

MAGNACHIP SEMICONDUCTOR Corp
Form DEF 14A
July 20, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12.

MagnaChip Semiconductor Corporation

(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 transaction 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 0-11(a)(2) 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:

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c/o MagnaChip Semiconductor S.A.

1, Allée Scheffer, L-2520

Luxembourg, Grand Duchy of Luxembourg

To Our Stockholders:

You are invited to attend the Annual Meeting of Stockholders of MagnaChip Semiconductor Corporation to be held on August 11, 2015, at 9:00 a.m. Eastern Daylight Time. We are pleased to announce that this year's annual meeting will be held completely virtual via live interactive webcast on the Internet. You will be able to attend, vote and submit your questions during the meeting at www.virtualshareholdermeeting.com/mx2015. We have enclosed the notice of our Annual Meeting of Stockholders, together with a proxy statement, a proxy and an envelope for returning the proxy.

You are asked to act upon proposals to: (1) elect two Class I directors and three Class III directors; (2) conduct an advisory (non-binding) vote on the compensation of our named executive officers and (3) ratify the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year. Your Board of Directors unanimously recommends that you vote FOR each nominee for director that the Board has selected, FOR the approval of the compensation of our named executive officers and FOR the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year.

Please carefully review the proxy statement and then complete and sign your proxy and return it promptly. If you attend the virtual meeting and decide to vote during the meeting, you may withdraw your proxy by voting at the meeting.

Your time and attention to this letter and the accompanying proxy statement and proxy are appreciated. Your vote is important. Please take the time to read the enclosed proxy statement and cast your vote via proxy or at the meeting.

Sincerely,

/s/ Young-Joon Kim
Young-Joon Kim
Chief Executive Officer

July 20, 2015

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MagnaChip Semiconductor Corporation

c/o MagnaChip Semiconductor S.A.

1, Allée Scheffer, L-2520

Luxembourg, Grand Duchy of Luxembourg

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

August 11, 2015

The Annual Meeting of Stockholders of MagnaChip Semiconductor Corporation, a Delaware corporation, will be held on Tuesday, August 11, 2015, at 9:00 a.m. Eastern Daylight Time, via live interactive webcast on the Internet, for the following purposes:

- (1) to elect two Class I directors and three Class III directors;
- (2) to conduct an advisory (non-binding) vote on the compensation of our named executive officers;
- (3) to ratify the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year; and
- (4) to transact such other business as may properly come before the meeting.

Holders of record of our common stock at the close of business on Friday, July 17, 2015, are entitled to vote at the meeting. A list of stockholders entitled to vote will be available for inspection by stockholders of record for any purpose germane to the Annual Meeting during ordinary business hours at our offices at MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 60 South Market Street, Suite 750, San Jose, CA 95113, for ten days prior to the Annual Meeting. If you are a stockholder of record and would like to view this stockholder list, please contact Investor Relations at (408) 625-1262. Additionally, such list of stockholders will be made available for viewing electronically during the Annual Meeting, and instructions to access such list will be available on the date of the Annual Meeting at www.virtualshareholdermeeting.com/mx2015.

By Order of the Board of Directors

/s/ Theodore Kim
Theodore Kim
Executive Vice President, General Counsel, Chief
Compliance Officer and Secretary

July 20, 2015

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**Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to Be Held on August 11, 2015**

The 2015 Proxy Statement and 2014 Annual Report are available, free of charge, at <http://www.proxyvote.com>.

The Company's Annual Report for the year ended December 31, 2014 is being mailed to stockholders concurrently with the 2015 Proxy Statement. The Annual Report contains financial and other information about the Company, but is not incorporated into the Proxy Statement and is not deemed to be a part of the proxy soliciting materials.

Even if you expect to attend the Annual Meeting, please promptly complete, sign, date and mail the enclosed proxy card. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States. Alternatively, if you are a holder of record of our common stock on the record date, you may vote your shares electronically either over the internet at <http://www.proxyvote.com> or by touch-tone telephone at 1-800-690-6903. Stockholders who attend the Annual Meeting may revoke their proxies and vote during the meeting at www.virtualshareholdermeeting.com/mx2015 if they so desire.

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MagnaChip Semiconductor Corporation

c/o MagnaChip Semiconductor S.A.

1, Allée Scheffer, L-2520

Luxembourg, Grand Duchy of Luxembourg

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 11, 2015

GENERAL INFORMATION

Why am I receiving these materials?

We sent you these proxy materials because the Board of Directors (the **Board**) of MagnaChip Semiconductor Corporation (the **Company**, **MagnaChip**, **we**, **us**, and **our**) is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders (the **Annual Meeting**) and at any postponements or adjournments of the Annual Meeting. The Annual Meeting will be held virtually via live interactive webcast on the Internet on August 11, 2015, at 9:00 a.m. Eastern Daylight Time. If you held shares of our Common Stock on July 17, 2015 (the **Record Date**), you are invited to attend the Annual Meeting at www.virtualshareholdermeeting.com/mx2015 and vote on the proposals described below under the heading **What am I voting on?** However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may complete, sign, date, and return the enclosed proxy card. You may also vote over the Internet or by telephone.

The Notice of Annual Meeting of Stockholders, Proxy Statement, the enclosed proxy card, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are being mailed to stockholders commencing on or about July 20, 2015.

What am I voting on?

There are three proposals scheduled to be voted on at the Annual Meeting:

1. Election of the two Class I directors and three Class III directors specified in this Proxy Statement to serve until the 2018 and 2017 Annual Meetings of Stockholders, respectively, and until their respective successors are elected and qualified; and
2. Approval on an advisory (non-binding) basis of the compensation of our named executive officers as described in this Proxy Statement; and
3. Ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2015.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

FOR the election of each of the two Class I directors and three Class III directors named in this Proxy Statement to hold office until the 2018 and 2017 Annual Meetings of Stockholders, respectively, and until their respective successors are elected and qualified;

FOR the approval, on an advisory (non-binding) basis, of the compensation of the named executive officers as disclosed in this Proxy Statement; and

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FOR the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2015.

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Who can vote at the Annual Meeting?

If you were a holder of record of the Company's common stock (the "Common Stock") as of the close of business on July 17, 2015, the Record Date for the Annual Meeting, you may vote your shares at the Annual Meeting. As of the Record Date, there were 34,561,468 shares of MagnaChip Common Stock outstanding, excluding treasury shares. Company treasury shares will not be voted. Each stockholder has one vote for each share of Common Stock held as of the Record Date.

If, on the Record Date, your shares were held in an account at a broker, bank, or other financial institution (we will refer to those organizations collectively as "broker"), then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that broker. The broker holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to direct your broker on how to vote the shares in your account. As a beneficial owner, you are invited to attend the Annual Meeting via the Internet at www.virtualshareholdermeeting.com/mx2015. However, since you are not a stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from your broker.

How can I attend the Annual Meeting?

You are invited to attend the Annual Meeting, if you are a stockholder or record or a beneficial owner as of July 17, 2015, live via the Internet at www.virtualshareholdermeeting.com/mx2015. You must have your Control Number listed on the enclosed proxy card to enter the meeting. The webcast starts at 9:00 a.m. Eastern Daylight Time. You may vote and submit questions while attending the meeting on the Internet. Instructions on how to attend and participate in the Annual Meeting via the Internet, including how to demonstrate proof of stock ownership, are posted at www.virtualshareholdermeeting.com/mx2015. The audio broadcast will be archived on that website for one year.

What if I return the proxy card to the Company but do not make specific choices?

If you return a signed, dated, proxy card to the Company without making any voting selections, the Company will vote your shares (1) FOR the election of each of the two Class I directors and three Class III directors named in this Proxy Statement to hold office until the 2018 and 2017 Annual Meetings of Stockholders, respectively, and until their respective successors are elected and qualified; (2) FOR the approval, on an advisory (non-binding) basis, of the compensation of the named executive officers as disclosed in this Proxy Statement; and (3) FOR the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2015.

The Company does not expect that any matters other than the election of directors and the other proposals described in this Proxy Statement will be brought before the Annual Meeting. The persons appointed as proxies will vote in their discretion on any other matters that may properly come before the Annual Meeting or any postponements or adjournments thereof, including any vote to postpone or adjourn the Annual Meeting.

How many shares must be present or represented to conduct business at the Annual Meeting?

A quorum of stockholders is necessary to hold a valid annual meeting. A quorum will be present if the holders of at least a majority of the total number of shares of Common Stock entitled to vote are present, in person or by proxy, at the Annual Meeting. Abstentions and shares represented by broker non-votes are counted for the purpose of determining whether a quorum is present. If there are insufficient votes to constitute a quorum at the time of the Annual Meeting, we may adjourn the Annual Meeting to solicit additional proxies.

How are votes counted and what is a broker non-vote?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count FOR, AGAINST, WITHHOLD, abstentions and broker non-votes. A broker non-vote occurs

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when your broker submits a proxy card for your shares of Common Stock held in street name, but does not vote on a particular proposal because the broker has not received voting instructions from you and does not have the authority to vote on that matter without instructions. Under the rules that govern brokers who are voting shares held in street name, brokers have the discretion to vote those shares on routine matters but not on non-routine matters. For purposes of these rules, the only routine matter in this Proxy Statement is Proposal Three the ratification of our independent registered public accounting firm for the current fiscal year. Proposal One the election of directors and Proposal Two the advisory (non-binding) vote on the compensation of our named executive officers are non-routine matters. Therefore, if you hold your shares in street name and do not provide voting instructions to your broker, your broker does not have discretion to vote your shares on any proposal at the Annual Meeting other than Proposal Three the ratification of our independent registered public accounting firm for the current fiscal year. However, your shares will be considered present at the Annual Meeting for purposes of determining the existence of a quorum.

What is the voting requirement to approve each of the proposals?

Proposal One Election of Directors

The election of director nominees requires a plurality vote of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote in the election of directors. The two Class I director nominees and three Class III director nominees receiving the highest number of FOR votes cast by the holders of our Common Stock entitled to vote at the Annual Meeting will be elected. Accordingly, WITHHOLD votes and broker non-votes will have no effect on the outcome of the election of directors. Stockholders have no right to cumulative voting as to any matter, including the election of directors.

Proposal Two Advisory Vote on Compensation of our Named Executive Officers

The proposal to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers for the fiscal year ended December 31, 2014 as described in this Proxy Statement requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions will be included in the number of shares present and entitled to vote and will therefore have the same effect as a vote AGAINST the proposal. Broker non-votes will not be included in calculating the number of votes entitled to vote on this proposal and will therefore have no effect on the outcome of this proposal.

Proposal Three Ratification of the Appointment of our Independent Registered Public Accounting Firm for the Current Fiscal Year

The proposal to ratify the appointment of Samil PricewaterhouseCoopers requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions will be included in the number of shares present and entitled to vote and will therefore have the same effect as a vote AGAINST this proposal. Brokers have discretionary authority to vote uninstructed shares on this proposal.

How do I vote my shares of MagnaChip Common Stock?

Stockholders may vote shares of our Common Stock using any of the following means:

Voting by Proxy Cards. A registered stockholder may vote shares until voting is completed at the Annual Meeting by returning a duly completed and executed proxy card in the postage-paid envelope included. All proxy cards received by us that have been properly signed and have not been revoked will be voted in accordance with the instructions contained in the proxy cards. For your mailed proxy card to be counted, we must receive it prior to the close of business on August 10, 2015.

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Voting by Telephone or Internet. A registered stockholder may vote shares until 11:59 p.m. Eastern Daylight Time on August 10, 2015 by calling the toll-free number indicated on the proxy card and following the recorded instructions or by accessing the website indicated on the proxy card and following the instructions provided. When a stockholder votes by telephone or Internet, his, her or its vote is recorded immediately.

Voting by Internet During the Annual Meeting. Instructions on how to attend and vote at the meeting are described at www.virtualshareholdermeeting.com/mx2015. If a stockholder attends the Annual Meeting and votes his, her or its shares during the meeting via the voting instructions described at www.virtualshareholdermeeting.com/mx2015, then any previous votes that were submitted by the stockholder, whether by Internet, telephone or mail, will be superseded by the vote that such stockholder casts during the Annual Meeting. Further, if the shares are held of record by a broker and a stockholder wishes to vote at the Annual Meeting, he, she or it must obtain a proxy issued in his, her or its name from the record holder in accordance with the materials and instructions for voting provided by his, her or its broker.

Voting by Street Name Stockholders. If stockholders hold shares in street name, then those stockholders may vote in accordance with the materials and instructions for voting the shares provided by their broker. If street name stockholders wish to vote shares at the Annual Meeting, then they must obtain proxies from their broker in order to vote their shares at the Annual Meeting in accordance with the materials and instructions for voting provided by his, her or its broker. If a street name stockholder does not vote by proxy or otherwise give voting instructions to their broker, such shares will not be voted by the broker for Proposal One or Proposal Two at the Annual Meeting.

Changing Votes. A stockholder may change his, her or its vote at any time before it is voted at the Annual Meeting by (1) delivering a proxy revocation or another duly executed proxy bearing a later date to MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 60 South Market Street, Suite 750, San Jose, CA 95113, Attention: Secretary, which revocation or later-dated proxy is received by us prior to the close of business on August 10, 2015; (2) voting again by telephone or Internet in the manner described above prior to 11:59 p.m., Eastern Daylight Time, on August 10, 2015; or (3) attending the Annual Meeting and voting via the Internet during the meeting using the procedures described at www.virtualshareholdermeeting.com/mx2015. Attending the Annual Meeting via the Internet will not revoke a proxy unless the stockholder actually votes via the Internet during the meeting. Street name stockholders who wish to revoke or change their votes after returning voting instructions to their broker may do so in accordance with the materials and instructions provided by their broker or by contacting such broker to effect the revocation or change of vote.

How can I find out the results of the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. We will publish final results in a Current Report on Form 8-K that we expect to file with the Securities and Exchange Commission (the SEC) within four business days of the Annual Meeting. After the Form 8-K is filed, you may obtain a copy by visiting the investor relations section of our website or www.magnachip.com or by writing to MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 60 South Market Street, Suite 750, San Jose, CA 95113, Attention: Secretary.

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MagnaChip's Board of Directors is divided into three classes (Class I, Class II and Class III). At each annual stockholders' meeting, one class of directors stands for election. The elected directors are elected to three-year terms, with each director of each class to serve until such director's successor is elected and qualified or until such director's earlier resignation or removal. Because the Company did not hold an Annual Meeting of Stockholders during 2014, Mr. Michael Elkins and Mr. Brian Mulhern, the Class III directors whose three-year terms as directors expired in 2014, and Mr. Young-Joon Kim, who was appointed by the Board of Directors to fill the vacancy resulting from the resignation of a Class III director, each continue to be directors of the Company until each such director's successor is elected and qualified or until such director's earlier resignation or removal. The exact number of members on the Board is currently seven and may be fixed by MagnaChip's Board of Directors from time to time by resolution of a majority of the total number of authorized directors, or by amendment of our bylaws by the affirmative vote of 66-2/3% of the outstanding voting stock of the Company, voting together as a single class.

At the Annual Meeting, two Class I directors are to be elected to hold office for a term of three years and until their successors are elected and qualified and three Class III directors are to be elected to hold office for the remaining Class III term that will expire in 2017, resulting in a term of two years and until their successors are elected and qualified. The Board of Directors has nominated two individuals for election this year to serve for three-year terms that will expire in 2018 and three individuals for election this year to serve for the remaining Class III term that will expire in 2017. The nominees to Class I of the Board of Directors are Mr. R. Douglas Norby and Dr. Ilbok Lee. The nominees to Class III of the Board of Directors are Mr. Michael Elkins, Mr. Young-Joon Kim and Mr. Brian Mulhern. Messrs. Norby, Lee, Elkins, Kim and Mulhern currently serve as directors.

Information regarding the nominees and each continuing director is set forth below. Each of the nominees listed in the proxy statement has agreed to serve as a director if elected. If for some unforeseen reason a nominee becomes unwilling or unable to serve, proxies will be voted for a substitute nominee selected by the Board of Directors.

The following table sets forth certain information regarding our directors:

Name	Age	Position
R. Douglas Norby	80	Non-Executive Chairman of the Board of Directors, Chair of the Audit Committee, and Member of the Nominating and Corporate Governance Committee, the Risk Committee and the Strategic Review Committee
Michael Elkins	47	Director, Chair of the Compensation Committee, and Member of the Audit Committee and the Nominating and Corporate Governance Committee
Randal Klein	50	Director, Chair of the Finance Committee, Chair of the Strategic Review Committee, and Member of the Risk Committee
Ilbok Lee	70	Director, Chair of the Nominating and Corporate Governance Committee, and Member of the Compensation Committee, the Risk Committee and the Strategic Review Committee
Young-Joon (YJ) Kim	50	Director, Chief Executive Officer and General Manager, Semiconductor Manufacturing Services
Brian Mulhern	40	Director and Member of the Finance Committee
Nader Tavakoli	57	Director, Chair of the Risk Committee, and Member of the Audit Committee and the Compensation Committee

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NOMINEES FOR TERMS EXPIRING IN 2018

Class I Directors

R. Douglas Norby, Non-Executive Chairman of the Board of Directors, Chair of the Audit Committee, and Member of the Nominating and Corporate Governance Committee, the Risk Committee and the Strategic Review Committee. Mr. Norby became our Non-Executive Chairman of the Board of Directors in May 2014 and our director and Chairman of the Audit Committee in March 2010. Mr. Norby retired from full time employment in July 2006. Mr. Norby previously served as our director and Chairman of the Audit Committee from May 2006 until October 2008. Mr. Norby served as Senior Vice President and Chief Financial Officer of Tessera Technologies, Inc. (Tessera), a public semiconductor intellectual property company, from July 2003 to January 2006. Mr. Norby worked as a management consultant with Tessera from May 2003 until July 2003 and from January 2006 to July 2006. Mr. Norby served as Chief Financial Officer of Zambeel, Inc., a data storage systems company, from March 2002 until February 2003, and as Senior Vice President and Chief Financial Officer of Novalux, Inc., an optoelectronics company, from December 2000 to March 2002. Prior to his tenure with Novalux, Inc., Mr. Norby served as Executive Vice President and Chief Financial Officer of LSI Logic Corporation from November 1996 to December 2000. Mr. Norby is a director of Alexion Pharmaceuticals, Inc., STATS ChipPAC Ltd. and Singulex, Inc. (a private company). Mr. Norby was a director of Invensense Inc. from September 2009 until July 2014, Ikanos Communications, Inc. from January 2011 until December 2012 and Intellon Corporation from May 2007 to December 2009. Mr. Norby received a B.A. degree in Economics from Harvard University and an M.B.A. from Harvard Business School. Our Board of Directors has concluded that Mr. Norby should serve on the Board of Directors based upon his extensive experience as a chief financial officer, his extensive experience in accounting and his experience as a public company director and audit committee chair.

Ibok Lee, Director, Chair of the Nominating and Corporate Governance Committee, and Member of the Compensation Committee, the Risk Committee and the Strategic Review Committee. Dr. Lee became our director in August 2011. Dr. Lee is the Chairman and Chief Executive Officer of Silego Technology, Inc., a semiconductor company, or Silego, serving as Chairman since March 2015 and as Chief Executive Officer since Silego's inception in October 2001. He also served as Silego's President from October 2001 until March 2015. From April 1999 to September 2001, Dr. Lee served as Senior Vice President and General Manager of the Timing Division at Cypress Semiconductor Corp., a public semiconductor company, and from May 1992 to March 1999 served as President and Chief Executive Officer of IC Works, Inc., a semiconductor company he co-founded that was acquired by Cypress in 2001. Dr. Lee co-founded Samsung Semiconductor, Inc. (U.S.A.) in July 1983 and served in various positions at the company, including President and Chief Executive Officer, until May 1992. Prior to Samsung, Dr. Lee served in various technical and managerial positions at Intel and National Semiconductor. Dr. Lee served as a member of the board of directors for Sierra Monolithic, a privately held semiconductor company, from 2002 through 2009. Dr. Lee received a Ph.D. and M.S.E.E. from the University of Minnesota and a B.S.E.E. from Seoul National University. Our Board of Directors has concluded that Dr. Lee should serve on the Board of Directors based upon his extensive experience in the semiconductor industry.

NOMINEES FOR TERMS EXPIRING IN 2017

Class III Directors

Michael Elkins, Director, Chair of the Compensation Committee, and Member of the Audit Committee and the Nominating and Corporate Governance Committee. Mr. Elkins became our director in November 2009. He is currently self-employed as an investor and business consultant which includes an agreement with a fund affiliated with Avenue Capital Management II, L.P. From 2004 to 2012, Mr. Elkins was employed by affiliates of Avenue Capital Management II, L.P. (referred to collectively as Avenue herein), most recently as a Portfolio Manager of the Avenue U.S. Funds. In such capacity, Mr. Elkins was responsible for assisting with the direction of the investment activities of the Avenue U.S. strategy. Prior to joining Avenue, Mr. Elkins was a Portfolio

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Manager and Trader with ABP Investments US, Inc. While at ABP, he was responsible for actively managing high yield investments using a total return and special situations strategy. Prior to ABP, Mr. Elkins served as a Portfolio Manager and Trader for UBK Asset Management, after joining the company as a High Yield Credit Analyst. Previously, Mr. Elkins was a Credit Analyst for both Oppenheimer & Co., Inc. and Smith Barney, Inc. Mr. Elkins has served on the board of directors of QCE Finance LLC, a restaurant franchise company, since January 2013, Trump Entertainment, a casino company since February 2013 and Bowlmor AMF a consumer bowling and leisure company since August 2013. Mr. Elkins previously served on the board of directors of American Media, Inc., a media brands and magazine publishing company, Vertis Communication, an advertising services company, Milacron LLC, a plastics-processing technologies and industrial fluids supplier, and Ion Media Networks, Inc., a broadcast television station. Mr. Elkins serves or has served on the board of directors of each of these companies, all of which are private companies, in connection with a reorganization or refinancing involving affiliates of Avenue and as a result of his past position and current association with Avenue. Mr. Elkins holds a B.A. in Marketing from George Washington University and an M.B.A. in Finance from the Goizueta Business School at Emory University. Our Board of Directors has concluded that Mr. Elkins should serve on the Board of Directors based upon his more than 15 years of investment portfolio management experience, including over 10 years investing in technology companies, including the semiconductor sector.

Young-Joon (YJ) Kim, Director, Chief Executive Officer and General Manager, Semiconductor Manufacturing Services. Mr. YJ Kim became our director, Chief Executive Officer and General Manager, Semiconductor Manufacturing Services, on May 22, 2015, after serving as Interim Chief Executive Officer since May 20, 2014. Mr. YJ Kim previously served as our General Manager, Display Solutions Division and as our Executive Vice President from May 2013 to May 2015. Prior to joining our Company, Mr. YJ Kim served at Cavium, Inc., a provider of highly integrated semiconductor processors, from June 2006 to April 2013, most recently as Vice President, Infrastructure Processor Division, and General Manager at the Multi-Core Processor Group. Prior to Cavium, Mr. YJ Kim served as Core Team Lead and General Manager of Tolapai Program at Intel Corporation from August 2004 to June 2006. YJ Kim also served as Director of Marketing at Samsung Semiconductor, Inc. from June 1996 to May 1998. In 1988, Mr. YJ Kim began his career as a product engineer at Intel Corporation and also co-founded API Networks, a joint venture between Samsung and Compaq specializing in alpha processors, where he served as the head of product management, worldwide sales and business development. Mr. YJ Kim has over 27 years of experience in the semiconductor industry, covering engineering, marketing, product development, strategic planning and general management for microprocessors, network processors, FLASH, EPROM, analog, mixed-signal, sensors, workstations and servers. Mr. YJ Kim holds B.S. and M.Eng degrees in Electrical Engineering from Cornell University. Our Board of Directors has concluded that Mr. YJ Kim should serve as a director based on his understanding of the Company's products and technology as our Chief Executive Officer and his deep knowledge of the semiconductor industry.

Brian Mulhern, Director and Member of the Finance Committee. Mr. Mulhern became our director in August 2011. Mr. Mulhern joined Avenue in 2004 and is currently a Senior Vice President at Avenue focused on identifying, analyzing and modeling investment opportunities for the Avenue U.S. strategy, primarily focused in the telecom, media and technology industries. Prior to joining Avenue, Mr. Mulhern was a Senior Vice President at Citadel Investment Group based in Chicago and London, focused on the analysis, negotiation and management of privately structured debt, equity and equity-linked investments. Previously, he was an analyst in Merrill Lynch's merger & acquisition group and a consultant at Booz, Allen & Hamilton. Mr. Mulhern received a B.A. in Economics from the University of Notre Dame. Our Board of Directors has concluded that Mr. Mulhern should serve on the Board of Directors based upon his experience as a financial advisor and investment manager.

The Board of Directors recommends that stockholders vote FOR the election of each of the Class I and Class III director nominees.

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CONTINUING DIRECTORS

Class II Directors

Randal Klein, Director, Chair of the Finance Committee, Chair of the Strategic Review Committee, and Member of the Risk Committee.

Mr. Klein became our director in November 2009. Mr. Klein joined Avenue in 2004, and is currently a Portfolio Manager at Avenue responsible for directing the investment activities of the Avenue Trade Claims funds, and also assists with the direction of the investment activities of the Avenue U.S. strategy with a particular focus on restructurings and transactions. Previously, Mr. Klein was a Senior Vice President of the Avenue U.S. Funds. In such capacity, Mr. Klein was responsible for managing restructuring activities and identifying, analyzing and modeling investment opportunities for the Avenue U.S. strategy. Prior to joining Avenue, Mr. Klein was a Senior Vice President at Lehman Brothers, where his responsibilities included restructuring advisory work, financial sponsors coverage, mergers and acquisitions and corporate finance. Prior to Lehman, Mr. Klein worked in sales, marketing and engineering as an aerospace engineer for The Boeing Company. Mr. Klein holds a B.S. in Aerospace Engineering, conferred with Highest Distinction from the University of Virginia, and an M.B.A. in Finance, conferred as a Palmer Scholar, from the Wharton School of the University of Pennsylvania. Our Board of Directors has concluded that Mr. Klein should serve on the Board of Directors based upon his 20 years of experience as a financial advisor and investment manager.

Nader Tavakoli, Director, Chair of the Risk Committee, and Member of the Audit Committee and the Compensation Committee.

Mr. Tavakoli became our director in November 2009. Mr. Tavakoli has been the interim President and Chief Executive Officer of Ambac Financial Group, Inc., or AFG, a financial services company, since January 1, 2015. Mr. Tavakoli also serves as a director of AFG since May 2013, and was co-chairman of the board of AFG from May 2013 until December 2014. In addition, Mr. Tavakoli serves as the Executive Chairman of AFG's wholly owned subsidiary, Ambac Assurance Corporation, since January 1, 2015, and served as co-chairman of the board, a member of the audit committee and chairman of the compensation committee of Ambac Assurance Corporation from May 2013 until December 2014. Mr. Tavakoli is also the Chairman and Chief Executive Officer of EagleRock Capital Management, a private investment partnership based in New York City. Prior to founding EagleRock in 2002, Mr. Tavakoli managed substantial investment portfolios with Odyssey Partners and Highbridge Capital Management. During his nearly 25 year investment career, Mr. Tavakoli has made substantial investments across numerous industries, including significant investments in semiconductor, technology and telecommunications companies. Mr. Tavakoli began his professional career as an attorney with the New York City law firm of Milbank, Tweed, Hadley and McCloy, where he represented institutional clients in banking, litigation and corporate restructuring matters. Mr. Tavakoli was a director of NextWave Wireless, Inc., prior to that company's acquisition by AT&T Inc. in January 2013. Mr. Tavakoli also serves on the board of MF Global Holding Ltd., formerly engaged in securities brokerage, trading and clearance. Mr. Tavakoli is the past chair of the Montclair State University Foundation Board and currently chairs that board's investment committee. Mr. Tavakoli holds a B.A. in History from Montclair State University, where he was selected Valedictorian, and a Juris Doctor from the Rutgers Law School, where he was an Editor of the Rutgers Law Review. Our Board of Directors has concluded that Mr. Tavakoli should serve on the Board of Directors based upon his extensive investing and corporate governance experience.

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THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence

The Board reviews the independence of each director annually. In determining the independence of our directors, our Board considered Section 303A of the listing standards of the New York Stock Exchange (the "NYSE") and broadly considered the materiality of each director's relationship with us. Based upon the foregoing criteria, our Board has determined that the following directors are independent: Mr. Norby, Mr. Elkins, Dr. Lee and Mr. Tavakoli.

Board Meetings

The Board held eleven meetings during fiscal year 2014. All of the Directors attended at least 75% of the total meetings held by the Board and by all committees on which he served during fiscal year 2014.

Attendance at Annual Meeting

The Company's Corporate Governance Guidelines as currently in effect provide that all directors shall make every effort to attend the Company's annual meeting of stockholders.

Committees

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Risk Committee. The Board has two ad hoc committees: the Finance Committee and the Strategic Review Committee.

The Board has adopted written charters for the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Risk Committee. These charters, as well as our Code of Business Conduct and Ethics and the Corporate Governance Guidelines, are posted and available on our website at www.magnachip.com. The information on or accessible through our website is not a part of or incorporated by reference in this Proxy Statement.

Audit Committee

Our Audit Committee consists of Mr. Norby, as Chair, Mr. Elkins and Mr. Tavakoli. Our Board of Directors has determined that Mr. Norby is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC under the Securities Act of 1933, as amended (the "Securities Act"). Our Board of Directors has also determined that each of Mr. Norby, Mr. Elkins and Mr. Tavakoli is independent as that term is defined in both Rule 303A of the NYSE rules and Rule 10A-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Audit Committee held five meetings in 2014. The primary purpose of the Audit Committee is to assist our Board in fulfilling its oversight responsibilities by reviewing and reporting to the Board on the integrity of the financial reports and other financial information provided by the Company to the public, the SEC and any other governmental regulatory body, and on the Company's compliance with other legal and regulatory requirements. The Audit Committee is responsible for the appointment, retention, review and oversight of the Company's independent auditor, and the review and oversight of the Company's internal financial reporting, policies and processes. The Audit Committee is also responsible for reviewing related party transactions, risk management, and legal and ethics compliance.

Compensation Committee

Our Compensation Committee consists of Mr. Elkins, as Chair, Dr. Lee and Mr. Tavakoli. Our Board has determined that each of Mr. Elkins, Dr. Lee and Mr. Tavakoli is independent under applicable NYSE and

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SEC rules. In making this determination, our Board considered the relationships that each of Mr. Elkins, Dr. Lee and Mr. Tavakoli has with our Company and all other facts and circumstances our Board deemed relevant in determining his respective independence. In making such determination of independence for Mr. Elkins under the applicable NYSE independence standards for his service on the Compensation Committee of the Board, the Board specifically considered Mr. Elkins' previous employment and current consulting arrangement with Avenue.

The Compensation Committee held two meetings in 2014. The Compensation Committee has overall responsibility for evaluating and approving our executive officer and director compensation plans, policies and programs, as well as all equity-based compensation plans and policies.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of Dr. Lee, as Chair, Mr. Elkins and Mr. Norby. Our Board has determined that each of Dr. Lee, Mr. Elkins and Mr. Norby is independent under applicable NYSE and SEC rules.

The Nominating and Corporate Governance Committee held two meetings in 2014. The Nominating and Corporate Governance Committee identifies individuals qualified to become board members, recommends director nominees, recommends board members for committee membership, develops and recommends corporate governance principles and practices, oversees the evaluation of our Board and its committees and formulates a description of the skills and attributes of desirable board members. The Nominating and Corporate Governance Committee will also consider candidates recommended by our stockholders so long as the proper procedures are followed.

Our bylaws provide that stockholders seeking to nominate candidates for election as directors at an annual meeting must provide timely notice of such nominations in writing. To be timely, a stockholder's notice generally must be received in writing at the Company's offices at MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 60 South Market Street, Suite 750, San Jose, CA 95113, Attention: Secretary, not earlier than the close of business on the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the date of the preceding year's annual meeting as first specified in the Company's notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent), except that if no annual meeting was held in the previous year or the date of the annual meeting is more than 30 days earlier or later than such anniversary date, notice by the stockholders to be timely must be received not later than the close of business on the later of the 90th day prior to the annual meeting or the 10th day following the date on which public announcement of the date of such meeting is first made. A stockholder's notice must set forth, among other things,

the name and address of the stockholder who intends to make the nomination, and the names and addresses of the beneficial owners, if any, on whose behalf the nomination is being made and of the person or persons to be nominated;

a representation that the stockholder is a holder of record of stock of the Company entitled to vote for the election of Directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice,

certain information regarding the ownership and other interests of the stockholder or such other beneficial owner;

a description of all arrangements or understandings between the stockholder or such beneficial owner and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and such other beneficial owner, if any, and their respective affiliates and associates and each proposed nominee;

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certain other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and

the consent of each nominee to serve as a director of the Company if so elected.

A stockholder must also comply with all other applicable requirements of the Exchange Act and the rules and regulations under the Exchange Act with respect to matters relating to nominations of candidates for directors. The preceding is a summary of the stockholder nomination procedures set forth in our bylaws as currently in effect, and we refer our stockholders to the full text of Section 2.15 and such other applicable provisions of our bylaws as in effect from time to time for the specific requirements of such director nomination procedures by stockholders.

In addition to the formal procedures set forth in our bylaws for the nomination of directors by stockholders, the Nominating and Corporate Governance Committee has adopted a Policy Regarding Director Nominations pursuant to which it may from time to time evaluate candidates for nomination as director that come to its attention through incumbent directors, management, stockholders or third parties. The Nominating and Corporate Governance Committee may also, if it deems appropriate under the circumstances, engage a third-party search firm to assist in identifying qualified candidates. Such informal recommendations by stockholders should be directed to the attention of the Nominating and Corporate Governance Committee as set forth below under Communications with Directors.

The Nominating and Corporate Governance Committee seeks director candidates who possess high quality business and professional experience, possess the highest personal and professional ethics, integrity and values, and who have an inquisitive and objective perspective and mature judgment. Director candidates must also be committed to representing the best interests of our stockholders and have sufficient time available in the judgment of the Nominating and Corporate Governance Committee to perform all Board and committee responsibilities. The Nominating and Corporate Governance Committee has no formal policy on diversity in identifying potential director candidates, but does regularly assess the needs of the Board for various skills, background and business experience in determining if the Board requires additional candidates for nomination.

Risk Committee

Our Risk Committee consists of Mr. Tavakoli, as Chair, Mr. Norby, Mr. Klein and Dr. Lee. The Risk Committee held two meetings in 2014. The Risk Committee assists the Board in its oversight of the Company's management of key risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The Risk Committee's primary responsibility is to oversee and approve the implementation of Company-wide risk and crisis management best practices. Other responsibilities of the Risk Committee include providing input to management in identifying, assessing, mitigating and monitoring enterprise-wide risks the Company faces and reviewing the Company's business practices, compliance activities and enterprise risk management and making recommendations to the Board related to such review.

Finance Committee

Our Finance Committee consists of Mr. Klein, as Chair, and Mr. Mulhern. The Finance Committee was established by the Board of Directors on August 13, 2014 and held one meeting in 2014. The Finance Committee reviews, oversees, analyzes, monitors and makes recommendations to the Board of Directors with respect to financial matters affecting the Company and its subsidiaries, including capital structure plans and strategies, corporate treasury and banking functions, working capital budgeting management, compliance with debt covenants and communications with statistical rating organizations and other credit rating agencies, capital expenditure plans and projects, financial investment plans and strategies, intercompany transfers, plans and strategies for hedging, material financing plans, tax structures and planning initiatives and annual budgeting.

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Strategic Review Committee

Our Strategic Review Committee consists of Mr. Klein, as Chair, Mr. Norby and Dr. Lee. The Strategic Review Committee was established by the Board of Directors on June 16, 2015. The Strategic Review Committee assists the Board of Directors in reviewing, considering and evaluating strategic alternatives that may be available to the Company, including the potential sale of all or a substantial portion of the Company. The Strategic Review Committee is also responsible for making recommendations to the Board of Directors regarding potential transactions and whether any such transaction is fair to, and in the best interests of, the Company and its stockholders. In addition, the Strategic Review Committee may conduct negotiations concerning potential transactions and the terms and conditions thereof and is authorized to select and employ professional advisors in connection with its roles and responsibilities.

Board Leadership Structure

Separation of Chairman and Chief Executive Officer

The Corporate Governance Guidelines state that the Board of Directors shall elect its Chairman and appoint the Company's Chief Executive Officer according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and Chief Executive Officer should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Company.

Currently, Mr. Norby serves as the Company's Chairman of the Board and Mr. Kim serves as the Company's Chief Executive Officer. The Board may, however, make changes to its leadership structure in the future as it deems appropriate.

Lead Director

In the event that positions of Chairman and Chief Executive Officer are then held by the same person, on an annual basis the independent members of the Board will select a lead director from the independent directors then serving on the Board (the "Lead Director"). The length of service as Lead Director is subject to the Board's discretion, but will be a minimum of one year. The Lead Director has the authority to call meetings of the independent directors. Mr. Elkins served as Lead Director from February 2013 through May 2014, when Mr. Norby was appointed Chairman of the Board.

The duties and responsibilities of the Lead Director include: (a) presiding at meetings if requested by the Chairman or in the absence of the Chairman, including presiding at executive sessions of the Board's non-employee directors and executive sessions of the independent directors of the Board; (b) working with the Chairman and management in preparing Board meeting agendas and the need for special meetings; (c) facilitate communications between the Board and management and Board members' ability to influence Board meeting agendas; (d) advise and consult with the Chief Executive Officer and Chairman on matters related to governance and Board performance; (e) receive, distribute to the Board and arrange responses to communications from stockholders; (f) assist in optimizing the effectiveness of the Board and its independence from management; (g) serve as liaison between the Chairman and the independent directors; (h) meet separately with each director at least annually; (i) evaluate the performance of the independent directors; and (j) perform such other duties as requested by the Board. The Lead Director shall be compensated for his services as determined by the Compensation Committee.

Executive Sessions of the Board of Directors

The Company's non-management directors meet at regularly scheduled Board meetings in executive session without management present. In 2014, the Chairman or Lead Director presided over the meetings of the non-

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management directors. In addition, in accordance with the Corporate Governance Guidelines, the independent members of the Board meet at least twice a year in executive session, with the Chairman or Lead Director setting the agenda and presiding over such meetings.

Presiding Director

In accordance with our Corporate Governance Guidelines, the presiding director of the Board is the Chairman of the Board, if present, or in such person's absence and if applicable, the Lead Director, or in such person's absence, the Audit Committee Chairman, or in such person's absence, the independent director present who has the most seniority on the Board. The presiding director presides at all meetings of the Board and is responsible for chairing the Board's executive sessions.

Elimination of Classified Board in 2016

On July 9, 2015, the Board of Directors, following a review of its corporate governance structure and discussions with stockholders (one of whom initially submitted a notice of nomination for the election of directors at the Company's 2015 Annual Meeting of Stockholders and subsequently withdrew such notice), determined to take all necessary action to eliminate the Company's classified board effective as of the Company's 2016 Annual Meeting of Stockholders (the 2016 Annual Meeting). Currently, the Company's three classes of directors are elected for staggered three-year terms. Under the Board's declassification plan, in lieu of a gradual phase-out of the classified Board, effective as of the 2016 Annual Meeting, all members of the Board (and/or nominees for election thereto) will stand for election annually, each for a one-year term. Amendments to the Company's bylaws and other actions required to implement the declassification plan will be effected prior the 2016 Annual Meeting and will be reported at a later date.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. We will provide a copy of our Code of Business Conduct and Ethics without charge to any person upon written request made to our Secretary at MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 60 South Market Street, Suite 750, San Jose, CA 95113. Our Code of Business Conduct and Ethics is also available on our website at www.magnachip.com. We will disclose any waivers or amendments to the provisions of our Code of Business Conduct and Ethics on our website.

Assessment of Risk

Our Board believes that our compensation programs are designed such that they will not incentivize unnecessary risk-taking. The base salary component of our compensation program is a fixed amount and does not depend on performance. Our cash incentive program takes into account multiple factors, thus diversifying the risk associated with any single performance factor, and we believe it does not incentivize our executive officers to focus exclusively on short-term outcomes. Our equity awards are limited by the terms of our equity plans to a fixed maximum amount specified in the plan, and are subject to vesting to align the long-term interests of our executive officers with those of our equityholders.

Report of the Audit Committee

The Audit Committee has reviewed and discussed with our management and Samil PricewaterhouseCoopers, our independent registered public accounting firm, our audited financial statements contained in our Annual Report to Stockholders for the year ended December 31, 2014. The Audit Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting and Oversight Board in Rule 3200T.

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The Audit Committee has received and reviewed the written disclosures and the letter from Samil PricewaterhouseCoopers required by applicable requirements of the Public Company Accounting Oversight Board regarding Samil PricewaterhouseCoopers' s communications with the Audit Committee concerning independence, and has discussed with Samil PricewaterhouseCoopers its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board (and the Board subsequently approved the recommendation) that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC.

AUDIT COMMITTEE

R. Douglas Norby, Chair

Michael Elkins

Nader Tavakoli

Communications with Directors

A stockholder or other interested party who wishes to communicate directly with the Board of Directors, the Lead Director, a committee of the Board of Directors, the non-management or independent directors as a group, or with an individual director, regarding matters related to the Company should send the communication to:

Board of Directors

or individual director, committee or group of directors

MagnaChip Semiconductor Corporation

c/o MagnaChip Semiconductor, Inc.

Secretary

60 South Market Street, Suite 750

San Jose, CA 95113

Facsimile: (408) 625-5990

We will forward all stockholder and other interested party correspondence about the Company to the Board of Directors, the Lead Director, a committee of the Board of Directors, the non-management or independent directors as a group, or an individual director, as appropriate. Please note that we will not forward communications that are spam, junk mail or mass mailings, resumes and other forms of job inquiries, surveys and business solicitations or advertisements.

Director Compensation for the Fiscal Year Ended December 31, 2014

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Total (\$)
Michael Elkins	155,000(3)	134,156(7)	289,156
Randal Klein(2)			

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Ilbok Lee	110,000(4)	134,156(7)	244,156
Brian Mulhern(2)			
R. Douglas Norby	115,000(5)	134,156(7)	249,156
Nader Tavakoli	110,000(6)	134,156(7)	244,156

- (1) Represents grant date fair value determined in accordance with FASB ASC 718. See Note 1 Business, Basis of Presentation and Summary of Significant Accounting Policies Stock-Based Compensation, and Note 13 Equity Incentive Plans to our consolidated financial statements under Item 8. Financial

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Statements and Supplementary Data in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC. As of December 31, 2014, Mr. Elkins held aggregate options to purchase 85,000 shares of our common stock, of which 44,750 shares subject to the options had vested as of December 31, 2014, Dr. Lee held aggregate options to purchase 85,000 shares of our common stock, of which 55,000 shares subject to the options had vested as of December 31, 2014, Mr. Norby held aggregate options to purchase 105,000 shares of our common stock, of which 73,400 shares subject to the options had vested as of December 31, 2014, and Mr. Tavakoli held aggregate options to purchase 93,200 shares of our common stock, of which 61,600 shares subject to these options had vested as of December 31, 2014. Neither Mr. Klein nor Mr. Mulhern, our other non-employee directors as of December 31, 2014, held any outstanding stock or option awards as of December 31, 2014.

- (2) This director did not receive any compensation in 2014.
- (3) Consists of an annual retainer of \$90,000 paid to independent directors plus an additional \$45,000 for serving as Lead Director, an additional \$10,000 for serving as the chairman of our Compensation Committee and an additional \$10,000 for serving as a member of our Audit Committee and Nominating and Corporate Governance Committee pursuant to our director compensation policy.
- (4) Consists of an annual retainer of \$90,000 paid to independent directors plus an additional \$10,000 for serving as the chairman of our Nominating and Corporate Governance Committee and an additional \$10,000 for serving as a member of our Compensation Committee and Risk Committee pursuant to our director compensation policy.
- (5) Consists of an annual retainer of \$90,000 paid to independent directors plus an additional \$15,000 for serving as the chairman of our Audit Committee and an additional \$10,000 for serving as a member of our Nominating and Corporate Governance Committee and Risk Committee pursuant to our director compensation policy.
- (6) Consists of an annual retainer of \$90,000 paid to independent directors plus an additional \$10,000 for serving as the chairman of our Risk Committee and an additional \$10,000 for serving as a member of our Audit Committee and Compensation Committee pursuant to our director compensation policy.
- (7) Consists of an option grant to an independent director to purchase 30,000 shares of common stock issued on January 2, 2014 under the 2011 Plan at an exercise price of \$19.45.

Further Information Regarding Director Compensation

Under our director compensation policy in effect in 2014, (i) each non-employee director received a fee of \$90,000 per year; (ii) the Lead Director received an additional fee of \$45,000 per year; (iii) the chairman of our Audit Committee received an additional fee of \$15,000 per year; (iv) the chairman of our Compensation Committee, the chairman of our Nominating and Corporate Governance Committee and the chairman of our Risk Committee each received an additional fee of \$10,000 per year; (v) each non-employee member of our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Risk Committee received an additional fee of \$5,000 per year per committee; (vi) upon election to the Board of Directors, each non-employee director will be granted, pursuant to the Company's equity incentive plan as in effect at such time, a one-time option to purchase 25,000 of the Company's common shares at an exercise price per share determined as the fair market value of a share on the date of grant and with vesting over three years at a rate of 34% on the first anniversary of grant and 9.0%, 8.0%, 8.0% and 8.0% on completion of each successive three-month period in the second and third years after grant; and (vii) each non-employee director will be granted on the first trading day of each January for such director's service for the upcoming year, pursuant to the Company's equity incentive plan as in effect at such time, a one-time option to purchase 30,000 of the Company's common shares at an exercise price per share determined as the fair market value of a share on the date of grant and with vesting over one year at a rate of 100% on the first anniversary of grant. All cash amounts are payable in January for such director's service for the upcoming year. Messrs. Klein and Mulhern are required by the internal policy of their employer, Avenue, to waive all compensation under the policy on a year-by-year basis. The Board of Directors accepted their waiver of all compensation under the policy for their service as directors during the year 2014.

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Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee has been an officer or employee of our Company during the last fiscal year. During 2014, decisions regarding executive officer compensation were made by our Compensation Committee. Mr. Sang Park, our former Chief Executive Officer, participated in deliberations of our Compensation Committee regarding the determination of compensation of our executive officers other than himself for 2013 and prior periods. None of our executive officers currently serves, or in the past has served, as a member of the board of directors or the compensation committee of any entity that has one or more executive officers serving on our Board.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

The Compensation Committee of our Board of Directors, or the Committee, has overall responsibility for administering our compensation program for our named executive officers. The Committee's responsibilities consist of evaluating, approving and monitoring our executive officer and director compensation plans, policies and programs, as well as each of our equity-based compensation plans and policies. Prior to 2010, compensation decisions were made by the entire Board of Directors and for the discussion that follows, references to the Committee during such period refer to the entire Board of Directors. For 2014, our named executive officers were:

Young-Joon Kim (YJ Kim), our Chief Executive Officer and General Manager, Semiconductor Manufacturing Services;

Jonathan Kim (J. Kim), our Chief Financial Officer, Executive Vice President and Chief Accounting Officer;

Theodore Kim (T. Kim), our Chief Compliance Officer, Executive Vice President, General Counsel and Secretary;

Sang Park, our former Chairman of the Board of Directors and Chief Executive Officer;

Margaret Sakai, our former Executive Vice President and Chief Financial Officer;

Tae Young Hwang, our former Chief Operating Officer and President; and

Brent Rowe, our former Executive Vice President, Worldwide Sales.

The Committee seeks to establish total compensation for executive officers that is fair, reasonable and competitive. The Committee evaluates our compensation packages to ensure that:

we maintain our ability to attract and retain superior executives in critical positions;

our executives are incentivized and rewarded for corporate growth, achievement of long-term corporate objectives and individual performance that meets or exceeds our expectations without encouraging unnecessary risk-taking; and

compensation provided to critical executives remains competitive relative to the compensation paid to similarly-situated executives of companies in the semiconductor industry.

The Committee believes that the most effective executive compensation packages align executives' interests with those of our stockholders by rewarding performance that exceeds specific annual, long-term and strategic goals that are intended to improve stockholder value. These objectives include the achievement of financial performance goals and progress on projects that our Board of Directors anticipates will lead to future growth, as discussed more fully below.

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The information set forth below in this Compensation Discussion and Analysis describes the Committee's general philosophy and historical approach.

Role of Executive Officers in Compensation Decisions

For named executive officers other than our chief executive officer, we have historically sought and considered input from our chief executive officer in making determinations regarding executive compensation. Our chief executive officer annually reviews the performance of our other named executive officers. Our chief executive officer subsequently presents conclusions and recommendations regarding such officers, including

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proposed salary adjustments and incentive amounts, to the Committee. The Committee then takes this information into account when it makes final decisions regarding any adjustments or awards.

The review of performance by the Committee and our chief executive officer of other executive officers is both an objective and subjective assessment of each executive's contribution to our performance, leadership qualities, strengths and weaknesses and the individual's performance relative to goals set by the Committee or our chief executive officer, as applicable. The Committee and our chief executive officer do not systematically assign a weight to the factors, and may, in their discretion, consider or disregard any one factor which, in their sole discretion, is important to or irrelevant for a particular executive.

The Committee's annual determinations regarding executive compensation are subject to the terms of the respective service agreements between us and the named executive officers (as set forth in more detail below). In addition to the annual reviews, the Committee also typically considers compensation changes upon a named executive officer's promotion or other change in job responsibility. Neither our chief executive officer nor any of our other executives participates in deliberations relating to their own compensation.

Stockholder Input

The Committee also seeks to ensure that the compensation paid to the Company's executive officers is aligned with the interests of the Company's stockholders. In that respect, as part of its ongoing review of the compensation paid to the Company's executive officers, the Committee considered the approval by approximately 99% of the votes cast for the Say on Pay vote at the Company's 2012 Annual Meeting of Stockholders and determined that the Company's executive compensation philosophy, compensation objectives, and compensation elements continued to be appropriate and did not make any changes to the Company's executive pay program in response to such stockholder vote.

Timing of Compensation Decisions

At the end of each fiscal year, our chief executive officer will review the performance of the other executive officers and present his conclusions and recommendations to the Committee. At that time and throughout the year, the Committee will also evaluate the performance of our chief executive officer, which is measured in substantial part against our consolidated financial performance. In January of the following fiscal year, the Committee will then assess the overall functioning of our compensation plans against our goals, and determine whether any changes to the allocation of compensation elements, or the structure or level of any particular compensation element, are warranted.

In connection with this process, our Committee generally establishes the elements of its performance-based cash bonus plan for the upcoming year. As noted below, for fiscal 2014, no performance-based cash bonus plan was established. With respect to newly hired employees, our practice is typically to approve equity grants at the first meeting of the Committee following such employee's hire date. We do not have any program, plan or practice to time equity award grants in coordination with the release of material non-public information. From time to time, additional equity awards may be granted to executive officers during the fiscal year.

Elements of Compensation

In making decisions regarding the pay of the named executive officers, the Committee looks to set a total compensation package for each officer that will retain high-quality talent and motivate executives to achieve the goals set by our Board of Directors. Our 2014 compensation package was composed of the following elements:

annual base salary;

long-term equity incentives;

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a benefits package that is generally available to all of our employees; and

expatriate and other executive benefits.

Determination of Amount of Each Element of Compensation

General Background

The Committee seeks to establish a total cash compensation package for our named executive officers that is competitive with the compensation reflected in compensation data for similarly-situated executives in the peer group reviewed by the Committee, subject to adjustments based on each executive's experience and performance. Historically, based on our review of industry specific survey data and the professional and market experience of our Committee members, we measured total cash compensation for our named executive officers against cash compensation paid to executives at similarly situated companies which we determined to be our select peer group. Base salaries for our named executive officers would then be benchmarked to median levels for companies in the select peer group, and adjusted upward or downward for performance. Short-term cash incentives would be put in place to provide for opportunities that may result in higher than median levels of cash compensation as compared to our select peer group if, and depending upon the extent to which, our performance and that of our named executive officers exceeded expectations and the goals established by the Committee for the year in question. Due to the circumstances surrounding the restatement of certain of our prior period financial statements and financial data, the Committee did not undertake any of these actions for fiscal 2014.

Historically, our select peer group has included other major Korea-based semiconductor companies, including Fairchild Korea, Dongbu Hitek, ChipPac Korea, SK Hynix (formerly known as Hynix Semiconductor), ASE Korea and Amkor Technology Korea. In addition, we historically have also reviewed compensation data from Radford Korea, an independent compensation consultant, to assess how compensation for our select peer group related to compensation paid to executives in a broader range of technology companies; however, we did not undertake any such review in fiscal 2014.

The Committee historically makes annual determinations regarding cash incentive compensation based on our annual operating plan, which we adopt in the December preceding each fiscal year. The determination takes into account our expected performance in the coming fiscal year. The Committee makes all equity compensation decisions for our officers based on existing compensation arrangements for other executives at our Company with the same level of responsibility and based on a review of our select peer group with a view to maintaining internal consistency and parity.

Equity awards are not tied to base salary or cash incentive amounts and will constitute lesser or greater proportions of total compensation depending on the fair value of the awards. The Committee, relying on the professional and market experience of our Committee members, generally seeks to set equity awards at median levels of equity compensation at our select peer group companies. The Committee does not apply a formula or assign relative weight in making its determination. Instead, it makes a subjective determination after considering all information collectively.

The Committee may approve additional cash incentive payments or equity compensation grants from time to time during the year in its discretion.

Base Salary

Base salary is the guaranteed element of an employee's annual cash compensation. Changes in base salary may be approved by the Committee for an executive if the median levels of base salary compensation for similarly-situated executives in our select peer group have changed, and may be further adjusted based upon the employee's long-term performance, skill set and the value of that skill. The Committee evaluates the performance of each named executive officer on an annual basis based on the accomplishment of performance

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objectives that were established at the beginning of the prior fiscal year as well as its own subjective evaluation of the officer's performance. In making its evaluation, the Committee makes a subjective qualitative assessment of the officer's contribution to our performance during the preceding year, including leadership, success in attaining particular goals of a division for which that officer has responsibility, our overall financial performance and such other criteria as the Committee may deem relevant, including input from our Chief Executive Officer. The Committee then makes a subjective decision regarding any changes in base salary based on these factors and the data from our select peer group. The Committee does not systematically assign weights to any of the factors it considers, and may, in its discretion, ignore any factors or deem any one factor to have greater importance for a particular executive officer. Base salary adjustments generally take effect in the middle of our fiscal year.

The Committee did not make any changes to the base salaries for our named executive officers for the 2014 fiscal year. Mr. J. Kim's base salary was set in connection with the commencement of his employment.

Cash Incentives

Short-term cash incentives have historically comprised a significant portion of the total target compensation package and are designed to reward executives for their contributions to meeting and exceeding our goals and to recognize and reward our executives in achieving these goals. Incentives are typically designed as a percentage of base salary and are awarded based on individual performance and our achievement of the annual, long-term and strategic quantitative goals set by our Committee.

In December 2009, our Board of Directors implemented a cash incentive plan effective as of January 1, 2010, which we call the Profit Sharing Plan. Each of our employees is eligible to participate in the Profit Sharing Plan, and our Board of Directors intends for the Profit Sharing Plan to incentivize our named executive officers, officers and employees to exceed expectations throughout our entire fiscal year. The Committee administers the Profit Sharing Plan.

Under the Profit Sharing Plan, the Committee reviews our business plan in December of each year and determines an annual consolidated Adjusted EBITDA target, or the Base Target, for the upcoming fiscal year and sets the targeted amount to be awarded to our named executive officers and employees, or the Profit Share, for meeting the Base Target and for achievement in excess of the Base Target.

For our 2014 fiscal year, in light of the restatement of certain of our prior period financial statements and financial data, the Committee determined that it would not be appropriate to set any bonus targets or have any bonus plan participation for our named executive officers. Except for Mr. J. Kim, no bonuses were established or paid to our named executive officers for the 2014 fiscal year.

Mr. J. Kim was paid a one-time signing bonus and relocation allowance of \$100,000 in connection with joining the Company in March 2014.

Equity Compensation

In addition to our historical use of cash incentives, we offer equity incentives as a way to enhance the link between the creation of stockholder value and executive incentive compensation and to give our executives appropriate motivation and rewards for achieving increases in enterprise value. Under our 2009 Common Unit Plan, our Board of Directors previously granted options to acquire MagnaChip Semiconductor LLC common units and restricted unit bonus awards. Awards under our 2009 Common Unit Plan were converted into options for common stock and restricted common stock of MagnaChip Semiconductor Corporation upon our corporate conversion. Such options vest in installments over three years following grant, with approximately one-third of the restricted unit awards vested at grant and the remainder vesting in two subsequent annual installments, as set forth in more detail below.

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Under our 2011 Equity Incentive Plan, which replaced the 2009 Common Unit Plan immediately following our corporate conversion, the Committee may grant participants stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units, and other stock-based and cash-based awards. Stock options granted under the 2011 Equity Incentive Plan generally vest over three years following grant, with thirty-four percent of the common stock vesting and becoming exercisable on the first anniversary of grant date and eight or nine percent of the common stock subject to the options vesting on completion of each three-month period thereafter. In granting equity awards, the Committee may establish any conditions or restrictions it deems appropriate. Stock options and stock appreciation rights must have exercise prices at least equal to the fair market value of the stock at the time of their grant pursuant to the 2011 Equity Incentive Plan. The fair market value of the stock at the time of grant will generally be the closing price of a share of stock as quoted on the national or regional securities exchange or quotation system constituting the primary market for the stock on the date any grant is made. Prior to the exercise of a stock option or stock appreciation or settlement of an award denominated in units, the holder has no rights as a stockholder with respect to the stock subject to the award, including voting rights and the right to receive dividends. Participants receiving restricted stock awards are stockholders and have both voting rights and the right to receive dividends, except that dividends paid on unvested shares may remain subject to forfeiture until vested. Award vesting ceases upon termination of employment, and vested options and stock appreciation rights remain exercisable only for a limited period following such termination.

The Committee considers granting additional equity compensation in the event of new employment, a promotion or change in job responsibility or a change in median levels of equity compensation for similarly-situated executives at companies in our select peer group or in its discretion to reward or incentivize individual officers. The option award levels vary among participants based on their job grade and position. The Committee generally seeks to award equity compensation at levels consistent with the median levels for executives at companies in our select peer group, and will also make subjective determinations regarding adjustments to award amounts in light of factors such as the available pool, individual performance and role of executives. For example, the Committee may adjust the size of an award for an individual executive above the option award level for his or her position if the Committee determines that the executive has provided exceptional performance, or may increase the option award level for a position above the median level reflected in the select peer group if the position is considered by the Committee to be more critical to our long-term success. The Committee will generally maintain substantially equivalent award levels for executives at equivalent job grades. Stock option awards are not tied to base salary or cash incentive amounts.

As a result of our reorganization proceedings, all previously outstanding common and preferred units and options held by our named executive officers were cancelled. In December 2009, we granted new options to our executives with the option award amounts generally determined based upon the median levels of our select peer group. Thirty-four percent of the common units subject to the options vested and became exercisable on the first anniversary of grant date, with eight or nine percent of the common units subject to the options vesting on completion of each three-month period thereafter. In January 2012, because the options granted in December 2009 would vest by the end of that year, the Committee granted additional options to all of our named executive officers, other than Mr. YJ Kim, who joined the Company in April 2013, Mr. J. Kim, who joined the Company in March 2014, and Mr. T. Kim, who joined the Company in October 2013. The Committee believes these grants were intended to cover multiple years and thus determined that it was not appropriate to grant any equity awards in 2014 to our named executive officers, other than Mr. J. Kim, who received grants of options to purchase an aggregate of 50,000 shares arising out of the commencement of his employment with the Company.

Upon the recommendation of our Board of Directors or chief executive officer, or otherwise, the Committee may in the future consider granting additional performance-based equity incentives.

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Perquisites and Other Benefits

We provide the named executive officers with perquisites and other benefits, including expatriate benefits, that the Committee believes are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. Generally, perquisites are determined based upon what the Committee considers to be the most customary perquisites offered by our select peer group and are not based upon a median cost for specific perquisites or for the perquisites in aggregate. The Committee determines the level and types of expatriate benefits for the executive officers based on local market surveys taken by our human resources group. These surveys are not limited to our select peer group, but include a broad range of non-Korea based companies with significant operations in Korea. Attributed costs of the personal benefits for the named executive officers are as set forth in the Summary Compensation Table below.

Messrs. YJ Kim, J. Kim, T. Kim and Park and Ms. Sakai were expatriates during 2014. Messrs. YJ Kim, T. Kim and Park and Ms. Sakai were also expatriates during 2013. Messrs. YJ Kim, J. Kim, T. Kim and Park and Ms. Sakai received expatriate benefits commensurate with market practice in Korea. These benefits, which were determined on an individual basis, included housing allowances, relocation allowances, insurance premiums, reimbursement for the use of a car, home leave flights, living expenses, tax equalization payments and tax advisory services, each as we deemed appropriate.

In addition, pursuant to the Employee Retirement Benefit Security Act, certain executive officers resident in Korea with one or more years of service are entitled to severance benefits upon the termination of their employment for any reason. For purposes of this section, we call this benefit statutory severance. The base statutory severance is approximately one month of base salary per year of service. Messrs. YJ Kim, J. Kim, T. Kim and Hwang and Ms. Sakai accrued statutory severance in 2014.

Certain Tax Considerations

We consider tax implications when we design our equity-based and cash compensation programs and when we make awards or grants. In particular, Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to covered employees (which are defined as our named executive officers, other than the chief financial officer). However, qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. Although deductibility is a factor that the Committee takes into account in determining awards of cash bonuses and equity grant, the Committee may award compensation that is not deductible under Section 162(m) when, in the exercise of the Committee's judgment, it would be in the best interests of the Company and its stockholders to do so.

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The following table sets forth certain information concerning the compensation earned during the years ended December 31, 2014, 2013 and 2012, of our named executive officers:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards \$(5)	Change in Pension Value and Non- qualified Deferred Compensation Earnings \$(6)	All Other Compensation (\$)	Total (\$)
Young-Joon Kim Chief Executive Officer and General Manager, Semiconductor Manufacturing Services	2014	349,917			30,315	340,435(7)	720,667
	2013	228,226	124,347	813,660	18,836	213,986	1,399,055
Jonathan Kim Chief Financial Officer, Executive Vice President and Chief Accounting Officer	2014	225,196	50,000	162,691	20,043	133,671(8)	591,601
	2013						
Theodore Kim Chief Compliance Officer, Executive Vice President, General Counsel and Secretary	2014	279,934			24,081	111,114(9)	415,129
	2013						
Sang Park Former Chairman and Chief Executive Officer(1)	2014	377,694				1,852,972(10)	2,230,666
	2013	633,634	172,978			615,366	1,421,978
Margaret Sakai Former Executive Vice President and Chief Financial Officer(2)	2012	605,570	487,399	583,268		562,237	2,238,474
	2014	113,390			6,438	1,028,384(11)	1,148,212
	2013	368,128	71,752		37,150	525,750	990,230
Tae Young Hwang Former Chief Operating Officer and President(3)	2012	350,279	173,518	171,092	37,150	462,200	1,194,239
	2014	391,208			32,601	30,180(12)	453,989
	2013	363,902	76,439		43,968	31,717	516,026
Brent Rowe Former Executive Vice President, Worldwide	2012	332,001	158,802	51,846	36,876	34,883	614,408
	2014	337,220				30,258(13)	367,478
	2013	339,916	73,340			20,361	433,617
	2012	327,095	159,010	64,808		16,284	567,197

Note: A monthly average exchange rate was used to convert amounts in the above table that were originally paid in Korean won.

- (1) Mr. Park resigned his positions as Chairman of the Board of Directors, Director and Chief Executive Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of May 20, 2014.
- (2) Ms. Sakai resigned her positions as Executive Vice President and Chief Financial Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of March 25, 2014.
- (3) Mr. Hwang resigned his positions as Chief Operating Officer and President of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of April 30, 2015.
- (4) Mr. Rowe resigned his position as the Company's Executive Vice President, Worldwide Sales, and from all other officer and director positions with the Company and its subsidiaries, effective as of May 21, 2015.
- (5) Represents the grant date fair value with respect to the fiscal year determined in accordance with FASB ASC 718. See Note 1 Business, Basis of Presentation and Summary of Significant Accounting Policies Stock-Based Compensation, and Note 13 Equity Incentive Plans to our consolidated financial statements under Item 8.

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- Financial Statements and Supplementary Data in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC.
- (6) Consists of statutory severance accrued during the years ended December 31, 2014, 2013 and 2012, as applicable. See the section subtitled "Compensation Discussion and Analysis" for a description of the statutory severance benefit.
 - (7) Includes the following personal benefits paid to Mr. YJ Kim for 2014: (a) \$91,247, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. YJ Kim's housing lease; (b) \$67,492 for reimbursement of tuition expenses for Mr. YJ Kim's children; (c) \$23,123 for Mr. YJ Kim's home leave flights; (d) \$34,161 for insurance premiums; (e) \$58,627 for other personal benefits (including personal use of a car service provided by the Company and living expenses); and (f) \$65,785 of reimbursement for the difference between the actual tax Mr. YJ Kim already paid and the hypothetical tax he had to pay for the fiscal year 2013.
 - (8) Includes the following personal benefits paid to Mr. J. Kim for 2014: (a) \$37,837, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. J. Kim's housing lease; (b) \$12,351 for Mr. J. Kim's home leave flights; (c) \$50,000 for Mr. J. Kim's one-time relocation payments; (d) \$25,122 for insurance premiums; and (e) \$8,361 for other personal benefits (including personal use of a car service provided by the Company and living expenses).
 - (9) Includes the following personal benefits paid to Mr. T. Kim for 2014: (a) \$51,220, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. T. Kim's housing lease; (b) \$12,794 for Mr. T. Kim's home leave flights; (c) \$25,303 for insurance premiums; (d) \$13,306 for other personal benefits; and (e) \$8,491 of reimbursement for the difference between the actual tax Mr. T. Kim already paid and the hypothetical tax he had to pay for the fiscal year 2013.
 - (10) Includes the following personal benefits paid to Mr. Park for 2014: (a) \$285,145, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. Park's housing lease; (b) \$58,201 for insurance premiums; (c) \$161,706 for other personal benefits (including personal use of a car service provided by the Company, home leave flights, living expenses, personal tax advisory expenses, and other personal benefits); (d) \$208,169 of reimbursement for the difference between the actual tax Mr. Park already paid and the hypothetical tax he had to pay for the fiscal year 2013; (e) \$647,220 for Mr. Park's separation payment (including separation payments payable until July 2015); (f) \$297,531 for other benefits (including housing expenses, reimbursement of Korean tax and living expenses amounts that are due and payable until July 2015); and (g) \$195,000 of estimated reimbursement amount for the difference between the actual tax Mr. Park already paid and the hypothetical tax he had to pay for the fiscal year 2014.
 - (11) Includes the following personal benefits paid to Ms. Sakai for 2014: (a) \$127,039, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Ms. Sakai's housing lease; (b) \$43,963 for insurance premiums; (c) \$117,578 for other personal benefits (including personal use of a car service provided by the Company, living expenses, personal tax advisory expenses, and other personal benefits); (d) \$179,888 of reimbursement for the difference between the actual tax Ms. Sakai already paid and the hypothetical tax she had to pay for the fiscal year 2013; (e) \$184,395 for Ms. Sakai's separation payment; (f) \$235,521 for statutory severance benefits paid to Ms. Sakai in connection with her termination of employment; and (g) \$140,000 of estimated reimbursement amount for the difference between the actual tax Ms. Sakai already paid and the hypothetical tax she had to pay for the fiscal year 2014.
 - (12) Includes the following personal benefits paid to Mr. Hwang for 2014: (a) \$14,507 for personal use of a car service provided by the Company; (b) \$2,257 for other personal benefits; and (c) \$13,416 for insurance premiums.
 - (13) Includes the following personal benefits paid to Mr. Rowe for 2014: (a) \$21,890 for insurance premiums; and (b) \$8,368 for other personal benefits.

Table of Contents**Grants of Plan-Based Awards Table for Fiscal Year 2014**

Name	Grant Date	Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Share)	Grant Date Fair Value of Option Awards \$(2)
Young-Joon Kim				
Jonathan Kim	3/12/2014	12,500(1)	13.93	44,590
	6/12/2014	12,500(1)	12.44	38,939
	9/12/2014	12,500(1)	12.18	38,274
	12/12/2014	12,500(1)	12.96	40,887
Theodore Kim				
Sang Park				
Margaret Sakai				
Tae Young Hwang				
Brent Rowe				

- (1) An installment of 34% of the shares of common stock subject to the options vested and became exercisable on March 12, 2015, an additional 9% of the options vest on the completion of the next period of three months, an additional 8% of the options vest upon the completion of each of the next three periods of three months, an additional 9% of the options vest upon the completion of the next period of three months, and an additional 8% of the options vest upon the completion of each of the next three periods of three months.
- (2) Represents the grant date fair value with respect to the fiscal year determined in accordance with FASB ASC 718. See Note 1 Business, Basis of Presentation and Summary of Significant Accounting Policies Stock-Based Compensation and Note 13 Equity Incentive Plans to our consolidated financial statements under Item 8: Financial Statements and Supplementary Data in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC.

Outstanding Equity Awards at Fiscal Year End 2014

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price(\$)	Option Expiration Date
Young-Joon Kim	5/6/2013	102,000(1)	98,000(1)	15.96	5/6/2023
Jonathan Kim	3/12/2014		12,500(2)	13.93	3/12/2024
	6/12/2014		12,500(2)	12.44	6/12/2024
	9/12/2014		12,500(2)	12.18	9/12/2024
	12/12/2014		12,500(2)	12.96	12/12/2024
Theodore Kim	10/26/2013	17,000(3)	33,000(3)	21.79	10/26/2023
Sang Park	12/8/2009	280,000		5.88(4)	12/8/2019

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	1/15/2012	225,000(5)		7.75	1/15/2022
Margaret Sakai	12/8/2009	42,000		5.88(4)	12/8/2019
	1/15/2012	50,160(6)		7.75	1/15/2022
Tae Young Hwang	12/8/2009	175,000		5.88(4)	12/8/2019
	1/15/2012	18,400(7)	1,600(7)	7.75	1/15/2022
Brent Rowe	12/8/2009	105,000		5.88(4)	12/8/2019
	1/15/2012	23,000(7)	2,000(7)	7.75	1/15/2022

- (1) An installment of 34% of the shares of common stock subject to the options vested and became exercisable on May 6, 2014, an additional 9% of the options vest on the completion of the next period of three months,

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- an additional 8% of the options vest upon the completion of each of the next three periods of three months, an additional 9% of the options vest upon the completion of the next period of three months, and an additional 8% of the options vest upon the completion of each of the next three periods of three months.
- (2) An installment of 34% of the shares of common stock subject to the options vested and became exercisable on March 12, 2015, an additional 9% of the options vest on the completion of the next period of three months, an additional 8% of the options vest upon the completion of each of the next three periods of three months, an additional 9% of the options vest upon the completion of the next period of three months, and an additional 8% of the options vest upon the completion of each of the next three periods of three months.
 - (3) An installment of 34% of the shares of common stock subject to the options vested and became exercisable on October 26, 2014, an additional 9% of the options vest on the completion of the next period of three months, an additional 8% of the options vest upon the completion of each of the next three periods of three months, an additional 9% of the options vest upon the completion of the next period of three months, and an additional 8% of the options vest upon the completion of each of the next three periods of three months.
 - (4) The option exercise price at the time of grant was \$1.16 per common unit, or \$9.28 after giving effect to the corporate conversion. On April 19, 2010, we made a distribution to our unitholders of \$0.4254 per common unit, which resulted in the option exercise price being reduced to \$0.7346 per common unit, or \$5.88 after giving effect to the corporate conversion.
 - (5) Mr. Park resigned his positions as Chairman of the Board of Directors, Director and Chief Executive Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of May 20, 2014. Mr. Park's employment separation agreement with the Company provided for acceleration of outstanding and unvested employee stock options held by Mr. Park at the effective date of the separation agreement, with all stock options then held by Mr. Park to be exercisable up to twelve months following the effective date of the separation agreement. See Agreements with Executives and Potential Payments Upon Termination or Change in Control Sang Park.
 - (6) Ms. Sakai resigned her positions as Executive Vice President and Chief Financial Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of March 25, 2014. On April 14, 2014, MagnaChip Korea entered into an employment separation agreement with Ms. Sakai that became effective as of April 22, 2014. As of April 22, 2014, 50,160 of the 66,000 shares of common stock subject to the options had vested and were exercisable and the unvested portion of Ms. Sakai's equity award was forfeited.
 - (7) An installment of 34% of the shares of common stock subject to the options vested and became exercisable on January 15, 2013, an additional 9% of the options vest on the completion of the next period of three months, an additional 8% of the options vest upon the completion of each of the next three periods of three months, an additional 9% of the options vest upon the completion of the next period of three months, and an additional 8% of the options vest upon the completion of each of the next three periods of three months.
- No option awards were exercised by our named executive officers during the year ended December 31, 2014 and no shares of our common stock of our named executive officers were subject to vesting during the year ended December 31, 2014.

MagnaChip Semiconductor LLC 2009 Common Unit Plan

Following our emergence from our reorganization proceedings, in December 2009, our Board of Directors adopted, and our equityholders approved, the MagnaChip Semiconductor LLC 2009 Common Unit Plan, which we refer to as the 2009 Plan. The 2009 Plan provided for the grant of nonstatutory options, restricted unit bonus and purchase right awards, and deferred unit awards to employees and consultants of our Company and our subsidiaries and to members of our Board of Directors. However, only options and restricted unit bonus awards were granted under the 2009 Plan. Subject to adjustment in the event of certain changes in capital structure, the maximum aggregate number of MagnaChip Semiconductor LLC common units available for grant under the 2009 Plan was 30,000,000. Units subject to awards that expired, were forfeited or otherwise terminated would have been available again for grant under the 2009 Plan.

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In connection with our corporate conversion, MagnaChip Semiconductor Corporation assumed the rights and obligations of MagnaChip Semiconductor LLC under the 2009 Plan and converted MagnaChip Semiconductor LLC common unit options and restricted common units outstanding under the 2009 Plan into options to acquire a number of shares of our common stock and shares of restricted common stock at a ratio of eight-for-one on substantially equivalent terms and conditions. As of December 31, 2014, there were outstanding under the 2009 Plan options to purchase 1,226,528 shares of common stock, at a weighted average exercise price of \$6.12 per share. The 2009 Plan terminated immediately following our corporate conversion, and no additional options or other equity awards may be granted under the 2009 Plan. However, options granted under the 2009 Plan prior to its termination will remain outstanding until they are either exercised or expire.

The 2009 Plan is administered by the Committee. Subject to the provisions of the 2009 Plan, the Committee determined in its discretion the persons to whom and the times at which awards were granted, the sizes of such awards, and all of their terms and conditions. All awards were evidenced by a written agreement between us and the holder of the award. The Committee has the authority to construe and interpret the terms of the 2009 Plan and awards granted under it.

In the event of a change in control of our Company, the vesting of all outstanding awards held by participants whose employment has not previously terminated will accelerate in full. In addition, the Committee has the authority to require that outstanding awards be assumed or replaced with substantially equivalent awards by a successor corporation or to cancel the outstanding awards in exchange for a payment in cash or other property equal to the fair market value of restricted units or the excess, if any, of the fair market value of the units subject to an option over the exercise price per unit of such option.

2011 Equity Incentive Plan

Our 2011 Equity Incentive Plan, or the 2011 Plan, was approved by our Board of Directors and our stockholders in March 2010. We amended and restated the 2011 Plan in February 2011, and our stockholders approved the amendment in March 2011 to reflect that it became effective in 2011 upon our corporate conversion. 891,703 shares of our common stock, or the total number of shares of common stock (as adjusted by the conversion ratio in the corporate conversion) that remained available for grant upon the termination of the 2009 Plan immediately following the corporate conversion, were initially authorized and reserved.

As of December 31, 2014, there were outstanding under the 2011 Plan options to purchase 1,989,417 shares of common stock, at a weighted average exercise price of \$11.74 per share. As of December 31, 2014, 955,421 shares of our common stock remained available for issuance under the 2011 Plan. This reserve automatically increased on January 1, 2014 and January 1, 2015 by an additional 680,967 and 681,129 shares, respectively, and will automatically increase each subsequent anniversary through 2021, by an amount equal to the smaller of 2% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or an amount determined by our Board of Directors. The number of shares authorized for issuance under the 2011 Plan will also be increased from time to time by up to that number of shares of common stock remaining subject to options and restricted stock awards outstanding under the 2009 Plan at the time of its termination immediately following the corporate conversion that expire or terminate or are forfeited for any reason after the effective date of the 2011 Plan, subject to a cap of 1,412,352 shares. Appropriate adjustments will be made in the number of authorized shares and other numerical limits in the 2011 Plan and in outstanding awards to prevent dilution or enlargement of participants' rights in the event of a stock split or other change in our capital structure. Shares subject to awards granted under our 2011 Plan which expire, are repurchased, or are cancelled or forfeited will again become available for issuance under the 2011 Plan. The shares available will not be reduced by awards settled in cash. Shares withheld to satisfy tax withholding obligations will not again become available for grant. The gross number of shares issued upon the exercise of stock appreciation rights or options exercised by means of a net exercise or by tender of previously owned shares will be deducted from the shares available under the 2011 Plan.

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Awards may be granted under the 2011 Plan to our employees, including officers, directors, or consultants or those of any present or future parent or subsidiary corporation or other affiliated entity. While we may grant incentive stock options only to employees, we may grant nonstatutory stock options, stock appreciation rights, restricted stock purchase rights or bonuses, restricted stock units, performance shares, performance units and cash-based awards or other stock-based awards to any eligible participant.

The 2011 Plan is administered by the Committee. Subject to the provisions of the 2011 Plan, the Committee determines in its discretion the persons to whom and the times at which awards are granted, the sizes of such awards, and all of their terms and conditions. All awards are evidenced by a written agreement between us and the holder of the award. The Committee has the authority to construe and interpret the terms of the 2011 Plan and awards granted under it.

In the event of a change in control as described in the 2011 Plan, the acquiring or successor entity may assume or continue all or any awards outstanding under the 2011 Plan or substitute substantially equivalent awards. Any awards which are not assumed or continued in connection with a change in control or are not exercised or settled prior to the change in control will terminate effective as of the time of the change in control. The Committee may provide for the acceleration of vesting of any or all outstanding awards upon such terms and to such extent as it determines, except that the vesting of all awards held by members of our Board of Directors who are not employees will automatically be accelerated in full. The 2011 Plan also authorizes the Committee, in its discretion and without the consent of any participant, to cancel each or any outstanding award denominated in shares upon a change in control in exchange for a payment to the participant with respect to each share subject to the cancelled award of an amount equal to the excess of the consideration to be paid per share of common stock in the change in control transaction over the exercise price per share, if any, under the award.

2011 Employee Stock Purchase Plan

Our 2011 Employee Stock Purchase Plan, or the Purchase Plan, was approved by our Board of Directors in March 2010. Our Board of Directors amended and restated the Purchase Plan in February 2011 to reflect that the Purchase Plan would become effective in 2011 upon the commencement of the MagnaChip IPO. The Purchase Plan was approved by our stockholders in March 2011 and became effective upon the commencement of the MagnaChip IPO. We initially authorized and reserved 789,890 shares for sale under the Purchase Plan. In August, 2012, the Committee suspended the Purchase Plan.

As of December 31, 2014, 1,163,880 shares of our common stock remained reserved for sale under the Purchase Plan. In addition, the Purchase Plan provides for an automatic annual increase in the number of shares available for issuance under the plan on January 1 of each year beginning in 2012 and continuing through and including January 1, 2021 equal to the lesser of (i) 1% of our then issued and outstanding shares of common stock on the immediately preceding December 31, (ii) 789,980 shares, or (iii) a number of shares as our Board of Directors may determine. Appropriate adjustments will be made in the number of authorized shares and in outstanding purchase rights to prevent dilution or enlargement of participants' rights in the event of a stock split or other change in our capital structure. Shares subject to purchase rights which expire or are canceled will again become available for issuance under the Purchase Plan. Because the Purchase Plan was suspended in August 2012, no annual increase in the number of shares authorized under such plan occurred on January 1, 2013, on January 1, 2014 or January 1, 2015.

Our employees and employees of any parent or subsidiary corporation designated by the Committee are eligible to participate in the Purchase Plan if they are customarily employed by us for more than 20 hours per week and more than five months in any calendar year. However, an employee may not be granted a right to purchase stock under the Purchase Plan if: (i) the employee immediately after such grant would own stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock or of any parent or subsidiary corporation, or (ii) the employee's rights to purchase stock under all of our employee stock purchase plans would accrue at a rate that exceeds \$25,000 in value for each calendar year of participation in such plans.

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The Purchase Plan is implemented through a series of sequential offering periods, generally three months in duration beginning on the first trading days of February, May, August, and November each year. The Committee is authorized to establish additional or alternative concurrent, sequential or overlapping offering periods and offering periods having a different duration or different starting or ending dates, provided that no offering period may have a duration exceeding 27 months.

Amounts accumulated for each participant, generally through payroll deductions, are credited toward the purchase of shares of our common stock at the end of each offering period at a price generally equal to 95% of the fair market value of our common stock on the purchase date. Prior to commencement of an offering period, the Committee is authorized to change the purchase price discount for that offering period, but the purchase price may not be less than 85% of the lower of the fair market value of our common stock at the beginning of the offering period or on the purchase date.

No participant may purchase under the Purchase Plan in any calendar year shares having a value of more than \$25,000 measured by the fair market value per share of our common stock on the first day of the applicable offering period. Prior to the beginning of any offering period, the Committee may alter the maximum number of shares that may be purchased by any participant during the offering period or specify a maximum aggregate number of shares that may be purchased by all participants in the offering period. If insufficient shares remain available under the plan to permit all participants to purchase the number of shares to which they would otherwise be entitled, the Committee will make a pro rata allocation of the available shares. Any amounts withheld from participants' compensation in excess of the amounts used to purchase shares will be refunded, without interest.

In the event of a change in control, an acquiring or successor corporation may assume our rights and obligations under the Purchase Plan. If the acquiring or successor corporation does not assume such rights and obligations, then the purchase date of the offering periods then in progress will be accelerated to a date prior to the change in control as specified by the Committee, but the number of shares subject to outstanding purchase rights shall not be adjusted.

Agreements with Executives and Potential Payments Upon Termination or Change in Control

We are obligated to make certain payments to our named executive officers upon termination or a change in control as further described below.

Young-Joon Kim. We entered into an Offer Letter with Mr. YJ Kim, dated as of April 15, 2013, pursuant to which Mr. YJ Kim is entitled to an annual base salary of \$350,000 per year, a one-time signing bonus and relocation allowance of \$100,000, and an annual incentive bonus target of 80% of his annual base salary based on company performance and attainment of management objectives under a plan established and approved by the Board of Directors. Mr. YJ Kim is also entitled to customary employee benefits and expatriate benefits. Pursuant to his Offer Letter, on May 6, 2013, Mr. YJ Kim received an initial grant of an option to purchase an aggregate of 200,000 shares of the Company's common stock at an exercise price of \$15.96, which vests and becomes exercisable over three years from the date of commencement of Mr. YJ Kim's employment with MagnaChip Korea. If Mr. YJ Kim's employment is terminated by MagnaChip Korea without cause, Mr. YJ Kim is entitled to receive payment of all salary and benefits accrued and unpaid up to the date of termination, continued payment of his salary for six months at the rate in effect on the date of termination and payment of a prorated portion of the annual incentive bonus for the year in which termination occurs, and up to six months of health insurance premium reimbursement. The severance payable to Mr. YJ Kim under his Offer Letter will be reduced to the extent MagnaChip Korea makes any statutory severance payments to Mr. YJ Kim pursuant to the Korean Commercial Code or any other statute.

Jonathan Kim. We entered into an Offer Letter with Mr. J. Kim, dated as of March 8, 2014, pursuant to which Mr. J. Kim will be paid a base salary of \$280,000 per year, a sign on bonus of \$50,000, a one-time relocation payment of \$50,000 and an annual incentive bonus based on company performance and attainment of

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management objectives under a plan to be established and approved by the Company's Board of Directors. Mr. J. Kim is entitled to customary employee benefits and expatriate benefits. Pursuant to his Offer Letter, during 2014 Mr. J. Kim received options to purchase an aggregate of 50,000 shares of the Company's common stock at an average exercise price of \$12.88, which vest and become exercisable over three years from the date of commencement of Mr. J. Kim's employment with MagnaChip Korea. If Mr. J. Kim's employment is terminated by MagnaChip Korea without cause, Mr. J. Kim is entitled to receive payment of all salary and benefits accrued and unpaid up to the date of termination, continued payment of his salary for six months at the rate in effect on the date of termination and payment of a prorated portion of the annual incentive bonus for the year in which termination occurs. The severance payable to Mr. J. Kim under his Offer Letter will be reduced to the extent MagnaChip Korea makes any statutory severance payments to Mr. J. Kim pursuant to the Korean Commercial Code or any other statute.

Theodore Kim. We entered into an Offer Letter with Mr. T. Kim, dated as of September 27, 2013, pursuant to which Mr. T. Kim will be paid a base salary of \$280,000 per year, and an annual incentive of up to 30% of his base salary based on company performance and attainment of management objectives under a plan to be established and approved by the Company's Board of Directors. Mr. T. Kim is entitled to customary employee benefits and expatriate benefits. Pursuant to his Offer Letter, on October 26, 2013, Mr. T. Kim received options to purchase an aggregate of 50,000 shares of the Company's common stock at an exercise price of \$21.79, which vest and become exercisable over three years from the date of commencement of Mr. T. Kim's employment with MagnaChip Korea. If Mr. T. Kim's employment is terminated by MagnaChip Korea without cause, Mr. T. Kim is entitled to receive continued payment of his salary for six months at the rate in effect on the date of termination and payment of a prorated portion of the annual incentive bonus for the year in which termination occurs. The severance payable to Mr. T. Kim under his Offer Letter will be reduced to the extent MagnaChip Korea makes any statutory severance payments to Mr. T. Kim pursuant to the Korean Commercial Code or any other statute.

Sang Park. We are party to an Amended and Restated Services Agreement, dated as of May 8, 2008 (the "Services Agreement"), with Mr. Park pursuant to which he served as our Chairman and Chief Executive Officer. On May 19, 2014, Mr. Park resigned as our Chairman and Chief Executive Officer and we entered into an employment separation agreement (the "Separation Agreement") in connection with his resignation, as described in more detail below. The Separation Agreement partially supersedes the Services Agreement. Under the Services Agreement, Mr. Park was to receive an initial base salary of \$450,000 and a one-time performance bonus payment of \$900,000. Mr. Park was also entitled to an annual incentive award of 100% of his annual salary based upon the achievement of performance goals, provided that the actual bonus paid may be higher or lower dependent on over- or under-achievement of his performance goals, as determined by the Committee. Mr. Park was entitled to customary employee benefits and certain expatriate, repatriation and international service benefits, including relocation benefits, tax equalization benefits, the cost of housing accommodations and expenses, transportation benefits and repatriation benefits. Pursuant to the Services Agreement Mr. Park was granted options to purchase restricted common units but they were subsequently terminated in connection with our reorganization proceedings. The Services Agreement also contains customary non-competition and non-solicitation covenants lasting two and three years, respectively, from the date of termination of employment and confidentiality covenants of unlimited duration.

The Services Agreement provides that if Mr. Park's employment were terminated without Cause or if he resigned for good reason, Mr. Park would be entitled to receive (i) payment of all salary and benefits accrued up to the date of termination, (ii) payment of his then-current base salary for twelve months, (iii) the annual incentive award to which Mr. Park would have been entitled for the year in which his employment terminates, (iv) twelve months accelerated vesting on outstanding equity awards and a twelve-month post-termination equity award exercise period, and (v) continued participation for Mr. Park and his eligible dependents in our benefit plans for twelve months, including certain international service benefits.

If such termination occurs within nine months of a change in control, Mr. Park would be entitled to receive (i) payment of all salary and benefits accrued and unpaid up to the date of termination, (ii) payment of his then-

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current base salary for twenty-four months, (iii) the annual incentive award to which Mr. Park would have been entitled for the year in which his employment terminates, (iv) two years accelerated vesting on outstanding equity awards, other than awards granted pursuant to the 2009 Plan, which accelerate in full, (v) a twelve-month post-termination equity award exercise period, and (vi) continued participation for Mr. Park and his eligible dependents in our benefit plans for two years, including certain international service benefits.

The severance described above payable to Mr. Park upon his termination without Cause or in connection with a change in control shall be reduced to the extent that we pay any statutory severance payments to Mr. Park pursuant to the Korean Commercial Code or any other statute. As used in the Services Agreement, the term Cause means the termination of Mr. Park's employment because of (i) a failure by Mr. Park to substantially perform his customary duties (other than such failure resulting from incapacity due to physical or mental illness); (ii) Mr. Park's gross negligence, intentional misconduct or material fraud in the performance of Mr. Park's employment; (iii) Mr. Park's conviction of, or plea of nolo contendere to, a felony or to a crime involving fraud or dishonesty; (iv) a judicial determination that Mr. Park committed fraud or dishonesty against any natural person, firm, partnership, limited liability company, association, corporation, company, trust, business trust, governmental authority or other entity; or (v) Mr. Park's material violation of the agreement or of one or more of the material policies applicable to his employment. Resignation for good reason means a resignation upon any of the following events that remains uncured for 30 days after Mr. Park delivers a demand to us: (i) a salary reduction other than a reduction of less than 10% applied to our other officers, (ii) material reduction in benefits, (iii) failure to provide housing, (iv) nature or status of Mr. Park's authorities, duties or responsibilities are materially and adversely altered, (v) removal from our Board of Directors without cause, or (vi) Mr. Park is not reappointed as Chief Executive Officer following our initial public offering.

In the event we terminate Mr. Park's employment due to Disability, Mr. Park would be entitled to (i) payment of his salary and accrued vacation up to and including the date of termination, (ii) payment of any unpaid expense reimbursements, (iii) the prorated amount of any cash incentive to which Mr. Park would have been entitled, and (iv) other benefits due to Mr. Park through his termination date. As used in the Services Agreement, the term Disability means that we determine that due to physical or mental illness or incapacity, whether total or partial, Mr. Park is substantially unable to perform his duties for a period of 180 consecutive days or shorter periods aggregating 180 days during any period of 365 consecutive days.

In the event of Mr. Park's death while employed by us, Mr. Park's estate or named beneficiary would be entitled to (i) payment of Mr. Park's salary and accrued vacation up to and including the date of termination, (ii) payment of any unpaid expense reimbursements, (iii) the prorated amount of any cash incentive to which Mr. Park would have been entitled, and (iv) other benefits due to Mr. Park through his termination date.

On May 19, 2014, Mr. Park resigned his positions as our Chairman of the Board of Directors, Director and Chief Executive Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of May 20, 2014. Effective July 31, 2014, MagnaChip Korea entered into the Separation Agreement with Mr. Park. Pursuant to the terms of the Separation Agreement, Mr. Park resigned his employment with MagnaChip Korea and all affiliates as of July 31, 2014, and Mr. Park will be entitled to receive: (i) severance payments equal to twelve months of his current base salary (an aggregate of \$647,220), payable in equal monthly installments, (ii) continuation of housing support and health benefits for twelve months, (iii) accrued tax equalization benefits for amounts earned up to and including the effective date of the separation agreement under the terms of Mr. Park's Services Agreement with MagnaChip Korea (excluding all amounts paid or payable under the separation agreement), and (iv) acceleration of outstanding and unvested employee stock options held by Mr. Park at the effective date of the separation agreement, with all stock options then held by Mr. Park to be exercisable up to twelve months following the effective date of the separation agreement. The separation agreement also contains an obligation by Mr. Park to cooperate with the Company at the request of the Board of Directors and its Audit Committee in connection with the management transition, internal review and restatement of its financial statements and as otherwise may be requested by the Company, and provides for hourly consulting payments to Mr. Park for such cooperation services at his then-current hourly

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rate based on his base salary at the Company as of the effective date of the separation agreement or a subsequent employer during the term of the separation agreement, subject to an aggregate maximum amount. The Separation Agreement also contains a release of Korean law claims by Mr. Park and a confidentiality agreement.

Margaret Sakai. We entered into an Offer Letter with Ms. Sakai, dated as of September 5, 2006, pursuant to which Ms. Sakai served as our Senior Vice President, Finance, with an initial base salary of \$250,000 per year and with a target annual incentive bonus opportunity of 50% of her base salary. Ms. Sakai's title was changed to Senior Vice President and Chief Financial Officer in 2009 and Executive Vice President and Chief Financial Officer in 2011. Ms. Sakai is entitled to customary employee benefits and expatriate benefits under her Offer Letter. Pursuant to her Offer Letter, Ms. Sakai received an initial grant of options to purchase our common units, but the grant was subsequently terminated in connection with our reorganization proceedings.

If Ms. Sakai's employment is terminated by us without cause, Ms. Sakai would be entitled to receive payment of all salary and benefits accrued and unpaid up to the date of termination, continued payment of her salary for six months at the rate in effect on the date of termination, payment of a prorated portion of the annual incentive bonus for the year in which termination occurs and paid benefits for Ms. Sakai and her dependents for six months. The severance payable to Ms. Sakai under her Offer Letter would be reduced to the extent we make any statutory severance payments to Ms. Sakai pursuant to the Korean Commercial Code or any other statute.

Effective March 25, 2014, Margaret Sakai resigned her positions as our Executive Vice President and Chief Financial Officer and from all other officer and director positions with the Company and its subsidiaries. On April 14, 2014, MagnaChip Korea entered into an employment separation agreement with Ms. Sakai. Pursuant to the terms of the separation agreement, Ms. Sakai resigned her employment with MagnaChip Korea and all affiliates as of the effective time of the separation agreement, and Ms. Sakai will be entitled to receive: (i) severance payments equal to six months her current base salary (an aggregate of \$184,395), payable in equal monthly installments, (ii) continuation of housing support and health benefits for six months, (iii) accrued tax equalization benefits for amounts earned up to and including the effective date of the separation agreement under the terms of Ms. Sakai's Offer Letter (excluding all amounts paid or payable under the separation agreement), and (iv) accrued Korean statutory severance benefits under MagnaChip Korea's standard severance benefits policy to the extent accrued up to the effective date of the separation agreement; provided, that the benefits described in clauses (i), (ii) and (iii) above are conditioned upon Ms. Sakai's continued cooperation with MagnaChip Korea and the Company for such six-month term. The separation agreement also contains a general release of claims and confidentiality agreement by Ms. Sakai, and provides for post-term hourly consulting arrangements to the extent requested by the Company.

Tae Young Hwang. We entered into an Entrustment Agreement with Mr. Hwang, effective as of October 1, 2004, under which he serves as our Chief Operating Officer and President, with an initial base salary of 220 million Korean won per year and with a target annual incentive bonus to be determined by management based on performance. Mr. Hwang is entitled to customary employee benefits. The agreement also contains customary non-competition covenants lasting one year from the date of termination of employment and confidentiality covenants of unlimited duration. If Mr. Hwang's employment is terminated for any reason, he is entitled to statutory severance payments pursuant to the Korean Commercial Code or any other statute.

Effective April 30, 2015, Tae Young Hwang resigned as our Chief Operating Officer and President and from all other officer and director positions with the Company and its direct and indirect subsidiaries. In connection with Mr. Hwang's resignation, on April 30, 2015, Mr. Hwang and MagnaChip Korea entered into an Advisory Services and Separation Agreement, or the Hwang Separation Agreement, which provides for Mr. Hwang's separation from MagnaChip Korea effective as of May 31, 2015. Under the Hwang Separation Agreement, Mr. Hwang will provide advisory services to the Company for a term of 24 months. The advisory services will relate to: supporting the Company's Chief Executive Officer; the Company's production processes; transition matters; the Company's LG Display business; labor union negotiations; cooperation with the Company in connection with any pending litigation or investigation relating to the Company or its affiliates; and any other

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matters the Company requests in its reasonable discretion. Mr. Hwang will be paid a monthly amount of 27,439,200 Korean won (approximately \$25,412.55, with Korean won converted into U.S. Dollars at a reference conversion rate of 1,079.75 Korean won to 1 U.S. Dollar), which is equal to 80% of his current monthly salary, during the term of the Hwang Separation Agreement, payable on a monthly basis, for providing such advisory services. The Hwang Separation Agreement contains a general release of claims, a non-disparagement agreement and a confidentiality agreement by Mr. Hwang. The Hwang Separation Agreement also contains covenants by Mr. Hwang that during the term he provides advisory services to the Company and for one year after the conclusion of such term he will not engage in any activities or services that are competitive with the Company or any of its affiliates or solicit any of the Company's employees. In consideration for Mr. Hwang's advisory services and for the other terms agreed by Mr. Hwang in the Hwang Separation Agreement, the Company will pay Mr. Hwang a lump sum payment of 100% of his accrued pension benefits as of the effective date of the Hwang Separation Agreement. The value of Mr. Hwang's accrued pension benefits as of May 31, 2015, the effective date of the Hwang Separation Agreement, is 1,103,424,670 Korean won (approximately \$1,021,926.07). The Hwang Separation Agreement also provides that all stock options held by Mr. Hwang will be exercisable for 18 months following the effective date of the Hwang Separation Agreement.

Brent Rowe. We entered into an Offer Letter with Mr. Rowe, dated as of March 7, 2006, pursuant to which Mr. Rowe served as our Executive Vice President, Worldwide Sales, with an initial base salary of \$220,000 per year, a sign on bonus of \$50,000 and with a target annual incentive bonus opportunity of 80% of his base salary. Mr. Rowe was entitled to customary employee benefits. Pursuant to his Offer Letter, Mr. Rowe received an initial grant of options to purchase our common units, but the grant was subsequently terminated in connection with our reorganization proceedings. If Mr. Rowe's employment were terminated without cause, he would be entitled to a severance payment equal to six months' salary.

Effective as of May 21, 2015, Mr. Rowe resigned as the Company's Executive Vice President, Worldwide Sales, and from all other officer and director positions with the Company and its direct and indirect subsidiaries. In connection with Mr. Rowe's resignation, Mr. Rowe and MagnaChip Semiconductor, Inc., a subsidiary of the Company, entered into an Advisory Services and Separation Agreement (the "Rowe Separation Agreement") which became effective on May 28, 2015 unless earlier revoked under a statutory waiting period. Pursuant to the Rowe Separation Agreement, Mr. Rowe's employment was terminated effective May 31, 2015. Mr. Rowe is entitled to receive an initial severance payment of \$134,000, payable within five days of the effective date of the Rowe Separation Agreement. Commencing on the effective date of the Rowe Separation Agreement, Mr. Rowe will also be entitled to receive \$4,000 per month for a period of nine months or until such time as Mr. Rowe has secured other employment, whichever occurs first. Pursuant to the Rowe Separation Agreement, Mr. Rowe will provide advisory services to the Company for a term of nine months. The advisory services will relate to: supporting the Company's Chief Executive Officer; transition matters; and any other matters the Company requests in its reasonable discretion. During the term that Mr. Rowe provides advisory services to the Company, the Company will pay for Mr. Rowe's car lease payments and reimburse Mr. Rowe for payments made by him for continuation of his health care coverage (up to an agreed maximum amount). The Company also agreed to assume Mr. Rowe's membership at a golf country club. In addition, all stock options held by Mr. Rowe will be exercisable for 24 months following May 31, 2015. The Rowe Separation Agreement also contains a general release of claims, a non-disparagement agreement, a confidentiality agreement by Mr. Rowe and a covenant by Mr. Rowe that for 12 months following the effective date of the Rowe Separation Agreement he will not solicit any of the Company's employees.

Potential Payments upon Termination or Change in Control.

Termination. Our named executive officers are eligible to receive certain payments and benefits in connection with certain service termination events pursuant to the terms of our employment agreements with them, as further described under the section entitled "Agreements with Executives and Potential Payments Upon Termination or Change in Control." The terms "cause" and "resignation for good reason" used below have the meanings given to them in the applicable agreements with us.

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Change in Control. Mr. Park was entitled to receive certain payments and benefits in connection with a change in control of our Company pursuant to our employment agreement with him, as further described under the section entitled *Agreements with Executives and Potential Payments Upon Termination or Change in Control*. In addition, the Committee has the authority to require that outstanding equity awards be assumed or replaced with substantially equivalent awards by the successor corporation or to cancel the outstanding awards in exchange for a payment in cash or other property equal to the fair market value of restricted units or the excess, if any, of the fair market value of the units subject to an option over the exercise price per unit of such option. For purposes of the foregoing, a *change in control* is generally defined as the acquisition by a person or entity of more than 51% of the combined voting power of our then outstanding voting securities or a sale or transfer of all or substantially all of our consolidated assets to a person or entity that is not our affiliate.

The following table presents our estimate of the dollar value of the payments and benefits payable to our named executive officers upon the occurrence of a termination without cause, assuming that each such event occurred on December 31, 2014 (except for Mr. Park and Ms. Sakai, whose employment terminated during 2014). The disclosure in the following table does not include:

any accrued benefits that were earned and payable as of December 31, 2014; or

payments and benefits to the extent they are provided generally to all salaried employees and do not discriminate in scope, terms or operation in favor of the named executive officers.

Name	Cash Severance Payment (\$)(1)	Continuation of Benefits (\$)(2)	Value of Equity Award Acceleration (\$)	Total (\$)
Young-Joon Kim	175,000(3)	219,891		394,891
Jonathan Kim	140,000(4)			140,000
Theodore Kim	140,000(5)			140,000
Sang Park*	647,220(6)	692,445(7)	225,360(8)	1,565,025
Margaret Sakai**	419,916(9)	285,469(10)		705,385
Tae Young Hwang***	990,842(11)			990,842
Brent Rowe****	168,610			168,610

* Mr. Park resigned his positions as Chairman of the Board of Directors, Director and Chief Executive Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of May 20, 2014. See *Agreements with Executives and Potential Payments Upon Termination or Change in Control Sang Park* for a description of Mr. Park's severance arrangements with the Company.

** Ms. Sakai resigned her positions as Executive Vice President and Chief Financial Officer of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of March 25, 2014. See *Agreements with Executives and Potential Payments Upon Termination or Change in Control Margaret Sakai* for a description of Ms. Sakai's severance arrangements with the Company.

*** Mr. Hwang resigned his positions as Chief Operating Officer and President of the Company, and from all other officer and director positions with the Company and its subsidiaries, effective as of April 30, 2015. See *Agreements with Executives and Potential Payments Upon Termination or Change in Control Tae Young Hwang* for a description of Mr. Hwang's severance arrangements with the Company.

**** Mr. Rowe resigned his positions as the Company's Executive Vice President, Worldwide Sales, and from all other officer and director positions with the Company and its subsidiaries, effective as of May 21, 2015. See *Agreements with Executives and Potential Payments Upon Termination or Change in Control Brent Rowe* for a description of Mr. Rowe's severance arrangements with the Company.

(1) Represents cash severance payments payable to our named executive officers pursuant to (i) our employment agreements with them or, if greater, (ii) cash severance payments payable pursuant to the Employee Retirement Benefit Security Act of Korea. Other than Mr. Rowe, who was entitled to a lump

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sum cash severance payment, cash severance payments are paid monthly in accordance with our regular payroll procedures. Pursuant to the Employee Retirement Benefit Security Act, Mr. YJ Kim, Mr. J. Kim, Mr. T. Kim, Ms. Sakai and Mr. Hwang are entitled to certain statutory severance benefits from us upon the termination of their employment with us for any reason. See Compensation Discussion and Analysis Perquisites and Other Benefits for additional information.

- (2) Calculated assuming the continuation of benefits for the applicable period at the same dollar value of 2014 benefits.
- (3) Mr. YJ Kim is entitled to statutory severance benefits in the amount of \$47,937. The amount owed to Mr. YJ Kim under his employment agreement, \$175,000, will be reduced by the amount he is statutorily entitled to receive.
- (4) Mr. J. Kim is entitled to statutory severance benefits in the amount of \$19,175. The amount owed to Mr. J. Kim under his employment agreement, \$140,000, will be reduced by the amount he is statutorily entitled to receive.
- (5) Mr. T. Kim is entitled to statutory severance benefits in the amount of \$28,762. The amount owed to Mr. T. Kim under his employment agreement, \$140,000, will be reduced by the amount he is statutorily entitled to receive.
- (6) Reflects amounts payable in connection with his actual termination of employment in 2014.
- (7) Represents the estimated aggregate value of benefits payable to Mr. Park pursuant to his separation agreement with the Company, which include housing expenses, health benefits and tax equalization benefits.
- (8) Reflects the aggregate value of 12 months of accelerated vesting under Mr. Park's outstanding options issued under our 2011 Plan. The value of such accelerated vesting amount was calculated by multiplying (i) the number of outstanding options that vest as a result of an additional 12 months of vesting under the applicable option award by (ii) the difference of the fair market value of our common stock as of July 31, 2014 of \$14.01, and the option exercise price for such options of \$7.75 per share.
- (9) Reflects amounts payable in connection with her actual termination of employment in 2014, consisting of statutory severance benefits in the amount of \$235,521 and a separation payment in the amount of \$184,395.
- (10) Represents the estimated aggregate value of benefits payable to Ms. Sakai pursuant to her separation agreement with the Company, which include housing expenses, health benefits and tax equalization benefits.
- (11) Mr. Hwang was entitled to statutory severance benefits in the amount of \$990,842 as of December 31, 2014. Although the minimum legal severance accrual is one month of base salary per year of service, Mr. Hwang was eligible for accrual of a multiple of two to three months of base salary per year of service during approximately the first ten of his nineteen years of service, or \$688,834 in aggregate.

Pension Benefits for the Fiscal Year Ended December 31, 2014

Pursuant to the Employee Retirement Benefit Security Act, certain executive officers resident in Korea with one or more years of service are entitled to severance benefits upon the termination of their employment for any reason. The base statutory severance accrues at the rate of approximately one month of base salary per year of service and is calculated on a monthly basis based upon the officer's salary for the prior three-month period. Accordingly, if the named executive officers in the following table had retired on the last day of our fiscal year ended December 31, 2014, they would have been entitled to the statutory severance payments described below. Assuming no change in the applicable law, each of these executives will continue to accrue additional statutory severance benefits at the rate described above until his or her service with us terminates.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During the Last Fiscal Year
Young Joon Kim	Statutory Severance	2	47,937	
Jonathan Kim	Statutory Severance	1	19,175	
Theodore Kim	Statutory Severance	2	28,762	
Tae Young Hwang	Statutory Severance with Multiplier for Partial Period	19(1)	990,842	

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- (1) Mr. Hwang accrued severance for his nineteen years of service at MagnaChip and its predecessor corporation. Although the minimum legal severance accrual is one month of base salary per year of service, Mr. Hwang was eligible for accrual of a multiple of two to three months of base salary per year of service during approximately the first ten of his nineteen years of service, or \$688,834 in aggregate. See Agreements with Executives and Potential Payments Upon Termination or Change in Control Tae Young Hwang for a description of the accrued pension benefits that are payable to Mr. Hwang in connection with his resignation.

Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

Equity Compensation Plan Table

The following table provides information as of December 31, 2014, regarding securities authorized for issuance under the Company's compensation plans. The Company's compensation plans include the 2009 Plan, the 2011 Plan, and the Purchase Plan. The numbers in the following table do not include options or shares that may be added to the issuable amounts under the 2011 Plan or the Purchase Plan, respectively, after December 31, 2014, in accordance with the terms of the respective plans.

Plan Category	(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 plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,215,945(1)	\$ 9.60(1)	955,421(2)
Equity compensation plans not approved by security holders			
Total:	3,215,945		955,421

- (1) The number of securities to be issued upon the exercise of outstanding options and the weighted average exercise price do not include any purchase right under the Purchase Plan or the purchase price for the purchase of shares under the Purchase Plan.
- (2) Excludes 1,163,880 shares of common stock that remain available as of December 31, 2014, for future issuance under the suspended Purchase Plan.

In December 2009, our Board of Directors adopted, and our equityholders approved, the MagnaChip Semiconductor LLC 2009 Common Unit Plan, which we refer to as the 2009 Plan. The 2009 Plan provided for the grant of nonstatutory options, restricted unit bonus and purchase right awards, and deferred unit awards to employees and consultants of our Company and our subsidiaries and to members of our Board of Directors. However, only options and restricted unit bonus awards were granted under the 2009 Plan. The 2009 Plan terminated immediately following our corporate conversion, and no additional options or other equity awards may be granted under the 2009 Plan. However, options granted under the 2009 Plan prior to its termination will remain outstanding until they are either exercised or expire. As of December 31, 2014, there were outstanding under the 2009 Plan options to purchase 1,226,528 shares of common stock, at a weighted average exercise price of \$6.12 per share.

The 2011 Plan was approved by our Board of Directors and our stockholders in March 2010. We amended and restated the 2011 Plan in February 2011, and our stockholders approved the amendment in March 2011 to reflect that it became effective in 2011 upon our corporate conversion. 891,703 shares of our common stock, or

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the total number of shares of common stock (as adjusted by the conversion ratio in the corporate conversion) that remained available for grant upon the termination of the 2009 Plan immediately following the corporate conversion, were initially authorized and reserved.

As of December 31, 2014, there were outstanding under the 2011 Plan options to purchase 1,989,417 shares of common stock, at a weighted average exercise price of \$11.74 per share. As of December 31, 2014, 955,421 shares of our common stock remained available for issuance under the 2011 Plan. This reserve automatically increased on January 1, 2014 by 680,967 shares and automatically increased on January 1, 2015 by 681,129 shares and will automatically increase each subsequent anniversary through 2021, by an amount equal to the smaller of 2% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or an amount determined by our Board of Directors. The number of shares authorized for issuance under the 2011 Plan will also be increased from time to time by up to that number of shares of common stock remaining subject to options and restricted stock awards outstanding under the 2009 Plan at the time of its termination immediately following the corporate conversion that expire or terminate or are forfeited for any reason after the effective date of the 2011 Plan, subject to a cap of 1,412,352 shares. Appropriate adjustments will be made in the number of authorized shares and other numerical limits in the 2011 Plan and in outstanding awards to prevent dilution or enlargement of participants' rights in the event of a stock split or other change in our capital structure. Shares subject to awards granted under our 2011 Plan which expire, are repurchased, or are cancelled or forfeited will again become available for issuance under the 2011 Plan. The shares available will not be reduced by awards settled in cash. Shares withheld to satisfy tax withholding obligations will not again become available for grant. The gross number of shares issued upon the exercise of stock appreciation rights or options exercised by means of a net exercise or by tender of previously owned shares will be deducted from the shares available under the 2011 Plan.

For more information on our 2011 Equity Incentive Plan, see Item 11: Executive Compensation Compensation Discussion and Analysis Grants of Plan-Based Awards 2011 Equity Incentive Plan.

The Purchase Plan was approved by our Board of Directors in March 2010. Our Board of Directors amended and restated the Purchase Plan in February 2011 to reflect that the Purchase Plan would become effective in 2011 upon the commencement of the MagnaChip IPO. The Purchase Plan was approved by our stockholders in March 2011 and became effective upon the commencement of the MagnaChip IPO. We initially authorized and reserved 789,890 shares for sale under the Purchase Plan. In August, 2012, the Committee suspended the Purchase Plan.

As of December 31, 2014, 1,163,880 shares of our common stock remained reserved for sale under the Purchase Plan. In addition, the Purchase Plan provides for an automatic annual increase in the number of shares available for issuance under the plan on January 1 of each year beginning in 2012 and continuing through and including January 1, 2021 equal to the lesser of (i) 1% of our then issued and outstanding shares of common stock on the immediately preceding December 31, (ii) 789,980 shares, or (iii) a number of shares as our Board of Directors may determine. Appropriate adjustments will be made in the number of authorized shares and in outstanding purchase rights to prevent dilution or enlargement of participants' rights in the event of a stock split or other change in our capital structure. Shares subject to purchase rights which expire or are canceled will again become available for issuance under the Purchase Plan. Because the Purchase Plan was suspended in August 2012, no annual increase in the number of shares authorized under such plan occurred on January 1, 2013, on January 1, 2014 or on January 1, 2015. For more information on our 2011 Employee Stock Purchase Plan, see Item 11: Executive Compensation Compensation Discussion and Analysis Grants of Plan-Based Awards 2011 Employee Stock Purchase Plan.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis as set forth above under "Compensation Discussion and Analysis" with our management and, based on such review and discussion, has recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The foregoing report was submitted by the Compensation Committee and shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Exchange Act.

Members of the Committee:

Michael Elkins, Chair

Ilbok Lee

Nader Tavakoli

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Code of Business Conduct and Ethics

Under our Code of Business Conduct and Ethics, all conflicts of interest and related party transactions involving our directors or executive officers must be reviewed and approved in writing by our full Board of Directors. In the approval process, the approving authority will review all aspects of the conflict of interest or related party transaction, including but not limited to: (i) compliance with laws, rules and regulations, (ii) the adverse effect on our business and results of operations, (iii) the adverse effect on our relationships with third parties such as customers, vendors and potential investors, (iv) the benefit to the director, officer or employee at issue, and (v) the creation of morale problems among other employees. Our Board will only approve those related party transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests.

Registration Rights Agreement

On November 9, 2009, we entered into a registration rights agreement with the holders of MagnaChip Semiconductor LLC's common units issued in our reorganization proceedings, including Avenue, where we granted them registration rights with respect to our common stock. In 2012 and 2013, the Company paid fees and expenses of \$1.2 million and \$0.8 million, respectively, in connection with the registration and sale of shares of our common stock by Avenue pursuant to such registration rights agreement. Affiliates of Avenue currently have two employees, Messrs. Klein and Mulhern, serving as members of our Board. Mr. Elkins, also a current member of our Board, was previously employed by affiliates of Avenue until December 31, 2012, and currently serves as a consultant to affiliates of Avenue.

Loan to Executive Officer

On May 19, 2011, the Magnachip Semiconductor, Ltd. (MSK) entered into a loan agreement pursuant to which it loaned approximately \$370,456 to Tae Jong Lee on May 25, 2011. Mr. Lee currently serves as the Company's Executive Vice President and General Manager of Corporate Engineering and was then serving as Senior Vice President of MSK. The loan was extended to Mr. Lee to serve as a key money deposit for housing pursuant to Mr. Lee's right to housing support under the offer letter between Mr. Lee and MSK dated June 20, 2007, and the proceeds were deposited with the landlord for the duration of the lease, as is customary in Korean leasing arrangements. The loan was due to mature on May 25, 2013, and the maturity date was subsequently extended to May 25, 2015 pursuant to a renewal of the lease. Based on the minimum interest rate applicable to loans between affiliates for Korean tax purposes, which rate is established and updated from time to time by the Korean tax authorities, interest accrued on the loan at 8.5% per annum from May 26, 2011 to December 31, 2011 and at 6.9% per annum thereafter and was offset against a portion of the housing allowance to which Mr. Lee was entitled. The total interest over the course of the loan amounted to approximately \$106,465.

The loan came to the attention of current senior management in June of 2015. Senior management determined that the loan could be deemed a violation of Section 13(k) of the Exchange Act and Section 402 of the Sarbanes-Oxley Act and immediately sought repayment in full of the loan. Mr. Lee repaid the entire amount of the loan on June 8, 2015. There are no other outstanding personal loans to executive officers or directors of the Company. The Audit Committee of the Board of Directors is reviewing the Company's compliance procedures regarding housing benefits provided to senior management, and the Company has taken steps to ensure that such loans are not extended to executive officers in the future.

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The following table sets forth information regarding the beneficial ownership of our outstanding common stock for: (1) each person or entity known to us to beneficially own more than 5% of any class of our outstanding securities; (2) each member of our Board of Directors; (3) each of our named executive officers; and (4) all of the members of our Board of Directors and executive officers, as a group. The following tables list the number of shares and percentage of shares beneficially owned based on 34,336,468 shares of common stock outstanding as of July 1, 2015.

The amounts and percentages of equity interests beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has the right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which he or she has no economic interest.

Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. Unless otherwise indicated, the address of each person listed in the table below is c/o MagnaChip Semiconductor, Ltd., 215, Daesin-ro, Heungdeok-gu, Cheongju-si, 361-725, Korea.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(1)
Principal Stockholders		
FMR LLC(2)	5,241,806	15.3%
Funds managed by Avenue Capital Management II, L.P.(3)	4,088,978	11.9%
Funds managed by Pleasant Lake Partners LLC(4)	3,387,487	9.9%
Funds managed by Brigade Capital Management, LP(5)	1,933,000	5.6%
Funds managed by Archer Capital Management, L.P.(6)	1,919,456	5.6%
Funds managed by Rubric Capital Management, LLC(7)	1,756,525	5.1%
Directors and Executive Officers		
Young-Joon Kim(8)	220,930	*
Jonathan Kim(9)	74,695	*
Theodore Kim(10)	68,870	*
Michael Elkins(11)	109,042	*
Randal Klein(12)		
Ilbok Lee(13)	113,042	*
Brian Mulhern(12)		
R. Douglas Norby(14)	133,042	*
Nader Tavakoli(15)	126,792	*
Sang Park(16)	505,000	1.5%
Margaret Sakai(17)	42,000	*
Tae Young Hwang(18)	285,000	*
Brent Rowe(19)	165,000	*
Directors and Officers as a group (10 persons)(20)	979,858	2.8%

* Less than one percent

(1) Includes any outstanding common stock held and, to the extent applicable, shares issuable upon the exercise or conversion of any securities that are exercisable or convertible within 60 days of July 1, 2015.

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- (2) Based on the information contained in an Amendment No. 1 to Schedule 13G filed with the SEC on February 13, 2015 by FMR LLC (FMR), Edward C. Johnson 3d, Abigail P. Johnson and Select Electronics Portfolio. Edward C. Johnson 3d is a Director and the Chairman of FMR and Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR. Members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR. Neither FMR nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (Fidelity Funds) advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR, which power resides with the Fidelity Funds Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds Boards of Trustees. The shares of common stock listed in the table above include 1,909,582 shares of common stock beneficially owned by Select Electronics Portfolio. The business address of each of FMR, Edward C. Johnson 3d, Abigail P. Johnson and Select Electronics Portfolio is 245 Summer Street, Boston, Massachusetts 02210.
- (3) The following entities and person are collectively referred to in this table as the Avenue Capital Group : (i) Avenue Investments, L.P. (Avenue Investments), (ii) Avenue International Master, L.P. (Avenue International), (iii) Avenue International, Ltd. (International Ltd.), the sole limited partner of Avenue International Master, (iv) Avenue International Master GenPar, Ltd. (Avenue International GenPar), the general partner of Avenue International, (v) Avenue Partners, LLC (Avenue Partners), the general partner of Avenue Investments and the sole shareholder of Avenue International GenPar, (vi) Avenue-CDP Global Opportunities Fund, L.P. (Avenue-CDP), (vii) Avenue Global Opportunities Fund GenPar, LLC (Global GenPar), the general partner of Avenue-CDP, (viii) Avenue Special Situations Fund IV, L.P. (Avenue Spec IV), (ix) Avenue Capital Partners IV, LLC (Avenue Capital IV), the general partner of Avenue Spec IV, (x) GL Partners IV, LLC (GL IV), the managing member of Avenue Capital IV, (xi) Avenue Special Situations Fund V, L.P. (Avenue Spec V), (xii) Avenue Capital Partners V, LLC (Avenue Capital V), the general partner of Avenue Spec V, (xiii) GL Partners V, LLC (GL V), the managing member of Avenue Capital V, (xiv) Avenue PPF Opportunities Fund, L.P. (Avenue PPF Opportunities), (xv) Avenue PPF Opportunities Fund GenPar, LLC (Avenue PPF Opportunities GenPar), the general partner of Avenue PPF Opportunities, (xvi) Avenue US/Europe Distressed Segregated Portfolio, a segregated portfolio of Avenue EnTrust Customized Portfolio SPC (Avenue EnTrust SPC), (xvii) Avenue Capital Management II, L.P. (Avenue Capital Management II), the investment manager to Avenue Investments, Avenue International, Avenue-CDP, Avenue Spec IV, Avenue Spec V, Avenue PPF Opportunities and Avenue EnTrust SPC (such funds managed by Avenue Capital Management II, collectively, the Avenue Funds), (xviii) Avenue Capital Management II GenPar, LLC (GenPar), the general partner of Avenue Capital Management II, and (xix) Marc Lasry, the managing member of Avenue International GenPar, Avenue Partners, Global GenPar, GL IV, GL V, Avenue PPF Opportunities GenPar and GenPar.

The Avenue Capital Group beneficially owns 4,088,978 shares of common stock. On November 9, 2014, all warrants to purchase our common stock previously held by the Avenue Capital Group expired.

The Avenue Funds have the sole power to vote and dispose of the common stock held by them. International Ltd., Avenue International GenPar, Avenue Partners, Global GenPar, Avenue Capital IV, GL IV, Avenue Capital V, GL V, Avenue PPF Opportunities GenPar, Avenue Capital Management II, GenPar and Marc Lasry have the shared power to vote and dispose of the common stock held by the Avenue Funds, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. The address for all of the Avenue Funds is 399 Park Avenue, 6th Floor, New York, NY 10022.

Avenue Spec V beneficially owns 619,115 shares of common stock, or 1.8%. The securities owned by Avenue Spec V may also be deemed to be beneficially owned by Avenue Capital V, its general partner, GL V, the managing member of Avenue Capital V, Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the managing member of GenPar and GL V, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue Spec V, please see above.

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Avenue Spec IV beneficially owns 496,023 shares of common stock, or 1.5%. The securities owned by Avenue Spec IV may also be deemed to be beneficially owned by Avenue Capital IV, its general partner, GL IV, the managing member of Avenue Capital IV, Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the managing member of GenPar and GL IV, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue Spec IV, please see above.

Avenue International beneficially owns 1,234,715 shares of common stock, or 3.6%. The securities owned by Avenue International may also be deemed to be beneficially owned by International Ltd., its sole limited partner, Avenue International GenPar, its general partner, Avenue Partners, the sole shareholder of Avenue International GenPar, Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the managing member of GenPar, Avenue Partners and Avenue International GenPar, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue International, please see above.

Avenue-CDP beneficially owns 84,924 shares of common stock, or 0.2%. The securities owned by Avenue-CDP may also be deemed to be beneficially owned by Global GenPar, its general partner, Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the managing member of GenPar and Global GenPar, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue-CDP, please see above.

Avenue Investments beneficially owns 722,264 shares of common stock, or 2.1%. The securities owned by Avenue Investments may also be deemed to be beneficially owned by Avenue Partners, its general partner, Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the managing member of GenPar and Avenue Partners, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue Investments, please see above.

Avenue PPF Opportunities beneficially owns 812,190 shares of common stock, or 2.4%. The securities owned by Avenue PPF Opportunities may also be deemed to be beneficially owned by Avenue PPF Opportunities GenPar, its general partner, Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the managing member of Avenue PPF Opportunities GenPar and GenPar, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue PPF Opportunities, please see above.

Avenue EnTrust SPC beneficially owns 119,747 shares of common stock, or 0.4%. The securities owned by Avenue EnTrust SPC may also be deemed to be beneficially owned by Avenue Capital Management II, its investment manager, GenPar, the general partner of Avenue Capital Management II, and Mr. Lasry, the director of Avenue EnTrust SPC and the managing member of GenPar, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue EnTrust SPC, please see above.

- (4) Based on the information contained in Amendment No. 3 to a Schedule 13D filed with the SEC on July 8, 2015 by Pleasant Lake Partners LLC (PLP), PLP MM LLC, Pleasant Lake Onshore GP LLC (GP LLC), Pleasant Lake Offshore Master Fund L.P. (PLP Master Fund), and Jonathan Lennon. The shares of common stock listed above represent 3,254,687 shares of common stock and options to acquire 132,800 shares of common stock, represent beneficial ownership as of July 8, 2015 and represent shares beneficially owned by PLP Master Fund, for which PLP serves as the investment manager and manager and for which GP LLC serves as General Partner. PLP MM LLC is the managing member of PLP. Jonathan Lennon serves as manager of PLP MM LLC and GP LLC. Each of PLP, PLP Master Fund, PLP MM LLC, GP LLC and Jonathan Lennon disclaims beneficial ownership of the shares of common stock listed above except to the extent of its or his pecuniary interest therein. Each of PLP, PLP Master Fund, PLP MM LLC, GP LLC and Jonathan Lennon has shared power to vote or to direct the vote and shared power to dispose or to direct the

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- disposition of all 3,387,487 of the shares of common stock listed in the table above. The business address of each of PLP, PLP Master Fund, PLP MM LLC, GP LLC and Jonathan Lennon is 110 Greene Street, Suite 604, New York, New York 10012.
- (5) Based on the information contained in a Schedule 13G filed with the SEC on September 29, 2014 by Brigade Capital Management, LP (Brigade Capital), Brigade Leveraged Capital Structures Fund Ltd. (Brigade Fund) and Donald E. Morgan, III. Each of Brigade Capital and Donald E. Morgan, III has shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of all 1,933,000 of the shares of common stock listed in the table above. Brigade Fund has shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of 1,750,000 of the shares of common stock listed in the table above. The business address of each of Brigade Capital and Donald E. Morgan, III is 399 Park Avenue, 16th Floor, New York, New York 10022. The business address of Brigade Fund is c/o Elian, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands.
- (6) Based on the information contained in a Schedule 13G filed with the SEC on February 17, 2015 by (i) Archer Capital Management, L.P. (Archer), as the investment manager to certain private investment funds, (ii) Canton Holdings, L.L.C. (Canton), as the general partner of Archer, (iii) Joshua A. Lobel, as a principal of Canton, and (iv) Eric J. Edidin, as a principal of Canton. Canton, Archer, Mr. Lobel and Mr. Edidin may be deemed the beneficial owners of all of the 1,919,456 shares of common stock listed in the table above. Canton, Archer, Mr. Lobel and Mr. Edidin have the shared power to vote and dispose of all of the 1,919,456 shares of common stock listed in the table above. The business address of each of Canton, Archer, Mr. Lobel and Mr. Edidin is 570 Lexington Avenue, 40th Floor, New York, New York 10022.
- (7) Based on the information contained in a Schedule 13G filed with the SEC on February 18, 2015 by (i) Rubric Capital Management, LLC (Rubric Capital Management), (ii) Cubist Systematic Strategies, LLC (Cubist Systematic Strategies) and (iii) Steven A. Cohen. Rubric Capital Management, Cubist Systematic Strategies and Mr. Cohen own directly no shares. Pursuant to an investment management agreement, Rubric Capital Management maintains investment and voting power with respect to the securities held by certain investment funds it manages. Pursuant to an investment management agreement, Cubist Systematic Strategies maintains investment and voting power with respect to the securities held by certain investment funds it manages. Mr. Cohen controls each of Rubric Capital Management and Cubist Systematic Strategies. Rubric Capital Management and Mr. Cohen may be deemed to beneficially own 1,750,000 of the shares of common stock listed in the table above and Cubist Systematic Strategies and Mr. Cohen may be deemed to beneficially own 6,525 of the shares of common stock listed in the table above. Each of Rubric Capital Management, Cubist Systematic Strategies and Mr. Cohen disclaims beneficial ownership of any of the shares of common stock listed in the table above. The address of the principal business office of (i) Rubric Capital Management and Mr. Cohen is 72 Cummings Point Road, Stamford, CT 06902; and (ii) Cubist Systematic Strategies is 330 Madison Avenue, New York, NY 10173.
- (8) Represents 197,305 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 23,625 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.
- (9) Represents 56,470 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 18,225 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.
- (10) Represents 55,370 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 13,500 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.
- (11) Represents 101,189 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 7,853 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.
- (12) The address for Messrs. Klein and Mulhern is 399 Park Avenue, 6th Floor, New York, NY 10022.
- (13) Represents 105,189 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 7,853 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.

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- (14) Represents 125,189 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 7,853 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.
- (15) Represents 5,550 shares of common stock, 113,389 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 7,853 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.
- (16) Mr. Park resigned his positions as our Chairman of the Board of Directors, Director and Chief Executive Officer and from all other officer and director positions with us and our subsidiaries, effective as of May 20, 2014. Represents 280,000 shares of common stock and 225,000 options to purchase shares of common stock that will be vested and exercisable prior to August 30, 2015. The address for Mr. Park is c/o Gibson, Dunn & Crutcher LLP, 333 South Grand Avenue, Los Angeles, CA 90071-3197, Attn: Maurice M. Suh.
- (17) Ms. Sakai resigned her positions as our Executive Vice President and Chief Financial Officer and from all other officer and director positions with us and our subsidiaries, effective as of March 25, 2014. Represents 42,000 shares of common stock. The address for Ms. Sakai is c/o Kobre & Kim LLP, 150 California Street, San Francisco, California 94111.
- (18) Mr. Hwang resigned his positions as our President and Chief Operating Officer and from all other officer and director positions with us and our subsidiaries, effective as of April 30, 2015. Represents 90,000 shares of common stock and 195,000 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015. The address for Mr. Hwang is c/o Bird, Marella, Boxer, Wolpert, Nessim, Dooks, Lincenberg & Rhow, P.C., 1875 Century Park East, 23rd Floor, Los Angeles, California 90067-2561.
- (19) Mr. Rowe resigned his positions as our Senior Vice President, Worldwide Sales, and from all other officer and director positions with us and our subsidiaries, effective as of May 21, 2015. Represents 35,000 shares of common stock and 130,000 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015.
- (20) Represents 26,550 shares of common stock, 855,071 options to purchase shares of common stock that will be vested and exercisable as of August 30, 2015 and 98,237 shares of common stock issuable under restricted stock units that will be vested as of August 30, 2015.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Compliance with Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of its equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors, and greater than 10% shareholders are required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to the Company, the Company believes that during 2014 all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% shareholders were in compliance with Section 16(a).

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PROPOSAL TWO

ADVISORY VOTE ON

COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In accordance with Dodd-Frank Act and Section 14A of the Exchange Act, the Board of Directors is asking stockholders to approve an advisory resolution on executive compensation. The advisory vote is a non-binding vote on the compensation of our named executive officers. The vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. The text of the resolution is as follows:

RESOLVED, that the stockholders of MagnaChip Semiconductor Corporation approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the proxy statement for the Company's 2015 annual meeting of stockholders pursuant to the compensation disclosure rules of the Securities Exchange Act of 1934, as amended (which disclosure includes the Compensation Discussion and Analysis section, the Summary Compensation Table for 2014 and the related compensation tables and narrative disclosure within the Executive and Director Compensation section of the proxy statement).

The Company urges you to read the disclosure under "Compensation Discussion and Analysis" in this Proxy Statement, which discusses how our compensation policies and procedures implement our pay-for-performance compensation philosophy. You should also read the Summary Compensation Table and other related compensation tables and narrative disclosure which provide additional details about the compensation of our named executive officers for fiscal 2014. We have designed our executive compensation structure to attract, motivate, and retain executives with the skills required to formulate and implement the Company's strategic objectives and create stockholder value. We believe that our executive compensation program is reasonable, competitive and strongly focused on pay for performance principles, and provides an appropriate balance between risk and incentives.

The vote regarding the compensation of the named executive officers described above, referred to as a "say-on-pay" advisory vote, is advisory, and is therefore not binding on the Company, the Compensation Committee or the Board of Directors. Although non-binding, the Board of Directors and the Compensation Committee value the opinions that stockholders express in their votes and will review the voting results and take them into consideration when making future decisions regarding our executive compensation programs as they deem appropriate.

If no voting specification is made on a properly returned or voted proxy card, the proxies named on the proxy card will vote **FOR** the approval of the compensation of the named executive officers as disclosed in this proxy statement and described above.

The Board of Directors recommends that you vote **FOR Proposal Two.**

Table of Contents**PROPOSAL THREE****RATIFICATION OF APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC****ACCOUNTING FIRM FOR THE CURRENT FISCAL YEAR**

Samil PricewaterhouseCoopers has been selected by the Audit Committee as the principal independent registered public accounting firm for the current fiscal year for us and our subsidiaries. Our Board of Directors recommends a vote for ratification of the appointment of Samil PricewaterhouseCoopers as the independent registered public accounting firm to audit the books and accounts for us and our subsidiaries for the current fiscal year. It is expected that representatives of Samil PricewaterhouseCoopers will attend the Annual Meeting, with the opportunity to make a statement if they so desire, and, if a representative is in attendance, the representative will be available to answer appropriate questions.

The appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm is not required to be submitted to a vote of our stockholders for ratification. However, our Board believes that obtaining stockholder ratification is a sound governance practice. If our stockholders fail to vote on an advisory basis in favor of the appointment of Samil PricewaterhouseCoopers, the Audit Committee will take such actions as it deems necessary as a result of such stockholder vote.

Fees Paid to Independent Registered Public Accounting Firm

The following table presents fees billed or expected to be billed for professional services rendered by Samil PricewaterhouseCoopers and its affiliates for the years ended December 31, 2014 and 2013.

	Year Ended December 31	
	2014	2013
	(in millions)	
Audit fees(1)	\$ 2.3	\$ 8.5
Audit Related fees		
Tax fees	0.0	0.0
All other fees	0.0	0.0
Total	\$ 2.3	\$ 8.6

- (1) The large difference between the fees reflected in 2013 compared to those for 2014 primarily relates to additional fees incurred associated with our restatement of certain of our prior period financial statements and financial data.

Policy and procedure for approval of audit and permitted non-audit services

All audit fees were pre-approved by the Company's Audit Committee, which concluded that the provision of such services by Samil PricewaterhouseCoopers and its affiliates was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. With respect to outside auditor independence, the Audit Committee Charter provides for pre-approval of audit services and non-audit services, based on independence, qualifications and, if applicable, performance, and approve the fees and other terms of any such engagement. The Audit Committee Charter authorizes the Audit Committee to delegate to one or more of its members the authority to grant pre-approvals for such services, provided that the decisions of such member(s) to grant any such pre-approval shall be presented to the Committee at its next scheduled meeting. The Audit Committee followed these guidelines in approving all services rendered by Samil PricewaterhouseCoopers and its affiliates.

The Board of Directors recommends that you vote FOR the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year.

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STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING

A stockholder who would like a proposal considered for inclusion in our proxy statement relating to our 2016 annual meeting pursuant to Rule 14a-8 (Rule 14a-8) under the Exchange Act must be received by the Corporate Secretary of the Company no later than March 22, 2016 and must otherwise comply with Rule 14a-8.

Any stockholder proposals received outside of the Rule 14a-8 procedure for consideration at our 2016 annual meeting must be received by the Corporate Secretary of the Company between April 13, 2016 and May 13, 2016. If, however, the date of the 2016 annual meeting is changed by more than 30 days from the anniversary date of this year s Annual Meeting, the stockholder notice described above will be deemed timely if it is received not later than the close of business on the later of the 90th calendar day prior to such annual meeting and the 10th calendar day after public announcement of the date of such meeting. Such proposals must be addressed to MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 60 South Market Street, Suite 750, San Jose, CA 95113, Attention: Secretary. If we do not receive such notice within the timeframe described above, the notice will be considered untimely and the proposal may not be brought.

In addition to the timely notice requirements, a stockholder s proposal for nominees for directors must comply with Section 2.15 of the Company s bylaws and other applicable procedures described therein or established by our Nominating and Corporate Governance Committee. See The Board of Directors and Corporate Governance Nominating and Corporate Governance Committee. Stockholder proposals related to other business must also comply with Section 1.10 of the Company s bylaws. Furthermore, any stockholder proposal must comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder.

Our proxy for the 2016 annual meeting will grant authority to the persons named therein to exercise their voting discretion with respect to any matter of which we did not receive notice between April 13, 2016 and May 13, 2016. Notices should be submitted to the address set forth above.

SOLICITATION OF PROXIES

We will bear the costs of soliciting proxies from our stockholders. In addition to the use of the mails, proxies may be solicited by our directors, officers and employees by personal interview, telephone or telegram. Such directors, officers and employees will not be additionally compensated for such solicitation, but may be reimbursed for out-of-pocket expenses incurred in connection therewith. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of our common stock held of record by such persons, and we will reimburse such brokerage houses, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred in connection therewith.

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OTHER MATTERS

The directors know of no other matters which are likely to be brought before the Annual Meeting. The enclosed proxy card grants to the persons named in the proxy card the authority to vote in their best judgment regarding all other matters properly raised at the Annual Meeting.

By Order of the Board of Directors

/s/ Theodore Kim
Theodore Kim
Executive Vice President, General Counsel, Chief
Compliance Officer and Secretary

July 20, 2015

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