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**SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
**COUNTY OF SANTA CLARA**

CURT HEMMINGSON and VIC  
VANDEGRIFF, Derivatively on Behalf of  
Nominal Defendant MAGNACHIP  
SEMICONDUCTOR CORPORATION,

Plaintiffs,

v.

MICHAEL ELKINS , TAE YOUNG HWANG,  
RANDAL KLEIN , ILBOK LEE,  
BRIAN MULHERN, R. DOUGLAS NORBY,  
SANG PARK, MARGARET SAKAI, NADER  
TAVAKOLI and AVENUE CAPITAL  
MANAGEMENT II, L.P.,

Defendants,

and

MAGNACHIP SEMICONDUCTOR  
CORPORATION,

Nominal Defendant.

CASE NO.: 1-15-cv-278614

**NOTICE OF HEARING AND PROPOSED  
DERIVATIVE SETTLEMENT**

Judge: Hon. Peter H. Kirwan  
Dept.: 1

Date Action Filed: March 25, 2015

1 STEPHEN BUSHANSKY, Derivatively on  
2 Behalf of Nominal Defendant MAGNACHIP  
SEMICONDUCTOR CORPORATION,

3 Plaintiff,

4 v.

5 R. DOUGLAS NORBY; MICHAEL  
6 ELKINS; RANDAL KLEIN; BRIAN  
MULHERN; NADER TAVAKOLI; ILBOK  
7 LEE; SANG PARK; MARGARET SAKAI,  
AVENUE CAPITAL GROUP; and DOES 1-  
8 25, inclusive,

9 Defendants,

10 and

11 MAGNACHIP SEMICONDUCTOR  
CORPORATION,

12 Nominal Defendant.

CASE NO.: 1-15-cv-281284

Judge: Hon. Peter H. Kirwan  
Dept.: 1

Date Action Filed: June 1, 2015

13 **TO: ALL HOLDERS OF MAGNACHIP SEMICONDUCTOR CORPORATION**  
14 **(“MAGNACHIP” OR THE “COMPANY”) COMMON STOCK AS OF JUNE 10, 2016,**  
15 **EXCLUDING THE INDIVIDUAL DEFENDANTS, THE AVENUE CAPITAL**  
16 **DEFENDANTS, AND EACH OF THEIR RELATED PERSONS (“CURRENT**  
17 **MAGNACHIP STOCKHOLDERS”). IF YOU HOLD MAGNACHIP COMMON STOCK**  
18 **FOR THE BENEFIT OF ANOTHER PERSON, PLEASE TRANSMIT THIS DOCUMENT**  
19 **TO SUCH BENEFICIAL OWNER. PLEASE NOTE THAT THESE ACTIONS ARE NOT**  
20 **“CLASS ACTIONS” AND NO INDIVIDUAL CURRENT MAGNACHIP STOCKHOLDER**  
21 **HAS THE RIGHT TO BE COMPENSATED AS A RESULT OF THIS SETTLEMENT.**

22 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR**  
23 **RIGHTS MAY BE AFFECTED. THIS NOTICE IS NOT AN EXPRESSION OF ANY**  
24 **OPINION BY THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES IN**  
25 **THE ABOVE-CAPTIONED LAWSUITS. THE STATEMENTS IN THIS NOTICE ARE**  
26 **NOT FINDINGS OF THE COURT.**

27 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the Superior Court of the State  
28 of California for the County of Santa Clara (the “Court”), that a proposed settlement has been

1 reached as to claims asserted in two stockholder derivative actions pending before the Court,  
2 captioned *Hemmingson, et al. v. Elkins, et al.*, No. 1-15-CV-278614 (the “Hemmingson Action”)  
3 and *Bushansky v. Norby, et al.*, No. 1-15-CV-281284 (the “Bushansky Action,” and together with  
4 the Hemmingson Action, the “Actions”). The terms of the proposed settlement are summarized in  
5 this Notice and fully set forth in the Stipulation of Settlement dated January 22, 2016 (the  
6 “Stipulation”).<sup>1</sup>

7 The Settlement will fully resolve the Actions upon entry of an Order and Final Judgment by  
8 the Court and forever release, relinquish, and discharge the Released Claims against the Released  
9 Defendant Persons and any and all claims (including Unknown Claims) arising out of, relating to,  
10 or in connection with, the defense, settlement or resolution of the Actions against the Released  
11 Defendant Persons. The Order and Final Judgment will also fully, finally, and forever release,  
12 relinquish and discharge Plaintiffs and Plaintiffs’ Counsel from all claims arising out of, relating to,  
13 or in connection with, the institution, prosecution, assertion, settlement or resolution of the Actions  
14 or the Released Claims (including Unknown Claims). For a more detailed statement of the matters  
15 involved in the Actions, the Settlement and the terms discussed in this Notice, the Stipulation may  
16 be inspected at the Office of the Clerk, Superior Court of the State of California for the County of  
17 Santa Clara, 191 North First Street, San Jose, California 95113-1090, during regular business hours  
18 of each business day. In addition, the Stipulation and this Notice are both publicly available for  
19 viewing through the Company’s website at <http://investors.magnachip.com>.

20 The Settlement will result in MagnaChip’s directors’ and officers’ liability insurance  
21 carriers making a cash payment of three million dollars (\$3,000,000.00) into an interest-bearing  
22 escrow account established for the purpose of satisfying the Settling Defendants’ and MagnaChip’s  
23 obligations. In addition, the Settlement will result in MagnaChip implementing and/or maintaining  
24 for a period of three (3) years certain corporate governance changes.

25  
26  
27 <sup>1</sup> Except as otherwise expressly provided herein, all capitalized terms contained herein shall have  
28 the same meanings as set forth in the Stipulation. The Court adopts and incorporates the  
definitions in the Stipulation.

1 **I. BACKGROUND OF THE ACTIONS AND PROCEDURAL HISTORY**

2 MagnaChip is a Delaware corporation with its principal executive offices in Luxembourg  
3 and additional executive offices in Cupertino, California. The Company's business operations are  
4 based primarily in South Korea. On March 25, 2015, plaintiffs Hemmingson and Vandegriff filed  
5 their Verified Stockholder Derivative Complaint (the "Hemmingson Complaint") in the Superior  
6 Court of California, Santa Clara County. The Hemmingson Complaint alleges various causes of  
7 action, including: (1) breach of fiduciary duty against defendants Michael Elkins, Tae Young  
8 Hwang, Randal Klein, Ilbok Lee, Brian Mulhern, R. Douglas Norby, Sang Park, Margaret Sakai  
9 and Nader Tavakoli (collectively, the "Individual Defendants") in connection with their alleged  
10 failure to ensure that the Company implemented and maintained adequate internal controls over its  
11 accounting and financial reporting functions and alleged knowing dissemination of false and  
12 misleading statements concerning the Company's financial results and internal controls; (2) breach  
13 of fiduciary duty against defendants Avenue Capital Management II, L.P. ("Avenue Capital  
14 Management"), Elkins, Klein and Mulhern for alleged insider trading; and (3) unjust enrichment  
15 against Avenue Capital Management in connection with the improper gains it received as a result  
16 of the alleged insider trading.

17 Following the filing of the Hemmingson Complaint, counsel for plaintiffs Hemmingson and  
18 Vandegriff and certain of the Defendants began negotiations regarding service of the Hemmingson  
19 Complaint and scheduling. On May 12, 2015, plaintiffs Hemmingson and Vandegriff, defendants  
20 Elkins, Klein, Lee, Mulhern, Norby, Sakai, Tavakoli and Avenue Capital Management and  
21 nominal defendant MagnaChip, (the "Stipulating Defendants") entered into a stipulation and  
22 proposed order providing that: (1) counsel for the Stipulating Defendants agreed to accept service  
23 on behalf of their respective clients; (2) the Hemmingson Action would be stayed pending  
24 resolution of two related securities class actions<sup>2</sup>; (3) notwithstanding the stay, plaintiffs  
25 Hemmingson and Vandegriff could pursue service efforts on defendants Park and Hwang, both of

26 \_\_\_\_\_  
27 <sup>2</sup> *Thomas et al. v. MagnaChip Semiconductor Corp. et al.*, Case No. 3:14-cv-01160-JST (N.D.  
28 Cal.) and *Oklahoma Police Pension & Retirement System v. MagnaChip Semiconductor Corporation*, Case No. 3:15-cv-01797-JST (N.D. Cal.). These actions were subsequently consolidated into the first-filed action (as consolidated, the "Class Action").

1 whom reside in South Korea and had resigned from their positions with the Company; (4) the  
2 Stipulating Defendants would provide plaintiffs Hemmingson and Vandegriff with all discovery  
3 produced in the Class Action; and (5) plaintiffs Hemmingson and Vandegriff would attend and  
4 participate in any mediation of the Class Action. This Court entered the proposed order on May  
5 13, 2015 (the “Stay Order”). Thereafter plaintiffs Hemmingson and Vandegriff continued their  
6 efforts to locate defendants Park and Hwang while monitoring developments in the Class Action.

7 On June 1, 2015, plaintiff Bushansky filed a similar stockholder derivative complaint (the  
8 “Bushansky Complaint”) on behalf of MagnaChip in this Court against Avenue Capital Group  
9 (“Avenue Capital Group,” and together with Avenue Capital Management, the “Avenue Capital  
10 Defendants”) and all of the Individual Defendants except defendant Hwang. On August 27, 2015,  
11 plaintiff Bushansky and certain of the defendants in the Bushansky Action entered a proposed  
12 order to stay the Bushansky Action pending resolution of the motion to dismiss filed in the Class  
13 Action, which was entered by the Court on September 1, 2015.

14 Beginning in September 2015, MagnaChip, certain other defendants in the Class Action,  
15 and the plaintiffs in the Class Action engaged in settlement discussions and participated in  
16 mediation efforts conducted by former United States District Court Judge Layn R. Phillips (Ret.)  
17 (“Judge Phillips”). These efforts included two formal mediation sessions. Pursuant to the Stay  
18 Order, plaintiffs Hemmingson and Vandegriff were invited to, and did, attend and participate in  
19 both mediation sessions.

20 On December 10, 2015, a settlement in principle was reached in the Class Action among  
21 certain of the parties to the Class Action, including MagnaChip and certain of the Settling  
22 Defendants.

23 After December 10, 2015, MagnaChip and plaintiffs Hemmingson and Vandegriff  
24 continued their negotiations concerning a potential resolution of the Hemmingson Action with the  
25 assistance of Judge Phillips, including participating in numerous telephonic meetings and  
26 discussions and exchanging multiple drafts of a proposed settlement term sheet. On January 6,  
27 2016, Judge Phillips made a mediator’s proposal to settle the Action, which was accepted.  
28 Plaintiffs Hemmingson and Vandegriff and MagnaChip executed a term sheet dated as of January

1 7, 2016 (the “Term Sheet”), memorializing their agreement in principle. Plaintiffs Hemmingson,  
2 Vandegriff and Bushansky, MagnaChip and the Settling Defendants executed the Stipulation on  
3 January 22, 2016.

4 **II. PLAINTIFFS’ CLAIMS AND BENEFITS OF THE SETTLEMENT**

5 Plaintiffs believe that the claims they have asserted in the Actions have merit. Nonetheless,  
6 Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary  
7 to prosecute the Actions against Defendants through trial and appeals. Plaintiffs and their counsel  
8 have also taken into account the uncertain outcome and the risk of any litigation, especially in  
9 complex actions such as these Actions, as well as the difficulties and delays inherent in such  
10 litigation. Plaintiffs and their counsel are also mindful of the inherent problems of proof and  
11 possible defenses to the claims Plaintiffs have asserted in the Actions. Based on their evaluation,  
12 Plaintiffs and their counsel have determined that the Settlement set forth in this Stipulation confers  
13 substantial benefits upon MagnaChip and all Current MagnaChip Stockholders. Moreover, the  
14 agreement-in-principle embodied in the Stipulation was only reached after vigorous arm’s-length  
15 negotiations between the Settling Parties, who are all represented by counsel with extensive  
16 experience and expertise in shareholder derivative litigation. During the negotiations, all Settling  
17 Parties had a clear view of the strengths and weaknesses of their respective claims and defenses.  
18 Plaintiffs and their counsel base their conclusion upon, among other things, their extensive  
19 investigation during the development, prosecution and settlement of the Actions, which included,  
20 *inter alia*: (i) inspecting, reviewing and analyzing the Company’s filings with the United States  
21 Securities and Exchange Commission (“SEC”) and other public statements; (ii) researching  
22 corporate governance issues; (iii) researching the law applicable to the claims asserted in the  
23 Actions and the potential defenses thereto; and (iv) reviewing and analyzing over 4,000 pages of  
24 non-public documents produced by MagnaChip. Plaintiffs believe that the Settlement is fair,  
25 reasonable and adequate and is in the best interests of MagnaChip and all Current MagnaChip  
26 Stockholders.

1 **III. THE SETTLING DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

2 The Settling Defendants have denied, and continue to deny, each and all of the claims and  
3 contentions alleged by Plaintiffs in the Actions. Nonetheless, the Settling Defendants have also  
4 taken into account the uncertainty and risks inherent in any litigation, especially in complex cases  
5 like these Actions. The Settling Defendants and MagnaChip have therefore determined that it is  
6 desirable that the Actions be fully and finally settled in the manner and upon the terms and  
7 conditions set forth in this Stipulation. The Settling Defendants and MagnaChip believe that the  
8 Settlement is fair, reasonable and adequate and in the best interests of MagnaChip and all Current  
9 MagnaChip Stockholders.

10 **IV. THE SETTLEMENT HEARING**

11 The Settlement Hearing will be held before the Honorable Peter H. Kirwan on October 7,  
12 2016 at 9:00 a.m. in Department 1 of the Court, located at 191 North First Street, San Jose,  
13 California 95113-1090, to: (i) determine whether the Settlement of the Actions on the terms and  
14 conditions provided for in the Stipulation is fair, reasonable and adequate, and should be finally  
15 approved by the Court; (ii) determine whether an Order and Final Judgment should be entered  
16 pursuant to the Stipulation dismissing the Hemmingson Action and the Bushansky Action with  
17 prejudice; (iii) consider Plaintiffs' Counsel's application for an award of attorneys' fees and  
18 expenses; and (iv) rule on such other matters as the Court may deem appropriate. The Settlement  
19 Hearing may be continued by the Court at the Settlement Hearing or at any adjourned session  
20 thereof without further notice.

21 **V. THE SETTLEMENT**

22 The terms and conditions of the Settlement are set forth in the Stipulation described above  
23 and can be viewed in their entirety on the Company's website at <http://investors.magnachip.com>.  
24 The following is only a summary of its terms.

25 The Settling Parties have conducted arm's-length negotiations over an extended period of  
26 time and have reached an agreement in good faith to settle the Actions with the assistance of Judge  
27 Phillips, a former federal district judge and highly respected mediator with extensive experience in  
28 the mediation of complex stockholder derivative actions such as these Actions.

1 In full and complete settlement of the claims asserted in the Actions, MagnaChip's  
2 directors' and officers' liability insurance carriers have paid, or will have paid, three million dollars  
3 (\$3,000,000) (the "Settlement Amount") into an interest-bearing escrow account established for the  
4 purpose of satisfying the Settling Defendants' and MagnaChip's obligations within ten (10)  
5 business days after entry of the Preliminary Approval Order. Once the Effective Date has  
6 occurred, the Settlement Amount shall be remitted to MagnaChip, less (i) any applicable taxes and  
7 other costs of maintaining the escrow account, (ii) any amount for an award of attorneys' fees and  
8 litigation expenses as are awarded to Plaintiffs' Counsel by the Court, and (iii) the costs of  
9 disseminating the Notice and Summary Notice to all Current MagnaChip Stockholders. In  
10 addition, MagnaChip has agreed to implement and/or maintain for a period of three (3) years  
11 certain corporate governance changes. The corporate governance changes are set forth fully in  
12 ¶ 2.2 of the Stipulation, which is available for viewing on the Company's website at  
13 <http://investors.magnachip.com>.

14 **VI. RELEASES AND DISMISSAL**

15 In connection with the Court's approval of the Settlement, Plaintiffs seek a dismissal with  
16 prejudice of all claims asserted by Plaintiffs on behalf of MagnaChip against the Defendants.

17 Upon the Effective Date, MagnaChip, Plaintiffs, all Current MagnaChip Stockholders in  
18 their capacity as MagnaChip stockholders, on behalf of themselves and any other Person who  
19 could assert any of the Released Claims on their behalf, and all other Released Plaintiff Persons  
20 will release and forever discharge the Released Defendant Persons from the Released Claims. For  
21 the avoidance of doubt, expressly excluded from this release are (i) all claims asserted in the Class  
22 Action, (ii) all claims brought or that might be brought against MagnaChip, the Individual  
23 Defendants, or the Avenue Capital Defendants by the SEC; and (iii) all claims relating to the  
24 enforcement of the Settlement. In addition, nothing set forth herein shall constitute a release by  
25 any Released Defendant Person of any insurer, reinsurer, or any other entity contracted or  
26 otherwise obligated to provide insurance or indemnification to any of the Released Defendant  
27 Persons of any claim arising out of the rights, remedies, duties or obligations provided for in any  
28 insurance policy or agreement, but the Effective Date shall not be contingent upon resolution of



1 such claim. Nothing set forth herein shall constitute a release by or among MagnaChip and the  
2 other Released Defendant Persons of the rights and obligations relating to indemnification or  
3 advancement of defense costs arising from MagnaChip's or any of its subsidiaries', divisions', or  
4 related or affiliated entities' certificates of incorporation, bylaws, operating agreements, or other  
5 formation documents, or any indemnification agreement or similar agreement.

6           Upon the Effective Date, each of the Released Defendant Persons will release and forever  
7 discharge the Released Plaintiff Persons from the Released Claims. For the avoidance of doubt,  
8 expressly excluded from this release are all claims relating to the enforcement of the Settlement.

9           "Released Claims" means, with respect to the Released Defendant Persons, any and all  
10 claims, rights, demands, obligations, damages, actions or causes of action, or liabilities whatsoever,  
11 of every nature and description, including both known and Unknown Claims, whether arising  
12 under federal, state, common or foreign law or regulation, that have been or could have been  
13 asserted, in the Actions or in any other court, tribunal, or proceeding by Plaintiffs or any other  
14 Current MagnaChip Stockholder derivatively on behalf of MagnaChip, or by MagnaChip directly  
15 against any of the Released Defendant Persons, which, now or hereafter, are based upon, arise out  
16 of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions,  
17 occurrences, facts, statements, or omissions that were alleged or asserted in the Actions, except that  
18 expressly excluded from this release are (i) all claims asserted in the Class Action; (ii) all claims  
19 brought or that might be brought against MagnaChip, the Individual Defendants, or the Avenue  
20 Capital Defendants by the SEC, and (iii) all claims relating to the enforcement of the Settlement.

21 In addition, nothing set forth herein shall constitute a release by any Released Defendant Person of  
22 any insurer, reinsurer, or any other entity contracted or otherwise obligated to provide insurance or  
23 indemnification to any of the Released Defendant Persons of any claim arising out of the rights,  
24 remedies, duties or obligations provided for in any insurance policy or agreement, but the Effective  
25 Date shall not be contingent upon resolution of such claim. Nothing set forth herein shall  
26 constitute a release by or among MagnaChip and the other Released Defendant Persons of the  
27 rights and obligations relating to indemnification or advancement of defense costs arising from  
28 MagnaChip's or any of its subsidiaries', divisions', or related or affiliated entities' certificates of

1 incorporation, bylaws, operating agreements, or other formation documents, or any indemnification  
2 agreement or similar agreement. “Released Claims” means, with respect to the Released Plaintiff  
3 Persons, all claims (including Unknown Claims) arising out of, relating to, or in connection with,  
4 the institution, prosecution, assertion, settlement or resolution of the Actions or the Released  
5 Claims with respect to the Released Defendant Persons, except that expressly excluded from this  
6 release are all claims relating to the enforcement of the Settlement.

7 “Released Defendant Persons” means MagnaChip, the Individual Defendants and the  
8 Avenue Capital Defendants and each of their Related Persons.

9 “Released Plaintiff Persons” means MagnaChip, Plaintiffs and Plaintiffs’ Counsel and each  
10 of their Related Persons.

11 “Related Persons” means each of a Person’s past or present agents, officers, directors,  
12 employees, affiliates, attorneys, advisors, underwriters, insurers (and insurers’ respective past and  
13 present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, funds,  
14 attorneys, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives,  
15 estates, administrators, trusts, predecessors, successors, and assigns), co-insurers, reinsurers,  
16 spouses, immediate family members, heirs, executors, personal representatives, estates,  
17 administrators, trusts, predecessors, successors, and assigns, each other individual or entity in  
18 which a Person has a controlling interest, and each and all of their respective past and present  
19 officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, funds, attorneys,  
20 accountants, auditors, advisors, underwriters, insurers, co-insurers, re-insurers, heirs, executors,  
21 personal representatives, estates, administrators, trusts, predecessors, successors, and assigns.

22 “Unknown Claims” means any claims which a Person does not know or suspect to exist in  
23 his, her, or its favor at the time of the release, including claims which, if known by him, her, or it,  
24 might have affected his, her, or its settlement and release, or might have affected his, her, or its  
25 decision not to object to this Settlement. With respect to any and all Released Claims, the Settling  
26 Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive,  
27 and all Current MagnaChip Stockholders by operation of the Judgment shall have expressly  
28 waived, the provisions, rights, and benefits of California Civil Code section 1542, or any other law

1 of the United States or any state or territory of the United States, or principle of common law that is  
2 similar, comparable or equivalent to section 1542, which provides:

3 ***A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE***  
4 ***CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER***  
5 ***FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF***  
6 ***KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR***  
7 ***HER SETTLEMENT WITH THE DEBTOR.***

8 The Settling Parties acknowledge that they may hereafter discover facts in addition to or different  
9 from those now known or believed to be true by them, with respect to the subject matter of the  
10 Released Claims, but, it is the intention of the Settling Parties to completely, fully, finally and  
11 forever compromise, settle, release, discharge and extinguish any and all of the Released Claims,  
12 known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued,  
13 apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without  
14 regard to the subsequent discovery of additional or different facts. The Settling Parties  
15 acknowledge, and all other Current MagnaChip Stockholders in their capacity as MagnaChip  
16 stockholders, on behalf of themselves and any other person who could assert any of the Released  
17 Claims on their behalf shall be deemed by operation of the Judgment to have acknowledged, that  
18 the foregoing waiver was separately bargained for and is a key element of the Stipulation of which  
19 this release is a part.

20 The Court has not made (and will not make) any determination as to the merits of any  
21 claims or defenses in the Actions. This Notice does not imply that any Released Defendant Person  
22 would be found liable or that relief would be awarded if the Actions were not being settled.  
23 Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the  
24 terms of the Stipulation.

## 25 **VII. PLAINTIFFS' COUNSEL'S FEES AND EXPENSES**

26 Plaintiffs' Counsel intends to make an application to the Court for attorneys' fees and  
27 reimbursement of expenses (the "Fee and Expense Award"), in the aggregate, of not more than  
28 \$750,000, and the Settling Defendants and MagnaChip will not oppose or object to such an  
application. This agreement was reached only after the Settling Parties had agreed upon the

1 Settlement Amount and the Corporate Governance Changes. Any Fee and Expense Award granted  
2 by the Court shall be paid from the escrow account, as referenced in ¶ 2.1 of the Stipulation, out of  
3 the Settlement Amount and shall constitute final and complete payment for Plaintiffs' Counsel's  
4 attorneys' fees and expenses that have been incurred or will be incurred in connection with the  
5 filing and prosecution of the Actions and the resolution of the claims alleged therein. The Released  
6 Defendant Persons shall have no obligation to make any payment other than as provided in the  
7 Stipulation to Plaintiffs' Counsel. Any appeal or other proceeding pertaining to any order issued in  
8 respect of any Fee and Expense Award application by Plaintiffs' Counsel shall not in any way  
9 delay or preclude the Judgment from becoming Final. In addition, no order concerning any  
10 application for attorneys' fees and reimbursement of litigation expenses, or any modification or  
11 reversal on appeal of such order, shall constitute grounds for cancellation or termination of this  
12 Stipulation by any Settling Party.

13 **VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE HEARING**

14 At the Settlement Hearing, the Court will consider whether to grant final approval to the  
15 Settlement and the Fee and Expense Award. Any Current MagnaChip Stockholder has the right,  
16 but is not required to appear in person or through counsel at the Settlement Hearing to object to the  
17 terms of the proposed Settlement or otherwise present evidence or argument that may be proper  
18 and relevant. If you want to submit any papers, briefs or other documents objecting to the  
19 Settlement, not later than fourteen (14) calendar days prior to the Settlement Hearing, you must file  
20 with the Court:

21 (i) a written notice of objection with your name, address, and telephone number, along  
22 with a representation as to whether you intend to appear at the Settlement Hearing;

23 (ii) competent evidence that you held shares of MagnaChip common stock as of June  
24 10, 2016, and that you continue to hold shares of MagnaChip common stock as of the date of the  
25 Settlement Hearing;

26 (iii) a statement of your objections to any matters before the Court, the grounds therefor  
27 or the reasons for your desiring to appear and be heard, as well as all documents or writings you  
28 desire the Court to consider; and

1 (iv) the identities of any witness you plan on calling at the Settlement Hearing, along  
2 with a summary description of their likely testimony.

3 In addition, on or before the date of such filing, *you must also serve the same documents*  
4 *via first class mail or overnight delivery upon each of the following:*

5 ***The Court***

6 Clerk of the Court  
7 Superior Court of California  
8 County of Santa Clara  
9 191 North First Street  
10 San Jose, CA 95113

11 ***Counsel for Plaintiffs Hemmingson and Vandegriff***

12 KESSLER, TOPAZ, MELTZER & CHECK, LLP  
13 Attn: Eric L. Zagar  
14 280 King of Prussia Road  
15 Radnor, PA 19087

16 ***Counsel for the Company and the Settling Defendants***

17 PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP  
18 Attn: Daniel J. Kramer, Jacqueline P. Rubin & Meredith A. Arfa  
19 1285 Avenue of the Americas  
20 New York, NY 10019-6064

21 JONES DAY LLP  
22 Attn: John C. Tang  
23 555 California Street, 26th Floor  
24 San Francisco, CA 94104

25 AKIN GUMP STRAUSS HAUSER & FELD LLP  
26 Attn: Douglass B. Maynard & Michael A. Asaro  
27 One Bryant Park  
28 Bank of America Tower  
New York, NY 10036

KASOWITZ BENSON TORRES & FRIEDMAN LLP  
Attn: Daniel J. Fetterman & Trevor J. Welch  
1633 Broadway  
New York, NY 10019

KOBRE & KIM LLP  
Attn: Michael S. Kim & Kimberly Perrotta Cole  
800 Third Avenue, New York, NY 10022

1 The Settling Parties shall have the right, but are not required to, submit a response to any  
2 objections to the Settlement not later than seven (7) calendar days prior to the Settlement Hearing.

3 If you do not want to submit any papers, briefs or other documents objecting to the  
4 Settlement, you may nevertheless object to the Settlement by appearing in person at the Settlement  
5 Hearing and providing competent evidence that you held shares of MagnaChip common stock as of  
6 June 10, 2016, and that you continue to hold shares of MagnaChip common stock as of the date of  
7 the Settlement Hearing.

8 *If you fail to object in the manner prescribed above you shall be deemed to have waived*  
9 *your right to object (including the right to appeal) and shall forever be barred, in this proceeding*  
10 *or in any other proceeding, from raising such objection(s).*

11 **IX. CONDITIONS OF SETTLEMENT**

12 The Settlement is conditioned upon the occurrence of certain events described in the  
13 Stipulation. Those events include the occurrence of the Effective Date. The Effective Date means  
14 the first day by which all of the following events and conditions have been met and have occurred:

- 15 (a) The Court has entered the Preliminary Approval Order;
- 16 (b) The Court has approved the Settlement as described in the Stipulation following  
17 notice to all Current MagnaChip Stockholders;
- 18 (c) The Court has entered the Judgment, substantially in the form of Exhibit D to the  
19 Stipulation, dismissing the Actions with prejudice;
- 20 (d) The Actions have been dismissed with prejudice;
- 21 (e) The Order and Final Judgment has become Final; and
- 22 (f) The payment of the Settlement Amount.

23 **X. EXAMINATION OF PAPERS AND INQUIRES**

24 This notice contains only a summary of the terms of the Settlement. For a more detailed  
25 statement of the matters involved in the Actions, there is additional information concerning the  
26 Settlement available in the Stipulation, which may be inspected at the Office of the Clerk, Superior  
27 Court of the State of California for the County of Santa Clara, 191 North First Street, San Jose,  
28 California 95113-1090, during regular business hours of each business day.

1 Clerk of the Court  
2 Superior Court of California  
3 County of Santa Clara  
4 191 North First Street  
5 San Jose, CA 95113-1090  
6 Telephone: (408) 882-2100

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**PLEASE DO NOT TELEPHONE THE COURT OR MAGNACHIP  
REGARDING THIS NOTICE**