# STATS ChipPAC Ltd.

***Creating a Premier Company in Advanced Semiconductor Packaging & Test Solutions***

# Forward-Looking Statement

- This document contains forward-looking statements including statements concerning the proposed merger involving STATS and ChipPAC, the expected financial performance of STATS and ChipPAC, as well as the strategic and operational plans of STATS and ChipPAC. Actual events or results may differ materially from those described in this document due to a number of risks and uncertainties including, among others, the possibility that the transaction will not close or that the closing may be delayed; the reaction of customers of STATS and ChipPAC to the transaction; the ability of STATS and ChipPAC to successfully integrate their operations and employees; the introduction of new products by competitors or the entry of new competitors into the markets for the products of STATS and ChipPAC; and economic and political conditions in the U.S. and abroad. More information about potential factors that could affect the business and financial results of STATS or ChipPAC is included in each of their filings with the Securities and Exchange Commission (the "SEC") which are available at the SEC's website at www.sec.gov. Neither STATS nor ChipPAC undertakes any obligation to update these forward-looking statements to reflect events or circumstances after the date of this document.

# Where to Find Additional Information

- In connection with their proposed merger, STATS and ChipPAC will file a proxy statement / prospectus with the SEC. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of the proxy statement/prospectus (when available) and other documents filed by STATS and ChipPAC at the SEC's web site at www.sec.gov. The proxy statement/prospectus and such other documents may also be obtained for free from STATS by contacting STATS Investor Relations in the United States at telephone (408) 586-0608 or email daviesd@statsus.com, or in Singapore at telephone (65) 6824-7705 or email angelaine@stats.st.com.sg, and from ChipPAC by contacting ChipPAC Investor Relations at telephone (510) 979-8220 or email ir@chippac.com.
- STATS, ChipPAC and certain of each of their executive officers and directors may be deemed to be participants in the solicitation of proxies of ChipPAC's stockholders in connection with the proposed merger. Certain of such individuals may have interests in the proposed merger, including as a result of holding options or shares of ChipPAC common stock. Investors and security holders may obtain more detailed information regarding the names, affiliations and interests of such persons involved in the solicitation by reading the proxy statement/prospectus when it becomes available.

STATS

ChipPAC INCORPORATED

# Creating a Premier Company in Advanced Semiconductor Packaging & Test Solutions

- ☑ Significantly Increased Scale; Enhanced Resilience
- ☑ Industry's Broadest Solution Portfolio
- ☑ Leadership Position in Attractive End Markets
- ☑ Nearly Every Major Semiconductor Company will be Our Customer
- ☑ Global Manufacturing Footprint in Key Strategic Locations
- ☑ One of the Strongest Balance Sheets in the Industry

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# Transaction Summary Overview

| | |
|---|---|
| **Consideration** | • All stock transaction<br>• Fixed exchange ratio of 0.87 STATS ADRs for every CHPC share<br>• STATS and CHPC shareholders will own approximately 54% and 46% of the combined company, respectively, on a fully-converted basis |
| **Timeline** | • Target closing end June 2004 |
| **Financial Impact** | • Accretive to STATS' earnings on a cash basis even without cost synergies<br>• Significantly accretive post synergies<br>• Cost synergies of US$25 - 30MM annually, not including interest savings, capital avoidance and longer-term revenue synergies |
| **Identity** | • Combined company to be called STATS ChipPAC Ltd.<br>• ADRs will continue to trade on the NASDAQ National Market under the ticker "STTS", and local shares on the Singapore Exchange |
| **Key Conditions** | • STATS and CHPC shareholder approval<br>• Regulatory approval, tax ruling and other customary conditions |

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ChipPAC INCORPORATED

# Transaction Summary Overview (cont'd)

**Key Statistics**

- 2003 pro forma revenue and EBITDA of approximately $810 and $206 million, respectively
- Pro forma Cash balance of approximately $408 million
- Significantly increased market capitalization and free float
- Approximately 9,100 people worldwide

**Leadership**

- Tan Lay Koon, current STATS CEO, will be CEO of the combined company
- Dennis McKenna, current CHPC Chairman & CEO, will be Vice Chairman and a Board member

**Board of Directors**

- 11 directors to comprise board
- 7 STATS board members, including Tan Lay Koon and 3 STPL-appointed directors
- 4 CHPC board members, including Dennis McKenna
- 6 independent directors

**Key Locations**

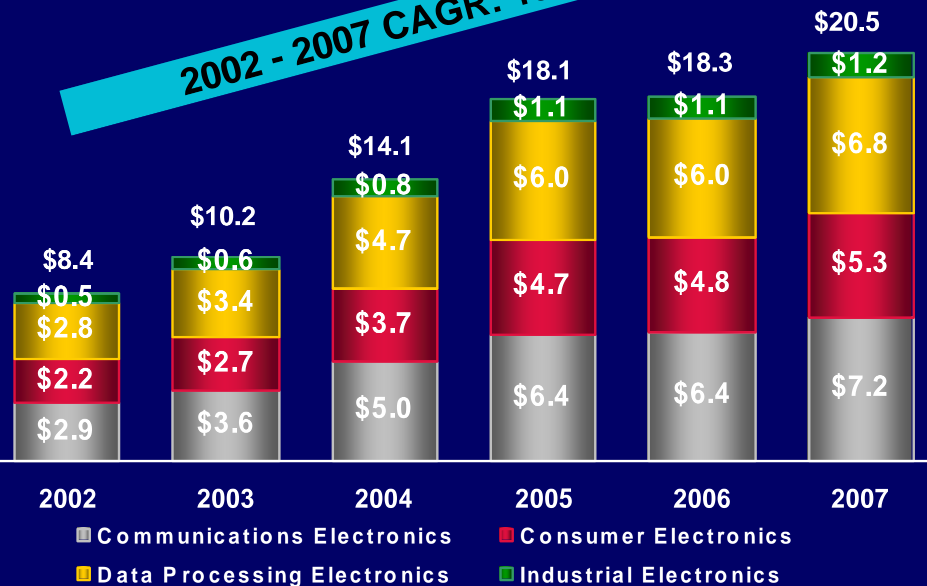
- Headquarters in Singapore
- Key manufacturing operations in Singapore, China, Malaysia and Korea
- Additional operations in Taiwan, USA

# Principal Closing Conditions

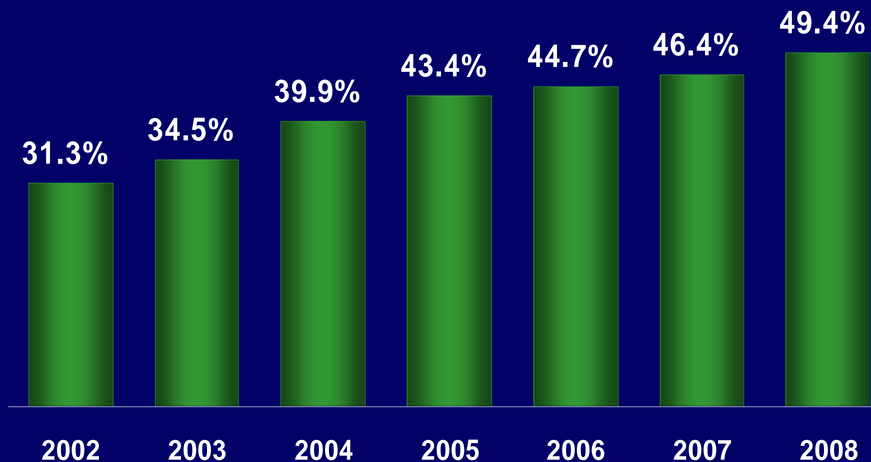
- Transaction closing subject to:
  - ChipPAC shareholder approval (50% outstanding)
    - ChipPAC's principal shareholders holding approximately 18% of ChipPAC stock have signed voting agreement to vote in favor of transaction
  - STATS shareholder approval (50% outstanding for merger; 75% present and voting for name change)
    - STATS's principal shareholder has signed voting agreement to vote approximately 59% of STATS shares in favor of transaction
  - Customary antitrust clearance in the United States
    - Expiration of the Hart-Scott-Rodino waiting period
  - Receipt of ruling from U.S. tax authorities regarding tax treatment of the merger for ChipPAC shareholders
    - The merger is intended to be tax-free to ChipPAC shareholders
  - Other customary conditions (i.e. reps and warranties, third-party consent for contract transfers, listing approvals, etc.)

# $10BN+ TAM Growing at 2x Semiconductor Industry Growth Rate

## Global Packaging & Test Market




## Continued Outsourcing Trend




**2002 - 2007 CAGR of 19.6% Exceeds Overall Semiconductor CAGR of 10.3%, Driven by Increased Outsourcing**

Source: Gartner, 2003 and 2004. 2003 end market breakdown for Semiconductor Packaging & Test revenue applied to forecast years.

# Significant Business Momentum - Revenue

($ in millions)

($ in millions)

Note: Aggregate historical numbers of the individual companies may not be consistent with and have not been derived from pro forma historical financial statements prepared under US GAAP

# Significant Business Momentum - EBITDA

($ in millions)

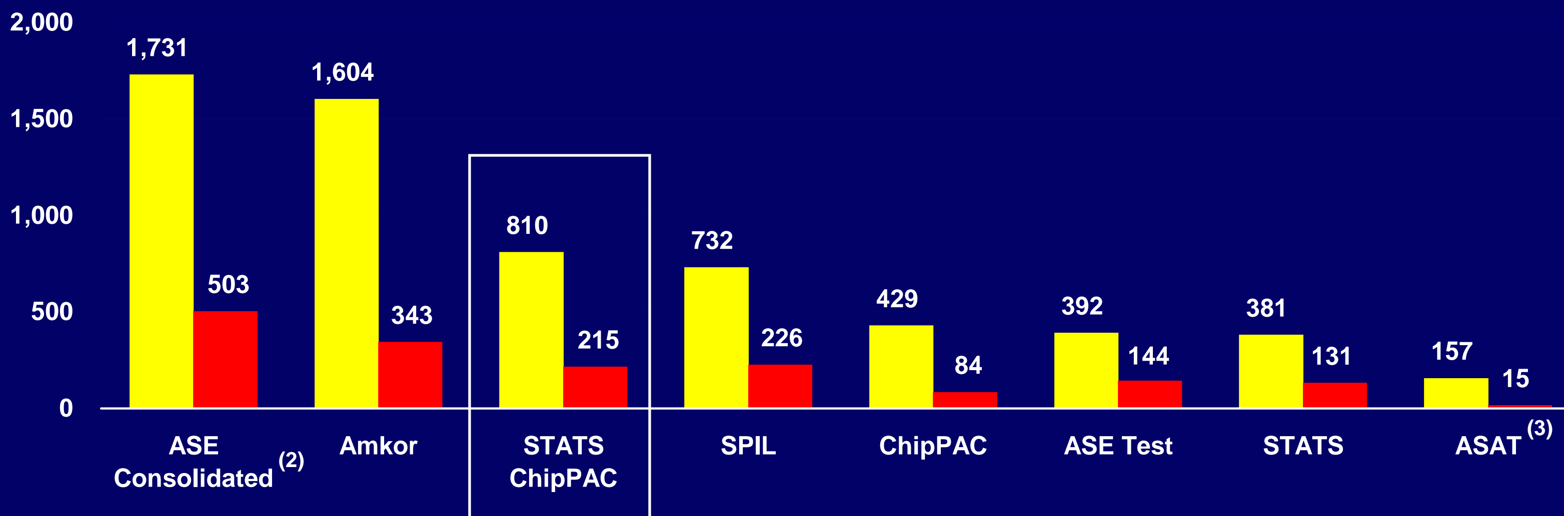
($ in millions)

Note: Aggregate historical numbers of the individual companies may not be consistent with and have not been derived from pro forma historical financial statements prepared under US GAAP

# Leading Global Player

**Positions STATS ChipPAC as a Leading Global Player**

**2003 Revenue and EBITDA [1]**



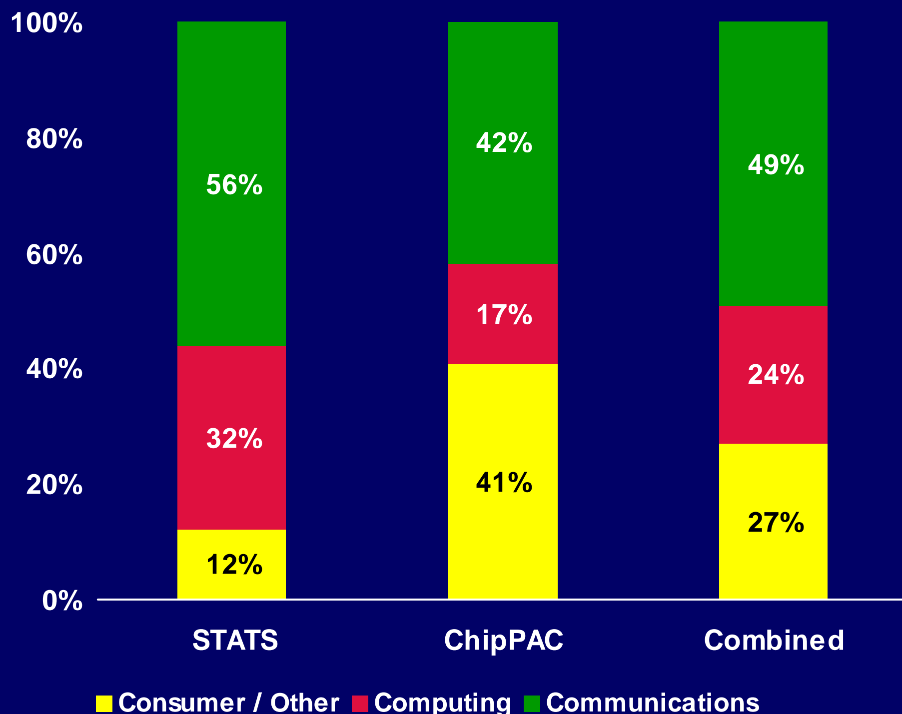

Notes

1. Based on latest Company filings as at 11 February 2004
2. Assumes NT/US$ = 33.1
3. Fiscal year end April – Calendarized to represent LTM
4. Does not include restructuring charge and write-down of impaired assets

# Complementary Application and Customer Portfolios

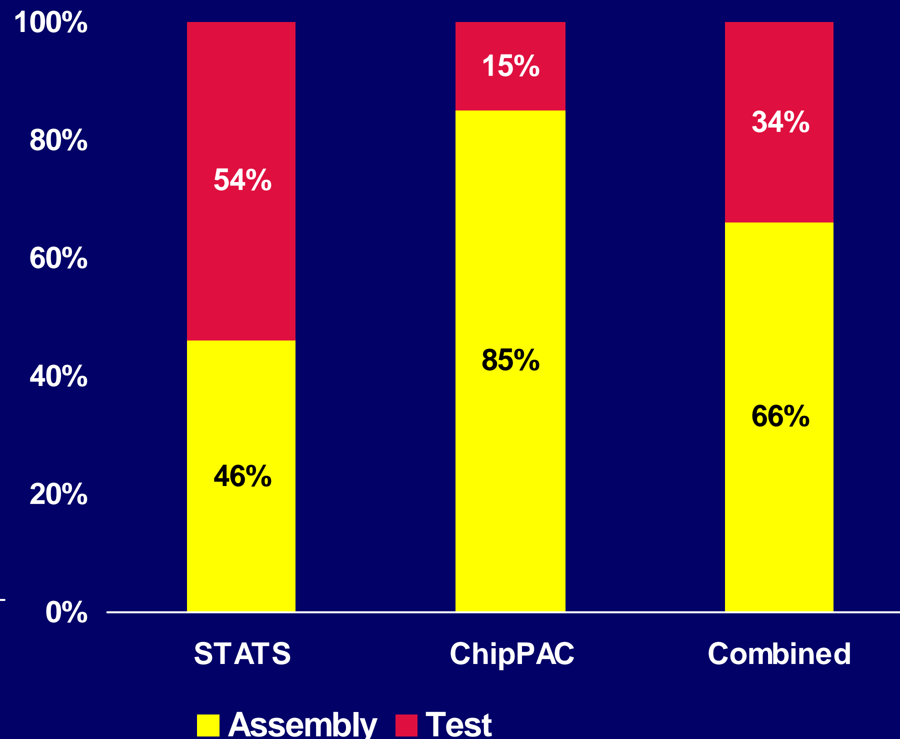
## Complementary Combination across Customer Segments

**By Application**
**3Q03 Revenue (%)**




## “Bolt On” Leadership in Assembly Technologies

**By Service**
**3Q03 Revenue (%)**

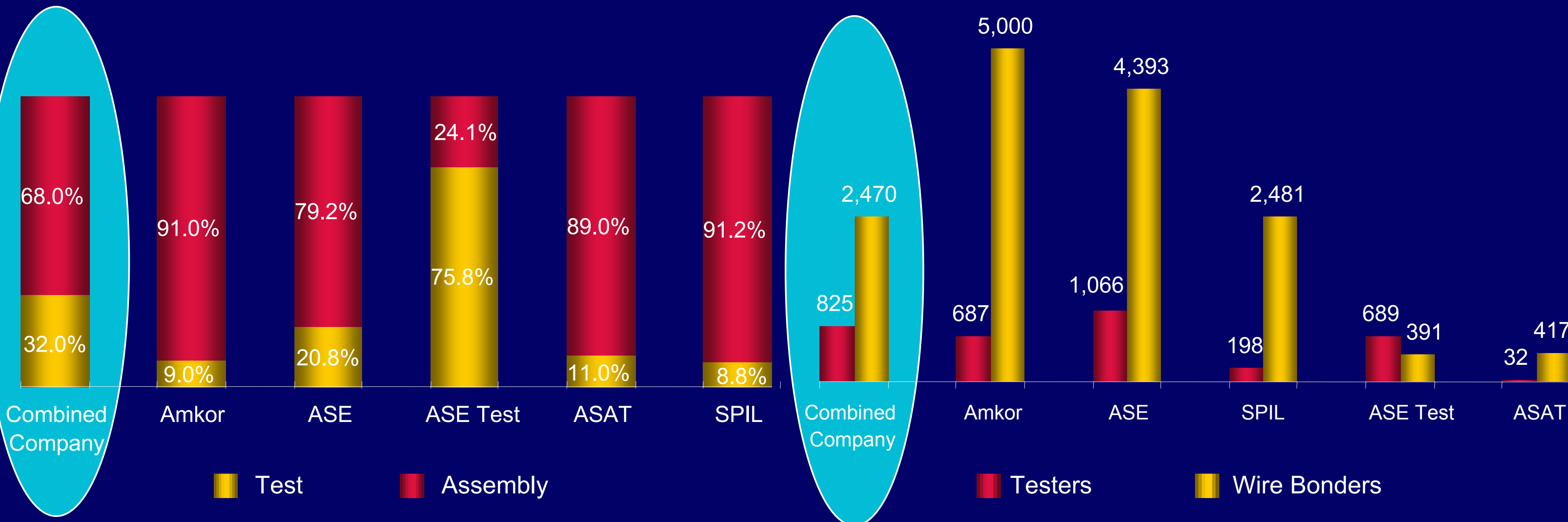



Source: Based on recent publicly available information

# The Industry's Most Balanced Service Portfolio

## Test & Assembly Revenue Mix

## Number of Testers & Wire Bonders




**Leading Scale in Packaging and Test Capacity**

Note: Aggregate historical numbers of the individual companies may not be consistent with and have not been derived from pro forma historical financial statements prepared under US GAAP

Source: Companies' estimates based on available SEC filings, press releases and research reports. Data presented may not be stated on a consistent basis.

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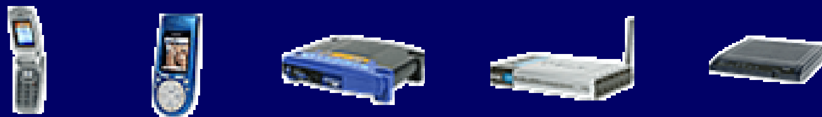
# Leadership Positions in High Growth, Attractive Markets

## Communications / Wireless



- Strong Communications heritage
- Leader in mixed-signal test

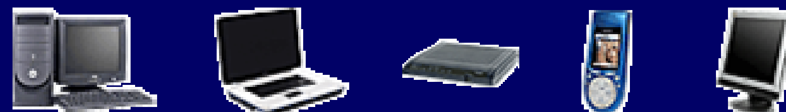
## Computing

- Long standing relationships with Tier 1 customers

## Consumer

- #1 in advanced stacked die for small form factor Consumer devices
- China facilities provide world class technology at lower costs for high volume, price sensitive applications

## Power



- Unique focus - Malaysia facility dedicated to power / analog / discrete
- Long standing relationships with leading power players

# Leadership in Mixed Signal Solutions for Communications Market

**Global Communications Semiconductor Market**

Source: Gartner, May 2003.

**STATS ChipPAC Ltd. Communications Business**

- Communications accounts for approximately 50% of pro forma revenue
- Leveraged to the most attractive applications including handsets, RF, Blue Tooth, WLAN and broadband networking
- Comprehensive portfolio of RF/ mixed-signal test using the industry's most advanced platforms

**Key Customers**

# Long Standing Relationships with Leading Computing Players

**Global Computing Semiconductor Market**

Source: Gartner, May 2003.

**STATS ChipPAC Ltd. Computing Business**

- Computing accounts for approximately 25% of pro forma revenue
- Long history of providing advanced solutions to major computing players
- Use of latest substrate and assembly technology improves functionality, efficient use of motherboard real estate and reduces cost

**Key Customers**

# Differentiated Technology for Next Generation Consumer Devices

## Global Consumer Semiconductor Market

Source: Gartner, May 2003.

## STATS ChipPAC Ltd. Consumer Business

- Consumer accounts for approximately 25% of pro forma revenue
- Leadership in stacked-die packaging for DSPs and Flash used in small form factor Consumer applications
  - Chip-scale, Stack die, flip-chip, wafer level & system-in-package
- Leveraged to applications such as PDAs, digital cameras, DVD players, game consoles

## Key Customers

# Strength in Power / Analog / Discrete Packaging & Test

## Global Power Semiconductor Market

Source: Gartner, May 2003.

## STATS ChipPAC Ltd. Power Business

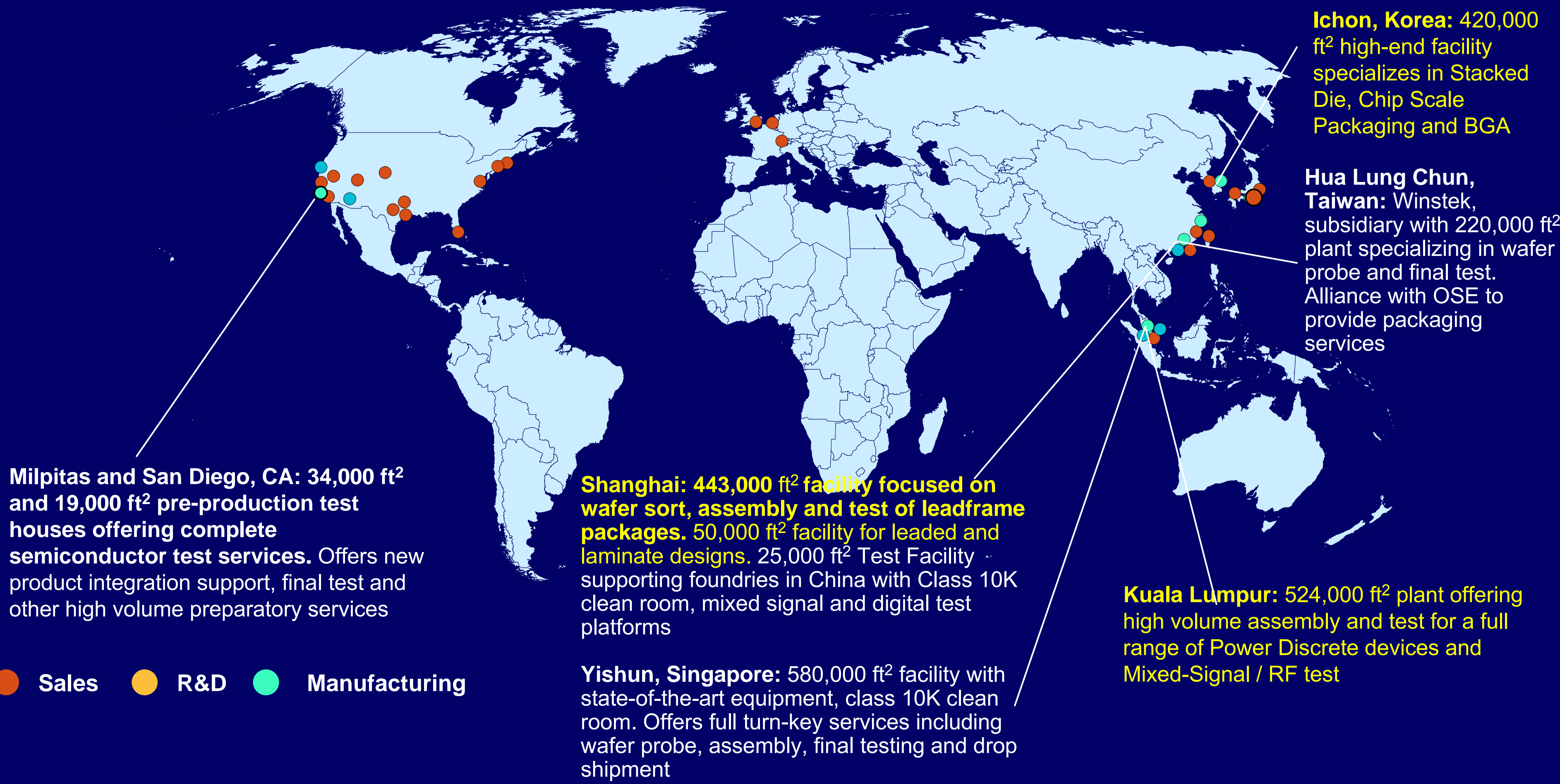
- Power Discrete packages including leadframe Chip Scale Packages
  - Dpak - used for Power MOSFET and Power Management ICs
  - D2pak - high electrical and thermal performance for Power applications in automotive and consumer
  - TO-247 - 2 and 3 lead options for automotive, industrial and consumer applications
  - TO-220 - 2, 3, 5 and 7 lead options
- All power products and test services performed at dedicated Malaysia operation

## Key Customers

International IOR Rectifier

ON Semiconductor

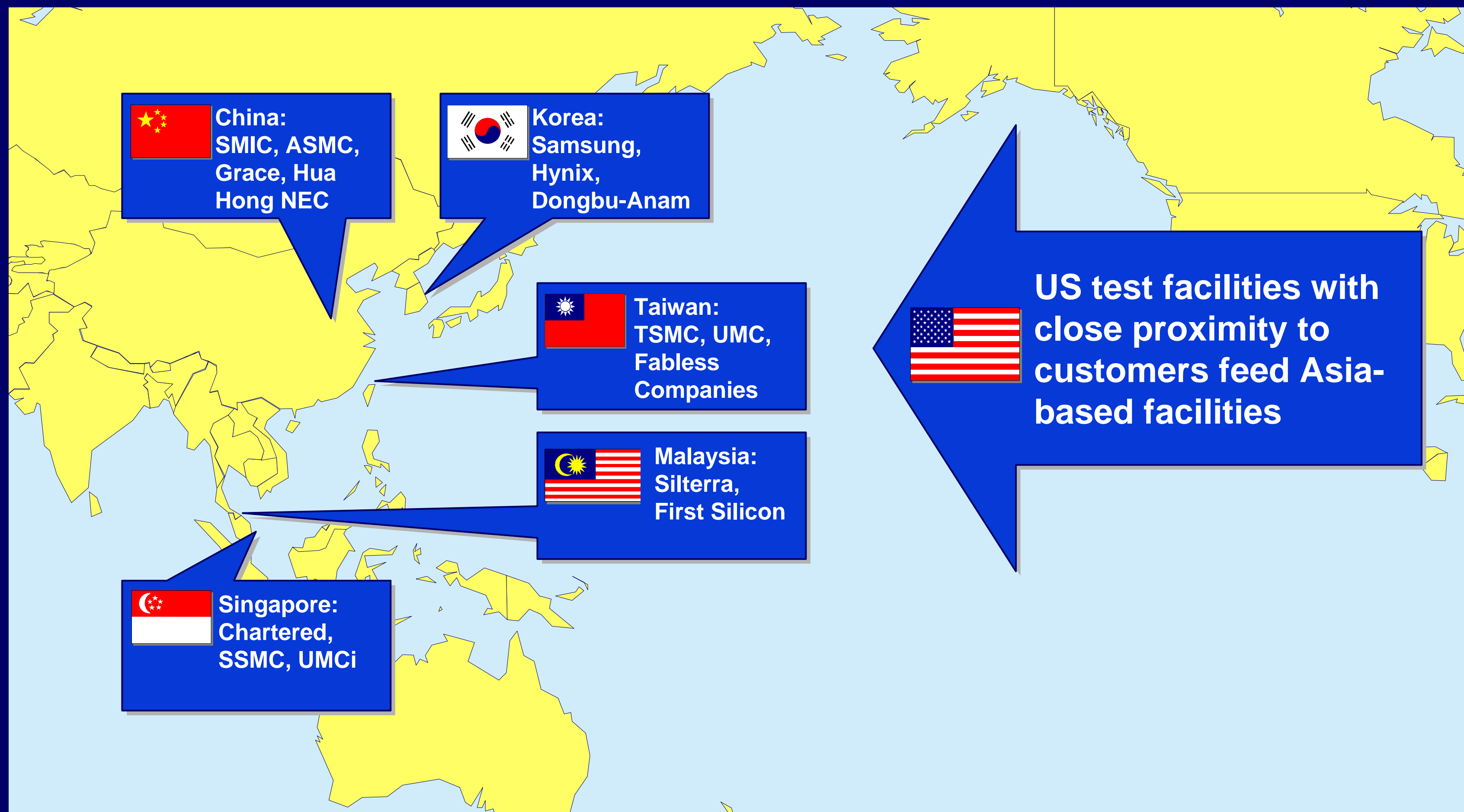
# Established Presence in the World's Most Strategic Semiconductor Markets




**Global Scale, Unrivalled Positioning**

# Proximity to Global Foundries

- Combined global footprint aligns with all major foundries, creating major value proposition for customers



# Leading Semiconductor Customers

STATS: MARVELL, AMI S, Chartered semiconductor manufacturing, Infineon technologies, ANALOG DEVICES, ATHEROS, RF MICRO·DEVICES, ZORAN, ATi, SMSC, CENTILLIUM COMMUNICATIONS

Both: BROADCOM, tsmc, IBM, MOTOROLA, 1 additional customer (1), CONEXANT, ATMEL

ChipPAC: ST, intersil, ON Semiconductor, TEXAS INSTRUMENTS, FAIRCHILD SEMICONDUCTOR, LSI LOGIC, hynix, nVIDIA, mitsubishi, QUALCOMM, NEC, SAMSUNG, CIRRUS LOGIC, FUJITSU, AMD

**Not One Customer Comprises >15% of Combined Revenues**

(1) Unnamed due to customer confidentiality reasons

# Financials

# Financial Highlights

- **Both Companies Have Significant Business Momentum**
  - 4Q03 sequential revenue growth of 22% for both Companies, 66% and 39% growth over year ago quarter, respectively
  - 4Q03 EBITDA grew 135% and 80% over year ago quarter, respectively
- **Strong EBITDA Position**
  - Pro forma 4Q03 EBITDA of $74MM, 30% margin
  - Pro forma LTM EBITDA of $215MM, 27% margin
- **The Industry's Strongest Balance Sheet**
  - Pro Forma Net Debt / LTM EBITDA of 1.5x
- **Lower Overall Cost of Capital**
  - Increased scale provides better access to capital markets
  - Ability to access Asia-based lower cost capital
- **Increased Earnings Leverage**
  - Scale advantages over fixed cost base
  - Revenue and cost synergies will significantly enhance earnings

Note: Aggregate historical numbers of the individual companies may not be consistent with and have not been derived from pro forma historical financial statements prepared under US GAAP

# Significant Business Momentum

Based on December Quarter 2003 Results

| | ChipPAC Incorporated | + | STATS | → | STATS ChipPAC Incorporated |
|---|---|---|---|---|---|
| Revenue | $128M | | $120M | | $248M |
| Gross Margin | 19% = $24M | | 19% = $23M | | 19% = $47M |
| R&D | 2% = $3M | | 3% = $3M | | 3% = $6M |
| SG&A | 8% = $10M | | 9% = $10M | | 8% = $20M |
| EBITDA | 24% = $31M | | 36% = $43M | | 30% = $74M |

**$1 Billion Revenue Run-Rate Company**

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# Robust Capital Structure

Based on December 2003 Results

| | ChipPAC | STATS | STATS ChipPAC |
|---|---|---|---|
| Cash | $60M | $348M | $408M [1] |
| ST Debt | $0 | $12M | $12M |
| LT Debt | $365M | $360M | $725M |
| Total Debt | $365M | $372M | $737M |
| Shareholders' Equity | $95M | $476M | $571M |
| Net Debt / LTM EBITDA | | | 1.5x |

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(1) Includes LT marketable securities

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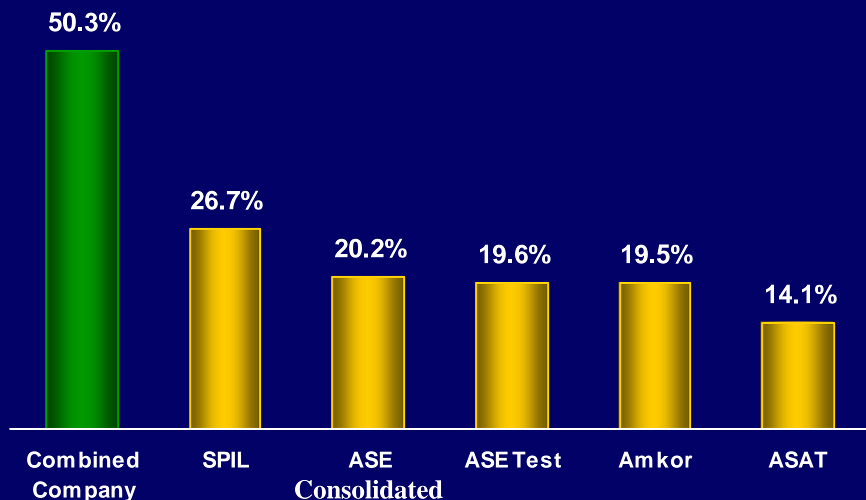
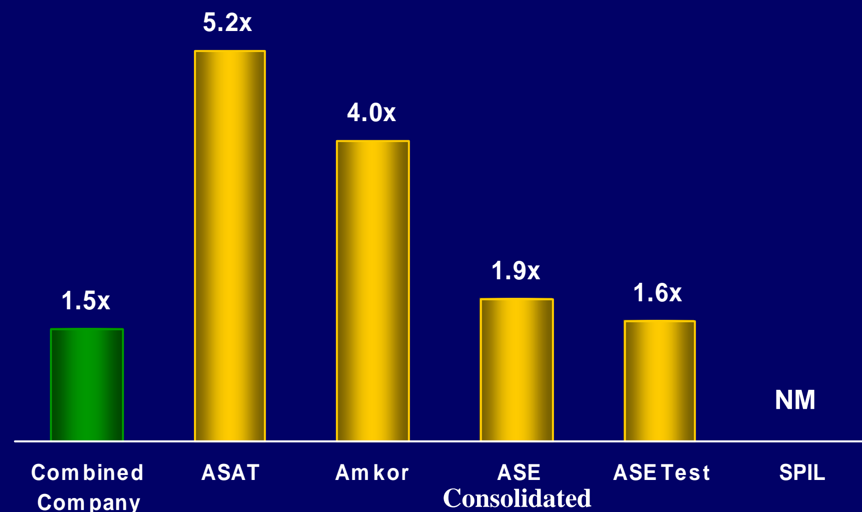
# Net Debt Significantly Lower Than Peers, Strong Cash Position

## Cash / LTM Revenues




## Net Debt / LTM EBITDA

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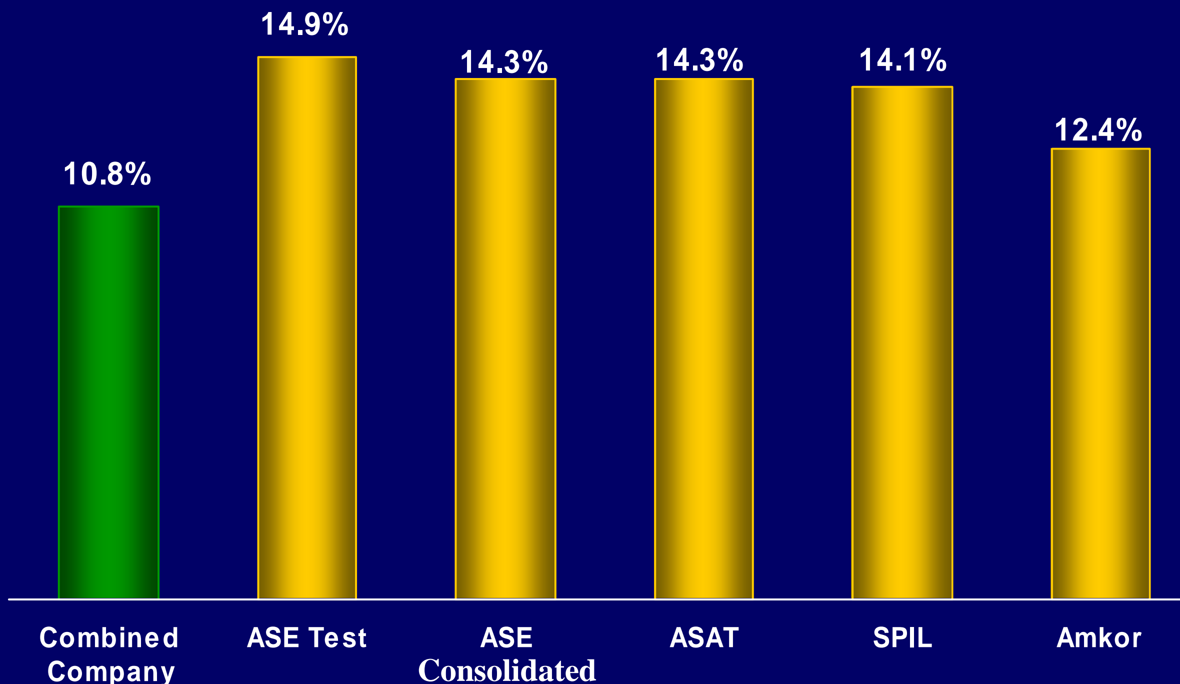
STATS ChipPAC INCORPORATED

# Lowest Cost Structure in the Industry




**Even Before Synergies, the New STATS ChipPAC Has the Industry's Lowest Cost Structure**

Note: Aggregate historical numbers of the individual companies may not be consistent with and have not been derived from pro forma historical financial statements prepared under US GAAP

Source: Companies' estimates based on available SEC filings, press releases and research reports. Data presented may not be stated on a consistent basis. Information obtained as of 11 February 2003

# Financial Impact of the Transaction

- Transaction expected to be accretive to earnings on a cash basis even without cost synergies
- Management expects cost synergies to be approximately US$25-30MM
- Further savings from capital avoidance and interest savings could accrue in the near term
- Potential for significant revenue synergies given product and customer enhancement
- Balance sheet with strong credit ratios and financing flexibility
  - Proforma FY2003 cash balance of the combined entity is approximately US$408MM

# Valuation Considerations

- **A range of methodologies to determine the valuation:**

| | |
|---|---|
| **Contribution Analysis** | • 2003 STATS revenue, GP & EBITDA contribution were 47%, 45% and ~60%, respectively, of the combined entity |
| **Accretion / Dilution Analysis** | • Accretive on cash basis without operating cost synergies |
| **Precedent Transactions** | • Premium paid in line with past transactions in technology space |
| **Comparable Companies Valuation** | • Control premium affiliated to comparable trading levels supports valuation |

# Synergy Opportunities

| Annual operational cost synergies estimated to be approx. $25 – $30MM | Significant potential for revenue synergies over time |
|---|---|
| **Cost Synergies** | **Revenue Synergies** |

## Cost Synergies

**Operational Costs**

- Raw materials
- Leases
- Research & development
- S,G & A
- Reduction in floor space

**Others**

- Capex
- Interest costs

## Revenue Synergies

- New customers
- Market development
- Enhanced service quality
- New products
- Salesforce efficiency / culture
- R&D productivity

# Revenue Synergy

## STATS

| Segment | Synergies |
|---|---|
| Test 53% | • Achieve higher utilization<br>• Support ChipPAC-based assembly<br>• Available for ChipPAC customer list – Wireless/ Consumer |
| Assembly 47% | • China market for analog<br>• China wafer foundry alignment<br>• Stacked-die packaging<br>• Sawn version QFN<br>• Flip chip HVM |

## ChipPAC INCORPORATED

| Segment | Synergies |
|---|---|
| Test 14% | • ~55% of assembled parts<br>• Grow to ~80%<br>• Achieve higher utilization<br>• Stacked-die memory test |
| Assembly 86% | • Leverage wafer bumping<br>• Taiwan sales<br>• Wafer level CSP<br>• Punch version QFN |

Source: Company filings. Assembly/ Test revenue split for 9 months ending 9/30/2003.

# Creating The Industry's Premier Company

| | |
|---|---|
| **Significantly Increased Scale** | • Expected 2004 revenue over US$1 Billion<br>• Second largest test house globally<br>• Leadership in advanced packaging technologies (i.e. stacked die, SiP and wafer level packaging)<br>• Collective R&D base of over 250 engineers ensures continued leadership in advanced semiconductor packaging and test |
| **Strategic Positioning** | • New company will have a global blue-chip roster of major semiconductor customers<br>• Exposure to the fastest growing end-user segments (communications and digital consumer electronics) |
| **Global Footprint** | • Global manufacturing footprint spanning China, Korea, Malaysia, Singapore, Taiwan and the USA<br>• Close proximity to the major hubs of wafer fabrication, providing customers with total supply chain solutions |
| **Diversification / Resilience** | • One of the strongest balance sheets in the industry offering greater flexibility<br>• Balanced services portfolio<br>• Broad and diversified customer base |

# STATS ChipPAC Ltd.

***Creating a Premier Company in Advanced Semiconductor Packaging & Test Solutions***