

MAGNACHIP SEMICONDUCTOR CORPORATION
CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS

Purpose

The Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of MagnaChip Semiconductor Corporation (the “**Company**”) has the responsibility and authority to (a) discharge the Board’s responsibilities relating to the compensation of the Company’s chief executive officer (the “**CEO**”) and the Company’s other executive officers, (b) administer the Company’s equity-based compensation plans and (c) review the disclosures in Compensation Discussion and Analysis and produce an annual compensation committee report for inclusion in the Company’s proxy statement. In carrying out these responsibilities, the Committee shall review all components of executive and director compensation for consistency with the Company’s compensation philosophy and with the interests of the Company’s stockholders.

Composition

The Committee shall be appointed annually by the Board on the recommendation of the Company’s Nominating and Corporate Governance Committee, and shall be comprised of at least three Board members, each of whom must be determined by the Board to be “independent” under the rules of the New York Stock Exchange, the Company’s Corporate Governance Guidelines and applicable law. In addition, no director may serve on the Committee unless he or she is both (1) a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and (2) an “outside director” for purposes of Section 162(m) of the Internal Revenue Code. A Board member shall not serve on this Committee if any executive officer of the Company serves on the board of directors of an entity that employs such Board member as an executive officer.

Organization and Operation

Each member of the Committee shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation, removal or death. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

Unless a Committee Chair is elected by the Board, the members of the Committee shall designate a Chair by majority vote of the full Committee. The Chair shall preside at all regular sessions of the Committee and set the agenda for each Committee meeting.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of a majority of the Committee members present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee. Any actions taken by the Committee during any period in which one or more of the members fail for any reason to meet the membership requirements set forth above shall still constitute duly authorized actions of the Committee for all corporate purposes. The Committee shall make and retain complete and accurate minutes of its meetings, which minutes shall be filed with the minutes of the meetings of the Board.

In fulfilling its responsibilities, the Committee shall, to the extent permitted by law, be entitled to delegate any or all of its responsibilities to one or more subcommittees of the Committee comprised of one or more members of the Committee.

Meetings

The Committee shall meet as often as it deems appropriate, but not less frequently than two times each year. Meetings may be called by the Chairperson of the Board or of the Committee. The Committee may request that any

employee of the Company attend any of its meetings or meet with any Committee member or consultant. The Committee should meet at least annually with the Company's chief executive officer and such other senior executives as the Committee deems appropriate; provided, however, that the chief executive officer may not be present during deliberations or voting regarding his or her compensation. The Committee should meet periodically in executive session without the presence of management. Meetings of the Committee may be held telephonically.

Authority and Responsibilities

The Committee shall have the following authority and responsibilities, subject to such modification and additional authority as the Board may approve from time to time:

- Periodically review and advise the Board concerning the Company's overall compensation philosophy, policies and plans, including a review of both regional and industry compensation practices and trends.
- Identify appropriate companies to comprise any peer group used for comparison purposes.
- Review and approve corporate and personal performance goals and objectives relevant to the compensation of the chief executive officer, evaluate the performance of the chief executive officer in light of those goals and objectives, and determine and approve the chief executive officer's compensation (including but not limited to salary, bonus, incentive compensation, equity awards, benefits and perquisites) based on this evaluation. In determining the long-term incentive component of the chief executive officer's compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the chief executive officer in past years.
- Review and approve corporate and personal performance goals and objectives relevant to the compensation of non-CEO executive officers, and set all non-CEO executive compensation (including but not limited to salary, bonus, incentive compensation, equity awards, benefits and perquisites).
- Make recommendations to the Board regarding the establishment and terms of the Company's incentive compensation plans and equity compensation plans, and administer such plans.
- Make and approve grants of options and other awards to all executive officers and directors under the Company's compensation plans.
- Make and approve grants of options and other awards to all other eligible individuals. The Committee may authorize one or more officers to (i) designate eligible individuals other than executive officers and directors to be recipients of equity compensation and (ii) determine, within an amount established by the Committee or the Board, the size of equity awards to be granted to each such recipient; provided, however, that no officer may designate himself or herself as such a recipient. Any officer to whom such authority is delegated shall regularly report to the Committee on the grants so made.
- Review and approve compensation-related matters outside the ordinary course, including but not limited to employment contracts, change-in-control provisions, severance arrangements, and material amendments thereto.
- Review and discuss with management the disclosures in the Company's "Compensation Discussion and Analysis" and any other disclosures regarding executive compensation to be included in the Company's public filings or shareholder reports.
- Based upon its review and discussion with management, recommend to the Board whether the Compensation Discussion and Analysis should be included in the Company's proxy statement, Form

10-K, or information statement, as applicable, and prepare the related report required by the rules of the Securities and Exchange Commission.

- Report to the Board on the Committee's activities on a regular basis.
- Make recommendations to the Board regarding director compensation.

Resources and Authority; Independence Assessment

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and request information from management in connection with such investigation. The Committee shall have sole authority, in its sole discretion, to retain or obtain the advice of and terminate any compensation consultant to be used to assist in the performance of the Committee's duties, and shall be directly responsible for and have sole authority to oversee and approve the consultant's fees and other retention terms. The Committee shall also have authority, in its sole discretion, to retain or obtain advice and assistance from internal or external legal counsel, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation of any such advisors. Notwithstanding the foregoing, nothing in the authority granted hereby with respect to the retention and advice of compensation consultants, legal counsel or other advisors shall be construed: (A) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (B) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

The Committee may select a compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management, including the following:

(A) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(B) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(C) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(D) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;

(E) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(F) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

Provided, that the Committee is required to conduct the independence assessment outlined in clauses (A) through (F) above with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K under the Exchange Act: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for the Company or that is customized based on parameters that

are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

Provided further, that nothing herein shall require a compensation consultant, legal counsel or other adviser to be independent, only that the Committee consider the enumerated independence factors set forth in clauses (A) through (F) above before selecting or receiving advice from such adviser.

Annual Review

The Committee shall review on at least an annual basis (i) this Charter and the scope of responsibilities of the Committee; and (ii) the Committee's performance of its duties. Any proposed changes to this Charter or the Committee's scope of responsibilities, where indicated, shall be referred to the Board for appropriate action.

Adopted on March 11, 2010
Amended and Restated on February 16, 2011
Further Amended and Restated on March 28, 2013