. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Leonard J. Elmore, age 65, has been a Director of the Company since October 2002. Mr. Elmore has been a NCAA commentator for CBS Sports and ESPN for over 25 years. Mr. Elmore was the Chief Executive Officer of iHoops, the official youth basketball initiative of the NCAA and NBA from May 2010 until October 2011 and served as a Board Member from its inception in April 2009 until May 2010. Prior to joining iHoops, he was a Partner with the law firm of Dreier LLP in its New York City headquarters from September 2008 until February 2009. Prior to his employment with Dreier LLP in September, 2008, Mr. Elmore served as Senior Counsel with LeBoeuf, Lamb, et. al (subsequently Dewey & LeBouef) from October 2004 until March 2008. Prior thereto, Mr. Elmore served as the President of Test University, a leading provider of internet-delivered learning solutions for pre-college students, from 2001 to 2003. Mr. Elmore has served on the Board of Directors of Lee Enterprises, Inc. since February 2007 and is currently a member of their Audit Committee. Mr. Elmore continues to fulfill his commitment to public service as a Commissioner on the John and James L. Knight Foundation's Knight Commission on Intercollegiate Athletics.

Mr. Elmore's career has spanned many different sectors from the diverse public service sectors to law firm experience. He provides the Board a wealth of business strategy, operational and management experience. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Sean Hegarty, age 60, has been a Director of the Company since January 2014. Mr. Hegarty worked for Forbes Family Holdings, Inc. and its subsidiary, Forbes Media LLC from 1987 until 2011. Mr. Hegarty joined Forbes as the director of taxes, became the vice president of finance in 1998 and in 2003 he became the Executive Vice President and Chief Financial Officer until he left the company in 2011. Since 2011, Mr. Hegarty has been the managing partner of his own financial and tax planning consulting firm, Hegarty & Company. Since January 2015, he has served as the Chief Financial Officer for SBKTM Holdings, Inc., an affiliate of Forbes Family Holdings, Inc. Mr. Hegarty began his career in 1979 with Ernst & Young LLP. He is a Certified Public Accountant in the State of New York.

As a result of Mr. Hegarty's professional experience, he provides the Board with financial expertise, experience in risk management and executive managerial experience. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Christopher G. McCann, age 56, has been the Company's President since September 2000 and Chief Executive Officer since June 2016. Prior to that he served as the Company's Senior Vice President and was the President of the Consumer Floral Brand from July 2010 until October 2013. Mr. McCann has been a Director of the Company since inception. Mr. McCann is a member of the Board of Trustees of Marist College. He is the Vice Chairman of the Board

of Directors of IGHL. Christopher G. McCann is the brother of James F. McCann, the Company's Executive Chairman of the Board.

Due to Mr. C. McCann's various positions within the Company over the course of 30+ years, he brings to the Board a unique insight into the day-to-day operations of the Company and its subsidiaries as well as its strategic vision. In addition, his prior service on other public company boards of directors provide the Board with valuable board-level experience. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

James F. McCann, age 66, is the founder of the Company and served as the Company's Chairman of the Board and Chief Executive Officer from inception until June 2016. In June 2016, Mr. McCann became the Executive Chairman of the Board and relinquished the Chief Executive Officer role to Mr. C. McCann. Mr. McCann has been in the floral industry since 1976 when he began a retail chain of flower shops in the New York metropolitan area. Mr. McCann is the non-executive Chairman of the Board of Directors of Willis Towers Watson and serves as a member of its Nominating and Corporate Governance Committee. Mr. McCann is also a member of the Board of Directors of International Game Technology PLC and The Scotts Miracle Gro Company. James F. McCann is the brother of Christopher G. McCann, Chief Executive Officer, Director and President of the Company.

As the Company's Executive Chairman of the Board and former Chief Executive Officer since inception Mr. J. McCann brings to the Board his deep understanding of the Company's strategic business goals and extensive experience with both Company and industry-specific opportunities and challenges. Mr. J. McCann's current and prior service on other public company boards of directors and their committees provide the Board with valuable board-level experience. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Katherine Oliver, age 53, has been a director of the Company since February 2017 and was recommend to the Board by the Executive Chairman. She is a Principal at Bloomberg Associates, an international philanthropic consulting firm founded by former New York City Mayor Michael R. Bloomberg. She oversees the media and technology portfolio and advises mayors around the globe on economic development and public communications strategies. Previously, Ms. Oliver was appointed by Mayor Bloomberg as Commissioner of Media and Entertainment for New York City from 2002 until 2013. Since December 2015, she has been on the Board of Directors of The Chef's Warehouse, Inc. and is a member of their Nominating and Governance Committee as well as their Compensation and Human Capital Committee.

Ms. Oliver has over 25 years of experience in media and entertainment and therefore brings a unique lens to business development, creativity, branding and customer service. As she advises a variety of corporate and non-profit organizations on content creation and marketing strategies, the Company can leverage her expertise and insight. We believe these experiences, qualifications, attributes and skills qualify her to serve as a member of our Board of Directors

Larry Zarin, age 63, has been a director of the Company since March 2009. Mr. Zarin was Senior Vice President and Chief Marketing Officer for Express Scripts, a Fortune 25 company whose goal is to make the use of prescription drugs safer and more affordable, until his retirement in July 2013. He joined Express Scripts in 1996 and during his tenure, he had a leading role in the successful integration of the company's numerous major acquisitions, including, the \$29.1 billion acquisition of Medco. Mr. Zarin was responsible for corporate communications and marketing and was a frequent speaker at industry conferences and events. Before joining Express Scripts, Mr. Zarin headed a St. Louis consulting firm.

Mr. Zarin has extensive product and brand marketing and business leadership skills from his career at Express Scripts. He also has experience overseeing and integrating merger and acquisition transactions at an executive level. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Board Leadership Structure

The Board has no policy that requires the combination or separation of the roles of Chairman or Chief Executive Officer. Mr. J. McCann served as both our Chairman of the Board and our Chief Executive Officer until June 2016, at which point he ceased serving as Chief Executive Officer. The Board believes that Mr. J. McCann is the director best suited to serve as Executive Chairman of the Board. As the founder of the Company, he is most familiar with the Company's business and industry. He is uniquely situated to identify strategic priorities and to lead the Board in discussions regarding strategy and business planning and operations. In addition, his service on other public company boards of directors and their committees provide the Board with valuable board-level experience. The Company does not currently have a lead independent director.

Board Oversight of Risk Management

The Board of Directors, as a whole and through its committees, oversees the Company's risk management process, including operational, financial, legal, strategic, marketing and brand reputation risks. The Audit Committee assists the Board in the oversight of the risk management process. In addition, the Board is guided by management presentations at Board meetings and throughout the fiscal year that serve to provide visibility to the Board about the identification, evaluation and management of risks the Company is facing as well as how to mitigate such risks.

Information about the Board and its Committees

Each of our Directors, other than Messrs. James F. McCann and Christopher G. McCann, qualifies as an "independent director" as defined under the published listing requirements of the NASDAQ Stock Market. The NASDAQ independence definition includes a series of objective tests. For example, an independent director may not be employed by us and may not engage in certain types of business dealings with the Company. In addition, as further required by NASDAQ rules, the Board has made a subjective determination as to each independent Director that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. In making these determinations, the Board reviewed and discussed information provided by the Directors and by the Company with regard to each Director's business and personal activities as they may relate to the Company and the Company's management. In addition, as required by NASDAQ rules, the Board determined that the members of the Audit Committee each qualify as "independent" under special standards established by NASDAQ and the U.S. Securities and Exchange Commission (the "Commission") for members of audit committees. The Board does not have a formal policy with respect to diversity. The Board and Nominating and Corporate Governance Committee believe that it is critical for the Directors to have varying points of view, with a broad spectrum of experience, education, skills, backgrounds, professional and life experience that when viewed as the collective group, provide an ample blend of perspectives to allow the Board to fulfill its duties to the long-term interests of the Company's shareholders.

The table below provides current membership and meeting information for each of the Board committees for Fiscal 2017.

Current Membership:

Directors	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
James F. McCann			
Christopher G. McCann			
Geralyn R. Breig	X		
Celia R. Brown		X	X
James Cannavino		X*	
Eugene F. DeMark	X*		
Leonard J. Elmore			X*
Sean Hegarty	X		
Katherine Oliver			X
Larry Zarin		X	
Total Meetings in Fiscal 2017	5	7	2

*Committee Chairperson

Audit Committee

The Audit Committee of the Board of Directors reports to the Board regarding the appointment of the Company's independent registered public accountants, the scope and results of its annual audits, compliance with accounting and financial policies and management's procedures and policies relative to the adequacy of internal accounting controls. The Company's Board of Directors adopted a written charter for the Audit Committee in January 2000, as amended in August 2003, which outlines the responsibilities of the Audit Committee. A current copy of the charter of the Audit Committee is available on our website located at www.1800flowers.com under the Investor Relations section of the website.

Each member of the Audit Committee is "financially literate" as required by NASDAQ rules. The Audit Committee also includes at least one member, Eugene DeMark, who was determined by the Board to meet the qualifications of an "audit committee financial expert" in accordance with Commission rules and to meet the qualifications of "financial sophistication" in accordance with NASDAQ rules. Stockholders should understand that these designations relate to our Audit Committee members' experience and understanding with respect to certain accounting and auditing matters

and do not impose upon any of them any duties, obligations or liabilities that are greater than those generally imposed on a member of the Audit Committee or of the Board.

Compensation Committee

The Compensation Committee of the Board of Directors establishes the Company's compensation philosophy and makes a final determination on all forms of compensation to be provided to the Company's Section 16 Executive Officers ("Executive Officers"), including base salary and the provisions of the Sharing Success Program under which annual incentive compensation may be awarded. In addition, the Compensation Committee administers the Company's 2003 Long Term Incentive and Share Award Plan, as amended and restated as of October 22, 2009, as amended as of October 28, 2011 and September 14, 2016 ("2003 Plan") under which option grants, stock appreciation rights, restricted awards, performance awards and equity awards may be made to Directors, officers, employees of, and consultants to, the Company and its subsidiaries. See "Named Executive Officer Compensation—Compensation Discussion and Analysis—Sharing Success Program and Long-Term Incentive Equity Awards." The Board of Directors has authorized Mr. James F. McCann to review awards for all of the Company's employees, other than its Executive Officers. The Compensation Committee also makes recommendations to the Board of Directors regarding Directors' compensation. The Company's Board of Directors adopted a written charter for the Compensation Committee in June 2003, as amended in June 2013, which outlines the responsibilities of the Compensation Committee. All of the members of the Company's compensation committee are independent directors and have never been employees of the Company. A current copy of the charter of the Compensation Committee is available on our web site located at www.1800flowers.com under the Investor Relations section of the website.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for the oversight of the evaluation of the Board of Directors, including its size and composition; it reviews and reassesses the adequacy of corporate governance guidelines and practices and develops and recommends to the Board the Company's corporate governance guidelines and practices; and identifies and evaluates individuals qualified to become Board members and recommends to the Board, Director nominees for election and re-election. The Nominating and Corporate Governance Committee will consider recommendations for prospective nominees for the Board from other members of the Board, management and others, including Stockholders, and may employ third-party search firms. The Company's Board of Directors adopted a written charter for the Nominating and Corporate Governance Committee in June 2003, which outlines the responsibilities of the Committee. A current copy of the charter of the Nominating and Corporate Governance Committee is available on our website located at www.1800flowers.com under the Investor Relations section of the website.

Compensation Committee Interlocks and Insider Participation

No interlocking relationships exist between the Board of Directors or the Compensation Committee and the Board of Directors or the compensation committee of any other company, nor has any such interlocking relationship existed in the past. No member of the Compensation Committee was an officer or employee of the Company at any time during Fiscal 2017.

Communication with Board of Directors

The Nominating and Corporate Governance Committee, on behalf of the Board, reviews letters from stockholders concerning the Company's Annual Meeting of Stockholders and governance process, including recommendations of director candidates, and makes recommendations to the Board based on such communications. Stockholders can send communications to the Board and to the non-management Directors by mail in care of the Corporate Secretary at One Old Country Road, Suite 500, Carle Place, NY 11514, Attention: Gerard M. Gallagher, and should specify the intended recipient or recipients. All such communications, other than unsolicited commercial solicitations or communications, will be forwarded to the appropriate Director or Directors for review. Any such unsolicited commercial solicitation or communication not forwarded to the appropriate Director or Directors will be available to any non-management Director who wishes to review it.

Attendance at Meetings

During Fiscal 2017, the Board of Directors held four meetings and acted by unanimous written consent on four occasions. During Fiscal 2017, all incumbent Directors attended at least 75 % of the meetings of the Board of Directors and the meetings held by all committees of the Board of which they were a member. We expect Messrs. J. McCann and C. McCann, and no other directors, to attend the Annual Meeting; Messrs. J. McCann and C. McCann, and no other directors, attended last year's Annual Meeting of the Stockholders.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 ("Exchange Act") requires our Executive Officers and Directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the Commission. Executive Officers, Directors, and greater than 10% stockholders are required by Commission regulations to furnish us with copies of all reports they file pursuant to Section 16(a).

Based on a review of the copies of such reports furnished to us, we believe that all Section 16(a) filings requirements applicable to our Executive Officers, Directors and greater than 10% stockholders have been satisfied, with the exception of the following inadvertent late filings. Non-executive director Celia Brown filed one late Form 4 relating to receipt of Common Stock as compensation for serving as a director, an exempt transaction under Section 16(b) of the Exchange Act. Christopher McCann filed one late Form 4 relating to a the withholding for tax purposes of Common Stock by the Company that was an exempt transaction under Section 16(b) of the Exchange Act.

Compensation of Directors

In fiscal 2017, which ended on July 2, 2017, non-employee members of the Company's Board of Directors received the following compensation:

Annual retainer of \$30,000 payable in quarterly installments on each of the Board of Director's four regularly *scheduled Board meetings during the calendar year following the Annual Meeting of Stockholders (the "Stockholders Meeting") held in the prior year.

* An additional fee to the Chairpersons of the Board's Committees for their services:

(a) Audit Committee Chairman - \$20,000,

(b) Compensation Committee Chairman - \$10,000, and

(c) Nominating and Corporate Governance Committee Chairman - \$7,500.

A grant of shares of the Company's Class A Common Stock equal to a value of \$20,000, on the date of the 2016 Annual Meeting of Stockholders. The actual number of shares was determined by the closing price of the shares on *the date of the Stockholders Meeting (the "Grant Date"). These shares shall fully vest on the first anniversary of the Grant Date. Effective with the 2017 Annual Meeting of Stockholders, each non-employee Director shall receive Shares of the Company's Class A Common Stock equal to a value of \$45,000.

* Any Director joining the Board, or becoming a Chairperson of one of the above Committees, in a given year following the Stockholders Meeting receives a pro-rata share of the compensation provided for above.

* Board members are reimbursed for reasonable travel and lodging expenses associated with attendance at any Board or Committee meeting.

The following table includes information about compensation paid to our non-employee directors for the fiscal year ended July 2, 2017:

Name	Annual		Fees Earned or Paid in Cash	Stock Awards (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation	Value and Nonqualified Deferred		Total
	Cash	Other					Compensation	All Other	
	Retainer (\$)	Fees (\$)	(1) (\$)	(2) (\$)	(3) (\$)	(4) (\$)	Earnings (\$)	Compensation (\$)	(5) (\$)
Geralyn R. Breig	30,000	-	30,000	20,000	-	-	-	-	50,000
Celia Brown	30,000	-	30,000	20,000	-	-	-	-	50,000
Lawrence Calcano (4)	7,500	-	7,500	-	-	-	-	-	7,500
James A. Cannavino	30,000	10,000	40,000	20,000	-	-	-	-	60,000
Eugene F. DeMark	30,000	20,000	50,000	20,000	-	-	-	-	70,000
Leonard J. Elmore	30,000	7,500	37,500	20,000	-	-	-	-	57,500
Sean Hegarty	30,000	-	30,000	20,000	-	-	-	-	50,000
Katherine Oliver (5)	15,000	-	15,000	16,663	-	-	-	-	31,663
Larry Zarin	30,000	-	30,000	20,000	-	-	-	-	50,000

(1) Total Fees Earned or Paid in Cash combines the amounts in the two preceding columns.

Stock awards reflect the aggregate grant date fair value of restricted stock awards computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, "Compensation — Stock Compensation." The aggregate grant date fair value for restricted stock awards is calculated by multiplying the (2) number of restricted stock awards by the closing market price of the Common Stock on the date the restricted stock awards are credited to a director's account. These award fair values have been determined based on the assumptions set forth in Note 13, "Stock Based Compensation" in the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2017.

Compensation information on James F. McCann and Christopher G. McCann, who are Directors, as well as Executive Officers of the Company, is contained under the section titled "Executive Compensation and Other Information - Summary Compensation Table."

(3) No stock options were granted in fiscal 2017.

(4) Mr. Calcano retired from the Board of Directors during fiscal 2017 and did not stand for re-election.

(5) Ms. Oliver was appointed to the Board of Directors on February 2, 2017.

As of July 2, 2017, each non-employee director of the Company held the following aggregate number of option awards and unvested stock awards:

Name	Unvested Stock Awards (#)	Option Awards Outstanding (#)
Geralyn R. Breig	1,914	-
Celia Brown	1,914	-
James Cannavino	1,914	30,000
Eugene R. DeMark	1,914	-
Leonard J. Elmore	1,914	13,234
Sean Hegarty	1,914	-
Katherine Oliver	1,754	-
Larry Zarin	1,914	10,000

EXECUTIVE COMPENSATION AND OTHER INFORMATION

The following individuals were serving as Executive Officers of the Company on October 13, 2017:

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
James F. McCann	66	Executive Chairman of the Board
Christopher G. McCann	56	Chief Executive Officer, Director and President, 1-800-Flowers.com, Inc.
William E. Shea	58	Senior Vice President, Chief Financial Officer
Gerard M. Gallagher	64	General Counsel, Senior Vice President, Corporate Secretary
Arnie Leap	49	Senior Vice President and Chief Information Officer
Thomas Hartnett	54	President, Consumer Floral
Mark L. Nance	67	President, BloomNet

Information Concerning Executive Officers Who Are Not Directors

William E. Shea has been our Senior Vice President and Chief Financial Officer since September 2000. Before holding his current position, Mr. Shea was our Vice President of Finance and Corporate Controller after joining us in April 1996. From 1980 until joining us, Mr. Shea was a certified public accountant with Ernst & Young LLP.

Gerard M. Gallagher has been our General Counsel, Senior Vice President and Corporate Secretary since August 1999 and has been providing legal services to the Company since its inception. Mr. Gallagher is the founder and a managing partner in the law firm of Gallagher, Walker, Bianco and Plataras, LLP based in Mineola, New York, specializing in corporate, litigation and intellectual property matters since 1993. Mr. Gallagher is duly admitted to practice before the New York State Courts and the United States District Courts of both the Eastern District and Southern District of New York.

Arnie Leap has been the Company's Chief Information Officer since November 2013. Mr. Leap served as the Executive Vice President and Chief Technology Officer for Direct Insite Corp. from November 2000 until joining the Company. Mr. Leap served in various positions with Direct Insite, including the Executive Vice President Channel Sales and Executive Vice President Sales and Marketing. Mr. Leap's background includes senior management positions with over 20 years' experience in the technology sector.

Thomas Hartnett has been the Company's President of Consumer Floral since October 2013. Previously, he was the Company's SVP and CFO of the Consumer Floral Brand since April 2010. Mr. Hartnett had previously served as the Company's SVP and COO of the Consumer Floral Brand from June 2006 through April 2010. Prior to this role, Mr. Hartnett was Senior Vice President of Retail and Fulfillment from September 2000. Before holding these positions, Mr. Hartnett held various positions within the Company since joining in 1991, including Controller, Director of Store Operations, Vice President of Retail Operations and Vice President of Strategic Development. Prior to joining the Company, Mr. Hartnett was a certified public accountant with Ernst & Young LLP.

Mark L. Nance has been President of BloomNet since August 2006. Before holding his current position, Mr. Nance was a Senior Vice President, Sales and Marketing for BloomNet after joining us in December 2004. Before joining us, Mr. Nance was an Executive Vice President and General Manager with Teleflora, LLC from November 2000 until June 2004 and held various senior level positions at American Floral Services, Inc. from 1983 to 2000.

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

This section discusses compensation to our Named Executive Officers, which consist of our Chief Executive Officer, our Chief Financial Officer and the three next most highly compensated Executive Officers of the Company, as determined under the rules of the Commission (collectively, the “NEO’s”).

The Compensation Committee believes that the compensation programs for its NEO’s, as well as all of its Executive Officers, should reflect the Company’s performance and the value created for the Company’s stockholders. In addition, the compensation programs should support the short-term and long-term strategic goals and values of the Company and should reward individual loyalty to the Company and contribution to the Company’s success. The Company is engaged in a very competitive industry, and the Company’s success depends upon its ability to attract and retain qualified Executive Officers through the competitive compensation packages it offers to such individuals.

The fundamental policy of the Compensation Committee is to provide the Company’s NEO’s, as well as its Executive Officers, with competitive compensation opportunities based upon their contribution to the development and financial success of the Company. It is the Compensation Committee’s philosophy that a significant portion of each NEO’s and Executive Officer’s compensation should be contingent upon the Company’s financial performance. The Company also acknowledges the importance of attracting and retaining talented, motivated and success-oriented Executive Officers who share our overall corporate philosophy and will enable our Company to achieve its short and long-term goals. Accordingly, the compensation package for each NEO and Executive Officer is comprised of three elements: (i) base salary; (ii) annual incentives and (iii) long-term incentive equity awards.

Guiding Principles:

Growth - To create an atmosphere that encourages superior growth and performance of the Company while also offering personal and professional growth.

Teamwork - To encourage executives to work together effectively and efficiently so that company goals can be fully realized.

Innovation - To encourage and reward creativity and innovation, including the development of new ideas and business opportunities for the Company.

Market competitiveness - To offer a strong, comprehensive compensation package that will enable the Company to attract and retain qualified executive talent.

Setting Executive Compensation

We compete for senior executive talent with many leading companies. In order to stay competitive in the marketplace, a critical component of which is the recruitment and retention of executive talent, we periodically review the market competitiveness of our Executive Officer compensation programs. The Compensation Committee also reviews the Company's recent historical compensation practices for its executives, and considers recommendations from the Chief Executive Officer regarding the compensation of his direct reports, who include the other NEO's. In connection with this review, the Compensation Committee retained the services of Mercer LLC for fiscal year 2017 ("Mercer") (see "Role of Compensation Consultant" below for further discussion of Mercer's role).

Elements of Compensation

The Compensation Committee believes that we can maximize the effectiveness of our compensation program by ensuring that all program elements are working in concert to motivate and reward performance. The elements of our executive compensation program are detailed below, together with the principal factors which the Compensation Committee considers in reviewing the components of each Executive Officer's compensation package. In general, for each compensation element, these factors include: the key role each Executive Officer performs for the Company; the benefit to the Company in assuring the retention of his or her services; the performance of the Company during the past fiscal year; the competitive market conditions for executive compensation; the executive's prior year compensation; and the objective evaluation of the Executive Officer's performance. The Compensation Committee may also, however, in its discretion, apply other factors with respect to executive compensation. We believe that our executive compensation program effectively strengthens the mutuality of interests between the Executive Officers and the Company's stockholders, which results in greater Company performance.

Base Salary. The Compensation Committee views base salary as the assured element of compensation that permits income predictability. Subject to existing employment agreements, our objective is to set base salary levels at the competitive norm. However, individual salaries may be above or below the competitive norm to reflect the strategic role, experience, proficiency and performance of the executive. Incumbents who have been in their positions for a longer period of time, and whose performance is superior, may be paid above the competitive norm. In addition, in the case of seasoned executives with strategic value who are newly hired into the Company, it may be necessary to pay above the competitive norm in order to attract the best candidates to the Company.

The minimum base salaries for Messrs. J. McCann and C. McCann are primarily prescribed in their employment agreements (see below for description of the employment agreements in the "Narrative Disclosure to Summary Compensation Table"). Annual base salary increases for the NEO's and other Executive Officers are determined on the basis of the employment agreements (for Messrs. J. McCann, C. McCann), as well as the following factors: the performance of the executive versus job responsibilities; the relationship between current salary and the range for the executive's level, ranges having been set in part based on the competitive norm in the industry; the average size of salary increase based upon the Company's financial performance; and whether the responsibilities or criticality of the position of the incumbents have been changed during the preceding year. The weight given to each of these factors may differ from individual to individual as the Compensation Committee deems appropriate. Increases for Fiscal 2017 for Messrs. J. McCann, C. McCann, Shea, Hartnett, Gallagher and Taiclet were approximately 0%, 7.0%, 5.9%, 3.9%, 3.5% and 0%, respectively.

Annual Incentive Award. Annual incentive awards play a significant role in the Company's overall compensation package for its Executive Officers. The annual incentive award for the NEO's is based upon the Company's financial performance and, in the case of Mr. Hartnett, also includes brand specific financial performance. This balance supports the accomplishment of the Company's overall financial objectives and rewards the individual contributions of our NEO's. Annual incentive programs for Executive Officers support the following company objectives:

Communication of important goals through performance targets that are aligned with business strategies.

Motivation for the entire management team to work together toward a common set of goals.

Reward executives on the basis of results achieved.

Deliver annual incentive opportunities and payments through a structured, performance driven, objective mechanism.

Deliver a competitive level of compensation that is fully competitive with industry practice.

NEO's are eligible to receive annual incentive awards under the Company's Sharing Success Program.

Sharing Success Program. The Sharing Success Program is intended to cover management positions, including the NEO's. Each eligible plan participant is assigned a target award (expressed as a percentage of base salary) which represents the level of incentive award the participant can expect to earn in the event all performance measures are achieved at 100% during the ensuing fiscal year. For each fiscal year, specific performance measures are established by the Compensation Committee that reflect the key strategic and business goals established by the business plan for that year. EBITDA as used for purposes of the Sharing Success Program is defined as net income before interest, taxes, depreciation, amortization and stock based compensation expense on a pre-bonus basis, adjusted to exclude the impact of acquisitions and dispositions completed during the fiscal year as well as the impact of investment gains or losses on the Company's non-qualified supplemental deferred compensation plan ("Plan EBITDA"). Revenue as used for purposes of the Sharing Success Program is defined as achieving or exceeding revenue growth in line with the Company's budget adjusted to exclude the impact of acquisitions and dispositions completed during the fiscal year ("Plan Revenue"). Brand-specific Plan EBITDA as used for purposes of the Sharing Success Program is defined as EBITDA for the brand less corporate expenses ("Brand-specific Plan EBITDA"). Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, and Executive, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. Brand performance is measured based on segment contribution margin or Brand-specific Plan EBITDA, reflecting only the direct controllable revenue and operating expenses of the segments. Brand-specific Plan Revenue as used for purposes of the Sharing Success Program is defined as achieving or exceeding revenue growth with the Brand's budget for the fiscal year ("Brand-specific Plan Revenue").

The following table presents the NEO's targeted incentive award opportunity, as a percentage of their salary ("target award"), and the performance measures and relative weighting of their components for Fiscal 2017:

Name	Target Award		Weighting of Performance Measures							
	(% of Salary)		Company-wide				Brand-specific			
			EBITDA	Revenue	Subtotal	EBITDA	Revenue	Subtotal		
Christopher G. McCann Chief Executive Officer, Director and President	100.0 %		65.0 %	35.0 %	100.0 %	n/a	n/a	n/a		100.0 %
William E. Shea Senior Vice President, Treasurer, and Chief Financial Officer	60.0 %		65.0 %	35.0 %	100.0 %	n/a	n/a	n/a		100.0 %
James F. McCann (1) Executive Chairman	n/a		n/a	n/a	n/a	n/a	n/a	n/a		n/a
Thomas Hartnett President, Consumer Floral	55.0 %		25.0 %	15.0 %	40.0 %	40.0 %	20.0 %	60.0 %		100.0 %
Gerard M. Gallaher General Counsel, Senior Vice President, Corporate Secretary	50.0 %		65.0 %	35.0 %	100.0 %	n/a	n/a	n/a		100.0 %
David Taiclet Former President of Gourmet Foods and Gift Baskets	65.0 %		25.0 %	15.0 %	40.0 %	40.0 %	20.0 %	60.0 %		100.0 %

On October 4, 2016, the Company entered into a new employment agreement with Mr. J. McCann. (the "JM 2016 Agreement"). Under the JM 2016 Agreement, Mr. J. McCann became the Executive Chairman of the Board, with a salary of \$975,000 in fiscal 2017, and his annual long-term incentive award will be 75% of his salary in the form of performance restricted shares under the 2003 Plan. He no longer participates in the Company's non-equity based bonus program. The Company will annually credit an amount equal to Mr. J. McCann's base salary to his retirement account under the Company's Nonqualified Supplemental Deferred Compensation Plan.

For Fiscal 2017, in the case of Messrs. Shea, C. McCann and Gallagher, performance measures were the achievement of Company-wide Plan EBITDA and Plan Revenue. As a result of the timing of the re-approval of the Company's 2003 Long Term Incentive and Share Award Plan and Section 16 Executive Officers Bonus Plan, Mr. C. McCann was

measured for Fiscal 2017 on the Company's performance from November 28, 2016 through the end of the fiscal year. Due to the seasonality of the Company's business, the performance metrics for Mr. C. McCann were substantially similar to the performance metrics for the other NEOs. For Messrs. Hartnett and Taiclet, performance measures were the aggregate of the achievement of: (i) brand-specific Plan EBITDA, (ii) brand-specific Plan Revenue, (iii) Company-wide Plan EBITDA and (iv) Company-wide Plan Revenue.

When Company-wide and/or brand-specific actual results exceed or fall below performance measures, actual awards are proportionately increased or decreased from the target awards. Participants may earn no Company-wide or brand-specific bonus if the threshold performance measures are not met (defined as achievement of 90% of Company-wide Plan EBITDA and 60% of Company-wide Plan Revenue, resulting in a 50% pay-out of each target award) and no participant may be paid an incentive award under the Sharing Success Program in excess of maximum (defined as achievement of 150% of Company-wide Plan EBITDA and 200% of Company-wide Plan Revenue, resulting in a 200% pay-out of each target award), as presented in the table below. In addition, all participants must be actively employed at the time of payment in order to qualify for the award.

EBITDA		Revenue Growth	
% Achievement of	Target	Achievement	Target
Performance	Award	Performance	Award
Measures	Multiple	Measures	Multiple
150.0%	200% (max)	200.0%	200%(max)
125.0%	150%	150.0%	150%
100.0%	100	100.0%	100%
95.0%	75	80.0%	75%
90.0%	50	60.0%	50%
Below 90.0%	0	Below 60.0%	0%

For Fiscal 2017, the Company’s performance measures were a function of achieving specified EBITDA and Revenue targets. For Fiscal 2017, the Company-wide performance measures, were adjusted to exclude the operations of Fannie May due to the sale thereof as well as the late 2017 cherry harvest which shifted the Fruit of the Month Club shipment from the fourth quarter of Fiscal 2017 into the first quarter of Fiscal 2018, and were as follows: Company-wide Plan EBITDA of \$101.1 mm and Company-wide Plan Revenue of \$1.15 bn. Brand-specific measures for Fiscal 2017 for Gourmet Food & Gift Baskets were as follows: (i) Plan EBITDA of \$79.9 mm and (ii) Plan Revenue of \$619.8 mm. Brand-specific measures for Fiscal 2017 for Consumer Floral and BloomNet were as follows: (i) Plan EBITDA of \$93.0 mm and (ii) Plan Revenue of \$558.8 mm.

The following table reflects the relationship of actual performance against the Company’s performance measures. The performance measures range from “threshold” (the minimum achievement level of the performance measure at which an executive may earn 50% of the target award) to “maximum” (the maximum achievement level of the performance measure at which an executive may earn 200% of the target award). The weighting of performance measures is applied to the Target Award Multiples to produce the executive’s cash bonus award.

Performance Metric	Performance/Payout Relationship (\$'s in thousands)						Calculation of Target Award Earned	
	Threshold Performance Measures		Target Performance Measures		Maximum Performance Measures		Actual Performance	Target Award Multiple
	Payout	%	Payout	%	Payout	%	%	%
Company-wide Performance EBITDA and Revenue Growth Measures:								
EBITDA	\$90,950	50 %	\$101,056	100 %	\$151,584	200 %	\$90,950	50.0 %

Revenue	\$1,127,201	50 %	\$1,150,843	100 %	\$1,209,949	200 %	\$1,108,007	0.0 %
Brand-specific Performance								
1-800-Flowers.com and BloomNet Wire Service								
EBITDA and Revenue Growth Measures:								
EBITDA	\$83,738	50 %	\$93,043	100 %	\$139,564	200 %	\$90,385	85.7 %
Revenue	\$544,217	50 %	\$558,800	100 %	\$595,258	200 %	\$545,980	56.0 %
Gourmet Foods & Gift Baskets								
EBITDA and Revenue Growth Measures:								
EBITDA	\$71,889	50 %	\$79,876	100 %	\$119,815	200 %	\$67,292	0.0 %
Revenue	\$610,270	50 %	\$619,765	100 %	\$643,502	200 %	\$590,686	0.0 %

During Fiscal 2017, the Company-wide Actual EBITDA Award Multiple was 50% and Revenue Award was 0% for a Company-wide combined payout of 32.5%. The Company-wide Actual Award Multiple for Fiscal 2016, 2015, 2014, and 2013 was 56.0%, 103.7%, 69.8%, and 74.8%, of the target award, respectively. See “Summary Compensation Table - Non-Equity Incentive Plan Compensation” for payout amounts for Fiscal 2016 and Fiscal 2015.

Long-Term Incentive Equity Awards. In order to structure a long-term incentive program for the Company’s Executive Officers that would tie a significant portion of their compensation to the profitability of the Company, the Compensation Committee evaluated its long-term incentive equity awards. All award grants are designed to align the interests of each Executive Officer with those of the stockholders and provide each individual with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the Company.

The grant of an award is set at a level intended to create a meaningful incentive based in part on the Executive Officer's and NEO's current position with the Company, the base salary associated with that position, the size of comparable awards made to individuals in similar positions within the industry, and the individual's personal performance in recent periods. The Compensation Committee also takes into account the number of awards held by the Executive Officer in order to maintain an appropriate level of incentive for that individual. The Compensation Committee has the authority to review extraordinary events that impact on the Company's performance and may adjust the calculation of an award by taking into account the effect of any such extraordinary events. For Fiscal 2017, the Compensation Committee excluded the financial results of Fannie May Confections Brands, Inc. due to the sale thereof and adjusted for the timing of the late harvest of cherries which shifted the Harry & David Fruit of the Month Club from the fourth quarter of Fiscal 2017 into the first quarter of Fiscal 2018 when evaluating the performance measures for the Sharing Success Program as well as the equity grant discussed below.

In Fiscal 2017, the Compensation Committee approved an equity award grant for management level employees with a grant date of November 7, 2016. This grant was intended to align shareholder interest with the long-term growth of the Company, as well as address employee retention concerns. The Fiscal 2017 performance-based equity award provided the NEOs with the opportunity to earn 100% of their target share award if the Company achieved \$101.1 million of Plan EBITDA, (as adjusted to exclude Fannie May's Plan EBITDA, reflecting the sale of the brand during fiscal 2017), and Plan Revenue growth of 5.4%, (as adjusted to exclude Fannie May's Plan Revenue), weighted such that 65% of the target share award was tied to achievement of the EBITDA metric, and 35% of the target share award was tied to the revenue growth metric. The award scaled, on pro-rata basis, to 50% of their target share award if the Company achieved a minimum of 90% of its Fiscal 2017 Plan EBITDA, as adjusted, and 60% of its Plan Revenue , as adjusted. During Fiscal 2017, the Company achieved of 50% of its EBITDA metric and 0% of its Plan Revenue metric, resulting in a weighted achievement of 32.5% of the Targeted Performance-Based Equity Incentive Plan Awards. Refer to Grants of Plan-Based Awards for disclosures of shares earned. (See "Summary Compensation Table").

Executive Benefits

The Company's NEO's are eligible for the same level and offering of benefits made available to other employees, including our 401(k) Profit Sharing Plan (which includes a discretionary annual Company contribution), health care plan and other welfare benefit programs. We do not currently maintain any qualified or nonqualified defined benefit pension plans or nonqualified deferred compensation plans for our NEO's, except for the Nonqualified Supplemental Deferred Compensation Plan discussed below.

During fiscal 2017, the Company offered a Nonqualified Supplemental Deferred Compensation Plan for certain executives. Participants can defer from 1% up to a maximum of 100% of salary and performance and non-performance based bonuses. Until January 1, 2017, the Company matched 50% of the deferrals made by each participant during the applicable period, up to a maximum of \$2,500 per calendar year. Participating employees are vested in the Company's contributions based upon years of participation in the Plan. The Company discontinued its match in calendar 2017. Distributions are made to participants upon termination of employment or death in a lump

sum, unless installments are selected.

Perquisites

We do not routinely provide any significant perquisites to our NEO's. Except for Messrs. J. McCann's and C. McCann's perquisites which are disclosed in the Summary Compensation Table, the value of perquisites to each other NEO in Fiscal 2017 did not exceed \$10,000.

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Severance/Change of Control

We do not maintain any severance or change of control plans or agreements. However, pursuant to the terms of employment agreements and incentive plans, certain NEO's are eligible to receive severance and other benefits in the case of certain termination events and in the case of a change in control. See "Potential Payments upon Termination and Change in Control" below.

Management's Role in Setting Executive Compensation

Although the Compensation Committee of the Board of Directors establishes the Company's compensation philosophy and makes the final determinations on all compensation paid to our Executive Officers, the Chief Executive Officer works closely with the Senior Vice President of Human Resources to develop compensation programs and policies and make recommendations regarding annual adjustments to the Executive Officers' salaries and incentive award opportunities (other than his own compensation).

Role of Compensation Consultant

The Compensation Committee has retained the services of Mercer to provide specialized information and targeted research to assist us in the development of compensation and retention strategies. Mercer provided general assistance to our Senior Vice President of Human Resources and the Compensation Committee and does not perform any other services for the Company. For Fiscal 2017, Mercer's services were in advising on benchmark data for base salary, bonus targets and long-term incentives for the Company. Mr. C. McCann participated in discussions with Mercer in Fiscal 2017 regarding the Fiscal 2018 compensation of the NEO's other than himself.

Compensation Deductibility Policy

A federal income tax deduction will generally be available for annual compensation in excess of \$1 million paid to the Chief Executive Officer and the three other most highly compensated executive officers of a public corporation (other than the Chief Financial Officer) only if such compensation is "performance-based" and complies with certain other tax law requirements. The 2003 Long Term Incentive and Share Award Plan (as amended and restated as of October 22, 2009, as amended as of October 28, 2011 and September 14, 2016) and the Section 16 Executive Officers Bonus Plan (as amended and restated as of September 14, 2016) contain certain provisions which are intended to permit any compensation deemed paid in connection with the granting of Awards or bonus compensation to be able to qualify as performance-based compensation. Although our policy is to maximize the deductibility of all executive compensation,

the Compensation Committee retains the discretion to award compensation that is not deductible under Section 162(m) of the Code.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis provisions to be included in the Company's filings pursuant to the Securities Exchange Act of 1934. Based on the reviews and discussions referred to above, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis referred to above be included in such filings.

Compensation Committee

James Cannavino, Chairman
Celia Brown
Larry Zarin

Notwithstanding any Commission filing by the Company that includes or incorporates by reference other commission filings in their entirety, this Compensation Committee Report shall not be deemed to be "filed" with the Commission except as specifically provided otherwise therein.

Summary Compensation Table

Set forth below is summary compensation information for each person who was (1) at any time during fiscal 2017 our Chief Executive Officer or Chief Financial Officer, (2) at July 2, 2017, one of our three most highly compensated Executive Officers, other than the Chief Executive Officer and the Chief Financial Officer and (3) a former executive officer who left the Company prior to our fiscal year end.

Name and Principal Position (1)	Year	Salary (\$)	Bonus (\$)	Stock Awards (2) (\$)	Option Awards (3) (\$)	Non-Equity Incentive Plan	Change in Pension Value and Nonqualified Deferred Compensation	Other Compensation	Total (\$)
						(4) (\$)	(5) (\$)	(5) (\$)	
Christopher G. McCann Chief Executive Officer, Director and President	2017	\$766,692	\$ 0	\$697,500	\$ 0	\$ 251,875	\$ 0	\$ 17,353	\$1,733,420
	2016	\$721,000	\$ 0	\$540,750	\$ 0	\$ 343,196	\$ 0	\$ 18,034	\$1,622,980
	2015	\$721,002	\$ 0	\$360,500	\$ 0	\$ 743,675	\$ 0	\$ 17,875	\$1,843,052
William E. Shea Senior Vice President, Treasurer, and Chief Financial Officer	2017	\$446,154	\$ 0	\$292,500	\$ 0	\$ 87,750	\$ 0	\$ 375	\$826,779
	2016	\$422,692	\$ 0	\$305,000	\$ 0	\$ 111,265	\$ 0	\$ 2,500	\$841,457
	2015	\$403,259	\$ 0	\$205,000	\$ 0	\$ 211,447	\$ 0	\$ 2,500	\$822,206
James F. McCann Executive Chairman	2017	\$975,000	\$ 0	\$731,250	\$ 0	\$ 0	\$ 0	\$ 992,796	\$2,699,046
	2016	\$975,000	\$ 0	\$731,250	\$ 0	\$ 819,000	\$ 0	\$ 20,125	\$2,545,375
	2015	\$975,000	\$ 0	\$487,500	\$ 0	\$ 1,516,614	\$ 0	\$ 19,056	\$2,998,170
Thomas Hartnett President, Consumer Floral	2017	\$397,692	\$ 0	\$240,000	\$ 0	\$ 127,556	\$ 0	\$ 0	\$765,248
	2016	\$379,615	\$ 0	\$248,500	\$ 0	\$ 200,287	\$ 0	\$ 2,500	\$830,903
	2015	\$350,000	\$ 0	\$175,000	\$ 0	\$ 200,550	\$ 0	\$ 2,500	\$728,051
Gerard M. Gallaher General Counsel,	2017	\$432,543	\$ 0	\$217,500	\$ 0	\$ 70,688	\$ 0	\$ 0	\$720,731
	2016	\$420,258	\$ 0	\$210,129	\$ 0	\$ 117,672	\$ 0	\$ 0	\$748,059
	2015	\$420,258	\$ 0	\$210,129	\$ 0	\$ 217,904	\$ 0	\$ 0	\$848,291

Senior Vice
President,
Corporate Secretary

David Taiclet	2017	\$442,115	\$ 0	\$356,250	\$ 0	\$475,000	\$ 0	\$ 0	\$1,273,365
Former President, Gourmet Foods and Gift Baskets	2016	\$475,000	\$ 0	\$431,250	\$ 0	\$ 0	\$ 0	\$ 0	\$906,250
	2015	\$439,409	\$ 0	\$216,424	\$ 0	\$284,544	\$ 0	\$ 0	\$940,377

The titles included in this column are as of July 2, 2017. Effective with the first day of fiscal 2017, Mr. James McCann transitioned to Executive Chairman of the Board of Directors, and Mr. Christopher McCann became the (1) Company's Chief Executive Officer, in addition to maintaining his role as a Director and President of the Company. Mr. Taiclet's employment terminated on May 30, 2017, upon successful completion of the sale of Fannie May.

(2) This column shows the aggregate grant date fair value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, "Compensation — Stock Compensation," for all time and performance-based shares granted in fiscal years 2017, 2016 and 2015. These award fair values have been determined based on the assumptions set forth in Note 13, "Stock Based Compensation" in the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2017.

The following amounts represent the grant date fair value of performance-based share awards. Amounts in the "Stock Award" column above reflect the value of performance share awards, assuming the achievement of "Target" performance below. The "Maximum" value of the performance-based share awards is also presented below for comparative purposes.

	Fiscal 2017 (a)		Fiscal 2016 (b)		Fiscal 2015 (c)	
	Estimated Future Payouts		Estimated Future Payouts		Estimated Future Payouts Under	
	Under Performance-Based	Equity Incentive Plan Awards	Under Performance-Based	Equity Incentive Plan Awards	Performance-Based Equity Incentive	Plan Awards
	Target	Maximum	Target	Maximum	Target	Maximum
Christopher G. McCann	\$697,500	\$697,500	\$540,750	\$540,750	\$360,500	\$360,500
William E. Shea	\$292,500	\$292,500	\$255,000	\$255,000	\$205,000	\$205,000
James F. McCann	\$731,250	\$731,250	\$731,250	\$731,250	\$487,500	\$487,500
Thomas Hartnett	\$240,000	\$240,000	\$231,000	\$231,000	\$131,250	\$131,250
Gerard M. Gallagher	\$217,500	\$217,500	\$210,129	\$210,129	\$210,129	\$210,129
David Taiclet	\$356,250	\$356,250	\$356,250	\$356,250	\$216,424	\$216,424

(a) The fiscal 2017 performance-based equity award provided the NEOs with the opportunity to earn 100% of their target share award if the Company achieved \$101.1 million of Plan EBITDA (as adjusted to exclude Fannie May's Plan EBITDA, reflecting the sale of the brand during fiscal 2017), and Plan Revenue growth of 5.4%, (as adjusted to exclude Fannie May's Plan Revenue), weighted such that 65% of the target share award was tied to achievement of the EBITDA metric, and 35% of the target share award was tied to the Plan Revenue metric. The award scaled, on pro-rata basis, to 50% of their target share award if the Company achieved a minimum of 90% of its Fiscal 2017 Plan EBITDA, as adjusted, and 60% of its Plan Revenue, as adjusted. During fiscal 2017, the Company achieved of 50% of its EBITDA metric and 0% of its Plan Revenue metric, resulting in a weighted achievement of 32.5% of the Targeted Performance-Based Equity Incentive Plan Awards. Refer to Grants of Plan-Based Awards for disclosures of shares earned.

(b) The fiscal 2016 performance-based award provided for 100% of targeted shares upon achievement of \$102.0 million of Plan EBITDA during fiscal 2016, and 50% of targeted shares for achievement of 90% of the targeted financial performance. In fiscal 2016, the Company achieved 56.0% of the Targeted Performance-Based Equity Incentive Plan Awards. Refer to Grants of Plan-Based Awards for disclosure of shares earned.

(c) The fiscal 2015 performance-based award provided for 100% of targeted shares upon achievement of \$64.0 million of Plan EBITDA during fiscal 2015, and 50% of targeted shares for achievement of 90% of the targeted financial performance. In Fiscal 2015, the Company achieved 100.0% of the Targeted Performance-Based Equity Incentive Plan Awards.

(3) There were no option awards granted to the Company's NEOs during the fiscal years ended July 2, 2017, July 3, 2016 and June 28, 2015.

(4) Non-Equity Incentive Plan Compensation represents cash bonuses described under "Compensation Discussion and Analysis-Elements of Compensation-Annual Cash Incentive and Sharing Success Program." The annual cash

bonuses for operating performances related to, and recorded as compensation expense during fiscal 2017, 2016 and 2015, were paid during the first quarter of fiscal years 2018, 2017 and 2016, respectively. In fiscal 2017, Mr. Taiclet was paid a bonus which was contingent upon the successful completion of the sale of Fannie May. Mr. Taiclet separated from the Company effective with the closing of the sale on May 30, 2017. In fiscal 2016, the Gourmet Food & Gift Baskets threshold non-equity plan performance measures were not achieved, and therefore, there was no payout related to fiscal 2016 performance for Mr. Taiclet.

In accordance with Mr. James McCann's employment agreement dated October 4, 2016, Mr. J McCann is no longer eligible to participate in the Company's non-equity based bonus program. On an annual basis, the Company will credit an amount equal to Mr. J. McCann's base salary, which in fiscal 2017, amounted to \$975,000, to his retirement account under the Company's Nonqualified Supplemental Deferred Compensation Plan. Other annual compensation for Mr. James McCann in the form of perquisites and other personal benefits for (5) Messrs. James McCann and Christopher McCann consist of the personal use of a company car, which is calculated by allocating the costs of operating the car between personal and business use, on the basis of miles driven for personal use to total miles driven. Messrs. C. McCann, Hartnett, and Shea also participate in the Company's supplemental retirement plan, which provided for a maximum match of \$2,500 per calendar year. The Company discontinued its match in calendar 2017.

Grants of Plan-Based Awards

The following table sets forth summary information regarding all grants of plan-based awards made to our NEO's for the fiscal year ended July 2, 2017. The compensation plans under which the grants in the following table were made are described in the Compensation Discussion and Analysis section above.

Name	Grant Date	Board of Directors Approval Date (1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	B P of O A (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	
Christopher G. McCann Chief Executive Officer, Director and President	(2) (3) 11/7/2016	6/29/2016	\$251,875	\$775,000	\$1,550,000	22,898	70,455	70,455			
William E. Shea Senior Vice President, Treasurer, and Chief Financial Officer	(2) (3) 11/7/2016	6/29/2016	\$87,750	\$270,000	\$540,000	9,602	29,545	29,545			

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James F. McCann Executive Chairman	(4)	\$0	\$0	\$0			
	(3)	11/7/2016	6/29/2016		24,006	73,864	73,864
Thomas Hartnett President, Consumer Floral	(2)	\$71,500	\$220,000	\$440,000			
	(3)	11/7/2016	6/29/2016		7,879	24,242	24,242
Gerard M. Gallaher General Counsel, Senior Vice President, Corporate Secretary	(2)	\$70,688	\$217,500	\$435,000			
	(3)	11/7/2016	6/29/2016		7,140	21,970	21,970
David Taiclet Former President of Gourmet Foods and Gift Baskets	(2)	\$154,375	\$475,000	\$950,000			
	(3)	11/7/2016	6/29/2016		11,695	35,985	35,985

(1) The date of grant for each award is established by the Compensation Committee and approved by the Board of Directors, during a meeting, or by written action without a meeting, on or prior to the date of the grant. Pursuant to the guidelines adopted by the Compensation Committee, the grant date is the third business day after the date of the Company's public disclosure of quarterly financial information (the "grant date").

(2) The amounts in this row represent the threshold, target and maximum payout under the annual incentive award administered through the Company's Sharing Success Program for fiscal year 2017, as approved by the Board of Directors on June 29, 2016, and as described in the Compensation Discussion and Analysis section. Payout of the annual performance cash incentive was made in September of fiscal year 2018 and is reflected in the Non-Equity Incentive Plan Compensation Column of the fiscal year 2017 Summary Compensation Table above.

(3) The amounts in this row represents the one-year performance share award threshold, target and maximum payout that could be earned under the Company's Long-Term Incentive Equity Awards Program as described in the Compensation Discussion and Analysis section. The last column of this row represents the grant date fair value, computed in accordance with FASB ASC Topic 718 based on probable outcome, assuming target. The number of shares earned under the fiscal year 2017 performance plan were as follows:

	Performance	Fair Value of Performance	
	Share Awards	Share Awards	Vesting Period
	Earned (#)	Earned (\$)	
Christopher G. McCann	22,898	\$ 226,690	ratably over 3 years from date of grant
William E. Shea	9,602	\$ 95,060	ratably over 3 years from date of grant
James F. McCann	24,006	\$ 237,659	ratably over 3 years from date of grant
Thomas Hartnett	7,879	\$ 78,002	ratably over 3 years from date of grant
Gerard M. Gallaher	7,140	\$ 70,686	ratably over 3 years from date of grant
David Taiclet (5)	0	\$ 0	ratably over 3 years from date of grant

On October 4, 2016, the Company entered into a new employment agreement with Mr. J. McCann (the "JM 2016 Agreement"). Under the JM 2016 Agreement, Mr. J. McCann became the Executive Chairman of the Board, earned a salary of \$975,000 in fiscal 2017, and his annual long-term incentive award will be 75% of his salary in (4) the form of performance restricted shares under the 2003 Plan. He is no longer eligible to participate in the Company's non-equity based bonus program. The Company will annually credit an amount equal to Mr. J. McCann's base salary to his retirement account under the Company's Nonqualified Supplemental Deferred Compensation Plan.

(5) Mr. Taiclet separated from the Company effective with the sale of Fannie May on May 30, 2017, and at that time, became ineligible to participate in the fiscal 2017 equity incentive and award plan.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements

From July 1, 1999 through October 3, 2016, Mr. James F. McCann's employment agreement provided for a five-year term, with such term extended for one additional year on each anniversary of the effective date of the agreement, unless either the Company or Mr. J. McCann provides at least 180 days' notice that such term would not be further extended. Under the terms of the employment agreement, Mr. J. McCann was entitled to a minimum annual salary of \$1,000,000, with annual 10% increases during the term. However, the Compensation Committee had recommended that Mr. J. McCann receive, and Mr. J. McCann accepted, a base salary of \$975,000 per annum in order to assist the Company in complying with Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. J. McCann was eligible to participate in the Company's stock incentive plans, as well as other bonus, incentive or benefits plans, and was provided medical, health and dental insurance coverage for himself and his dependents.

On October 4, 2016, the Company entered into a new employment agreement with Mr. J. McCann (the “JM 2016 Agreement”). Under the JM 2016 Agreement, Mr. J. McCann became the Executive Chairman of the Board, will earn a salary of \$975,000 and his annual target long-term incentive award will be 75% of his salary in the form of performance restricted shares under the 2003 Plan. He is no longer eligible to participate in the Company’s bonus program. The Company will also annually credit an amount equal to Mr. J. McCann’s base salary to his retirement account under the Company’s Nonqualified Supplemental Deferred Compensation Plan. The JM 2016 Agreement replaces the 1999 Agreement and is substantially similar to that agreement except for the changes noted herein.

From July 1, 1999 through October 3, 2016, Mr. Christopher G. McCann's employment agreement provided for a five-year term, with such term extended for one additional year on each anniversary of the effective date of the agreement, unless either the Company or Mr. C. McCann provided at least 180 days' notice that such term would not be further extended. Under the terms of the employment agreement, Mr. C. McCann was entitled to a minimum annual salary of \$250,000, with annual 10% increases during the term. Mr. C. McCann's annual salary for Fiscal 2017 was \$775,000. Mr. C. McCann was eligible to participate in the Company's stock incentive plans, as well as other bonus, incentive or benefits plans, and was provided medical, health and dental insurance coverage for himself and his dependents.

On October 4, 2016, the Company entered into a new employment agreement with Mr. C. McCann (the "CM 2016 Agreement"). Under the CM 2016 Agreement, Mr. C. McCann became Chief Executive Officer (in addition to President and Director) of the Company, earns an annual salary of \$775,000, his target annual bonus will be 100% of his salary and his target annual long-term incentive award under the 2003 Plan will be equal to 90% of his salary in the form of performance restricted shares. The CM 2016 Agreement replaces the 1999 Agreement and is substantially similar to that agreement except for the changes noted herein.

Under the 2016 Agreements, Messrs. J. McCann and C. McCann agreed to extend the period during which they are each restricted from participating in a business competitive to the Company to a period of two years after a voluntary resignation or termination for good cause. Each of these executives is also bound by non-solicitation and confidentiality provisions, which prohibit the executive from, among other things, disseminating or using confidential information about the Company in any way that would be adverse to the Company.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth summary information regarding the outstanding equity awards at July 2, 2017 granted to each of the Company's Named Executive Officers.

Name	Option Awards				Stock Awards		Equity	Equity
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$/Option)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Shares, Units or Other Rights That Have Not Vested (#)	Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Christopher G. McCann Chief Executive Officer, Director and President					22,898	(2)		
					21,340	(3)	\$208,065	
					14,964	(4)	\$145,899	
					208,125	(5)	\$2,029,219	
					166,500	(6)	\$1,623,375	
	625,000	375,000	(7) \$ 2.63	11/1/2021				
				75,000	(8)	\$731,250		
	750,000	250,000	(9) \$ 1.79	10/26/2020				
William E. Shea					9,602	(2)	\$93,620	

Senior Vice President and	10,063	(3)	\$98,114
	8,509	(4)	\$82,963
James F. McCann	24,006	(2)	\$234,059
Executive Chairman	28,858	(3)	\$281,366
	20,236	(4)	\$197,301
Thomas Hartnett	7,879	(2)	\$76,820
President, Consumer Floral	9,116	(3)	\$88,881
	7,265	(4)	\$70,834
	3,750	(10)	\$36,563
Gerard M. Gallagher	7,140	(2)	\$69,615
General Counsel, Senior Vice President, Corporate Secretary	8,292	(3)	\$80,847
	8,722	(4)	\$85,040
David Taiclet	-	-	(11) -
Former President, Gourmet Foods and Gift Baskets	-	-	-

(1) Market value is based on the closing price of 1-800-Flowers.com, Inc.'s Class A Common Stock of \$9.75 on July 2, 2017.

Amounts shown represent performance shares that were earned in fiscal 2017 under the Company's Long-Term Incentive Equity Awards program, based upon achievement of targeted financial performance during fiscal 2017. The fiscal 2017 performance-based equity award plan provided the NEOs with the opportunity to earn 100% of their target share award if the Company achieved \$101.1 million of Plan EBITDA, as adjusted to exclude Fannie May's Plan EBITDA, reflecting the sale of this brand during fiscal 2017, and Plan Revenue growth of 5.4%, as adjusted to exclude Fannie May's Plan Revenue, weighted such that 65% of the target share award was tied to (2) achievement of the EBITDA metric, and 35% of the target share award was tied to the revenue growth metric. The award scaled, on pro-rata basis, to 50% of the target award if the Company achieved a minimum of 90% of its Fiscal 2017 Plan EBITDA, as adjusted, and 60% of its Plan Revenue, as adjusted. (See Compensation Discussion and Analysis - Long Term Incentive Equity Awards.) During fiscal 2017, the Company achieved 50% of its EBITDA metric and 0% of its Plan Revenue metric, resulting in a weighted achievement of 32.5% of the Targeted Performance-Based Equity Incentive Plan Awards. These restricted shares vest at a rate of one-third at the completion of each year of service following the November 7, 2016 grant date.

(3) Amounts shown represent performance shares that were earned in fiscal 2016 under the Company's Long-Term Incentive Equity Awards program, based upon achievement of targeted financial performance during the fiscal 2016. The fiscal 2016 performance based equity award grant provided for 100% of the performance-based target shares to be earned upon the achievement of \$102.0 million of Plan EBITDA, and 50% of the performance-based target shares to be earned upon the achievement of 90% of Plan EBITDA. (See Compensation Discussion and Analysis - Long Term Incentive Equity Awards.) During fiscal 2016, awards amounting to 56.0% of target were earned. These restricted shares vest at a rate of one-third at the completion of each year of service following the November 6, 2015 grant date.

(4) Amounts shown represent performance shares that were earned in fiscal 2015 under the Company's Long-Term Incentive Equity Awards program, based upon achievement of targeted financial performance during the fiscal 2015. The fiscal 2015 performance based equity award grant provided for 100% of the performance-based target shares to be earned upon the achievement of \$64.0 million of Plan EBITDA, and 50% of the performance-based target shares to be earned upon the achievement of 90% of Plan EBITDA. (See Compensation Discussion and Analysis - Long Term Incentive Equity Awards.) During fiscal 2015, awards amounting to 100.0% of target were earned. These restricted shares vest at a rate of one-third at the completion of each year of service following the October 31, 2014 grant date.

(5) Restricted shares vest ratably over the 8 years of service following the November 1, 2013 grant date.

(6) Restricted shares vest ratably over the 8 years of service following the October 30, 2012 grant date.

(7) Options become exercisable ratably over the 8 years of service following November 1, 2011 grant date.

(8) Amounts shown represent the number of additional performance shares that were earned by Mr. Christopher McCann in fiscal 2011 under the Company's Long-Term Incentive Equity Awards program, based upon achievement of targeted financial performance during fiscal 2011. The award provided for 100% of targeted shares upon achievement of \$41.8 million of Plan EBITDA for the 9-month period of October 2010 to July 3, 2011, and 50% of targeted shares for achievement of \$37.0 million of targeted financial performance, with ratable increments over 50% based upon the actual Plan EBITDA performance. These restricted share awards vest ratably over the eight years of service following October 26, 2010 grant date.

(9) Options become exercisable ratably over the 8 years of service following October 26, 2010 grant date.

(10) Represents equity awards under the Company's Long-Term Incentive Equity Awards program. These restricted share awards vest at a rate of one-third at the completion of each year of service following the November 1, 2013 grant date.

(11) Mr. Taiclet separated from the Company effective with the closing of the sale of Fannie May on May 30, 2017. All unvested restricted share grants were forfeited at that time.

Option Exercises and Stock Vested

The following table sets forth all stock option exercises and vesting of stock awards for each of the Company's Named Executive Officers during fiscal 2017, which ended on July 2, 2017.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (1) (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (2) (\$)
Christopher G. McCann Chief Executive Officer, Director and President	-	-	160,200	1,495,735
William E. Shea Senior Vice President and Chief Financial Officer	-	-	30,024	281,489
James F. McCann Executive Chairman	-	-	53,349	502,390
Thomas Hartnett President, Consumer Floral	-	-	25,833	240,492
Gerard M. Gallagher General Counsel, Senior Vice President, Corporate Secretary	-	-	20,923	196,032
David Taiclet Former President, Gourmet Foods and Gift Baskets	-	-	34,429	324,854

(1) There were no stock options exercised by the NEO's during fiscal 2017.

(2)

The value realized on vesting equals the market value of 1-800-Flowers.com, Inc.'s Class A Common Stock on the vesting date, multiplied by the number of shares that vested.

Equity Compensation Plan Information

The following table displays certain information regarding our equity compensation plans at July 2, 2017:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise 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))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,127,734	\$ 2.42	2,766,378
Equity compensation plans not approved by security holders	0	\$ 0.00	0
Total	2,127,734	\$ 2.42	2,766,378

Pension Benefits

The Company does not maintain any defined benefit plans.

Nonqualified Deferred Compensation

During fiscal 2017, the Company offered a Nonqualified Supplemental Deferred Compensation Plan for certain executives. Participants can defer from 1% up to a maximum of 100% of salary and performance and non-performance based bonuses. Until January 1, 2017, the Company matched 50% of the deferrals made by each participant during the applicable period, up to a maximum of \$2,500 per calendar year. Participating employees are vested in the Company's contributions based upon years of participation in the Plan. The Company discontinued its match in calendar 2017. Distributions are made to participants upon termination of employment or death in a lump sum, unless installments are selected.

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (1) (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals Distributions in Last FY (\$)	Aggregate Balance at Last FYE (1) (\$)
Christopher G. McCann Chief Executive Officer Director and President	\$ 89,439	\$ 0	\$ 34,102	\$ 75,964	\$ 250,757
James F. McCann Executive Chairman	\$ 672,000	\$ 975,000	\$ 631,630	\$ 0	\$ 5,424,605

Improper Measurement Dates for Annual Stock Option Grants. We determined that, in connection with our annual stock option grants to employees in 1999, 2000, 2001, 2002 and 2004, the number of shares that an individual employee was entitled to receive was not determined until after the original grant date, and therefore the measurement date for such options was subsequent to the original grant date. As a result, we restated our financial information to increase stock-based compensation expense by a total of \$95.6 million recognized over the applicable vesting periods. For certain of these options forfeited in 2002 in connection with an option exchange program (2002 Option Exchange Program), the remaining compensation expense was accelerated into 2002. For certain other options, compensation expense was accelerated into 2004, in connection with the acceleration of all unvested options as of July 1, 2004 (2004 Accelerated Vesting). We undertook the 2004 Accelerated Vesting program for the purpose of enhancing employee morale, helping retain high potential employees in the face of a downturn in industry conditions and to avoid future compensation charges subsequent to the adoption of SFAS No. 123(R).

Modifications to Stock Option Grants. We determined that from 1998 through 2005, we had not properly accounted for stock options modified for certain individuals who held consulting, transition or advisory roles with us. These

included instances of continued vesting after an individual was no longer required to provide substantive services to Amkor after an individual converted from an employee to a consultant or advisory role, and extensions of option vesting and exercise periods. Some of these modifications were not identified in our financial reporting processes and were therefore not properly reflected in our financial statements. As a result, we restated our financial information to increase stock-based compensation expense by a total of \$9.5 million recognized as of the date of the respective modifications.

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

Improper Measurement Dates for Other Stock Option Grants. We determined that from 1998 through 2005, we had not properly accounted for certain employee stock options granted prior to obtaining authorization of the grants. These options included those granted as of November 9, 1998 in connection with the settlement of a deferred compensation liability to employees that had not been approved by our Board of Directors until November 10, 1998 as well as stock options granted to new hires and existing employees in recognition of achievements, promotions, retentions and other events. As a result of these errors, we restated our financial information to increase stock-based compensation expense by a total of \$2.1 million recognized over the applicable vesting periods. For certain of these option grants, the recognition of this expense was also accelerated under the 2002 Option Exchange Program or the 2004 Accelerated Vesting, as described under *Improper Measurement Dates for Annual Stock Option Grants*.

Stock Option Grants to Non-employees. We determined that from 1998 to 2004, we had not properly accounted for stock option grants issued to employees of an equity affiliate, consultants, or other persons who did not meet the definition of an employee. We erroneously accounted for such grants in accordance with APB No. 25 rather than SFAS No. 123 and related interpretations. As a result, we restated our financial information to increase stock-based compensation expense by a total of \$1.6 million.

All of the foregoing charges were non-cash and had no impact on our reported net sales or cash or cash equivalents. The aggregate amount of the additional stock-based compensation expense that we identified as a result of the stock option review is approximately \$108.8 million through June 30, 2006.

Incremental stock-based compensation charges of \$108.8 million resulted in deferred income tax benefits of \$3.2 million. Such amount is nominal relative to the amount of the incremental stock-based compensation charges as we maintained a full valuation allowance against our domestic deferred tax assets since 2002 coupled with the fact that incremental stock-based compensation charges relating to our foreign subsidiaries were not deductible for local tax purposes during the relevant periods due to the absence of related re-charge agreements with those subsidiaries. The \$3.2 million deferred tax benefit resulted primarily from the write-off of stock-based compensation related deferred tax assets to additional paid-in capital in 2002; such write-off had originally been charged to income tax expense in 2002. We also recorded payroll related taxes totaling \$0.4 million primarily relating to certain of our French employees.

As a result of our determination that the exercise prices of certain option grants were below the market price of our stock on the actual grant date, we evaluated whether the affected employees would have any adverse tax consequences under Section 409A of the Internal Revenue Code (the *IRC*). Because Section 409A relates to the employee's income recognition as stock options vest, when we accelerated the vesting of all unvested options in July 2004 (the *2004 Accelerated Vesting* described under *Improper Measurement Dates for Annual Grants*) the impact of Section 409A was mitigated for substantially all of our outstanding stock grants. For stock options granted subsequent to the 2004 Accelerated Vesting, the impact of Section 409A is not expected to materially impact our employees and financial statements as a result of various transition rules and potential remediation efforts. Further we considered IRC Section 162 (m) and its established limitation thresholds relating to total remuneration and concluded, for periods prior to June 30, 2006, that our tax deductions related to stock-based compensation were not materially changed as a result of any employee whose remuneration changed as a result of receiving an option at less than fair value.

As described in Note 16, the SEC has requested that we provide documentation related to our historical stock option practices expanding the scope of its ongoing investigation of us concerning unrelated matters. We intend to continue

to cooperate with the SEC.

3. Stock Compensation Plans

Effective January 1, 2006, we adopted SFAS No. 123(R) which revises SFAS No. 123 and supersedes APB No. 25. SFAS No. 123(R) requires that all share-based payments to employees, including grants of employee stock options, be measured at fair value and expensed over the service period (generally the vesting period). Upon

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adoption, we transitioned to SFAS No. 123(R) using the modified prospective method, whereby compensation cost under SFAS No. 123(R) is recognized beginning January 1, 2006 and thereafter, with prior periods' stock-based compensation for option and employee stock purchase plan activity still determined pursuant to APB No. 25 with pro forma disclosure provided as if SFAS No. 123 had been applied. We continue to use the Black-Scholes option valuation model to value stock options. Compensation expense is measured and recognized beginning in 2006 as follows:

Awards granted after December 31, 2005 Awards are measured at their fair value at the date of grant under the provisions of SFAS No. 123(R) with the resulting compensation expense recognized ratably over the vesting period of the award. However, if the employee becomes eligible for retirement during the vesting period, the compensation expense is recognized ratably only until the retirement eligibility date. For employees eligible for retirement on the date of grant, compensation expense is recognized immediately.

Awards granted prior to December 31, 2005 Awards were measured at their fair value at the date of original grant under the original provisions of SFAS 123. Compensation expense associated with the unvested portion of these options at January 1, 2006 is recognized ratably over the remaining vesting period without regard to the employee's retirement eligibility. Upon retirement, any unrecognized compensation expense will be recognized immediately.

For all grants, the amount of compensation expense to be recognized is adjusted for an estimated forfeiture rate which is based on historical data. For the year ended December 31, 2006, we recognized compensation expense of \$4.8 million, with no tax impact, which was substantially a result of the adoption of SFAS No. 123(R). The adoption of SFAS 123(R) reduced our basic and diluted earnings per share by \$0.03 for the year ended December 31, 2006.

The following table presents stock-based compensation expense included in the consolidated statement of operations:

	For the Year Ended December 31,		
	2006	2005	2004
	(In thousands)		
Cost of sales	\$ 2,470	\$ 182	\$ 4,562
Selling, general, and administrative	2,753	191	3,316
Stock-based compensation expense	\$ 5,223	\$ 373	\$ 7,878

For the year ended December 31, 2006 stock-based compensation expense includes \$0.5 million in cash payments that will be made as a result of the offer to amend discussed in more detail below.

In November 2005, the FASB issued FSP No. 123R-3, *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*. We have elected to adopt the alternative transition method provided in the FSP for calculating tax effects of equity-based compensation pursuant to SFAS No. 123(R). The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool (APIC pool)

related to the tax effects of employee equity-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statement of Cash Flows of the tax effects of employee equity-based compensation awards that are outstanding upon the implementation of SFAS No. 123(R).

Prior to January 1, 2006, as permitted under SFAS No. 123, we applied APB Opinion No. 25 and related interpretations in accounting for our stock-based compensation plans. Under APB Opinion No. 25, compensation expense was recognized for stock option grants if the exercise price was below the fair value of the underlying stock at the measurement date.

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

Had compensation costs been determined consistent with the requirements of SFAS No. 123, pro forma net loss and net loss per common share would have been as follows:

	For the Year Ended December 31, 2005 2004	
	(In thousands, except per share data)	
Net loss:		
Net loss, as reported	\$ (137,235)	\$ (44,964)
Add: Total stock-based employee compensation recognized under intrinsic value method, net of tax	373	7,878
Deduct: Total stock-based employee compensation determined under fair value based method, net of tax	(2,526)	(66,577)
Net loss, pro forma	\$ (139,388)	\$ (103,663)
Loss per share:		
Basic and diluted:		
As reported	\$ (0.78)	\$ (0.26)
Pro forma	\$ (0.79)	\$ (0.59)

Pro forma compensation expense under SFAS No. 123 does not include an upfront estimate of potential forfeitures, but rather recognizes them as they occur and amortizes the compensation expense for retirement eligible individuals over the vesting period without consideration to acceleration of vesting. These computational differences and the differences in the terms and nature of 2006 stock-based compensation awards create incomparability between the pro forma stock compensation presented above and the stock compensation expense recognized in 2006.

Stock Option Plans

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

1998 Director Option Plan. The option grants under the Director Plan are automatic and non-discretionary. As of January 1, 2003, the Director Plan provides for an initial grant of options to purchase 20,000 shares of common stock to each new non-employee director of Amkor when such individual first becomes an outside director. In addition, each non-employee director will automatically be granted subsequent options to purchase 10,000 shares of common stock on each date on which such director is re-elected by the stockholders of Amkor, provided that as of such date such director has served on the Board of Directors for at least six months. Each option granted to a non-employee director vests over a three-year period. Future grants to non-employee directors are permitted to be granted, and may

to be granted under the Director Plan or the 1998 Stock Plan.

1998 Stock Plan. The 1998 Stock Plan generally provides for the grant to employees, directors and consultants of stock options and stock purchase rights. Under the 1998 Stock Plan, there is a provision for an annual replenishment to bring the number of shares of common stock reserved for issuance under the plan up to 5 million as of each January 1. Unless determined otherwise by the Board of Directors or a committee appointed by the Board of Directors, options and stock purchase rights granted under the 1998 Plan are not transferable by the optionee. In general, the options granted will vest over a four year-period.

2003 Nonstatutory Inducement Grant Stock Plan. On September 9, 2003, we initiated the 2003 Nonstatutory Inducement Grant Stock Plan (the 2003 Plan). The 2003 Plan generally provides for the grant to employees,

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

directors and consultants of stock options and stock purchase rights and is generally used as an inducement benefit for the purpose of retaining new employees.

A summary of the stock option plans and the respective plan termination dates and shares available for grant as of December 31, 2006 is shown below.

Stock Option Plans	1998 Director Option Plan	1998 Stock Plan	2003 Inducement Plan
Contractual Life (yrs)	10	10	10
Plan termination date	January 2008	January 2008	Board of Directors Discretion
Shares available for grant at December 31, 2006	141,666	6,874,394	345,600

During August 2004 the Compensation Committee of our Board of Directors approved the full vesting of all unvested outstanding employee stock options that were issued prior to July 1, 2004:

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

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

	For the Year Ended December 31,		
	2006	2005	2004
Expected life (in years)	5.8	5.8	4.0
Risk-free interest rate	4.6%	4.0%	3.3%
Volatility	78.4%	91%	94%
Dividend yield			
Weighted average grant date fair value per option granted	\$ 4.82	\$ 3.34	\$ 4.86
Intrinsic value of options exercised (in thousands)	\$ 1,500	\$ 50	\$ 1,414

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

The following is a summary of all option activity for the year ended December 31, 2006:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2005	16,369,994	\$ 10.53		
Granted	894,475	\$ 6.89		
Exercised	(375,660)	\$ 5.86		
Forfeited or expired	(1,554,720)	\$ 10.46		
Outstanding at December 31, 2006	15,334,089	\$ 10.47	5.68	\$ 13,944,543
Exercisable at December 31, 2006	12,153,240	\$ 11.21	5.23	\$ 6,443,597
Fully vested and expected to vest at December 31, 2006	14,125,617	\$ 10.44	5.69	\$ 13,166,295

Total unrecognized compensation expense from stock options was \$6.9 million as of December 31, 2006, which is expected to be recognized over a weighted-average period of 1.67 years.

Employee Stock Purchase Plan (ESPP). A total of 1,000,000 shares of common stock were available for sale under the ESPP annually until the plan was terminated in April 2006. For the years ended December 31, 2006, 2005 and 2004 we issued 999,981, 992,952 and 999,817 shares, respectively, at an average fair value of \$2.78, \$0.85 and \$2.55 per share, respectively.

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

	For the Year Ended December 31,		
	2006	2005	2004
Expected life (in years)	0.5	0.5	0.5
Risk-free interest rate	4.8%	4.4%	3.5%
Volatility	66%	64%	97%

Dividend yield

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

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)****4. Income Taxes**

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

	For the Year Ended December 31,		
	2006	2005	2004
	(In thousands)		
United States	\$ (49,187)	\$ (116,175)	\$ (49,670)
Foreign	231,681	(29,113)	20,802
	\$ 182,494	\$ (145,288)	\$ (28,868)

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

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

	For the Year Ended December 31,		
	2006	2005	2004
<i>Current</i>			
Federal	\$ (406)	\$ (34,535)	\$ 11,029
State			
Foreign	11,646	3,942	7,766
	11,240	(30,593)	18,795
<i>Deferred</i>			
Federal		25,023	213
State			
Foreign	(32)	19	(3,816)
	(32)	25,042	(3,603)
Total provision (benefit)	\$ 11,208	\$ (5,551)	\$ 15,192

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

	For the Year Ended December 31,		
	2006	2005	2004
	(In thousands)		
Expected federal tax at 35%	\$ 63,873	\$ (50,851)	\$ (10,104)
State taxes, net of federal benefit	6,077	(4,368)	(1,546)
Foreign income taxed at different rates	(57,824)	46,308	1,434
Repatriation of foreign earnings and profits	33,203		60,201
Adjustments related to prior years	(2,066)	(68,972)	1,816
Change in valuation allowance	(23,677)	74,952	(34,160)
Income tax credits generated	(9,388)	(4,218)	(4,290)
Other permanent differences	1,010	1,598	1,841
Total	\$ 11,208	\$ (5,551)	\$ 15,192

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

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

	December 31,	
	2006	2005
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	\$ 159,488	\$ 182,599
Capital loss carryforwards	108,523	108,723
Investments	16,715	15,841
Income tax credits	21,136	12,183
Property, plant and equipment	11,152	20,167
Other	30,770	31,785
Total deferred tax assets	347,784	371,298
Valuation allowance	(328,083)	(351,952)
Total deferred tax assets net of valuation allowance	19,701	19,346
Deferred tax liabilities:		
Property, plant and equipment	7,319	5,598
Other	4,827	6,972
Total deferred tax liabilities	12,146	12,570
Net deferred tax assets	\$ 7,555	\$ 6,776

In 2006, the valuation allowance on our deferred tax assets decreased by \$23.9 million, primarily as a result of a \$14.5 million benefit relating to utilization of U.S. net operating loss carryforwards and a \$6.4 million benefit relating to utilization of Taiwanese net operating loss carryforwards. In 2006, the current earnings and profits of our wholly-owned subsidiary in the Philippines was considered a deemed dividend for U.S. tax purposes resulting in use of U.S. net operating loss carryforwards which had no incremental effect on our consolidated provision. During 2005, the valuation allowance on our deferred tax assets increased by \$75.0 million, resulting from a charge to establish a valuation allowance against the increase in our U.S., Taiwanese, Singaporean, and Philippine net operating loss carryforwards, capital loss carryforwards, tax credits and other deferred tax assets. In 2004, the valuation allowance on our deferred tax assets decreased by \$24.5 million, primarily as a result of a \$34.2 million benefit relating to utilization of U.S. net operating loss carryforwards, offset by a \$9.7 million valuation allowance against U.S. net operating losses which was recorded in connection with our U.S. acquisition accounting. In connection with our divestiture in 2004 of 10.1 million shares of ASI common stock, we generated a capital loss of approximately \$56.8 million; however, we provided a full valuation allowance against such capital loss because we did not have any offsetting capital gains. At December 31, 2006, the valuation allowance includes amounts relating to the tax benefits of pre-acquisition net operating losses and credits. If these benefits are subsequently realized, they will be recorded to

goodwill and non-current intangible assets in the amounts of \$14.7 million and \$3.7 million, respectively.

At December 31, 2006, the valuation allowance includes amounts relating to tax benefits of the tax deduction associated with employee stock options. If these benefits are subsequently realized, they will be recorded to contributed capital in the amount of \$3.0 million. As a result of net operating loss carryforwards, we were not able to recognize the windfall tax benefits of stock option deductions in 2006 because the deductions did not reduce income tax payable using a with-and-without approach for the utilization of tax attributes.

As a result of certain capital investments, export commitments and employment levels, income from operations in Korea, the Philippines, China and Singapore is subject to reduced tax rates, and in some cases is exempt from taxes. In Korea, we benefit from a tax holiday extending through 2014 that provides for a 100% tax

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

holiday for seven years and then a 50% tax holiday for an additional three years. In the Philippines, our operating locations operate in economic zones and in exchange for tax holidays, we have committed to certain export and employment levels. For 2005, certain qualifying Philippine operations benefited from a full tax holiday, expiring at the end of 2005, while the remaining operations benefited from a perpetual reduced tax rate of 5%. The full tax holiday on certain qualifying Philippine operations was extended through 2006. As a result of our 2001 investment in China, we expect to benefit from a 100% tax holiday for five years and then a 50% tax holiday for an additional five years. This tax holiday commences in the first full taxable period when our Chinese operations have taxable income, after utilization of any allowable Chinese net operating loss carryforwards. The tax holiday in China has not yet commenced. In October 2006, we were granted a ten year pioneer incentive award by the Singapore Economic Development Board. Singapore operations will benefit from a 100% tax holiday for up to ten years, beginning on January 1, 2007. As a result of the net operating losses incurred by our foreign subsidiaries subject to tax holidays, we did not recognize any benefits relating to such tax holidays in 2006, 2005 or 2004 other than in the Philippines. In 2006, our Philippines operations recognized \$2.1 million in tax benefits, or \$0.01 per diluted share, as a result of the tax holiday on certain qualifying operations.

At December 31, 2006, we have U.S. and state net operating losses available to be carried forward totaling \$362.8 million and \$269.8 million, respectively, expiring in varying amounts through 2025. Additionally, as of December 31, 2006, our Taiwan and Philippines operations had \$47.2 million and \$3.9 million respectively, of net operating losses available for carryforward. If these foreign net operating losses are not utilized, they will expire in varying amounts through 2011. Net operating losses generated in Singapore through 2006 are not available for carryforward to future periods in connection with the pioneer incentive award granted in October 2006. We also have U.S. capital loss carryforwards of \$271.3 million which will expire in varying amounts from 2007 through 2009. Our ability to utilize our U.S. net operating and capital loss carryforwards may be limited in the future if we experience an ownership change as defined by the Internal Revenue Code.

At December 31, 2006, we have various tax credits available to be carried forward including U.S. foreign income tax credits totaling \$5.7 million, expiring in 2011, and Taiwanese income tax credits totaling \$13.2 million, expiring in varying amounts through 2010.

Income taxes have not been provided on the undistributed earnings of our foreign subsidiaries (approximately \$138.1 million at December 31, 2006) over which we have sufficient influence to control the distribution of such earnings and have determined that such earnings have been reinvested indefinitely. These earnings could become subject to either or both federal income tax and foreign withholding tax if they are remitted as dividends, if foreign earnings are loaned to any of our domestic subsidiaries, or if we sell our investment in such subsidiaries. We estimate that repatriation of these foreign earnings would generate additional foreign withholding taxes of approximately \$22.7 million. There would be no U.S. federal income tax since our U.S. net operating losses exceed the amount of undistributed foreign earnings.

At December 31, 2006 and 2005, current deferred tax assets of \$4.2 million and \$5.3 million, respectively, are included in other current assets and noncurrent deferred tax assets of \$3.4 million and \$3.7 million, respectively, are included in other assets in the consolidated balance sheet. In addition, at December 31, 2006 and 2005, current deferred tax liabilities of \$0.0 million and \$0.1 million, respectively, are included in other current liabilities and noncurrent deferred tax liabilities of \$0.1 million and \$2.2 million, respectively, are included in other noncurrent liabilities in the consolidated balance sheet.

We operate in and file income tax returns in various U.S. and foreign jurisdictions which are subject to examination by tax authorities. For our larger foreign operations, our tax returns have been examined through 1999 in Korea, through 2001 in the Philippines and through 2002 in Taiwan and Japan. Our tax returns for open years in all jurisdictions are subject to changes upon examination.

During 2003, the Internal Revenue Service (IRS) commenced an examination of our U.S. federal income tax returns relating to years 2000 and 2001. In September 2005, the Congressional Joint Committee on Taxation

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

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

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

Our estimated tax liability is subject to change as examinations of specific tax years are completed in the respective jurisdictions. Amounts accrued for potential income tax assessments, which are included in accrued expenses in the consolidated balance sheet, total \$2.0 million and \$2.8 million at December 31, 2006 and 2005, respectively. The \$0.8 million reduction in our related accrual was primarily attributable to a reduction for state taxes paid relating to the 2000 and 2001 IRS audit.

We believe that any additional taxes or related interest over the amounts accrued will not have a material effect on our financial condition, results of operations or cash flows, nor do we expect that examinations to be completed in the near term would have a material favorable impact. However, resolution of these matters involves uncertainties and there are no assurances that the outcomes will be favorable.

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)****5. Earnings Per Share**

Basic earnings per share (EPS) is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted EPS adjusts net income and the outstanding shares for the dilutive effect of stock options and convertible debt. The basic and diluted EPS amounts are the same for the years ended December 31, 2005 and 2004, as a result of the potentially dilutive securities being antidilutive due to net losses. The following table summarizes the computation of basic and diluted EPS:

		For the Year Ended December 31,		
	2006	2005	2004	
		(In thousands)		
Net income (loss) basic	\$ 170,084	\$ (137,235)	\$ (44,964)	
Adjustment for dilutive securities on net income:				
Interest on 2.5% convertible notes due 2011, net of tax	2,823			
Interest on 6.25% convertible notes due 2013, net of tax	6,477			
Net income (loss) diluted	\$ 179,384	\$ (137,235)	\$ (44,964)	
Weighted average shares outstanding basic	177,682	176,385	175,342	
Effect of dilutive securities:				
Stock options	674			
2.5% convertible notes due 2011	7,849			
6.25% convertible notes due 2013	13,351			
Weighted average shares outstanding diluted	199,556	176,385	175,342	
EPS:				
Basic	\$ 0.96	\$ (0.78)	(0.26)	
Diluted	\$ 0.90	\$ (0.78)	(0.26)	

The following table summarizes the potential shares of common stock that were excluded from diluted EPS, because the effect of including these potential shares was antidilutive:

	For the Year Ended December 31,		
	2006	2005	2004
	(In thousands)		
Stock options	13,275	16,370	17,727
5.0% convertible notes due 2006	2,517	2,554	2,554

5.75% convertible notes due 2007	1,571	6,419	6,657
6.25% convertible notes due 2013		1,134	
Total potentially dilutive shares	17,363	26,477	26,938
Stock options excluded from diluted EPS because the exercise price was greater than the average market price of the common shares	13,275	16,283	14,346

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)****6. Accounts Receivable, Trade**

Accounts receivable, trade consists of the following:

	December 31,	
	2006	2005
	(In thousands)	
Accounts receivable	\$ 392,370	\$ 395,180
Allowance for sales credits	(9,247)	(8,738)
Allowance for doubtful accounts	(2,235)	(4,947)
	\$ 380,888	\$ 381,495

7. Inventories

Inventories consist of the following:

	December 31,	
	2006	2005
	(In thousands)	
Raw materials and purchased components, net of reserves of \$25.5 million and \$23.7 million, respectively	\$ 126,492	\$ 106,308
Work-in-process	34,676	30,124
Finished goods	3,010	1,677
	\$ 164,178	\$ 138,109

8. Property Plant and Equipment

Property, plant and equipment consist of the following:

	December 31,	
	2006	2005
	(In thousands)	
Land	\$ 110,730	\$ 111,451
Land use rights in China	19,945	19,945

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Buildings and improvements	790,847	655,042
Machinery and equipment	2,057,939	1,958,181
Furniture, fixtures and other equipment	141,621	140,163
Construction in progress	8,617	103,439
	3,129,699	2,988,221
Less Accumulated depreciation and amortization	(1,686,096)	(1,568,749)
	\$ 1,443,603	\$ 1,419,472

Construction in progress at December 31, 2005, includes \$95.4 million related to the facility in Shanghai, China. During the second quarter of 2006, the facility in Shanghai, China was completed and moved out of construction in progress. We have rights to use the land on which this facility is located for a period of 50 years.

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

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

	For the Year Ended December 31,		
	2006	2005	2004
	(In thousands)		
Payments for property, plant, and equipment	\$ 315,873	\$ 295,943	\$ 407,740
Increase (decrease) in property, plant, and equipment in accounts payable and accrued expenses, net	(16,850)	(1,164)	(2,014)
Property, plant and equipment additions	\$ 299,023	\$ 294,779	\$ 405,726

9. Goodwill and Other Intangible Assets

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

	(In thousands)
Balance as of December 31, 2004	\$ 656,052
Translation adjustments	(2,335)
Balance as of December 31, 2005	653,717
Goodwill acquired	17,911
Translation adjustments	272
Balance as of December 31, 2006	\$ 671,900

In January 2006, we acquired an additional 39.6% of UST for \$18.4 million, which was funded out of an escrow set up in December 2005. The majority of the purchase price was allocated to goodwill resulting in \$17.9 million of goodwill acquired in 2006. We acquired additional shares later in the first quarter of 2006 resulting in our combined ownership in UST of 99.86% as of December 31, 2006.

During the second quarters of 2006 and 2005, in accordance with the provisions of FASB Statement No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142), we performed our annual impairment test on goodwill and as the fair value of our packaging service exceeded its carrying value, we concluded that goodwill is not impaired.

Acquired intangibles as of December 31, 2006 consist of the following:

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

Acquired intangibles as of December 31, 2005 consist of the following:

	Gross	Accumulated Amortization (In thousands)	Net
Patents and technology rights	\$ 73,573	\$ (41,839)	\$ 31,734
Customer relationship and supply agreements	8,858	(2,201)	6,657
	\$ 82,431	\$ (44,040)	\$ 38,391

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

Amortization expense was \$9.6 million, \$9.5 million and \$6.7 million in 2006, 2005 and 2004, respectively. Based on the amortizing assets recognized in our balance sheet at December 31, 2006, amortization for each of the next five fiscal years is estimated as follows:

	(In thousands)	
2007	\$	9,527
2008		9,400
2009		5,253
2010		2,813
2011		1,519

The weighted average amortization period for the patents and technology rights is 9.0 years. The weighted average amortization period for all intangible assets is 8.7 years.

In connection with our January 2004 acquisition of Amkor Iwate Corporation (see Note 19 Acquisitions), we recorded a customer relationship intangible asset of \$3.3 million. This asset is amortized on a straight-line basis, against net revenues, over its 7-year useful life.

In connection with our May 2004 acquisition from IBM and Xin Development Co., Ltd. (see Note 19 Acquisitions), we entered into a supply agreement to provide IBM certain packaging and test services. This supply agreement was recorded as an intangible asset in our consolidated balance sheet at a cost of \$5.5 million. The supply agreement expires December 31, 2010 and is being amortized on a straight-line basis against net revenues over the 6.5 year term of the agreement.

10. Investments

Investments include non-current marketable securities and equity investments as follows:

	December 31,	
	2006	2005
	(In thousands)	
Marketable securities classified as available for sale:		
Dongbu Electronics Inc. (ownership of 1% at December 31, 2006 and 2% at December 31, 2005)	\$ 6,643	\$ 8,879
Other marketable securities classified as available for sale	31	714
Total marketable securities	6,674	9,593
Equity investments	1	75
	\$ 6,675	\$ 9,668

During 2004, we sold 10.1 million shares of Dongbu Electronics stock and completed other related transactions generating cash proceeds of \$49.7 million and a net gain of \$21.6 million. During 2005, we recognized impairment charges totaling \$3.7 million related to our Dongbu Electronics investment, which was a charge of \$4.0 million offset by the realization of \$0.3 million in previously unrealized gains which were included in other comprehensive income at December 31, 2004. These charges were recognized as we believed the related decline in value was other than temporary.

During 2006, we recognized further impairment charges of \$3.2 million as we believed the related decline in value during these periods was other than temporary. As of December 2006, the stock price for Dongbu Electronics had recovered resulting in \$0.9 million of unrealized gains included in other comprehensive income.

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)****11. Accrued Expenses**

Accrued expenses consist of the following:

	December 31,	
	2006	2005
	(In thousands)	
Accrued interest	\$ 22,721	\$ 34,545
Accrued payroll	39,998	26,339
Customer advances	17,533	2,526
Accrued income taxes	5,382	2,776
Other accrued expenses	59,867	57,841
	\$ 145,501	\$ 124,027

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)****12. Debt**

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

	December 31,	
	2006	2005
	(In thousands)	
Debt of Amkor Technology, Inc.		
Senior secured credit facilities:		
\$100 million revolving credit facility, LIBOR plus 1.5% 2.25%, due November 2009	\$	\$
Second lien term loan, LIBOR plus 4.5%, due October 2010	300,000	300,000
Senior Notes		
9.25% Senior notes due February 2008	88,206	470,500
7.125% Senior notes due March 2011	248,877	248,658
7.75% Senior notes due May 2013	425,000	425,000
9.25% Senior notes due June 2016	400,000	
Senior Subordinated Notes		
10.5% Senior subordinated notes due May 2009	21,882	200,000
2.5% Convertible senior subordinated notes due May 2011, convertible at \$14.59 per share	190,000	
Subordinated Notes:		
5.75% Convertible subordinated notes due June 2006, convertible at \$35.00 per share		133,000
5.0% Convertible subordinated notes due March 2007, convertible at \$57.34 per share	142,422	146,422
6.25% Convertible subordinated notes due December 2013, convertible at \$7.49 per share, related party	100,000	100,000
Notes payable and other debt		823
Debt of Subsidiaries:		
Secured Term Loans:		
Term loan, Taiwan 90-Day Commercial Paper secondary market rate plus 2.25% due June 2008	8,411	11,329
Term loan, Taiwan 90-Day Commercial Paper primary market rate plus 1.2%, due November 2010	45,024	55,586
Secured equipment and property financing	12,626	20,454
Revolving credit facilities	22,571	26,501
Other debt	296	2,363

	2,005,315	2,140,636
Less: Short-term borrowings and current portion of long-term debt	(185,414)	(184,389)
Long-term debt (including related party)	\$ 1,819,901	\$ 1,956,247

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)*****Debt of Amkor Technology Inc.*****Senior Secured Credit Facilities**

In November 2005, we entered into a \$100.0 million first lien revolving credit facility available through November 2009, with a letter of credit sub-limit of \$25.0 million. Interest is charged under the credit facility at a floating rate based on the base rate in effect from time to time plus the applicable margins which range from 0.0% to 0.5% for base rate revolving loans, or LIBOR plus 1.5% to 2.25% for LIBOR revolving loans. The LIBOR-based interest rate at December 31, 2006 was 6.86%; however, no borrowings were outstanding on this credit facility. Amkor Technology, Inc., along with, Unitive Inc. (Unitive) and Unitive Electronics Inc. (UEI), were co-borrowers under the loan and granted a first priority lien on substantially all of their assets, excluding inter-company loans and the capital stock of foreign subsidiaries and certain domestic subsidiaries. In November 2006, Unitive and UEI were merged into Amkor. As of December 31, 2006, we had utilized \$0.2 million of the available letter of credit sub-limit, and had \$99.8 million available under this facility. The borrowing base for the revolving credit facility is based on the valuation of our eligible accounts receivable. We incur commitment fees on the unused amounts of the revolving credit facility ranging from 0.25% to 0.50%, based on our liquidity. This facility includes a number of affirmative and negative covenants, which could restrict our operations. If we were to default under the first lien revolving credit facility, we would not be permitted to draw additional amounts, and the banks could accelerate our obligation to pay all outstanding amounts.

In October 2004, we entered into a \$300.0 million second lien term loan with a group of institutional lenders. The term loan bears interest at a rate of LIBOR plus 450 basis points (9.87% and 8.88% at December 31, 2006 and December 31, 2005, respectively); and matures in October 2010. In 2006, we liquidated certain of our subsidiaries, and Unitive, UEI, Amkor International Holdings, LLC (AIH) and P-Four, Inc. (P-Four) ceased to be guarantors under the term loan. The second lien term loan is secured by a second lien on substantially all of our U.S. subsidiaries' assets, including a portion of the shares of certain of our foreign subsidiaries. As of October 27, 2006 we have the option to prepay the loan at any time, subject to an initial prepayment premium of 3% of the principal amount prepaid. The second lien term loan agreements contain a number of affirmative and negative covenants which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

Senior and Senior Subordinated Notes

In February 2001, we issued \$500.0 million of 9.25% Senior Notes due February 2008 (the 2008 Notes). As of December 31, 2005, we had purchased \$29.5 million of these notes. In January 2006, we purchased an additional \$30.0 million of these notes and recorded a gain on extinguishment of \$0.7 million which is included in debt retirement costs, net, which was partially offset by the write-off of a proportionate amount of our deferred debt issuance costs of \$0.2 million. A portion of the 2008 Notes are not redeemable prior to their maturity. In April 2006, we announced a tender offer for the 2008 Notes. We used the net proceeds from the 2016 Notes (described below) to purchase \$352.3 million in notes tendered. We recorded a \$20.2 million loss on extinguishment related to premiums paid for the purchase of the 2008 Notes and a \$2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net.

In March 2004, we issued \$250.0 million of 7.125% Senior Notes due March 2011 (the 2011 Notes). The 2011 Notes were priced at 99.321%, yielding an effective interest rate of 7.25%. The 2011 Notes are redeemable by us at any time provided we pay the holders a make-whole premium. Prior to March 15, 2007, we may redeem up to 35% of the

aggregate principal amount of the notes from the proceeds of one or more equity offerings at a price of 107.125% of the principal amount plus accrued and unpaid interest.

In May 2003, we issued \$425.0 million of 7.75% Senior Notes due May 2013 (the 2013 Notes). The 2013 Notes are not redeemable at our option until May 2008.

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

In May 2006, we issued \$400.0 million of 9.25% Senior Notes due June 2016 (the 2016 Notes). The Notes are redeemable by us prior to June 1, 2011 provided we pay the holders a make-whole premium. After June 1, 2011, the 2016 Notes are redeemable at specified prices. In addition, prior to June 1, 2009, we may redeem up to 35% of the notes at a specified price with the proceeds of certain equity offerings. After deducting fees to the underwriter, the net proceeds were used to purchase a portion of the 2008 Notes, and to pay respective accrued interest and tender premiums.

In May 1999, we issued \$200.0 million of 10.5% Senior Subordinated Notes due May 2009 (the 2009 Notes). In June 2006, we used the proceeds from the May 2011 Notes (described below) in connection with a partial call of the 2009 Notes for which \$178.1 million of the 2009 Notes were repurchased. We recorded a \$3.1 million loss on extinguishment related to premiums paid for the purchase of the 2009 Notes and a \$2.2 million charge for the associated unamortized deferred debt issuance costs. Both charges are included in debt retirement costs, net. As of December 31, 2006, the 2009 Notes were redeemable at our option at a price of 101.25% of the principal of the notes plus accrued and unpaid interest.

The senior and senior subordinated notes contain a number of affirmative and negative covenants, which could restrict our operations. Unitive, UEI, AIH, P-Four and Amkor Technology Limited (ATL) previously guaranteed the senior and senior subordinated notes. In 2006, we liquidated certain of our subsidiaries and the guarantees of the senior and senior subordinated notes terminated or were released in accordance with the terms of the indentures governing the notes.

Senior Subordinated and Subordinated Convertible Notes

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

In May 2001, we issued \$250.0 million of our 5.75% Convertible Subordinated Notes due June 2006 (the 2006 Notes). In November 2003, we purchased \$17.0 million of the 2006 Notes with the proceeds of an equity offering. In November 2005, we purchased an additional \$100.0 million of the 2006 Notes with proceeds from the issuance of \$100.0 million of 6.25% Convertible Subordinated Notes due December 2013 described below. We purchased such 2006 Notes on the open market at 99.125% and recorded a gain on extinguishment of \$0.9 million which was partially offset by the write-off of a proportionate amount of our deferred debt issuance costs of \$0.3 million. In January 2006, we purchased an additional \$1.0 million of the 2006 Notes at 99.25%. In June 2006, we repaid the remaining balance of \$132.0 million at the maturity date with cash on hand.

In March 2000, we issued \$258.8 million of our 5.0% Convertible Subordinated Notes due March 2007 (the 2007 Notes). The 2007 Notes are convertible at any time prior to the maturity date into our common stock at any time at a conversion price of \$57.34 per share, subject to adjustment. The notes are subordinated to the prior payment in full of all of our senior and senior subordinated debt. In November 2003, we repurchased \$112.3 million of our 2007 Notes with the proceeds of an equity offering. In 2003, we recorded a \$2.5 million loss on extinguishment related to premiums paid for the purchase of the 2007 Notes and a \$2.2 million charge for the associated unamortized deferred debt issuance costs. In June 2006, we repurchased \$4.0 million of our 2007 Notes at 99.875%. As of December 31,

2006, the 2007 Notes were redeemable at our option at a price of 100.714% of the principal of the notes plus accrued and unpaid interest.

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

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

on the date of issuance of the December 2013 Notes was \$6.20 per share), subject to adjustment. The December 2013 Notes are subordinated to the prior payment in full of all of our senior and senior subordinated debt. In March 2006, we filed a registration statement with the SEC registering the notes and the shares of common stock issuable upon conversion, pursuant to the requirements of a registration rights agreement. The proceeds from the sale of the December 2013 Notes were used to purchase a portion of the 2006 Notes described above. The notes are not redeemable at our option until December 2010.

Debt of Subsidiaries**Secured Term Loans**

In June 2005, UST entered into a New Taiwan Dollar (NT\$) 400.0 million (approximately \$12.2 million) term loan due June 20, 2008 (the UST Note), which accrues interest at the Taiwan 90-Day Commercial Paper Secondary Market rate plus 2.25% (4.23% and 3.97% as of December 31, 2006 and December 31, 2005). The proceeds of the UST Note were used to satisfy notes previously held by UST. Amkor has guaranteed the repayment of this loan. The agreement governing the UST Note includes a number of affirmative and negative covenants which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

In September 2005, Amkor Technology Taiwan, Inc. (ATT) entered into a short-term interim financing arrangement with two Taiwanese banks for NT\$1.0 billion (approximately \$30.0 million) (the Bridge Loan) in connection with a syndication loan led by the same lenders. In November 2005, ATT finalized the NT\$1.8 billion (approximately \$53.5 million) syndication loan due November 2010 (the Syndication Loan), which accrues interest at the Taiwan 90-Day Commercial Paper Primary Market rate plus 1.2%. At December 31, 2006 and December 31, 2005, the interest rate was 3.22% and 3.0%, respectively. A portion of the Syndication Loan was used to pay off the Bridge Loan. Amkor has guaranteed the repayment of this loan. The agreement governing the Syndication Loan includes a number of affirmative, negative and financial covenants, which could restrict our operations. If we were to default under the facility, the lenders could accelerate our obligation to pay all outstanding amounts.

Secured Equipment and Property Financing

Our secured equipment and property financing consists of loans secured with specific assets at our Japanese, Singaporean and Chinese subsidiaries. Our credit facility in Japan provides for equipment financing on a three-year basis for each piece of equipment purchased. The Japanese facility accrues interest at 3.59% on all outstanding balances and has maturities at various times between 2006 and 2008. In December 2005, our Singaporean subsidiary entered into a loan with a finance company for \$10.0 million, which accrues interest at 4.86% and is due December 2008. The loan, guaranteed by Amkor Technology, Inc., is secured by a monetary security deposit and certain equipment in our Singapore facility. In May 2004, our Chinese subsidiary entered into a \$5.5 million credit facility secured with buildings at one of our Chinese production facilities and is payable ratably through January 2012. The interest rate for the Chinese financing at December 31, 2006 and December 31, 2005, was 6.14%, and 5.58%, respectively. These equipment and property financings contain affirmative and negative covenants, which could restrict our operations, and, if we were to default on our obligations under these financings, the lenders could accelerate our obligation to repay amounts borrowed under such facilities.

Revolving Credit Facilities

Amkor Iwate Corporation, a Japanese subsidiary (AIC), has a revolving line of credit with a Japanese bank for 2.5 billion Japanese yen (approximately \$21.2 million), maturing in September 2007, that accrues interest at the Tokyo Interbank Offering Rate (TIBOR) plus 0.6%. The interest rate at December 31, 2006 ranged from 0.97% to 1.04%, and December 31, 2005 was 0.66%. Amounts drawn on the line of credit were \$7.6 million and \$21.2 million at December 31, 2006 and December 31, 2005, respectively.

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Additionally, AIC has a revolving line of credit at a Japanese bank for 300.0 million Japanese yen (approximately \$2.5 million), maturing in June 2007, that accrues interest at TIBOR plus 0.5%. The interest rate at December 31, 2006 and December 31, 2005 was 0.92% and 0.56%, respectively. There were no amounts drawn on the line of credit as of December 31, 2006 and December 31, 2005, respectively.

In September 2005, our Philippine subsidiary entered into a one-year revolving line of credit that accrues interest at LIBOR plus 1.0% (5.2% at December 31, 2005). In January 2006, we repaid all amounts outstanding under the Philippine revolving line of credit, and replaced it with a new revolving line of credit for \$5.0 million, maturing in September 2006, that accrues interest at LIBOR plus 1.0%. This line of credit was absorbed by the line of credit entered into in April 2006. In April 2006, our Philippine subsidiary renewed and increased its revolving line of credit from 500.0 million Philippine peso (approximately \$9.8 million) to 795.0 million Philippine peso (approximately \$15.5 million), maturing March 2007, that accrues interest at LIBOR plus 1.0% (6.23% at December 31, 2006). There were no amounts outstanding at December 31, 2006.

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

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

Other Debt

Other debt includes debt related to our Taiwanese subsidiaries with fixed and variable interest rates maturing in 2007. Interest rates on this debt ranged from 3.14% to 4.5% as of December 31, 2006 and ranged from 2.67% to 3.10% as of December 31, 2005.

Compliance with Debt Covenants

We were in compliance with all of our covenants as of December 31, 2006 and 2005.

Maturities

	Total debt (In thousands)
Payments Due for the Year Ending December 31,	
2007	\$ 185,414
2008	109,515
2009	33,745

2010	311,901
2011	439,562
Thereafter	925,178
Total	\$ 2,005,315

13. Pension and Severance Plans

U.S. Defined Contribution Plan

We have a defined contribution plan covering substantially all U.S. employees. Eligible employees can contribute up to 60% of their salary, subject to annual Internal Revenue Service limitations. We match in cash 75%

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

of the employee's contributions up to a defined maximum on an annual basis. The expense for this plan was \$1.9 million, \$2.2 million and \$1.9 million in 2006, 2005 and 2004, respectively.

Taiwan Defined Contribution Plan

On July 1, 2005, we implemented a defined contribution plan under the Taiwanese Labor Pension Act in Taiwan whereby employees can contribute up to 6% of salary. We contribute no less than 6% of the employees' salaries up to a defined maximum into their individual accounts. The expense for this plan in 2006 and 2005 was \$1.6 million and \$0.9 million, respectively.

Korean Severance Plans

Our Korean subsidiary participates in an accrued severance plan that covers employees and directors with at least one year of service. Eligible employees are entitled to receive a lump-sum payment upon termination of employment, based on their length of service and rate of pay at the time of termination. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. Our contributions to the National Pension Plan of the Republic of Korea are deducted from accrued severance benefit liabilities. During 2006, we announced an early voluntary retirement program. All charges related to this program were paid as of December 31, 2006. See Note 20 for future discussion. The changes to our Korean severance accrual are as follows:

	2006	December 31, 2005	2004
	(In thousands)		
Balance at the beginning of year	\$ 117,911	\$ 93,500	\$ 66,939
Provision of severance benefits	29,393	26,824	20,130
Severance payments	(14,474)	(5,314)	(5,133)
Loss on foreign currency translation	10,992	2,901	11,564
	143,822	117,911	93,500
Payments remaining with the Korean National Pension Fund	(1,500)	(1,488)	(1,521)
Balance at the end of year	\$ 142,322	\$ 116,423	\$ 91,979

The estimated future benefit payments related to our Korean severance plans are as follows:

2007	\$ 5,110
2008	5,212
2009	5,317
2010	5,423
2011	5,531

2012 to 2016

29,361

Foreign Defined Benefit Pension Plans

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

We adopted the recognition provisions of SFAS No. 158 and initially applied them to the funded status of our defined benefit postretirement plans as of December 31, 2006. The initial recognition of the funded status of our defined benefit postretirement plans resulted in a decrease in stockholders' equity of \$11.8 million, which was net of a tax benefit of \$0.8 million.

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The incremental effect of applying SFAS No. 158 on individual lines of the consolidated balance sheet at December 31, 2006, was:

	Before Application of SFAS No. 158	Incremental Effect of Applying SFAS No. 158 In thousands	After Application of SFAS No. 158
Other assets	\$ 50,153	\$ (306)	\$ 49,847
Total assets	3,041,570	(306)	3,041,264
Pension and severance obligations	158,099	11,971	170,070
Other non-current liabilities	30,450	(442)	30,008
Total liabilities	2,631,212	11,529	2,642,741
Accumulated other comprehensive income (loss)	5,773	(11,835)	(6,062)
Total stockholders' equity	405,755	(11,835)	393,920
Total liabilities and stockholders' equity	3,041,570	(306)	3,041,264
Impact of implementation of SFAS 158 on accumulated other comprehensive income (loss):			
Unrecognized initial net obligation		\$ (314)	
Unrecognized prior service cost		(813)	
Unrecognized net loss		(11,484)	
Deferred tax associated with pension obligation		776	
Adjustment to accumulated other comprehensive income (loss)		\$ (11,835)	

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

The following table sets forth the Plans' benefit obligations, fair value of the Plans' assets and the funded status of the Plans at December 31, 2006 and 2005.

	December 31,	
	2006	2005
	(In thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 34,441	\$ 33,105
Service cost	4,364	5,182
Interest cost	2,805	2,146
Effect of curtailment		(21)
Benefits paid	(1,719)	(1,153)
Actuarial (gains) losses	14,259	(5,937)
Foreign exchange loss	2,098	1,119
Projected benefit obligation at end of year	\$ 56,248	\$ 34,441
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 22,193	\$ 17,293
Actual return on plan assets	2,797	439
Employer contributions	4,498	4,557
Benefits paid	(1,719)	(931)
Foreign exchange gain	1,302	835
Fair value of plan assets at end of year	\$ 29,071	\$ 22,193
Reconciliation of funded status:		
Funded status of the plan at end of year	\$ (27,177)	\$ (12,248)
Unrecognized transition obligation		369
Unrecognized prior service cost		881
Unrecognized actuarial losses (gains)		(1,878)
Net amount recognized		\$ (12,876)

December 31,
2006 **2005**
(In thousands)

Amounts recognized in the consolidated balance sheets consist of:

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Prepaid benefit cost (included in noncurrent assets)	\$ 256	\$ 318
Accrued benefit liability (included in Pension and Severance obligations)	(27,433)	(13,432)
Intangible asset		238
Net amount recognized at year end	\$ (27,177)	\$ (12,876)
Projected benefit obligation	\$ 56,248	\$ 34,441
Accumulated benefit obligation	25,449	18,420
Fair value of plan assets	29,071	22,193
Minimum liability		238

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

	For the Year Ended December 31,		
	2006	2005	2004
	(In thousands)		
Plans with underfunded or non-funded projected benefit obligation:			
Aggregate projected benefit obligation	\$ 51,505	\$ 34,441	\$ 33,105
Aggregate fair value of plan assets	24,072	22,193	17,293
Plans with underfunded or non-funded accumulated benefit obligation:			
Aggregate accumulated benefit obligation	4,945	3,630	2,634
Aggregate fair value of plan assets	325	275	191

The following table sets forth the net periodic pension costs for each year in the three-year period ended December 31, 2006.

	December 31,		
	2006	2005	2004
	(In thousands)		
Components of net periodic pension cost and total pension expense:			
Service cost	\$ 4,364	\$ 5,182	\$ 4,841
Interest cost	2,805	2,146	1,683
Expected return on plan assets	(1,597)	(1,289)	(973)
Amortization of transitional obligation	71	73	60
Amortization of prior service cost	69	71	82
Recognized actuarial loss		52	5
Net periodic pension cost	5,712	6,235	5,698
Curtailments		216	
Total pension expense	\$ 5,712	\$ 6,451	\$ 5,698

Weighted-average assumptions used in computing the net periodic pension cost and projected benefit obligation at year end:

	2006	2005	2004
Discount rate for determining net periodic pension cost	8.1%	6.3%	7.2%
Discount rate for determining benefit obligations at year end	6.1%	8.1%	6.3%

Rate of compensation increase for determining net periodic pension cost	6.5%	6.2%	6.4%
Rate of compensation increase for determining benefit obligations at year end	7.0%	6.5%	6.2%
Expected rate of return on plan assets for determining net periodic pension cost	6.0%	6.4%	6.3%

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

The expected rate of return assumption is based on weighted-average expected returns for each asset class. Expected returns reflect a combination of historical performance analysis and the forward-looking views of the financial markets, and include input from our actuaries. We have no control over the direction of our investments in

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

our Taiwanese defined benefit plans as the local Labor Standards Law Fund mandates such contributions into a cash account balance at the Central Trust of China. The Japanese defined benefit pension plans are non-funded plans, and as such, no assets exist related to these plans. Our investment strategy for our Philippine defined benefit plan is long-term, sustained asset growth through low to medium risk investments. The current rate of return assumption targets an asset allocation strategy for our Philippine plan assets of 20% to 75% emerging market debt, 10% to 40% international equities (primarily U.S. and Europe), and 0% to 10% international fixed-income securities. The remainder of the portfolio will contain other investments such as short-term investments. At December 31, 2006, 2005 and 2004, Philippine plan assets included \$0.9 million and \$0.6 million and \$0.7 million, respectively, of Amkor common stock.

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

	December 31,	
	2006	2005
Cash and cash equivalents	8.3%	11.0%
Equity securities	29.1%	22.2%
Debt securities	55.7%	65.2%
Other	6.9%	1.6%
	100.0%	100.0%

We contributed \$4.5 million, \$4.6 million and \$3.2 million to the Plans during 2006, 2005 and 2004, respectively, and we expect to contribute \$6.8 million during 2007. We closely monitor the funded status of the Plans with respect to legislative requirements. We intend to make at least the minimum contribution required by law each year.

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

2007	\$ 1,477
2008	1,634
2009	1,994
2010	2,897
2011	2,552
2012 to 2016	23,961

We estimate that pension expense for the year ended December 31, 2007 will include expense of \$0.1 million resulting from the amortization of its related transitional obligations and prior service costs and \$0.4 million resulting from the amortization of accumulated actuarial loss included in accumulated other comprehensive income at December 31, 2006.

14. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	December 31,	
	2006	2005
	(In thousands)	
Customer advances	\$ 24,397	\$ 714
Other non-current liabilities	5,611	5,395
	\$ 30,008	\$ 6,109

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

15. Fair Value of Financial Instruments

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

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

Cash and Cash Equivalents. Cash and cash equivalents are due on demand or carry a maturity date of less than three months when purchased. The carrying amount of these financial instruments is a reasonable estimate of fair value.

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

Long-term debt. The carrying amount of our total long-term debt as of December 31, 2006 and 2005 was \$2,005.3 million and \$2,140.6 million, respectively. The fair value of our total long-term debt as of December 31, 2006 and 2005, based on available market quotes, was estimated to be \$2,000.6 million and \$2,026.2 million, respectively.

16. Commitments and Contingencies*Leases*

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

	(In thousands)
2007	\$ 8,776
2008	6,648
2009	5,564
2010	5,248
2011	5,432
Thereafter	26,588

Total (net of minimum sublease income of \$0.7 million) \$ 58,256

Rent expense amounted to \$16.7 million, \$17.1 million and \$17.8 million for 2006, 2005 and 2004, respectively.

Indemnifications and Guarantees

We have indemnified members of our Board of Directors and our corporate officers against any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that the individual is or was a director or officer of Amkor. The individuals are indemnified, to the fullest extent permitted by law, against related expenses, judgments, fines and any amounts paid in settlement. We also maintain

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

directors and officers insurance coverage in order to mitigate our exposure to these indemnification obligations. The maximum amount of future payments is generally unlimited. There is no amount recorded for these indemnifications at December 31, 2006 and 2005. Due to the nature of these indemnifications, it is not possible to make a reasonable estimate of the maximum potential loss or range of loss. No assets are held as collateral and no specific recourse provisions exist related to these indemnifications.

As of December 31, 2006, we have outstanding \$0.2 million of standby letters of credit and have available an additional \$24.8 million. Such standby letters of credit are used in our ordinary course of business and are collateralized by our cash balances.

We generally warrant that our services will be performed in a professional and workmanlike manner, and in compliance with our customers' specifications. We accrue costs for known warranty issues. Historically, our warranty costs have been immaterial.

Litigation

We are involved in claims and legal proceedings and we may become involved in other legal matters arising in the ordinary course of our business. We evaluate these claims and legal matters on a case-by-case basis to make a determination as to the impact, if any, on our results of operations or financial condition. Except as indicated below, we currently believe that the ultimate outcome of these claims and proceedings, individually and in the aggregate, will not have a material adverse impact on our financial position, results of operations or cash flows. The estimate of the potential impact of these claims and legal proceedings on our financial position, results of operations or cash flows could change in the future.

We currently are party to the legal proceedings described below. Attorney fees related to legal matters are expensed as incurred. During 2006 and 2005, we recorded a provision of \$1.0 million and \$50.0 million, respectively, related to the epoxy mold compound matter discussed below. There were no charges in 2004.

Tessera, Inc. v. Amkor Technology, Inc.

On March 2, 2006, Tessera, Inc. filed a Request for Arbitration (the "Request") with the International Court of Arbitration of the International Chamber of Commerce, captioned *Tessera, Inc. v. Amkor Technology, Inc.* The subject matter of the arbitration is a license agreement entered into between Tessera and our predecessor in 1996. The license agreement pertains to certain patents and know-how relating to semiconductor packaging. In their Request, Tessera alleges that Amkor owes Tessera royalties under the license agreement in an amount between \$85 and \$115 million for semiconductor packages assembled by us through 2005. In our Answer and Counterclaim, we denied that any royalties were owed, and asserted that we are not using any of the licensed Tessera patents or know-how. We also asserted defenses and counterclaims of invalidity and unenforceability of the four patents identified by Tessera in their Request as the basis for their claim (U.S. Patent Nos. 5,697,977, 5,852,326, 6,433,419 and 6,465,893). On November 10, 2006, Tessera provided their Preliminary Claim Charts and added two additional patents to the proceeding, U.S. Patent Nos. 6,133,627 and 5,861,666. Discovery is proceeding, and the arbitration is currently set for a hearing beginning October 2007. Although we believe that we have meritorious defenses and counterclaims in this matter and will seek a judgment in our favor, as of the date of this Annual Report, it is not possible to predict the outcome or likely outcome of the arbitration or the total cost of resolving this controversy including the impact of possible future claims of additional royalties by Tessera. The final resolution of this controversy could result in

significant liabilities and could have a material adverse effect on our financial condition, results of operations and cash flows.

Securities Class Action Litigation

On January 23, 2006, a purported securities class action suit entitled *Nathan Weiss et al. v. Amkor Technology, Inc. et al.*, was filed in U.S. District Court for the Eastern District of Pennsylvania against Amkor and certain of its

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

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

Shareholder Derivative Lawsuits

On February 23, 2006, a purported shareholder derivative lawsuit entitled *Scimeca v. Kim, et al.* was filed in the U.S. District Court for the District of Arizona against certain of Amkor's current and former officers and directors. Amkor is named as a nominal defendant. In September 2006 and again in November 2006, the plaintiff amended the complaint to add allegations relating to option grants and added additional defendants, including the remaining members of the current board, former board members, and former officers. The complaint includes claims for violation of Section 14(a) of the Exchange Act, breach of fiduciary duty, abuse of control, waste of corporate assets, unjust enrichment and mismanagement, and is generally based on the same allegations as in the securities class action litigation described above.

On March 2, 2006, a purported shareholder derivative lawsuit entitled *Kahn v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor's current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment, and is based on allegations similar to those made in the previously filed federal shareholder derivative action. This action has been stayed pending resolution of the federal derivative suit referenced above.

On or about October 10, 2006, a purported shareholder derivative lawsuit entitled *Feldgus v. Kim, et al.* was filed in the Superior Court of the State of Arizona against certain of Amkor's current and former officers and directors. Amkor is named as a nominal defendant. The complaint includes claims for breach of fiduciary duty and unjust enrichment and contains allegations relating to option grants similar to those made in the previously filed federal shareholder derivative action referred to above. This action has been stayed pending resolution of the federal derivative suit referenced above.

The derivative complaints seek monetary damages, an order directing the Company to take all necessary actions to improve corporate governance as may be necessary, equitable and/or injunctive relief as permitted by law, disgorgement, restitution, costs, fees, expenses and such other relief as the Court deems just and proper.

Securities and Exchange Commission Investigation

In August 2005, the Securities and Exchange Commission (SEC) issued a formal order of investigation regarding certain activities with respect to Amkor securities. The primary focus of the investigation appears to be activities during the period from June 2003 to July 2004. We believe that the investigation continues to relate primarily to transactions in our securities by certain individuals, and that the investigation may in part relate to whether tipping

with respect to trading in our securities occurred. The matters at issue involve activities with respect to Amkor securities during the subject period by certain insiders or former insiders and persons or entities associated with them, including activities by or on behalf of certain current and former members of the Board of Directors and Amkor's Chief Executive Officer. Amkor has cooperated fully with the SEC on the formal investigation and the informal inquiry that preceded it. Amkor cannot predict the outcome of the investigation. We have learned that our former general counsel, whose employment with us terminated in March of 2005, has been indicted by the United States Attorney's Office for the Eastern District of Pennsylvania for violation of the

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

securities laws. The indictment alleges that the former general counsel traded in Amkor securities on the basis of material non-public information.

As described in Note 2, Restatement of Stock-based Compensation Expense from 1998 through March 2006, Special Committee and Company Findings Relating to Stock Options, in July 2006, the Board of Directors established a Special Committee to review our historical stock option practices and informed the SEC of these efforts. The SEC informed us that it is expanding the scope of its investigation and has requested that we provide documentation related to these matters. We intend to continue to cooperate with the SEC. Additionally, we have voluntarily provided information to the Department of Justice relating to our historical stock option practices.

Amkor Technology, Inc. v. Motorola, Inc.

In August 2002, we filed a complaint against Motorola, Inc. (Motorola) seeking declaratory judgment relating to a controversy between us and Motorola concerning: (i) the assignment by Citizen Watch Co., Ltd. (Citizen) to us of a Patent License Agreement dated January 25, 1996 between Motorola and Citizen (the License Agreement) and concurrent assignment by Citizen to us of Citizen's interest in U.S. Patents 5,241,133 and 5,216,278 (the 133 and 278 Patents) which patents relate to ball grid array packages; and (ii) our obligation to make certain payments pursuant to an immunity agreement (the Immunity Agreement) dated June 30, 1993 between us and Motorola, pending in the Superior Court of the State of Delaware in and for New Castle County.

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

We and Motorola both filed motions for summary judgment on the remaining claims, and oral arguments were heard in September 2003. On October 6, 2003, the Superior Court of Delaware ruled in favor of us and issued an Opinion and Order granting our motion for summary judgment and denying Motorola's motion for summary judgment. Motorola filed an appeal in the Supreme Court of Delaware. In May 2004, the Supreme Court reversed the Superior Court's decision, and remanded for further development of the factual record. The bench trial in this matter was concluded on January 27, 2006. Post-trial briefs were submitted and post-trial oral arguments were heard by the Court in April 2006. Additional post-trial oral arguments were heard by the Court on September 11, 2006. A decision from the Court is still pending. Although we believe that we have meritorious claims in this matter and will continue to seek judgment in our favor, as of the date of this Annual Report, it is not possible to predict the outcome of this litigation or the total cost of resolving this controversy, including the impact of possible future claims for royalties which may be made by Motorola if the final outcome is unfavorable. The final resolution of this controversy could result in potential liabilities that could have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

Paris Commercial Court. On March 18, 2002, ABS and its insurer filed suit against us and ASI in the Paris Commercial Court of France, claiming damages of approximately 50.4 million Euros (approximately \$66.5 million based on the spot exchange rate at December 31, 2006.) We have denied all liability and have not established a loss accrual associated with this claim. Additionally, we have entered into a written agreement with ASI whereby ASI has agreed to indemnify us fully against any and all loss related to the claims of AME, ABS and ABS insurer. Dongbu Electronics, successor in interest to ASI, has acknowledged that it is the indemnifying party with respect to

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

claims against us in this matter and in the Arbitration matter described below. The Paris Commercial Court commenced a special proceeding before a technical expert to report on the facts of the dispute. The report of the court-appointed expert was put forth on December 31, 2003. The report does not specifically allocate liability to any particular party. On May 18, 2004, the Paris Commercial Court of France declared that it did not have jurisdiction over the matter. The Court of Appeal of Paris heard the appeal regarding jurisdiction during October 2004, confirmed the first tier ruling and dismissed the appeal on November 3, 2004. A motion was filed by ABS and its insurer before the French Supreme Court to challenge the lack of jurisdiction ruling and a brief was filed by ABS and its insurer in June 2005. We filed a response brief before the French Supreme Court in August 2005. A hearing on the pending motion is expected as early as the first quarter of 2007, although it is not clear when a final ruling by the French Supreme Court will be issued.

Arbitration. In response to the French lawsuit described above, on May 22, 2002, we filed a petition to compel arbitration in the United States District Court for the Eastern District of Pennsylvania (U.S. District Court proceeding against ABS, AME and ABS insurer, claiming that the dispute is subject to the arbitration clause of the November 5, 1999 agreement between us and AME. The U.S. District Court proceeding has been stayed pending resolution of the French lawsuit described above. Until recently, ABS had refused to arbitrate. However, in December 2006, ABS filed a demand for arbitration under the 1999 agreement, which demand is based on substantially the same claims raised in the French lawsuit described above.

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

In November 2003, we filed a complaint against Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd, and Carsem Inc. (collectively Carsem) with the International Trade Commission (ITC) in Washington, D.C., alleging infringement of our United States Patent Nos. 6,433,277; 6,455,356 and 6,630,728 (collectively the Amkor Patents) and seeking an exclusionary order barring the importation by Carsem of infringing products. Subsequently, we filed a complaint in the Northern District of California, alleging infringement of the Amkor Patents and seeking an injunction enjoining Carsem from further infringing the Amkor Patents, treble damages plus interest, costs and attorney s fees. We allege that by making, using, selling, offering for sale, or importing into the U.S. the Carsem Dual and Quad Flat No-Lead Package, Carsem has infringed on one or more of our *MicroLeadFrame* packaging technology claims in the Amkor Patents. The District Court action had been stayed pending resolution of the ITC case. The ITC Administrative Law Judge (ALJ) conducted an evidentiary hearing during July and August of 2004 in Washington D.C. and issued an initial determination that Carsem infringed some of our patent claims relating to our *MicroLeadFrame* package technology, that some of our 21 asserted patent claims are valid, and that all of our asserted patent claims are enforceable. However, the ALJ did not find a statutory violation of the Tariff Act. We filed a petition in November 2004 to have the ALJ s ruling reviewed by the full International Trade Commission. The ITC ordered a new claims construction related to various disputed claim terms and remanded the case to the ALJ for further proceedings. On November 9, 2005, the ALJ issued an Initial Determination that Carsem infringed some of our patent claims and ruled that Carsem violated Section 337 of the Tariff Act. The ITC subsequently authorized the ALJ to reopen the record on certain discovery issues related to third party documents. On February 9, 2006, the ITC ordered a delay in issuance of the Final Determination, pending resolution of the third party discovery issues. The discovery issues are the subject of a subpoena enforcement action which is pending in the District Court for the District of Columbia. The case we filed in 2003 in the Northern District of California remains stayed pending completion of the ITC investigation.

Epoxy Mold Compound Litigation

Much of our litigation in prior years related to an allegedly defective epoxy mold compound, formerly used in some of our packaging services, which was alleged to have been responsible for certain semiconductor chip failures. As previously disclosed, the cases of *Fujitsu Limited v. Cirrus Logic, Inc., et al.*, *Seagate Technology LLC v. Atmel Corporation, et al.*, *Fairchild Semiconductor Corporation v. Sumitomo Bakelite Singapore Pte. Ltd., et al.*, *Maxtor Corporation v. Koninklijke Philips Electronics N.V., et al.*, and *Maxim Integrated Products, Inc. v. Amkor*

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

Technology, Inc., et al. have each been resolved through trial or settlement, with a complete dismissal or release of all claims.

17. Related Party Transactions

In November 2005, we sold \$100.0 million of our 6.25% Convertible Subordinated Notes due 2013 in a private placement to James J. Kim, Chairman and Chief Executive Officer, and certain Kim family members. The 2013 Notes are convertible into Amkor's common stock and are subordinated to the prior payment in full of all of Amkor's senior and senior subordinated debt. See Note 12 for additional information.

Mr. JooHo Kim is an employee of Amkor and a brother of James J. Kim, our Chairman and CEO. Previously, Mr. JooHo Kim owned with his children and other Kim Family members 58.11% of Anam Information Technology, Inc., a company that provided computer hardware and software components to Amkor Technology Korea, Inc. (a subsidiary of Amkor). Mr. JooHo Kim sold all of his shares in the fourth quarter of 2006. Other Kim family members owned 48.3% as of December 31, 2006. As of September 30, 2006, a decision was made to discontinue services, and such services continue to decrease in volume. The services provided by Aman Information Technology are subject to competitive bid. During 2006, 2005, and 2004, purchases from Anam Information Technology, Inc. were \$0.3 million, \$1.8 million and \$1.2 million, respectively. Amounts due to Anam Information Technology, Inc. at December 31, 2006 and 2005 were \$0 million and \$0.3 million, respectively.

Mr. JooHo Kim, together with his wife and children, own 96.1% of Jesung C&M, a company that provides cafeteria services to Amkor Technology Korea, Inc. The services provided by Jesung C&M are subject to competitive bid. During 2006, 2005, and 2004, purchases from Jesung C&M were \$6.5 million, \$6.5 million, and \$6.4 million, respectively. Amounts due to Jesung C&M at December 31, 2006 and 2005 were \$0.5 million and \$0.5 million, respectively.

Dongan Engineering Co., Ltd. was 100% owned by JooCheon Kim, a brother of James J. Kim, until the third quarter of 2005. There is no longer any related party ownership. Mr. JooCheon Kim is not an employee of Amkor. Dongan Engineering Co., Ltd. provided construction and maintenance services to Amkor Technology Korea, Inc. and Amkor Technology Philippines, Inc., both subsidiaries of Amkor. The services provided by Dongan Engineering were subject to competitive bid. During 2005 and 2004, purchases from Dongan Engineering Co., Ltd were \$0.5 million and \$3.0 million, respectively. Amounts due to Dongan Engineering Co., Ltd. at December 31, 2005 were not significant.

We purchase leadframe inventory from Acqutek Semiconductor & Technology Co., Ltd. James J. Kim's ownership in Acqutek Semiconductor & Technology Co., Ltd. is approximately 17.7%. During 2006, 2005 and 2004, purchases from Acqutek Semiconductor & Technology Co., Ltd. were \$16.7 million, \$11.8 million and \$11.8 million, respectively. Amounts due to Acqutek Semiconductor & Technology Co., Ltd. at December 31, 2006 and 2005, were \$1.3 million and \$1.4 million, respectively. The purchases are arms length and on terms consistent with our non-related party vendors.

We lease office space in West Chester, Pennsylvania from trusts related to James J. Kim. During 2006, 2005, and 2004, amounts paid for this lease were \$0.1 million, \$0.6 million, and \$1.1 million, respectively. We vacated a portion of this space in connection with the move of our corporate headquarters to Arizona and paid a lease termination fee of \$0.7 million in the second quarter of 2005. We currently lease approximately 2,700 square feet of office space from

these trusts. The sublease income has been assigned to the trusts as part of vacating the office space effective July 1, 2005. The lease term is for two years, through June 30, 2007 subject to a two year renewal. Current plans are to vacate the space in June 2007. During 2005 and 2004 our sublease income includes \$0.3 million and \$0.6 million, respectively, from related parties.

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)****18. Business Segments, Customer Concentrations and Geographic Information**

In accordance with SFAS No. 131 *Disclosures about Segments of an Enterprise and Related Information* (SFAS No. 131), in the second quarter of 2006 we determined we had two reportable segments, packaging and test. Due to the expansion of our test operations, we no longer met the aggregation criteria under which packaging and test were previously considered a single reportable segment. We have included all prior period comparative information on the basis of the current reportable segments. Packaging and test are integral parts of the process of manufacturing semiconductor devices and our customers will engage with us for both packaging and test services or just packaging or test services. Our packaging services process creates an electrical interconnect between the semiconductor chip and the system board through wire bond or wafer bump technologies. In packaging, individual chips are separated from the fabricated semiconductor wafers, attached to a substrate and then encased in a protective material to provide optimal electrical connectivity and thermal performance. Our test services include the probing of fabricated wafers and testing of packaged chips using sophisticated equipment to ensure that design specifications are satisfied.

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

The following supplementary information presents net sales, gross profit and gross property, plant and equipment allocated by segment:

	Packaging	Test	Other	Total
	(In thousands)			
Year Ended December 31, 2006				
Net sales	\$ 2,449,461	\$ 279,921	\$ (822)	\$ 2,728,560
Gross profit	586,381	89,531	(952)	674,960
Year Ended December 31, 2005				
Net sales	1,902,193	198,074	(318)	2,099,949
Gross profit	320,582	35,426	(237)	355,771
Year Ended December 31, 2004				
Net sales	1,725,989	175,290		1,901,279
Gross profit	330,367	32,903		363,270
Gross Property, Plant and Equipment				
December 31, 2006	\$ 2,421,171	\$ 596,079	\$ 112,449	\$ 3,129,699
December 31, 2005	2,351,384	514,260	122,577	2,988,221

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

	2006	Net Sales 2005 (In thousands)	2004
China (including Hong Kong)	\$ 138,255	\$ 96,516	\$ 68,998
Japan	262,066	275,492	284,926
Korea	149,401	160,061	127,723
Singapore	573,072	308,457	259,193
Taiwan	207,962	173,999	170,435
Other foreign countries	404,925	367,345	307,384
Total foreign countries	1,735,681	1,381,870	1,218,659
United States	992,879	718,079	682,620
Consolidated	\$ 2,728,560	\$ 2,099,949	\$ 1,901,279

No customer exceeded 10% of consolidated net sales in 2006, 2005 or 2004.

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

	Property, Plant and Equipment, net		
	2006	2005 (In thousands)	2004
China	\$ 201,223	\$ 174,055	\$ 153,265
Japan	23,302	27,586	35,540
Korea	559,083	576,383	564,687
Philippines	271,903	299,406	340,415
Singapore	107,267	59,246	30,989
Taiwan	227,019	222,528	189,900
Other foreign countries	166	242	289
Total foreign countries	1,389,963	1,359,446	1,315,085
United States	53,640	60,026	65,311
Consolidated	\$ 1,443,603	\$ 1,419,472	\$ 1,380,396

19. Acquisitions

Acquisitions of Unitive, Inc. and Unitive Semiconductor Taiwan Corporation

In August 2004, we acquired approximately 93% of the capital stock of Unitive, based in North Carolina, and approximately 60% of the capital stock of UST, a Taiwan-based venture owned by Unitive and various Taiwanese investors. Unitive and UST are providers of wafer level technologies and services for flip chip and wafer level packaging applications. The acquisition of Unitive and UST provide us with leading-edge technology, a strong applications development team and high volume production capacity for 300mm wafers, which contributed to the purchase price resulting in the recognition of acquired intangible assets and goodwill.

The purchase price was comprised of \$48.0 million, which included cash consideration due at closing of \$31.6 million, \$1.0 million of direct acquisition costs and \$16.2 million (or \$15.4 million based on the discounted value) due one year after closing, which was paid in 2005. In addition, we assumed \$24.9 million of debt. In December 2004, we acquired the remaining 7% of Unitive. In January 2006, we exercised an option to acquire an additional 39.6% of UST for \$18.4 million in cash consideration, which brings our total purchase price to

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)**

\$66.4 million and our combined ownership to 99.6% of UST. Both original transactions provided provisions for contingent, performance-based earn-outs which could increase the value of the transactions. With respect to Unitive, the earn-out lapsed with no additional consideration being paid to the former owners. With respect to UST, the earn-out is based on the performance of that subsidiary for the twelve month period ended January 31, 2007. We currently estimate the value of the earn-out will be approximately \$0.5 million. The results of Unitive and UST operations are included in our Consolidated Statement of Operations beginning on their dates of acquisition, August 19, 2004 and August 20, 2004, respectively. As of December 31, 2006, after acquiring additional shares, we reflect as a minority interest the 0.14% of UST which we do not own.

The purchase price allocation of \$66.4 million was as follows:

	(In millions)
Current assets	\$ 9.9
Property, plant and equipment	45.0
Intangible assets patents and technology rights	5.2
Goodwill	46.7
Other assets	3.0
Total assets acquired	109.8
Current liabilities	21.4
Long term debt	14.8
Other liabilities	2.8
Minority interest	4.4
Total liabilities and minority interest assumed	43.4
	\$ 66.4

Acquisition from International Business Machine Corp. and Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd.

In May 2004, we acquired certain packaging and test assets from International Business Machines Corp. (IBM) and Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd. (Xin Development Co., Ltd.). The acquired assets included a test operation located in Singapore (primarily test equipment and workforce), a 953,000 square foot building and associated 50-year land use rights located in Shanghai, China, and other intangible assets. These assets were acquired for the purposes of increasing our packaging and test capacity. The results of our acquisition have been included in the accompanying consolidated financial statements since the acquisition date.

The purchase price was valued at approximately \$138.1 million, consisting of \$117.0 million of short-term notes payable (net of a \$4.6 million discount), \$20.0 million paid at closing and other acquisition costs of \$1.1 million. The

short-term notes payable, and interest thereon of \$4.6 million, was paid during the fourth quarter of 2004 and is reflected as a financing use of cash in the 2004 Consolidated Statement of Cash Flows. The purchase price allocation of \$138.1 million was as follows:

	(In millions)
Property, plant and equipment	\$ 132.6
Intangible assets supply agreement	5.5
	\$ 138.1

Table of Contents**AMKOR TECHNOLOGY, INC.****Notes to Consolidated Financial Statements (Continued)*****Acquisitions in Japan***

In January 2004, we acquired the remaining 40% ownership interest in Amkor Iwate Corporation (AIC) from Toshiba for \$12.9 million, bringing our total ownership percentage to 100%. Also in January 2004, we paid to Toshiba 220.0 million Japanese yen, or approximately \$2.0 million, to terminate our commitment to purchase a tract of land adjacent to the Amkor Iwate facility. A \$2.0 million charge was recorded in selling, general and administrative expenses during the fourth quarter of 2003 related to this termination fee. AIC provides packaging and test services principally to Toshiba's adjacent Iwate factory under a long-term supply agreement, which automatically renews annually by mutual consent. The difference between the purchase price of \$12.9 million and the carrying value of the minority interest liability of \$11.9 million was recorded as an adjustment to the carrying values of the assets and liabilities of AIC. This step acquisition adjustment was recorded based on the proportion of the minority interest acquired as follows:

	(In millions)	
Reduction of minority interest liability	\$	11.9
Property, plant and equipment		2.4
Intangible assets		3.3
Adjustment to previously existing goodwill		(4.1)
Deferred tax liability		(0.6)
Cash paid for minority interest acquisition	\$	12.9

The results of our acquisitions have been included in the accompanying consolidated financial statements since the acquisition date.

20. Restructuring and Reduction in Force

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

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

During the third quarter of 2005, we temporarily assigned excess manufacturing labor force at one of our Japanese subsidiaries to one of our customers. This agreement resulted in a charge of \$3.8 million, including \$3.4 million charged to cost of sales and \$0.4 million charged to selling, general and administrative expenses. The charge

represents wage and benefit costs in excess of the reimbursement from the customer. During the third quarter of 2006, an extension of the agreement resulted in an additional charge of \$0.7 million, primarily included in cost of sales. Approximately \$0.3 million is remaining to be paid as of December 31, 2006.

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

During the third quarter of 2004, we commenced efforts related to the relocation of certain corporate functions from our West Chester, Pennsylvania location to our Chandler, Arizona location. In connection with these efforts, we recorded \$1.2 million in severance and related costs. Of this \$1.2 million, we recorded a charge of \$0.9 million to

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AMKOR TECHNOLOGY, INC.

Notes to Consolidated Financial Statements (Continued)

selling, general and administrative expenses during 2004, and the remaining \$0.3 million was charged to selling, general and administrative expenses during 2005. All of these charges were paid as of December 31, 2005.

21. Sale of Specialty Test Operations

In October 2005, we sold Amkor Test Services, a specialty test operation based in Wichita, Kansas, which did not meet the definition of a discontinued operation. The selling price was \$8.2 million, which included a \$6.9 million cash payment at closing and a 5.0% note in the amount of \$1.3 million due October 2011. A 15% discount of \$0.4 million was recorded on the note at the time of sale which equates to an effective interest rate of 14.5%. We recognized a pre-tax gain of approximately \$4.4 million in connection with this sale.

At December 31, 2006 and 2005, the \$1.3 million note receivable, reduced by the unamortized discount of \$0.3 million, is included in other assets.

Table of Contents**AMKOR TECHNOLOGY, INC. AND SUBSIDIARIES****SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS**

	Balance at Beginning of Period	Additions Charged to		(a)	Balance at End of Period
		Expense	Write-offs	Other	
Allowance for doubtful accounts:					
Year ended December 31, 2004	\$ 6,514	(161)	(1,279)		\$ 5,074
Year ended December 31, 2005	\$ 5,074	96	(223)		\$ 4,947
Year ended December 31, 2006	\$ 4,947	(2,584)	(128)		\$ 2,235
Deferred tax asset valuation allowance:					
Year ended December 31, 2004	\$ 301,535	(34,167)		9,631	\$ 276,999
Year ended December 31, 2005	\$ 276,999	74,950		3	\$ 351,952
Year ended December 31, 2006	\$ 351,952	(18,437)	(5,240)	(192)	\$ 328,083

- (a) Column represents adjustments to the deferred tax asset valuation allowance as a result of business acquisitions. In addition this column represents the sale of available for sale securities and stock option transactions in which the valuation allowance is adjusted directly through stockholders' equity.

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

None.

Item 9A. *Controls and Procedures***Restatement of Stock-based Compensation Expense from 1998 through March 2006, Special Committee and Company Findings Relating to Stock Options**

In October 2006, we restated our historical consolidated financial statements included in our 2005 Annual Report on Form 10-K and restated certain other historical financial information relating to accounting for stock options. As a result of a report by a third party financial analyst issued on May 25, 2006, we commenced an initial review of our historical stock option granting practices. This review included a review of hard copy documents as well as a limited set of electronic documents. Following this initial review, on July 24, 2006 our Board of Directors established a Special Committee comprised of independent directors to conduct a review of our historical stock option granting practices since our initial public offering in 1998 through June 30, 2006.

Based on the findings of the Special Committee and our internal review, we identified a number of occasions on which we used an incorrect measurement date for financial accounting and reporting purposes. In accordance with APB No. 25, and related interpretations, with respect to the period through December 31, 2005, we should have recorded compensation expense in an amount per share subject to each option to the extent that the fair market value of our stock on the correct measurement date exceeded the exercise price of the option. For periods commencing January 1, 2006, compensation expense is recorded in accordance with SFAS No. 123(R). We have also identified a number of other option grants for which we failed to properly apply the provisions of APB No. 25 or SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123) and related interpretations of each pronouncement. In considering the causes of the accounting errors set forth below, the Special Committee concluded that the evidence did not support a finding of intentional manipulation of stock option grant pricing by any member of existing management. However, based on its review, the Special Committee identified evidence that supported a finding of intentional manipulation of stock option pricing with respect to the annual grants in 2001 and 2002 by a former executive and that other former executives may have been aware of, or participated in, this conduct. In addition, the Special Committee identified a number of other factors related to our internal controls that contributed to the accounting errors that led to the October 2006 restatement of our prior filings.

Improper Measurement Dates for Annual Stock Option Grants. We determined that, in connection with our annual stock option grants to employees in 1999, 2000, 2001, 2002 and 2004, the number of shares that an individual employee was entitled to receive was not determined until after the original grant date, and therefore the measurement date for such options was subsequent to the original grant date. As a result, we restated our financial information to increase stock-based compensation expense by a total of \$95.6 million recognized over the applicable vesting periods. For certain of these options forfeited in 2002 in connection with an option exchange program (2002 Option Exchange Program), the remaining compensation expense was accelerated into 2002. For certain other options, compensation expense was accelerated into 2004, in connection with the acceleration of all unvested options as of July 1, 2004 (2004 Accelerated Vesting). We undertook the 2004 Accelerated Vesting program for the purpose of enhancing employee morale, helping retain high potential employees in the face of a downturn in industry conditions and to avoid future compensation charges subsequent to the adoption of SFAS No. 123(R).

Modifications to Stock Option Grants. We determined that from 1998 through 2005, we had not properly accounted for stock options modified for certain individuals who held consulting, transition or advisory roles with us. These

included instances of continued vesting after an individual was no longer required to provide substantive services to Amkor after an individual converted from an employee to a consultant or advisory role, and extensions of option vesting and exercise periods. Some of these modifications were not identified in our financial reporting processes and were therefore not properly reflected in our financial statements. As a result, we restated our financial information to increase stock-based compensation expense by a total of \$9.5 million recognized as of the date of the respective modifications.

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Improper Measurement Dates for Other Stock Option Grants. We determined that from 1998 through 2005, we had not properly accounted for certain employee stock options granted prior to obtaining authorization of the grants. These options included those granted as of November 9, 1998 in connection with the settlement of a deferred compensation liability to employees that had not been approved by our Board of Directors until November 10, 1998 as well as stock options granted to new hires and existing employees in recognition of achievements, promotions, retentions and other events. As a result of these errors, we restated our financial information to increase stock-based compensation expense by a total of \$2.1 million recognized over the applicable vesting periods. For certain of these option grants, the recognition of this expense was also accelerated under the 2002 Option Exchange Program or the 2004 Accelerated Vesting, as described under *Improper Measurement Dates for Annual Stock Option Grants*.

Stock Option Grants to Non-employees. We determined that from 1998 to 2004, we had not properly accounted for stock option grants issued to employees of an equity affiliate, consultants, or other persons who did not meet the definition of an employee. We erroneously accounted for such grants in accordance with APB No. 25 rather than SFAS No. 123 and related interpretations. As a result, we restated our financial information to increase stock-based compensation expense by a total of \$1.6 million.

As a result of the findings of the Special Committee as well as our internal review, we amended our Annual Report on Form 10-K for the year ended December 31, 2005, filed on October 6, 2006, to restate our consolidated financial statements for the years ended December 31, 2005, 2004 and 2003 and the related disclosures. The amended 2005 Form 10-K/A included restated balance sheet and income statement data for 1998 through 2002 within Item 7. That amended filing also included the restated selected consolidated financial data as of and for each of the five years ended December 31, 2005, which is included in Item 6 of the 2005 Form 10-K/A, and the unaudited quarterly financial data for each of the quarters in the years ended December 31, 2005 and 2004, which is included in Item 7 of the 2005 Form 10-K/A. We amended our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, filed on October 6, 2006 to restate our condensed consolidated financial statements for the quarters ended March 31, 2006 and 2005 and the related disclosures. We also restated the June 30, 2005 condensed consolidated financial statements and related disclosures included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, filed on October 6, 2006. We restated the condensed consolidated financial statements and related disclosures for the periods ended September 30, 2005 included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 filed on November 8, 2006; however, such information was also previously filed on Exhibit 99.1 included in our 2005 Form 10-K/A.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15 (e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of December 31, 2006. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of December 31, 2006 as a result of the material weaknesses described below in *Management's Report on Internal Control Over Financial Reporting*.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

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unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006 based on the framework established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. We previously reported the following material weaknesses in our internal control over financial reporting in our 2005 Form 10-K/A, filed on October 6, 2006. These material weaknesses continued to exist, as they were not remediated as of December 31, 2006.

1. We did not maintain effective governance and oversight, controls to prevent or detect instances of management override, and risk assessment procedures. Specifically, we failed to establish effective governance and oversight by the Compensation Committee of the Board of Directors of our activities related to the granting of stock options. Additionally, controls were not effective in adequately identifying, assessing and addressing significant risks associated with the granting of stock options that could impact our financial reporting. Finally, our controls were not adequate to prevent or detect instances of potential misconduct by members of senior management. This control deficiency resulted in the restatement of our consolidated financial information for each of the years ended from 1998 through 2005, for each of the quarters of 2005 and 2004, as well as for the first quarter of 2006. Additionally, this control deficiency could result in misstatements of our financial statement accounts and disclosures that would result in a material misstatement of the annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness. This material weakness also contributed to the existence of the following additional material weakness.

2. We did not maintain effective controls over our accounting for and disclosure of our stock-based compensation expense. Specifically, effective controls, including monitoring, were not maintained to ensure the existence, completeness, accuracy, valuation and presentation of activity related to our granting and modification of stock options. This control deficiency resulted in the misstatement of our stock-based compensation expense and additional paid-in capital accounts and related disclosures, and in the restatement of our consolidated financial information for each of the years ended from 1998 through 2005, for each of the quarters of 2005 and 2004, as well as for the first quarter of 2006. Additionally, this control deficiency could result in misstatements of the aforementioned accounts and disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

Our principal executive officer and principal financial officer concluded that the material weaknesses described above existed, as they were not remediated as of December 31, 2006. As a result, we concluded that we did not maintain effective internal control over financial reporting as of December 31, 2006, based on the criteria in *Internal Control - Integrated Framework* issued by the COSO.

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing under Item 8.

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Changes in Internal Control Over Financial Reporting

The following were changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Remediation Activities Relating to Material Weaknesses

As of December 31, 2006, we completed our redesign of internal controls to remediate the material weaknesses described above and we were substantially complete with our remediation efforts but we did not have sufficient time to assess operating effectiveness of the improved internal control over financial reporting. We expect our remediation efforts and testing to be completed prior to the filing of our March 2007 Form 10-Q. Our remediation efforts include the following changed or additional control procedures to remediate the material weaknesses:

We created and implemented formal, documented stock award grant procedures and practices to ensure systematic approval and execution of stock award grants and the proper recording of such grants in our stock administration records and financial statements;

We conducted additional training for personnel and will conduct training for directors in areas associated with the stock award granting processes and other compensation practices. We also conducted training related to accounting for stock-based compensation; and

We improved the manner of documenting the actions of the Compensation Committee and we are ensuring the timely reporting of Compensation Committee actions to the Board of Directors.

Other Changes in Internal Control Over Financial Reporting

Additionally, we have made changes in our internal control over financial reporting, unrelated to the material weaknesses, in conjunction with the implementation of a new Enterprise Resource Planning system at two of our subsidiaries which have materially changed our internal control over financial reporting. We expect that we will complete our implementation efforts at our largest subsidiary during the third quarter of 2007.

Item 9B. *Other Information*

None.

PART III

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

The information required by this Item 10, with the exception of information relating to the Code of Business Conduct and Ethical Guidelines as disclosed below, is incorporated herein by reference from the material included under the captions Election of Directors, Executive Officers, and Compliance with Section 16(a) of the Securities Exchange Act of 1934 in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2007 annual meeting of stockholders.

Additionally, the Company's Code of Business Conduct and Ethical Guidelines, Corporate Governance Guidelines, and the charters of the Audit Committee, Nominating and Governance Committee, and Compensation Committee are

available and maintained on the Company's Web site (<http://www.amkor.com>).

Item 11. *Executive Compensation*

The information required by this Item 11 is incorporated herein by reference from the material included under the captions Executive Compensation, Comp Committee Interlocks and Insider Participation, and Report of the Compensation Committee on Executive Compensation in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2007 annual meeting of stockholders.

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters****EQUITY COMPENSATION PLANS**

The information required by this Item 12, with the exception of the equity compensation plan information presented below, is incorporated herein by reference to our Proxy Statement for its 2007 Annual Meeting of Stockholders.

The following table summarizes our equity compensation plans as of December 31, 2006:

	(a) Number of Securities to be Issued upon Exercise of Outstanding Options	(b) Weighted-Average Exercise Price of Outstanding Options	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan (excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	15,208,189	10.42	7,016,060(1)(2)
Equity compensation plans not approved by stockholders	125,900	17.23	345,600(3)
Total equity compensation plans	15,334,089		7,361,660

- (1) As of December 31, 2006, 141,666 shares of common stock were reserved for issuance under the 1998 Director Option Plan. The 1998 Director Option Plan allows a total of 300,000 shares of common stock reserve for issuance under the plan. This plan does not have a replenishment provision and as of December 31, 2006, 141,666 shares were available for future grants. The Director Option Plan will terminate in January 2008 unless sooner terminated by the Board of Directors.
- (2) As of December 31, 2006, a total of 6,874,394 shares were reserved for issuance under the 1998 Stock Plan, and there is a provision for an annual replenishment to bring the number of shares of common stock reserved for issuance under the plan up to 5,000,000 as of each January 1. On January 1, 2007, no additional shares were made available pursuant to the annual replenishment provision.
- (3) As of December 31, 2006, a total of 345,600 shares were reserved for issuance under the 2003 Nonstatutory Inducement Grant Stock Plan, and there is a provision for an annual replenishment to bring the number of shares of common stock reserved for issuance under the plan up to 300,000 as of each January 1. On January 1, 2007, no additional shares were made available pursuant to the annual replenishment provision.

PART IV

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

The information required by this Item 13 is incorporated herein by reference from the material included under the captions Certain Relationships and Related Transactions, and Proposal One Election of Directors in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2007 annual meeting of stockholders.

Item 14. *Principal Accountant Fees and Services*

The information required by this Item 14 is incorporated herein by reference from the material included under Proposal Two Ratification of Appointment of Independent Registered Public Accounting Firm in our definitive proxy statement (to be filed pursuant to Regulation 14A) for our 2007 annual meeting of stockholders.

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Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Financial Statement Schedules

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

Exhibits

- 2.1 Stock Purchase Agreement, dated as of July 19, 2004, by and among Amkor Technology, Inc., Unitive, Inc., Certain of the Stockholders of Unitive, Inc., Certain Option Holders of Unitive, Inc., Onex American Holdings II LLC as the Onex Stockholder Representative, David Rizzo as the MCNC Stockholder Representative, Thomas Egolf as the TAT Stockholder Representative, Kenneth Donahue as the Additional Indemnifying Stockholder Representative, and, with respect to Article VIII and Article X thereof only, U.S. Bank National Association.(17)
- 2.2 Stock Purchase Agreement, dated as of June 3, 2004, by and among Amkor Technology, Inc., Unitive Semiconductor Taiwan Corporation and Certain Shareholders of Unitive Semiconductor Taiwan Corporation, along with Letter Agreement dated July 9, 2004 regarding Amendment to Stock Purchase Agreement and Loan Agreement by and among Amkor Technology, Inc., Unitive Semiconductor Taiwan Corporation and Sellers Representative on Behalf of each Seller.(17)
- 2.3 Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Technology Singapore Pte. Ltd. and IBM Singapore Pte Ltd.(21)
- 2.4 Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.(21)
- 2.5 Sales Contract of Commodity Premises between Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. dated May 7, 2004.(21)
- 3.1 Certificate of Incorporation.(1)
- 3.2 Certificate of Correction to Certificate of Incorporation.(4)
- 3.3 Restated Bylaws.(4)
- 4.1 Specimen Common Stock Certificate.(3)
- 4.2 Senior Notes Indenture dated as of May 13, 1999 between the Registrant and State Street Bank and Trust Company, including form of 9.25% Senior Note Due 2006.(5)
- 4.3 Senior Subordinated Notes Indenture dated as of May 13, 1999 between the Registrant and State Street Bank and Trust Company, including form of 10.5% Senior Subordinated Note Due 2009.(5)
- 4.4 Convertible Subordinated Notes Indenture dated as of March 22, 2000 between the Registrant and State Street Bank and Trust Company, including form of 5% Convertible Subordinated Notes due 2007.(6)
- 4.5 Registration Agreement between the Registrant and the Initial Purchasers named therein dated as of March 22, 2000.(6)
- 4.6 Indenture dated as of February 20, 2001 for 9.25% Senior Notes due February 15, 2008.(7)
- 4.7 Registration Rights Agreement dated as of February 20, 2001 by and among Amkor Technology, Inc., Salomon Smith Barney Inc. and Deutsche Banc Alex. Brown Inc.(7)
- 4.8 Convertible Subordinated Notes Indenture dated as of May 25, 2001 between the Registrant and State Street Bank and Trust Company, as Trustee, including the form of the 5.75% Convertible Subordinated Notes due 2006.(8)
- 4.9 Registration Rights Agreement between the Registrant and Initial Purchasers named therein dated as of May 25, 2001.(8)

- 4.10 Indenture dated May 8, 2003, between Amkor Technology, Inc. and U.S. Bank N.A., relating to the 7.75% Senior Notes due May 15, 2013.(13)
- 4.11 Registration Rights Agreement dated as of May 8, 2003, between Amkor Technology, Inc. and Citigroup Global Markets Inc., Deutsche Bank Securities, Inc. and J.P. Morgan Securities, Inc.(15)
- 4.12 Indenture dated March 12, 2004, between Amkor Technology, Inc. and Wells Fargo Bank, N.A., relating to the 7.125% Senior Notes due March 15, 2011.(20)
- 4.13 Registration Rights Agreement dated as of March 12, 2004 by and among Amkor Technology, Inc., Citigroup Global Markets, Inc., Deutsche Bank Securities Inc. and J.P. Morgan Securities Inc. relating to the 7.125% Senior Notes due March 15, 2011.(20)

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- 4.14 Indenture, dated November 18, 2005, by and between Amkor Technology, Inc. and U.S. National Bank Association as Trustee, 6.25% Convertible Subordinated Notes due 2013.(29)
- 4.15 Investor Rights Agreement, dated November 18, 2005, between Amkor Technology, Inc. and the Investors named therein.(29)
- 4.16 Indenture, dated May 26, 2006, among Amkor Technology, Inc., the Guarantors party thereto and U.S. Bank National Association, relating to the 9.25% Senior Notes due 2016.(30)
- 4.17 Indenture, dated May 26, 2006, between Amkor Technology, Inc. and U.S. Bank National Association, relating to the 2.50% Convertible Senior Subordinated Notes due 2011.(30)
- 4.18 Supplemental Indenture, dated as of June 30, 2006, among Amkor Technology, Inc. (Amkor), Amkor International Holdings (AIH), Amkor Technology Limited (ATL), Amkor Technology Philippines, Inc. (ATP) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(31)
- 4.19 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(31)
- 4.20 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(31)
- 4.21 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(31)
- 4.22 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and U.S. Bank, as Trustee, to Indenture, dated as of May 26, 2006, among Amkor and U.S. Bank, regarding Amkor s 9.25% Senior Notes due 2016.(31)
- 4.23 Supplemental Indenture, dated as of October 29, 2004, among Amkor Technology, Inc. (Amkor), Unitive, Inc. (Unitive) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(19)
- 4.24 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics, Inc. (Unitive Electronics) and U.S. Bank as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(19)
- 4.25 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank(as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(19)
- 4.26 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(19)
- 4.27 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(19)
- 4.28 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(19)
- 4.29 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(19)

- 4.30 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor's 7.125% Senior Notes due 2011.(19)

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- 4.31 Supplemental Indenture, dated as of January 5, 2005, among Amkor, Amkor International Holdings, LLC (AIH), P-Four, LLC (P-Four), Amkor Technology Limited (ATL), Amkor/Anam Pilipinas, L.L.C. (AAP) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(25)
- 4.32 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company, regarding Amkor s 9.25% Senior Notes due 2008).(25)
- 4.33 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(25)
- 4.34 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(25)
- 10.1 Form of Indemnification Agreement for directors and officers.(3)
- 10.2 1998 Stock Plan as amended and restated and form of agreement thereunder.(29)
- 10.3 Form of Tax Indemnification Agreement between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.(3)
- 10.4 Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.(1)
- 10.5 Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.(1)
- 10.6 Lease Contract between AAPI Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.(1)
- 10.7 1998 Director Option Plan and form of agreement thereunder.(3)
- 10.8 1998 Employee Stock Purchase Plan.(3)
- 10.9 Share Sale and Purchase Agreement between the Registrant and Dongbu Corporation dated as of July 10, 2002.(10)
- 10.10 Shareholders Agreement between the Registrant, Dongbu Corporation, Dongbu Fire Insurance Co., Ltd., and Dongbu Life Insurance Co., Ltd. dated as of July 29, 2002.(10)
- 10.11 Amendment to Share Sale and Purchase Agreement and Shareholders Agreement the Registrant and Dongbu Corporation dated as of September 27, 2002.(11)
- 10.12 Purchase Agreement, Amkor Technology, Inc. \$425 million 7.75% Senior Notes Due May 15, 2013.(13)
- 10.13 2003 Nonstatutory Inducement Grant Stock Plan dated September 9, 2003.(14)
- 10.14 Second Lien Credit Agreement, dated as of October 27, 2004, among Amkor Technology, Inc., as Borrower, the Lenders party thereto, Citicorp North America, Inc., as Administrative Agent and as Collateral Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agent, JP Morgan Chase Bank, as Documentation Agent, Citigroup Global Markets Inc., as Sole Lead Arranger and Citigroup Global Markets Inc., Merrill Lynch Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc., as Joint Bookrunners.(18)
- 10.15 Second Lien Pledge and Security Agreement, dated as of October 27, 2004, among Amkor Technology, Inc., Guardian Assets, Inc., Unitive, Inc. and Unitive Electronics, Inc., in favor of Citicorp North America, Inc., as Collateral Agent.(18)
- 10.16 Subsidiary Guaranty, dated as of October 27, 2004, by Guardian Assets, Inc., Unitive, Inc. and Unitive Electronics, Inc., in favor of Citicorp North America, Inc., as Administrative Agent.(18)
- 10.17 Mutual Release and Settlement Agreement, dated as of June 10, 2005 Amkor, Fujitsu Limited, Cirrus Logic, Inc., Sumitomo Bakelite Co. Ltd., Sumitomo Plastics America, Inc., The St. Paul Fire & Marine Insurance Co. and Federal Insurance Co.(23)

- 10.18 Settlement Agreement, dated as of April 14, 2005 among Amkor, Seagate Technology LLC, Sumitomo Bakelite Co. Ltd., ChipPAC and Atmel Corporation.(23)
- 10.19 Settlement Agreement, dated as of August 5, 2005 between Fairchild Semiconductor Corporation and Amkor.(24)

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- 10.20 Retirement Separation Agreement and Release, dated December 22, 2005, between Amkor and John N. Boruch.(29)
- 10.21 Guaranty Supplement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
- 10.22 Joinder Agreement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
- 10.23 Guaranty Supplement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
- 10.24 Joinder Agreement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
- 10.25 Amendment No. 2 to Credit Agreement, dated as of May 24, 2005, among Amkor, the Lenders party thereto and Citicorp North America Inc., as Administrative Agent.(27)
- 10.26 Loan and Security Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., as Borrowers, Wachovia Capital Finance Corporation (Western) as Documentation Agent and Bank of America, N.A., as Administrative Agent.(28)
- 10.27 Guaranty Agreement, dated as of November 28, 2005 delivered by Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc. to Bank of America as Administrative Agent.(28)
- 10.28 Intercreditor Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., Bank of America, N.A., as Administrative Agent for the Senior Parties, and Citicorp North America, Inc., as Administrative Agent for the Junior Parties and as Collateral Agent for the Junior Parties.(28)
- 10.29 Syndicated Loan Agreement, dated as of November 30, 2005, among Amkor Technology Taiwan, Ltd., as Borrower, the banks and banking institutions party thereto, Chinatrust Commercial Bank Co., Ltd. and Ta Chong Commercial Bank Co., Ltd., as Coordinating Arrangers, and Chinatrust Commercial Bank Co., Ltd., as Facility Agent and Security Agent.(28)
- 10.30 Letter of Guaranty, dated as of November 30, 2005, delivered by Amkor Technology, Inc. to Chinatrust Commercial Bank, Ltd., as Facility Agent.(28)
- 10.31 Note Purchase Agreement between Amkor Technology, Inc. and the Investors named therein, dated November 14, 2005.(29)
- 10.32 Voting Agreement by and among Amkor Technology, Inc. and the Investors named therein, dated November 18, 2005.(29)
- 10.33 First Amendment to Loan and Security Agreement, dated as of May 5, 2006, among Amkor Technology, Inc. and its Subsidiaries party thereto, the Lenders party to the Loan and Security Agreement, and Bank of America, N.A., as administrative agent for the Lenders.(31)
- 10.34 Guaranty Supplement, dated May 5, 2006, delivered by Amkor Technology, Inc.(31)
- 10.35 Joinder Agreement, dated as of May 5, 2006, delivered by Amkor Technology, Inc., Guardian Assets, Inc., Unitive, Inc., Unitive Electronics, Inc. and the other Subsidiaries of the Company in favor of Citicorp North America, Inc., as agent for the Secured Parties referred to therein.(31)
- 10.36 Limited Waiver of Loan and Security Agreement, dated as of September 25, 2006, among Amkor Technology, Inc. and its Subsidiaries party thereto, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent.(32)
- 10.37 Mutual Release and Settlement Agreement, effective as of April 27, 2006, by and among Maxim Integrated Products, Inc. and its wholly owned subsidiary Dallas Semiconductor, Inc., Sumitomo Bakelite Co., Ltd., Sumitomo Plastics America, Inc. and Amkor Technology, Inc., et al.(34)
- 12.1 Computation of Ratio of Earnings to Fixed Charges
- 14.1 Amkor Technology, Inc. Code of Business Conduct and Ethical Guidelines.(22)
- 14.2 Amkor Technology, Inc. Director Code of Ethics.(22)
- 21.1 List of subsidiaries of the Registrant.

- 23.1 Consent of PricewaterhouseCoopers LLP
- 31.1 Certification of James J. Kim, Chief Executive Officer of Amkor Technology, Inc., Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934
- 31.2 Certification of Kenneth T. Joyce, Chief Financial Officer of Amkor Technology, Inc., Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934

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- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- (1) Incorporated by reference to the Company's Registration Statement on Form S-1 filed October 6, 1997 (File No. 333-37235).
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- (26) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 18, 2005.
- (27) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 27, 2005.
- (28) Incorporated by reference to the Company s Current Report on Form 8-K filed on December 2, 2005.
- (29) Incorporated by reference to the Company s Annual Report on Form 10-K filed on March 16, 2006.
- (30) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 31, 2006.
- (31) Incorporated by reference to the Company s Current Report on Form 8-K filed on May 11, 2006.
- (32) Incorporated by reference to the Company s Current Report on Form 8-K filed on September 29, 2006.
- (33) Incorporated by reference to the Company s Quarterly Report on Form 8-K filed on July 7, 2006.
- (34) Incorporated by reference to the Company s Quarterly Report on Form 10-Q filed on October 6, 2006.

Table of Contents**SIGNATURES**

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

AMKOR TECHNOLOGY, INC.

By: /s/ James J. Kim

James J. Kim
Chairman and Chief Executive Officer

Date: February 26, 2007

POWER OF ATTORNEY

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

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

Name	Title	Date
/s/ James J. Kim James J. Kim	Chief Executive Officer and Chairman	February 26, 2007
/s/ Kenneth T. Joyce Kenneth T. Joyce	Executive Vice President and Chief Financial Officer	February 26, 2007
/s/ Oleg Khaykin Oleg Khaykin	Executive Vice President and Chief Operating Officer	February 26, 2007
/s/ Roger A. Carolin Roger A. Carolin	Director	February 26, 2007
/s/ Winston J. Churchill Winston J. Churchill	Director	February 26, 2007

/s/ Gregory K. Hinckley

Director

February 26, 2007

Gregory K. Hinckley

/s/ John T. Kim

Director

February 26, 2007

John T. Kim

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Name	Title	Date
/s/ Constantine N. Papadakis	Director	February 26, 2007
Constantine N. Papadakis		
/s/ James W. Zug	Director	February 26, 2007
James W. Zug		

Table of Contents**EXHIBIT INDEX**

- 2.1 Stock Purchase Agreement, dated as of July 19, 2004, by and among Amkor Technology, Inc., Unitive, Inc., Certain of the Stockholders of Unitive, Inc., Certain Option Holders of Unitive, Inc., Onex American Holdings II LLC as the Onex Stockholder Representative, David Rizzo as the MCNC Stockholder Representative, Thomas Egolf as the TAT Stockholder Representative, Kenneth Donahue as the Additional Indemnifying Stockholder Representative, and, with respect to Article VIII and Article X thereof only, U.S. Bank National Association.(17)
- 2.2 Stock Purchase Agreement, dated as of June 3, 2004, by and among Amkor Technology, Inc., Unitive Semiconductor Taiwan Corporation and Certain Shareholders of Unitive Semiconductor Taiwan Corporation, along with Letter Agreement dated July 9, 2004 regarding Amendment to Stock Purchase Agreement and Loan Agreement by and among Amkor Technology, Inc., Unitive Semiconductor Taiwan Corporation and Sellers Representative on Behalf of each Seller.(17)
- 2.3 Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Technology Singapore Pte. Ltd. and IBM Singapore Pte Ltd.(21)
- 2.4 Asset Purchase Agreement dated as of May 17, 2004 by and among Amkor Assembly & Test (Shanghai) Co., Ltd. and IBM Interconnect Packaging Solutions (Shanghai) Co., Ltd.(21)
- 2.5 Sales Contract of Commodity Premises between Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd. and Amkor Assembly & Test (Shanghai) Co., Ltd. dated May 7, 2004.(21)
- 3.1 Certificate of Incorporation.(1)
- 3.2 Certificate of Correction to Certificate of Incorporation.(4)
- 3.3 Restated Bylaws.(4)
- 4.1 Specimen Common Stock Certificate.(3)
- 4.2 Senior Notes Indenture dated as of May 13, 1999 between the Registrant and State Street Bank and Trust Company, including form of 9.25% Senior Note Due 2006.(5)
- 4.3 Senior Subordinated Notes Indenture dated as of May 13, 1999 between the Registrant and State Street Bank and Trust Company, including form of 10.5% Senior Subordinated Note Due 2009.(5)
- 4.4 Convertible Subordinated Notes Indenture dated as of March 22, 2000 between the Registrant and State Street Bank and Trust Company, including form of 5% Convertible Subordinated Notes due 2007.(6)
- 4.5 Registration Agreement between the Registrant and the Initial Purchasers named therein dated as of March 22, 2000.(6)
- 4.6 Indenture dated as of February 20, 2001 for 9.25% Senior Notes due February 15, 2008.(7)
- 4.7 Registration Rights Agreement dated as of February 20, 2001 by and among Amkor Technology, Inc., Salomon Smith Barney Inc. and Deutsche Banc Alex. Brown Inc.(7)
- 4.8 Convertible Subordinated Notes Indenture dated as of May 25, 2001 between the Registrant and State Street Bank and Trust Company, as Trustee, including the form of the 5.75% Convertible Subordinated Notes due 2006.(8)
- 4.9 Registration Rights Agreement between the Registrant and Initial Purchasers named therein dated as of May 25, 2001.(8)
- 4.10 Indenture dated May 8, 2003, between Amkor Technology, Inc. and U.S. Bank N.A., relating to the 7.75% Senior Notes due May 15, 2013.(13)
- 4.11 Registration Rights Agreement dated as of May 8, 2003, between Amkor Technology, Inc. and Citigroup Global Markets Inc., Deutsche Bank Securities, Inc. and J.P. Morgan Securities, Inc.(15)
- 4.12 Indenture dated March 12, 2004, between Amkor Technology, Inc. and Wells Fargo Bank, N.A., relating to the 7.125% Senior Notes due March 15, 2011.(20)
- 4.13 Registration Rights Agreement dated as of March 12, 2004 by and among Amkor Technology, Inc., Citigroup Global Markets, Inc., Deutsche Bank Securities Inc. and J.P. Morgan Securities Inc. relating to the 7.125% Senior Notes due March 15, 2011.(20)

- 4.14 Indenture, dated November 18, 2005, by and between Amkor Technology, Inc. and U.S. National Bank Association as Trustee, 6.25% Convertible Subordinated Notes due 2013.(29)
 - 4.15 Investor Rights Agreement, dated November 18, 2005, between Amkor Technology, Inc. and the Investors named therein.(29)
 - 4.16 Indenture, dated May 26, 2006, among Amkor Technology, Inc., the Guarantors party thereto and U.S. Bank National Association, relating to the 9.25% Senior Notes due 2016.(30)
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- 4.17 Indenture, dated May 26, 2006, between Amkor Technology, Inc. and U.S. Bank National Association, relating to the 2.50% Convertible Senior Subordinated Notes due 2011.(30)
- 4.18 Supplemental Indenture, dated as of June 30, 2006, among Amkor Technology, Inc. (Amkor), Amkor International Holdings (AIH), Amkor Technology Limited (ATL), Amkor Technology Philippines, Inc. (ATP) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(31)
- 4.19 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(31)
- 4.20 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(31)
- 4.21 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(31)
- 4.22 Supplemental Indenture, dated as of June 30, 2006, among Amkor, AIH, ATL, ATP and U.S. Bank, as Trustee, to Indenture, dated as of May 26, 2006, among Amkor and U.S. Bank, regarding Amkor s 9.25% Senior Notes due 2016.(31)
- 4.23 Supplemental Indenture, dated as of October 29, 2004, among Amkor Technology, Inc. (Amkor), Unitive, Inc. (Unitive) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(19)
- 4.24 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics, Inc. (Unitive Electronics) and U.S. Bank as Trustee, to Indenture, dated as of May 13, 1999, among Amkor and U.S. Bank(as successor to State Street Bank and Trust Company), regarding Amkor s 10.5% Senior Subordinated Notes due 2009.(19)
- 4.25 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(19)
- 4.26 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor s 9.25% Senior Notes due 2008.(19)
- 4.27 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(19)
- 4.28 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(19)
- 4.29 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(19)
- 4.30 Supplemental Indenture, dated as of October 29, 2004, among Amkor, Unitive Electronics and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(19)
- 4.31 Supplemental Indenture, dated as of January 5, 2005, among Amkor, Amkor International Holdings, LLC (AIH), P-Four, LLC (P-Four), Amkor Technology Limited (ATL), Amkor/Anam Pilipinas, L.L.C. (AA) and U.S. Bank National Association (U.S. Bank), as Trustee, to Indenture, dated as of May 13, 1999,

among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor's 10.5% Senior Subordinated Notes due 2009.(25)

- 4.32 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and U.S. Bank, as Trustee, to Indenture, dated as of February 20, 2001, among Amkor and U.S. Bank (as successor to State Street Bank and Trust Company), regarding Amkor's 9.25% Senior Notes due 2008.(25)
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- 4.33 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and U.S. Bank, as Trustee, to Indenture, dated as of May 8, 2003, among Amkor and U.S. Bank, regarding Amkor s 7.75% Senior Notes due 2013.(25)
- 4.34 Supplemental Indenture, dated as of January 5, 2005, among Amkor, AIH, P-Four, ATL, AAP and Wells Fargo Bank, N.A., as Trustee, to Indenture, dated as of March 12, 2004, among Amkor and Wells Fargo Bank, N.A., regarding Amkor s 7.125% Senior Notes due 2011.(25)
- 10.1 Form of Indemnification Agreement for directors and officers.(3)
- 10.2 1998 Stock Plan as amended and restated and form of agreement thereunder.(29)
- 10.3 Form of Tax Indemnification Agreement between Amkor Technology, Inc., Amkor Electronics, Inc. and certain stockholders of Amkor Technology, Inc.(3)
- 10.4 Contract of Lease between Corinthian Commercial Corporation and Amkor/Anam Pilipinas Inc., dated October 1, 1990.(1)
- 10.5 Contract of Lease between Salcedo Sunvar Realty Corporation and Automated Microelectronics, Inc., dated May 6, 1994.(1)
- 10.6 Lease Contract between AAPI Realty Corporation and Amkor/Anam Advanced Packaging, Inc., dated November 6, 1996.(1)
- 10.7 1998 Director Option Plan and form of agreement thereunder.(3)
- 10.8 1998 Employee Stock Purchase Plan.(3)
- 10.9 Share Sale and Purchase Agreement between the Registrant and Dongbu Corporation dated as of July 10, 2002.(10)
- 10.10 Shareholders Agreement between the Registrant, Dongbu Corporation, Dongbu Fire Insurance Co., Ltd., and Dongbu Life Insurance Co., Ltd. dated as of July 29, 2002.(10)
- 10.11 Amendment to Share Sale and Purchase Agreement and Shareholders Agreement the Registrant and Dongbu Corporation dated as of September 27, 2002.(11)
- 10.12 Purchase Agreement, Amkor Technology, Inc. \$425 million 7.75% Senior Notes Due May 15, 2013.(13)
- 10.13 2003 Nonstatutory Inducement Grant Stock Plan dated September 9, 2003.(14)
- 10.14 Second Lien Credit Agreement, dated as of October 27, 2004, among Amkor Technology, Inc., as Borrower, the Lenders party thereto, Citicorp North America, Inc., as Administrative Agent and as Collateral Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agent, JP Morgan Chase Bank, as Documentation Agent, Citigroup Global Markets Inc., as Sole Lead Arranger and Citigroup Global Markets Inc., Merrill Lynch Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc., as Joint Bookrunners.(18)
- 10.15 Second Lien Pledge and Security Agreement, dated as of October 27, 2004, among Amkor Technology, Inc., Guardian Assets, Inc., Unitive, Inc. and Unitive Electronics, Inc., in favor of Citicorp North America, Inc., as Collateral Agent.(18)
- 10.16 Subsidiary Guaranty, dated as of October 27, 2004, by Guardian Assets, Inc., Unitive, Inc. and Unitive Electronics, Inc., in favor of Citicorp North America, Inc., as Administrative Agent.(18)
- 10.17 Mutual Release and Settlement Agreement, dated as of June 10, 2005 Amkor, Fujitsu Limited, Cirrus Logic, Inc., Sumitomo Bakelite Co. Ltd., Sumitomo Plastics America, Inc., The St. Paul Fire & Marine Insurance Co. and Federal Insurance Co.(23)
- 10.18 Settlement Agreement, dated as of April 14, 2005 among Amkor, Seagate Technology LLC, Sumitomo Bakelite Co. Ltd., ChipPAC and Atmel Corporation.(23)
- 10.19 Settlement Agreement, dated as of August 5, 2005 between Fairchild Semiconductor Corporation and Amkor.(24)
- 10.20 Retirement Separation Agreement and Release, dated December 22, 2005, between Amkor and John N. Boruch.(29)
- 10.21 Guaranty Supplement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)

- 10.22 Joinder Agreement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
 - 10.23 Guaranty Supplement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
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10.24	Joinder Agreement, dated as of May 12, 2005, by Amkor International Holdings, LLC, P-Four, LLC, Amkor Technology Limited and Amkor/Anam Pilipinas, L.L.C.(26)
10.25	Amendment No. 2 to Credit Agreement, dated as of May 24, 2005, among Amkor, the Lenders party thereto and Citicorp North America Inc., as Administrative Agent.(27)
10.26	Loan and Security Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., as Borrowers, Wachovia Capital Finance Corporation (Western) as Documentation Agent and Bank of America, N.A., as Administrative Agent.(28)
10.27	Guaranty Agreement, dated as of November 28, 2005 delivered by Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc. to Bank of America as Administrative Agent.(28)
10.28	Intercreditor Agreement, dated as of November 28, 2005, among Amkor Technology, Inc., Unitive, Inc. and Unitive Electronics, Inc., Bank of America, N.A., as Administrative Agent for the Senior Parties, and Citicorp North America, Inc., as Administrative Agent for the Junior Parties and as Collateral Agent for the Junior Parties.(28)
10.29	Syndicated Loan Agreement, dated as of November 30, 2005, among Amkor Technology Taiwan, Ltd., as Borrower, the banks and banking institutions party thereto, Chinatrust Commercial Bank Co., Ltd. and Ta Chong Commercial Bank Co., Ltd., as Coordinating Arrangers, and Chinatrust Commercial Bank Co., Ltd., as Facility Agent and Security Agent.(28)
10.30	Letter of Guaranty, dated as of November 30, 2005, delivered by Amkor Technology, Inc. to Chinatrust Commercial Bank, Ltd., as Facility Agent.(28)
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10.34	Guaranty Supplement, dated May 5, 2006, delivered by Amkor Technology, Inc.(31)
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- (1) Incorporated by reference to the Company's Registration Statement on Form S-1 filed October 6, 1997 (File No. 333-37235).
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- (3) Incorporated by reference to the Company's Registration Statement on Form S-1 filed on October 6, 1997, as amended on March 31, 1998 (File No. 333-37235).
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- (8) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed August 14, 2001.
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- (24) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 8, 2005.
- (25) Incorporated by reference to the Company's Current Report on Form 8-K filed on January 10, 2005.

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- (26) Incorporated by reference to the Company's Current Report on Form 8-K filed on May 18, 2005.
- (27) Incorporated by reference to the Company's Current Report on Form 8-K filed on May 27, 2005.
- (28) Incorporated by reference to the Company's Current Report on Form 8-K filed on December 2, 2005.
- (29) Incorporated by reference to the Company's Annual Report on Form 10-K filed on March 16, 2006.
- (30) Incorporated by reference to the Company's Current Report on Form 8-K filed on May 31, 2006.
- (31) Incorporated by reference to the Company's Current Report on Form 8-K filed on May 11, 2006.
- (32) Incorporated by reference to the Company's Current Report on Form 8-K filed on September 29, 2006.
- (33) Incorporated by reference to the Company's Quarterly Report on Form 8-K filed on July 7, 2006.
- (34) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on October 6, 2006.