



Yageo US\$230 Million ECB Offering Approved

June 5, 2007

KKR Brought in as a Strategic Investor

Taipei, June 5, 2007 - Yageo Corporation (TAIEX: 2327), one of the world's leading suppliers of passive component services, today announced that it received approval from the Taiwan Financial Supervisory Commission yesterday to offer US\$230 million of non-secured zero coupon convertible instruments with a maturity of 7 years and conversion price of NTD16.15 per share, which represents a 11.5% premium to the 3-day average trading price prior to signing. The convertible instruments will primarily be subscribed by affiliates of Kohlberg Kravis Roberts & Co. ("KKR"), one of the world's oldest and most experienced private equity firms. Assuming full conversion, KKR would hold an equity stake in the business equivalent to 16.1% of Yageo's issued share capital, becoming the largest foreign shareholder of the company. Closing of the investment is scheduled by June 15th, 2007, and is subject to meeting customary closing conditions.

"We are very pleased to have KKR invest in Yageo as a strategic investor. This transaction not only brings in long term capital to support Yageo's growth, but also enables us to form a valuable relationship with the world's premier private equity firm that will allow us to benefit from KKR's extensive global resources and world-class management expertise. This will help Yageo further grow its business, enhance its existing competitive strengths, and enable Yageo to benefit as a participant in the consolidation of the global passive component industry," said Pierre T.M. Chen, Chairman of Yageo Corporation.

David H. Liu, a KKR partner, said, "We are very excited to have the opportunity to invest in Yageo. We have been impressed by Yageo's leadership position in the passive component industry and the enormous opportunity that the company has to further grow and expand its business on a global basis. We look forward to utilizing our global resources and expertise to assist Yageo's world-class management team to fully capitalize on the long term potential of the passive component industry and solidify its leading global position."

About Yageo

Founded in 1977, Yageo Corporation has become a world-class provider of passive-component services with capabilities on a global scale, including production and sales facilities in Asia, Europe and Americas. The company is uniquely positioned to provide one-stop-shopping, offering its complete product portfolio of resistors, capacitors and inductors in both commodity and specialty versions, plus design-in capability, distribution, e-commerce connection and logistics. Yageo currently ranks as the world No.1 in chip-resistors, No. 3 in MLCCs and No. 2 in ferrite products. Yageo Corporation employs more than 9,000 people worldwide and has 24 sales offices, 9 production sites, 7 JIT logistic outfits and 3 R&D centers.

About KKR

Kohlberg Kravis Roberts & Co. (KKR) is one of the world's oldest and most experienced private equity firms. Founded in 1976, it has offices in New York, San Francisco, London, Paris, Hong Kong and Tokyo. Throughout its history, KKR has brought a long-term investment approach to its portfolio companies, focusing on working in partnership with management teams and investing for future competitiveness and growth. Since its founding, KKR has completed more than 150 transactions with an aggregate value of over US\$279 billion.

For more information, please visit www.KKR.com

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Yageo Corporation cautions readers that the "forward-looking statements" included in this press release that are not historical in nature are subject to significant risks and uncertainties and are based on Yageo's current expectations. Actual results may differ materially from those contained in such forward-looking statements for a variety of reasons including, among others, risks associated with cyclicity and market conditions in the passive component industry; demand and supply for Yageo's products; intense competition; Yageo's ability to respond to rapid technological changes in the passive component industry; Yageo's ability to manage expansion of its capacity, as well as Yageo's ability to obtain, preserve and defend its intellectual property rights; natural disasters and other unexpected events which may disrupt production; and exchange rate fluctuations.