



**PSI TECHNOLOGIES SIGNS NON-BINDING LETTER OF INTEREST TO  
ISSUE TO MERRILL LYNCH GLOBAL EMERGING MARKETS  
PARTNERS, L.P. A US\$ 4 MILLION 5-YEAR EXCHANGEABLE SENIOR  
SUBORDINATED NOTE**

MANILA, PHILIPPINES and SANTA CLARA, CALIFORNIA - June 13, 2003 - PSi Technologies (NASDAQ:PSIT), a leading independent provider of power semiconductor assembly and test services, today announced the signing of a non-binding Letter of Interest to issue to Merrill Lynch Global Emerging Markets Partners, L.P. (MLGEMP), the Company's majority shareholder, a \$4 million exchangeable senior subordinated note.

The proceeds of the note will be used to pay certain liabilities related to the Company's capital expenditures incurred over the past year which are due by the end of the second and third quarters of 2003 and will not be payable out of current cash flow from operations or available lines of credit. Over the course of the last several months, the Company has pursued several possible avenues of financing. No such alternative could be put in place in time. The Company continues to pursue discussions with other prospective financing sources to further enhance its liquidity.

The note is issued by the Company's principal operating subsidiary, and comes due in 2008. It accrues interest at 10 percent net of Philippine withholding tax. The note will be exchangeable into the Company's common stock at a price of \$1.47 per share (which is equivalent to the Company's 30-trading day average price as of June 6, 2003). The exchange price is subject to reduction in the event the Company does not meet certain performance targets for the third and fourth quarters of 2003.

The transaction is subject to customary closing conditions.

***About PSi Technologies Holdings, Inc.***

PSi Technologies is an independent semiconductor assembly and test service provider focused on the power semiconductor market. The Company provides comprehensive package design, assembly and test services for power semiconductors used in telecommunications and networking systems, computers and computer peripherals, consumer electronics, electronic office equipment, automotive systems and industrial products. PSi's customers include most of the major power semiconductor manufacturers in the world such as Fairchild Semiconductor, Infineon Technologies, ON Semiconductor, Philips Semiconductor, and ST Microelectronics.

For more information, visit the Company's web site at [www.psitechnologies.com](http://www.psitechnologies.com) or call: Edison G. Yap, CFA

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**Safe Harbor Statement**

This press release contains forward-looking statements that involve risks and uncertainties. Actual outcomes may differ materially. Factors that might cause a difference include, but are not limited to, the possibility that the transaction might not close. PSi will not update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect PSi's financial results is included in the documents PSi files from time to time with the Securities and Exchange Commission.