



## **FOR IMMEDIATE RELEASE**

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## **ADVANCED SEMICONDUCTOR ENGINEERING, INC. REACHES FINAL SETTLEMENT WITH INSURERS OF NT\$8,068 MILLION IN CONNECTION WITH FIRE ACCIDENT**

Taipei, Taiwan, R.O.C., June 28, 2006 - Advanced Semiconductor Engineering, Inc. (TAIEX: 2311, NYSE: ASX) (hereinafter "ASE", or the "Company") today announced that a final settlement amount has been reached between the Company and the 9 insurers under its Fire Insurance Policy, who together acted as co-insurers, with regards to the fire damage incurred to ASE's Chung-Li plants on May 1, 2005. The 9 co-insurers are Zurich Insurance (Taiwan) Ltd., Fubon Insurance Co., Ltd., Cathay Century Insurance Co., Ltd., Shinkong Insurance Co., Ltd., Mingtai Fire & Marine Insurance Co., Ltd., The First Insurance Co., Ltd., Taiwan Fire & Marine Insurance Co., Ltd., Chung Kuo Insurance Co., Ltd. and South China Insurance Co., Ltd. (hereinafter collectively, the "Co-Insurers"). The final settlement amount, after subtracting the deductible amount from the total insured loss as provided for under the Fire Insurance Policy, is NT\$8,068 million. The Co-Insurers already paid ASE an interim payment in the amount of NT\$2,300 million in mid-October 2005, which is to be deducted from the final settlement amount. Therefore, the Co-Insurers will pay ASE a final payment of NT\$5,768 million in accordance with the provisions of the Fire Insurance Policy. ASE and the Co-Insurers executed a settlement agreement on June 27, 2006 pursuant to the Fire Insurance Policy.

As the settlement amount is now finalized, the Company expects to recognize approximately NT\$3,400 million of non-operating income in the second quarter of 2006. The Company is still in the process of repairing certain assets damaged by the fire and determining how much of the losses originally recognized in connection with the fire will be reversed as a result of such repairs. The Company will announce the impact to its earnings when it reports its 2Q06 consolidated financial results, which is scheduled for August 1, 2006.

### **Safe Harbor Notice**

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this press release. The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions, as they relate to us, are intended to identify these forward-looking statements in this press release. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including risks associated with cyclical and market conditions in the semiconductor industry; demand for the outsourced semiconductor packaging and testing services we offer and for such outsourced services generally; the highly competitive semiconductor industry; our ability to introduce new packaging, interconnect materials and testing technologies in order to remain competitive; our ability to successfully integrate pending and future mergers and acquisitions; international business activities; our business strategy; general economic and political conditions; possible disruptions in commercial activities caused by natural or human-induced disasters; our future expansion plans and capital expenditures; the strained relationship between the Republic of China and the People's Republic of China; fluctuations in foreign currency exchange rates; and other factors. For a discussion of these risks and other factors, please see the documents we file from time to time with the Securities and Exchange Commission, including our 2005 Annual Report on Form 20-F filed on June 19, 2006.