

**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.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



**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 June 11, 2019, at 8:00 p.m. Eastern Daylight Time. We are pleased to announce that this year's annual meeting will be held completely virtually 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/mx2019. 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 the six director nominees named in the proxy statement to our Board of 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 fiscal year ending December 31, 2019.

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 fiscal year ending December 31, 2019.

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/ Nader Tavakoli
Nader Tavakoli
Chairman of the Board

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

April 30, 2019



**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
June 11, 2019**

The Annual Meeting of Stockholders of MagnaChip Semiconductor Corporation, a Delaware corporation, will be held on Tuesday, June 11, 2019, at 8:00 p.m. Eastern Daylight Time, via live interactive webcast on the Internet, for the following purposes:

- (1) to elect the six director nominees named in the proxy statement to our Board of 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 fiscal year ending December 31, 2019; 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 Thursday, April 18, 2019, 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/mx2019.

By Order of the Board of Directors

/s/ Theodore Kim

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

April 30, 2019

**Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to Be Held on June 11, 2019**

The 2019 Proxy Statement and 2018 Annual Report are available, free of charge, at <http://www.proxyvote.com>.

The Company's Annual Report for the year ended December 31, 2018 is being mailed to stockholders concurrently with the 2019 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/mx2019 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 JUNE 11, 2019

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 2019 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 June 11, 2019, at 8:00 p.m. Eastern Daylight Time. If you held shares of our Common Stock on April 18, 2019 (the “Record Date”), you are invited to attend the Annual Meeting at www.virtualshareholdermeeting.com/mx2019 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, 2018 are being mailed to stockholders commencing on or about April 30, 2019.

What am I voting on?

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

1. Election of the six director nominees specified in this Proxy Statement to serve until the 2020 Annual Meetings of Stockholders and until their respective successors are elected and qualified;
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, 2019.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

“FOR” the election of each of the six director nominees named in this Proxy Statement to hold office until the 2020 Annual Meetings of Stockholders 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 described in this Proxy Statement; and

“FOR” the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2019.

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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 April 18, 2019, the Record Date for the Annual Meeting, you may vote your shares at the Annual Meeting. As of the Record Date, there were 34,223,502 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/mx2019. 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 of record or a beneficial owner as of April 18, 2019, live via the Internet at www.virtualshareholdermeeting.com/mx2019. You must have your Control Number listed on the enclosed proxy card to enter the meeting. The webcast starts at 8:00 p.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/mx2019. 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 six director nominees named in this Proxy Statement to hold office until the 2020 Annual Meetings of Stockholders and until their respective successors are elected and qualified; (2) "FOR" the approval on an advisory (non-binding) basis of the compensation of our 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, 2019.

The Company does not expect that any matters other than the election of directors and the other proposal 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 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 fiscal year ending December 31, 2019. Non-routine matters in this Proxy Statement are Proposal One—the election of directors and Proposal Two—the advisory (non-binding) vote on the compensation of our named executive officers. 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 fiscal year ending December 31, 2019. 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 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 matters, including the election of directors.

Proposal Two—Advisory Vote on Compensation of our Named Executive Officers

The proposal to approve on an advisory (non-binding) basis the compensation of our named executive officers for the fiscal year ended December 31, 2018 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 Fiscal Year Ending December 31, 2019

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.

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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 June 10, 2019.

Voting by Telephone or Internet. A registered stockholder may vote shares until 11:59 p.m. Eastern Daylight Time on June 10, 2019 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/mx2019. 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/mx2019 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 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 June 10, 2019; (2) voting again by telephone or Internet in the manner described above prior to 11:59 p.m., Eastern Daylight Time, on June 10, 2019; or (3) attending the Annual Meeting and voting via the Internet during the meeting using the procedures described at www.virtualshareholdermeeting.com/mx2019. 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.

PROPOSAL ONE

ELECTION OF DIRECTORS

The members of our Board are elected to one-year terms, with each director to serve until such director's successor is elected and qualified or until such director's earlier resignation or removal. We have six authorized members on our Board. The number of directors may be changed by our Board from time to time by resolution of a majority of the 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, six directors are to be elected to hold office for a one-year term and until their successors are elected and qualified. The nominees to the Board are Mr. Melvin L. Keating, Mr. Young-Joon Kim, Dr. Ilbok Lee, Mr. Camillo Martino, Mr. Gary Tanner and Mr. Nader Tavakoli.

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.

The following table sets forth certain information regarding our director nominees:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Nader Tavakoli	61	Non-Executive Chairman of the Board and Member of the Audit Committee, the Compensation Committee and Risk Committee
Melvin L. Keating	72	Director, Chair of the Audit Committee and Member of the Nominating and Corporate Governance Committee
Young-Joon (YJ) Kim	54	Director, Member of the Risk Committee, and Chief Executive Officer
Ilbok Lee	73	Director, Chair of the Nominating and Corporate Governance Committee and Member of the Risk Committee
Camillo Martino	57	Director, Chair of the Compensation Committee and Member of the Nominating and Corporate Governance Committee
Gary Tanner	66	Director, Chair of the Risk Committee and Member of the Audit Committee and the Compensation Committee

Nader Tavakoli, Non-Executive Chairman of the Board and Member of the Audit Committee, the Compensation Committee and Risk Committee. Mr. Tavakoli became our Non-Executive Chairman of the Board in November 2018 and director in November 2009. Mr. Tavakoli is the former Chairman, CEO and President of Ambac Financial Group and Ambac Assurance Corporation, having led the operational and financial restructuring of Ambac from 2012 through 2016. Prior to assuming executive responsibility at Ambac, Mr. Tavakoli served as a financial advisor and independent director at the company, and served on the audit and compensation committees of Ambac's board. Since 2013, Mr. Tavakoli has served as a Plan Administrator and Director of MF Global Inc., and also serves as the company's court appointed Litigation Trustee charged with pursuing certain claims on behalf of the company's stakeholders. Mr. Tavakoli also serves as the CEO and Plan Administrator of Cobalt International Energy and as the Trustee of TRU Taj LLC, the successor in interest of Toys R Us' European and Australian operations. Mr. Tavakoli is also the Chairman and CEO 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. 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 previously served as Chairman of the Board of the holding company for Aman Resorts Group, an international hospitality and real estate development company, and was a director of NextWave Wireless, Inc., prior to that company's acquisition by AT&T Inc. in January 2013.

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Mr. Tavakoli is the past chair of the Montclair State University Foundation Board and its 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. Mr. Tavakoli is a Governance Leadership Fellow of the National Association of Corporate Directors. Our Board has concluded that Mr. Tavakoli should serve on the Board based upon his familiarity with our business, extensive investing and corporate governance experience.

Melvin L. Keating, Director, Chair of the Audit Committee and Member of the Nominating and Corporate Governance Committee. Mr. Keating became our director in August 2016. Mr. Keating serves as a consultant, providing investment advice and other services to private equity firms and corporations, since November 2008. In addition, since September 2015, Mr. Keating serves as a director of Agilysys Inc., a leading technology company that provides innovative software for point-of-sale (POS), property management, inventory and procurement, workforce management, analytics, document management and mobile and wireless solutions and services to the hospitality industry. Mr. Keating also currently serves as a director of SPS Commerce, Inc., a provider of cloud-based supply management solutions, Vitamin Shoppe, Inc., an Omni-Channel Specialty Retailer of Nutritional Products and Harte Hanks, Inc., a leader in developing customer relationships, experiences and defining interaction-led marketing. During the past five years, Mr. Keating also served on the boards of directors of the following public companies: Red Lion Hotels Corporation (2010-2017); API Technologies Corp.; Crown Crafts Inc. (August 2010—August 2013) and ModSys International Ltd. (formerly BluePhoenix Solutions Ltd.), a legacy platform modernization provider. Mr. Keating holds a B.A. degree in Art History from Rutgers University (where he was a Henry Rutgers Scholar), as well as an M.S. in Accounting (he was a Shell Oil Fellow) and an M.B.A. in Finance (he was a Benjamin Franklin Fellow), both from the Wharton School of the University of Pennsylvania. Our Board has concluded that Mr. Keating should serve on the Board based upon his extensive experience advising technology companies.

Young-Joon (YJ) Kim, Director, Member of the Risk Committee and Chief Executive Officer. Mr. YJ Kim became our Chief Executive Officer and director in May 2015. Mr. YJ Kim joined our company in May 2013 and served as our Executive Vice President and General Manager, Display Solutions Division. He was promoted to Interim Chief Executive Officer in May 2014. He also served as the acting General Manager of our Foundry Services Group from May to November 2015. Prior to joining our company, Mr. YJ Kim held a variety of senior management roles at several global semiconductor firms in a career spanning nearly 30 years. His past roles include marketing, engineering, product development and strategic planning, and his product expertise includes microprocessors, network processors, FLASH, EPROM, analog, mixed-signal, sensors, workstations and servers. Immediately before joining the Company, Mr. YJ Kim served as Vice President, Infrastructure Processor Division, and General Manager of the OCTEON Multi-Core Processor Group of Cavium, Inc., where he worked from 2006 to 2013 and led the team that founded Cavium's wireless infrastructure business and added the full LTE Basestation SoC to Cavium's OCTEON Processor™ portfolio. Prior to Cavium, Mr. YJ Kim served as Core Team Lead and General Manager of the Tolapai Program at Intel Corporation from 2004 to 2006. In 1998, Mr. YJ Kim co-founded API Networks, a joint venture between Samsung and Compaq, where he served as the head of product management, worldwide sales and business development for Alpha processors. Prior to API Networks, Mr. YJ Kim served as Director of Marketing at Samsung Semiconductor, Inc. from 1996 to 1998. Mr. YJ Kim began his career as a product engineer at Intel Corporation. Mr. YJ Kim holds B.S. and M. Eng. degrees in Electrical Engineering from Cornell University. Our Board has concluded that Mr. YJ Kim should serve on the Board based on his understanding of the Company's products and technology as our Chief Executive Officer and his deep knowledge of the semiconductor industry.

Ilbok Lee, Director, Chair of the Nominating and Corporate Governance Committee, and Member of the Risk Committee. Dr. Lee became our director in August 2011. Dr. Lee served as an advisor/consultant to the Configurable Mixed-signal Business Unit of Dialog Semiconductor, Inc., which acquired Silego Technology Inc., a semiconductor company, or Silego, in October 2017. Dr. Lee served as Executive Chairman of Silego from August 2016 to October 2017. Dr. Lee also served as Silego's Chairman of the Board from March 2015 to August 2016 and as Silego's Chief Executive Officer from Silego's inception in October 2001 until August 2016.

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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 has concluded that Dr. Lee should serve on our Board based upon his extensive experience in the semiconductor industry.

Camillo Martino, Director, Chair of the Compensation Committee and Member of the Nominating and Corporate Governance Committee.

Mr. Martino became our director in August 2016. Mr. Martino currently also serves as a member of the board of directors for Cypress Semiconductor Corporation and Sensera Limited. Mr. Martino also serves as a member of the board of directors at multiple privately-held companies, including VVDN Technologies Pvt. Ltd. and SAI Technology Inc. and CyberForza. Mr. Martino previously served as a director and the Chief Executive Officer of Silicon Image Inc. from January 2010 until the completion of its sale to Lattice Semiconductor Corporation in March 2015. From January 2008 to December 2009, Mr. Martino served as Chief Operating Officer of SAI Technology Inc., where he also served as a director from June 2006 to November 2010. From July 2005 to June 2007, Mr. Martino served as a director, the President and Chief Executive Officer of Cornice Inc. From August 2001 to July 2005, Mr. Martino served as the Executive Vice President and Chief Operating Officer at Zoran Corporation. Prior to that, Mr. Martino held multiple positions with National Semiconductor Corporation for a total of nearly 14 years, and in four different countries. Mr. Martino holds a Bachelor of Applied Science degree from the University of Melbourne and a Graduate Diploma from Monash University in Australia. Our Board has concluded that Mr. Martino should serve on the Board based upon his extensive experience advising technology companies.

Gary Tanner, Director, Chair of the Risk Committee and Member of the Audit Committee and the Compensation Committee.

Mr. Tanner became our director in August 2015. Mr. Tanner served as a director of Winstek Semiconductor Corp. which is listed on the Taiwan Stock Exchange (OTC) from September 2015 until November 2017 when majority ownership of Winstek Semiconductor was acquired by Siguard Corporation. Mr. Tanner served as Executive Vice President and Chief Operations Officer of International Rectifier Corporation from January 2013 to July 2015. Mr. Tanner also served as a director at STATS ChipPac Ltd. from July 2012 until August 2015. Prior to joining International Rectifier Corporation, Mr. Tanner was the principal in GWT Consulting and Investments LLC, a firm that provided consulting services to International Rectifier Corporation from January through December 2012. Mr. Tanner previously served as Chief Executive Officer at Zarlink Semiconductor, Inc. ("Zarlink"), from May 2011 to October 2011, when Zarlink was acquired by Microsemi Corporation in October 2011. Prior to his role as Chief Executive Officer of Zarlink, from November 2009 to May 2011, Mr. Tanner served as Chief Operating Officer at that company. Mr. Tanner joined Zarlink in August 2007 as Senior Vice President of Worldwide Operations via the acquisition of Legerity, Inc., where Mr. Tanner served as the Vice President of Operations from November 2002 until August 2007. Before Legerity/Zarlink, Mr. Tanner worked for nine years at Intel Corporation, where he held various positions managing domestic and international manufacturing operations. Prior to Intel, Mr. Tanner held various management positions in fab operations at National Semiconductor, Texas Instruments and NCR Corporation. Our Board has concluded that Mr. Tanner should serve on the Board based upon his extensive experience in the semiconductor industry.

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 NYSE listing standards 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. Keating, Dr. Lee, Mr. Martino, Mr. Tanner and Mr. Tavakoli.

Board Meetings

The Board held 25 meetings during fiscal year 2018. All of the directors attended at least 91% of the total meetings held by the Board and by all committees on which they served during fiscal year 2018.

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. All of our directors attended our 2018 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 establishes ad hoc committees from time to time, which currently includes the Strategic Review Committee. The Advisory Committee of the board was dissolved by the Board in November 2018.

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 our 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. Keating, as Chair, Mr. Tanner and Mr. Tavakoli. Our Board has determined that Mr. Keating is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities Act of 1933, as amended. Our Board has also determined that each of Mr. Keating, Mr. Tanner and Mr. Tavakoli is independent as that term is defined in Section 303A of the New York Stock Exchange ("NYSE") listing standards and Rule 10A-3 promulgated under the Exchange Act of 1934, as amended (the "Exchange Act").

The Audit Committee held nine meetings in 2018. 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.

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Compensation Committee

Our Compensation Committee consists of Mr. Martino, as Chair, Mr. Tanner and Mr. Tavakoli. Our Board has determined that each of Mr. Martino, Mr. Tanner and Mr. Tavakoli is independent under applicable NYSE listing standards.

The Compensation Committee held 19 meetings in 2018. 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. Keating and Mr. Martino. Our Board has determined that each of Dr. Lee, Mr. Keating and Mr. Martino is independent under applicable NYSE listing standards.

The Nominating and Corporate Governance Committee held 11 meetings in 2018. 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 and director orientation and continuing education, 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 has and may in the future, 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. Tanner, as Chair, Mr. YJ Kim, Dr. Lee and Mr. Tavakoli. The Risk Committee held four meetings in 2018. 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, including cybersecurity risks, and reviewing the Company’s business practices, compliance activities and enterprise risk management and making recommendations to the Board related to such review.

Board Leadership Structure

Separation of Chairman and Chief Executive Officer

Our Corporate Governance Guidelines state that the Board 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.

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Currently, Mr. Tavakoli serves as the Company's Chairman of the Board and Mr. YJ Kim serves as the Company's Chief Executive Officer. Following the Annual Meeting, Mr. Tavakoli will continue to serve as Chairman of the Board, subject to his election as a director at the Annual Meeting. 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 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.

Executive Sessions of the Board

The Company's non-management directors meet at regularly scheduled Board meetings in executive session without management present. In 2018, the Chairman presided over the meetings of the non-management directors. In addition, in accordance with our Corporate Governance Guidelines, the independent members of the Board meet at least twice a year in executive session, with the Chairman 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.

Board Role in Risk Oversight

Our Board is responsible for overseeing our management of risk. The Board created a Risk Committee to assist in overseeing management's identification and evaluation of key enterprise risks to the Company, as well as guidelines, policies and processes for monitoring and mitigating such risks. In particular, the Risk Committee focuses on strategic enterprise risks, including risks associated with intellectual property; business operations and disaster recovery capabilities; and data security, privacy, technology and information security policies, procedures, and internal controls, including those related to cybersecurity and cyber incident responses and reporting procedures.

Our Audit Committee also has certain statutory, regulatory, and other responsibilities with respect to oversight of risk assessment and risk management. Specifically, the Audit Committee is responsible for overseeing policies with respect to financial risk assessment and those other items specifically set forth in our Audit Committee charter. The Risk Committee coordinates with the Audit Committee as necessary and appropriate to enable the Audit Committee to perform its responsibilities.

The Board's other independent committees also oversee risks associated with their respective areas of responsibility. For example, the Compensation Committee considers the risks to our business associated with our compensation policies and practices, with respect to both executive compensation and compensation generally. 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. Payout levels under our cash incentive program are capped and payout opportunities may be achieved on a straight-line interpolation basis between threshold and target levels, and between the target and

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maximum levels. In addition, non-GAAP performance metrics are used in our cash incentive program to align achievement with our business strategy. 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 stockholders. Our Board adopted a clawback policy to provide for the recoupment of certain executive compensation in the event of an accounting restatement resulting from the Company's material noncompliance with financial reporting requirements under the federal securities laws. See "*Executive Compensation—Compensation Discussion and Analysis—Clawback Policy*" contained elsewhere in this Proxy Statement.

Director Orientation and Continuing Education

Our Nominating and Corporate Governance Committee oversees the orientation process for new members of our Board to ensure that they are familiar with the Company's operations, financial matters, corporate governance practices and other key policies and practices through the preparation and review of background material and management meetings as appropriate. In addition, our Nominating and Corporate Governance Committee seeks to identify and encourage training and continuing education opportunities for all directors in order to improve both our Board and its committees' performance. Senior management will assist in identifying and advising our directors about opportunities for continuing education, including conferences provided by independent third parties. In furtherance of these efforts, in 2018 the Company enrolled each of its directors with a full Board membership in the National Association of Corporate Directors (NACD), which provides corporate governance resources, education, information, and research on leading board practices.

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.

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, 2018. The Audit Committee has also discussed with our independent registered public accounting firm the matters required to be discussed under Public Company Accounting Oversight Board standards.

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, 2018 filed with the SEC on February 22, 2019.

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Audit Committee:

Melvin L. Keating, Chair
Gary Tanner
Nader Tavakoli

Communications with Directors

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

Board of Directors
or Chairman, individual director, committee or group of directors
MagnaChip Semiconductor Corporation
c/o MagnaChip Semiconductor, Inc.
Corporate 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, a committee of the Board, 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.

2018 Director Compensation

Each of our non-employee directors was eligible to earn a quarterly cash retainer, additional fees based on committee service and equity awards.

Cash Compensation

Our non-employee directors were eligible to receive the following types of cash compensation for their services on the Board.

- Quarterly Board Service Retainer (all non-employee directors): \$18,750
- Quarterly Chair Service Fees:
 - Chairman of the Board: \$18,750
 - Chair of our Audit Committee: \$6,250
 - Chair of our Compensation Committee: \$3,750
 - Chair of our Nominating and Corporate Governance Committee: \$2,500
 - Chair of our Risk Committee: \$2,500
- Quarterly Committee Member (non-Chair) Service Fee:
 - Audit Committee: \$3,750
 - Compensation Committee: \$2,500
 - Nominating and Corporate Governance Committee: \$1,250
 - Risk Committee: \$1,250.

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Our director compensation policy also provides that the Lead Director of the Board, if any, would receive an additional fee of \$11,250 per quarter. No Lead Director was appointed for 2018. Our non-employee directors also receive certain fees for attending meetings of the Board throughout 2018, the standing committees on which they serve and certain ad hoc committees on which they serve, including a fee of \$10,000 for each on-site visit to the Company's Korean headquarters made by a member of the Advisory Committee of the Board, until the Advisory Committee of the Board was dissolved in November 2018. Our non-employee directors also received a fee of \$5,000 for each Advisory Committee meeting such member attended or for each full-day working session (or reasonable equivalent) such member engaged in during 2018, provided that such fees excluded any meetings or working sessions that constituted the whole or a part of an Advisory Committee visit to the Company's Korean subsidiary referenced above.

Equity Compensation

In 2018, our non-employee directors were also eligible to receive the following types of equity awards:

- *Annual Equity Awards:* Each non-employee director is eligible to receive a restricted stock unit award ("RSU") having a grant date fair value equal to \$165,000. In addition, each non-employee director is eligible to receive a RSU award having a grant date fair value equal to \$20,000 for such director's service as the chair of the Company's Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee or Risk Committee; and a RSU award having a grant date fair value equal to \$10,000 for such director's service as a member of the Company's Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee or Risk Committee. The RSU vests in full on the earlier of (x) the first anniversary of grant and (y) the meeting date of the Annual Meeting of Stockholders that occurs in the year following the year the RSU is granted, with such grants being made on the earlier of (A) the meeting date of the Company's Annual Meeting of Stockholders for such year and (B) August 31 of such year.
- *Initial Equity Awards:* If a non-employee director's initial appointment to the Board or a Board committee occurs other than at an Annual Meeting of Stockholders of the Company, such director will be granted, an RSU having an aggregate grant date fair value equal to (x) the applicable grant date fair value amount for applicable Board or committee membership multiplied by (y) the quotient obtained by dividing the number of days elapsed from the date of initial appointment to the date of the Company's next Annual Meeting of Stockholders (or, if earlier, August 31 of such year), by 365, with such grants to vest in full on the date of the Company's next Annual Meeting of Stockholders (or, if earlier, August 31 of such year).

All non-employee director equity awards will be granted under the Company's equity incentive plan in effect at the time of such grants.

The following table sets forth the total compensation earned by our non-employee directors during the year ended December 31, 2018. Mr. YJ Kim, our Chief Executive Officer, does not earn any fees for his service on the Board.

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)(1)</u>	<u>Stock Awards (\$)(2)(3)</u>	<u>All Other Compensation (\$)(4)</u>	<u>Total (\$)</u>
Melvin Keating	186,500	195,002	—	381,502
Ilbok Lee	116,500	195,002	—	311,502
Camillo Martino	158,250	195,002	—	353,252
Gary Tanner	231,891	195,851	—	427,742
Nader Tavakoli	138,806	203,575	—	342,381
Randal Klein	74,000	202,422	95,000	371,422

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- (1) Consists of the amount of cash compensation earned in 2018 for Board service, committee service and meeting fees, as described in the table below.

<u>Name</u>	<u>Board Retainer (\$)</u>	<u>Chair Service Fees (\$)</u>	<u>Committee Service Fees (\$)</u>	<u>Meeting Fees (\$)</u>	<u>Advisory Committee Fees (\$)</u>	<u>Total (\$)</u>
Melvin Keating	82,500	25,000	5,000	19,000	55,000	186,500
Ilbok Lee	82,500	10,000	5,000	19,000	—	116,500
Camillo Martino	82,500	15,000	5,000	25,750	30,000	158,250
Gary Tanner	82,500	68,641	25,000	25,750	30,000	231,891
Nader Tavakoli	82,500	16,359	16,697	23,250	—	138,806
Randal Klein	45,000	—	10,000	19,000	—	74,000

An amount of \$2,250 in cash Board retainer fees was not paid to each of Mr. Tanner, Mr. Martino and Mr. Tavakoli in the first quarter of 2018 due to the overpayment of \$2,250 in cash Board retainer fees to each such director in the fourth quarter of 2017.

- (2) Represents the aggregate grant date fair value of RSUs granted in 2018. For Mr. Klein, the fair value of August 3, 2018 was used as the vesting of his granted RSUs was accelerated upon his resignation on August 3, 2018.
- (3) As of December 31, 2018, the number of shares of our common stock underlying outstanding stock options and RSUs held by our non-employee directors who served during 2018 were as follows:

<u>Name</u>	<u>RSUs (#)</u>	<u>Stock Options (#)</u>
Melvin Keating	31,405	49,737
Ilbok Lee	37,719	204,593
Camillo Martino	31,405	49,737
Gary Tanner	38,406	93,117
Nader Tavakoli	38,629	212,793
Randal Klein	—	11,700

As of December 31, 2018, the following number of RSUs included in the table above were vested but not yet settled under the terms of the applicable RSU agreements: Mr. Keating—13,916 RSUs; Dr. Lee—20,230 RSUs; Mr. Martino—13,916 RSUs; Mr. Tanner—20,230 RSUs; and Mr. Tavakoli—20,230 RSUs. Please see the section entitled “Security Ownership of Certain Beneficial Owners and Management” for additional detail regarding all shares of common stock beneficially owned by our non-employee directors.

- (4) Consists of a cash separation payment paid to Mr. Klein in connection with his resignation from the Board on August 3, 2018.

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 2018, decisions regarding executive officer compensation were made by our Compensation Committee. Mr. YJ Kim, our Chief Executive Officer, participated in deliberations of our Compensation Committee regarding the determination of compensation of our executive officers other than himself for 2018 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 another entity that has one or more executive officers serving on our Board.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis, or “CD&A,” describes and analyzes our executive compensation program for the following MagnaChip executive officers who served in 2018 (collectively, our “named executive officers”):

- Young-Joon Kim, our Chief Executive Officer;
- Jonathan Kim, our Chief Financial Officer, Executive Vice President and Chief Accounting Officer;
- Theodore Kim, our Chief Compliance Officer, Executive Vice President, General Counsel and Secretary;
- Tae Jong Lee, our former Executive Vice President and General Manager, Foundry Services Group; and
- Woung Moo Lee, our Executive Vice President and General Manager, Standard Products Group.

Tae Jong Lee resigned as our Executive Vice President and General Manager of our Foundry Services Group on January 9, 2019.

Executive Summary

The Compensation Committee of our Board (the “Committee”) has the primary responsibility for developing and maintaining a compensation program for our senior management, including our named executive officers. The Committee believes that our executive compensation program should play a key role in our operating and financial success. The Committee also strives to design and create compensation programs that balance the competitiveness of the compensation program while holding executives accountable for our long term strategy and values. In light of our unique situation in that all of our senior executives live in Korea, the Committee believes that our ability to retain executive talent is critical to our long-term success. The Committee believes that it is important to maintain compensation programs that include strong stock ownership elements and performance-focused equity awards.

Compensation Decisions

Throughout 2018, the Committee conducted a fresh and holistic review of our existing compensation arrangements for our Chief Executive Officer and other executive officers. The Committee believes that ongoing evaluations are necessary to ensure that our compensation program for our named executive officers is aligned with our compensation philosophy and our shareholders.

During this review, the Committee worked with its outside counsel and its compensation advisor to develop a comprehensive executive compensation scheme that would further align the interests of our executive officers with our stockholders and incentivize achievement of short-term operational goals as well as long-term value creation. The Committee’s review included a thorough examination and comparison of our equity compensation practices, as well as our Chief Executive Officer’s and certain of our other named executive officers’ employment agreements and severance arrangements, to market practices in our industry.

New Employment Agreements with certain of our Named Executive Officers

In connection with the Committee’s review of our existing arrangements, in 2018 we entered into a new employment agreement with YJ Kim, our Chief Executive Officer (the “New YJ Kim Agreement”), Theodore Kim, our Chief Compliance Officer and General Counsel (the “New T. Kim Agreement”), and Woung Moo Lee, General Manager of our Standard Products Group (the “New WM Lee Agreement,” and together with the New YJ Kim Agreement and the New T. Kim Agreement, the “New Executive Agreements”).

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The New Executive Agreements reflect the following changes to Mr. YJ Kim's, Mr. T. Kim's and Mr. WM Lee's respective prior arrangements to bring each within market practices:

- Removed provision providing for so-called "single-trigger vesting" of all outstanding equity awards to allow flexibility with respect to future grants (and introduced so-called "double-trigger vesting" of new time-based grants);
- Removed post-termination continuation of certain perquisites;
- Removed executive-friendly legal fees provision;
- Removed certain carveouts and qualifiers to "cause" definition;
- Reduced non-"change in control" severance multiples;
- Reduced post-termination expatriate benefit continuation periods;
- Clarified terms of expatriate benefits, as applicable, in order reflect current entitlements; and
- Introduced performance-based equity awards, resulting in a material increase in "at-risk" pay.

Introduction of Performance Based Equity Program

Historically, the Company's equity awards were in the form of service-based stock options and RSUs. Consistent with the Committee's desire to provide compensation that is largely "at risk" while still competitive with our peers with whom we compete for talent, our redesigned equity compensation program for 2018 includes performance-based restricted stock units ("PSUs"). The Committee believes that introduction of PSUs to our compensation program is consistent with, explicitly linked to, and supports our strategic objective of enhancing shareholder value.

The New Executive Agreements contemplate the grant of PSUs that are subject to the achievement of annual goals relating to revenue, adjusted EBITDA and gross profit (collectively, the "AOP PSUs") and PSUs that are subject to vesting based on three-year total shareholder return ("TSR") relative to the S&P Semiconductor Index (the "TSR PSUs"). In structuring the relative TSR calculation and selecting the index, the Committee wanted to compare our stock price performance to that of a large, steady-state sampling of semiconductor companies on a basis designed to eliminate any short-term aberrations in stock price at the start or the end of the performance period. The financial performance goals established by the Committee for the AOP PSUs are based on our internal budget and/or our annual operating plan, which use non-GAAP (generally accepted accounting principles) measures that our Board and executive officers find useful in managing our business. The Committee believes that these elements create a well-diversified set of performance goals, including a focus on revenue as our key growth driver, profitability, and cash generation metric.

In order for any PSUs to vest, the performance must meet or exceed a threshold level performance target during the applicable performance period.

By way of illustration, Mr. YJ Kim's "performance-based" pay as a percentage of total target compensation (consisting of base salary, short-term cash incentives and equity awards) for 2016 was approximately 43%. As a result of our implementation of the foregoing program, in 2018, Mr. YJ Kim's "performance-based" pay as a percentage of total target compensation (assuming a share price of \$8.90 and consisting of base salary, short-term cash incentives, and equity awards) will be approximately 53%.

Given our desire to continue the momentum of our 2017 business strategies, while maintaining our ability to adapt to changing conditions in our industry, the Committee determined that it was appropriate to use revenue, gross profit and adjusted EBITDA for the 2018 AOP PSUs as well as our short-term cash incentive program. In future years, the Committee may reconsider the appropriate balance between the AOP PSUs and the TSR PSUs.

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The general terms of the grants contemplated by our redesigned 2018 executive compensation program are summarized below:

<u>Service-Based RSUs</u>	<u>AOP PSUs</u>	<u>TSR PSUs</u>
<ul style="list-style-type: none">• Vest over three years in specified tranches, subject to executive's continued employment through each applicable vesting date.	<ul style="list-style-type: none">• Annual grants with one-year performance period.• Vesting is based on achievement of performance goals related to annual operating plan, with specific performance goals established by the Committee annually.• For 2018, goals are related to revenue, adjusted EBITDA and gross profit metrics.	<ul style="list-style-type: none">• Annual grants with three-year performance period.• Cliff-vesting at the end of the three-year performance period.• Vesting is based on three-year TSR of the Company relative to other entities in the S&P Semiconductor Index, determined by the percentile rank of the Company's TSR relative to the TSR of each other entity in such index.

Compensation Philosophy and Objectives

The Committee has overall responsibility for administering our compensation programs for our named executive officers. The Committee's responsibilities consist of evaluating, approving and monitoring our named executive officer and director compensation plans, policies and programs, as well as each of our equity-based compensation plans and policies.

The Committee seeks to establish overall compensation for named 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 anticipates will lead to future growth, as discussed more fully below.

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

Say on Pay Vote and Stockholder Input

The Committee has responsibilities to ensure that the compensation paid to our executive officers aligns with the interests of our stockholders and the Company's compensation philosophy. As such, the Committee considered the approval by advisory votes cast for the "Say on Pay" vote and its frequency relating to the compensation of our named executive officers since the Company's 2018 Annual Meeting. At the 2018 Annual

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Meeting, approximately 92% of the stockholders approved the compensation of the Company's named executive officers as disclosed in the Company's 2018 proxy materials and "1 Year" for the frequency of future advisory votes received the most votes. After carefully reviewing and considering of the advisory votes of stockholders, the Committee determined that the Company's executive compensation elements continued to be appropriate and an advisory vote on the compensation of the Company's named executive officers on an annual basis would be the most meaningful for the Board and the Committee itself, and best serve the interests of the Company and its stockholders. Therefore, the Company did not make any changes to its executive compensation arrangements as a direct result of the 2018 Say on Pay vote.

Timing of Compensation Decisions

Generally, at the end of each annual evaluation period, our Chief Executive Officer reviews the performance of the other executive officers and presents his conclusions and recommendations to the Committee. At that time and throughout the year, the Committee also evaluates the performance of our Chief Executive Officer, which is measured in substantial part against our consolidated financial performance. In the first quarter of our fiscal year, the Committee typically establishes the elements of our short-term cash incentive plan for the upcoming year. 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.

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 the compensation of such officers, including 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 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.

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.

Role of Compensation Consultant

The Committee engages an external compensation consultant to assist it by providing information, analysis and other advice relating to our executive compensation program and the decisions resulting from its annual executive compensation review. For 2018, the Committee again retained Compensia Inc. ("Compensia"), a national compensation consulting firm, to serve as its compensation consultant. This compensation consultant serves at the discretion of the Committee.

As advisor to the Committee during 2018, Compensia:

- provided research, analyses and design expertise in developing executive and incentive compensation programs, including equity awards; and
- provided general advice to the Committee with respect to compensation decisions pertaining to the Chief Executive Officer and senior executives.

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In 2018, Compensia did not provide any services to us other than the consulting services to the Committee. The Committee regularly reviews the objectivity and independence of the advice provided by its compensation consultant on executive compensation. In 2018, the Committee considered the six specific independence factors adopted by the SEC and reflected in the NYSE listing standards and determined that the work performed by Compensia did not raise any conflicts of interest.

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 the officer to achieve the goals set by our Board. Our executive compensation package is generally comprised of the following elements:

<u>Element</u>	<u>Purpose</u>
Annual base salary	Provides a guaranteed element of an employee's annual cash compensation (i.e., a portion not at risk due to market fluctuations)
Short-term cash incentives	Incentivizes achievement of optimal annual financial, operational and other performance
Long-term equity incentives; and	Aligns interests with interests of our stockholders by increasing stock ownership, incentivizing increases in stockholder value and strengthening retention
Expatriate and other executive benefits.	Helps us to remain competitive with peer practices in the Korean market, as well as retain superior talent

Our executives also participate in a health and welfare benefits package that is generally available to all of our employees and are each party to an employment or severance agreement that provides for limited post-employment or change in control 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 for similarly situated executives in our compensation peer group, subject to adjustments based on each executive's experience and performance. Based on our review of industry-specific survey data and the professional and market experience of our Committee members, we measure total cash compensation for our named executive officers against cash compensation paid to executives at similarly situated companies which we have determined to be in our select peer group. Base salaries for our named executive officers are then set at competitive levels as compared to similarly situated executives in the select peer group. Short-term cash incentives are put in place to provide for opportunities that provide for competitive 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 exceeds expectations and the goals established by the Committee for the applicable year.

Sources of Market Data

For purposes of comparing our executive compensation against the competitive market, the Committee reviews and considers the compensation levels and practices of a group of comparable technology companies. The companies in this compensation peer group were selected on the basis of their similarity to us in size, industry focus and geographic location.

In April 2017, with the assistance of Compensia, the Committee developed our compensation peer group based on U.S.-based semiconductor companies. We focused on U.S.-based semiconductor companies because

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our highest ranking executives are U.S. expatriates who have opportunities to work with U.S.-based semiconductor companies. The companies in this compensation peer group were selected on the basis of their similarity to us, based on the following criteria:

- industry—semiconductors;
- similar revenue size—0.5x to ~2.0x our last four fiscal quarter revenue of approximately \$688 million (approximately \$345 million to approximately \$1.4 billion);
- executive positions similar in breadth, complexity and/or scope of responsibility; and
- competitors for executive talent.

The Committee approved the use of the market data from the following peer group (which was established in 2017 and has not been changed since) for our 2018 executive compensation market assessment:

Alpha & Omega Semiconductor	IXYS	Power Integrations
Axcelis Technologies	Lattice Semiconductor	Semtech
Cohu	MaxLinear	Vishay Intertechnology
Diodes	NeoPhotonics	Xcerra
FARO Technologies	Novanta	

The Committee used the market data from this peer group as a reference point in its 2018 executive compensation process.

The Committee reviews our compensation peer group periodically prior to assessing executive compensation and makes adjustments to its composition, taking into account changes in both our business and the businesses of the companies in the peer group.

The Committee typically makes annual determinations regarding cash incentive compensation based on our annual operating plan, which is generally adopted in the December preceding each fiscal year. The determination takes into account our expected performance in the coming fiscal year. The Committee generally 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 and market data provided by our compensation consultant with a view to maintaining internal consistency and parity. The Committee does not target a specific percentile within our peer group with respect to cash or equity-based compensation.

Equity awards are not tied to base salary or cash incentive amounts and will constitute lesser or greater proportions of total compensation depending on market practices and the Committee's determination of target grant values. The Committee, relying on the professional and market experience of our Committee members, as well as information provided by our compensation consultant, generally seeks to set equity awards at competitive levels based on both U.S. and Korean market practices and taking into account our equity plan share pool and projected dilution of our shares outstanding.

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.

Annual Base Salary

The Committee seeks to set the base salaries of our named executive officers at competitive levels as compared to similarly situated executives in our select peer group, but also takes into account the named executive officer's skill set and the value of that skill set. The Committee makes a subjective decision regarding

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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, if applicable, generally take effect in the middle of our fiscal year. None of our named executive officers received a base salary increase in 2018.

Executive	2018 Base Salary
Young-Joon Kim	\$ 557,396
Jonathan Kim	\$ 350,000
Theodore Kim	\$ 330,000
Woung Moo Lee	\$ 318,303
Tae Jong Lee	\$ 318,303

Short-Term Cash Incentives

Short-term cash incentives are typically designed as a percentage of base salary and may be awarded based on individual performance or our achievement of the annual, long-term and strategic quantitative goals set by the Board or the Committee. In 2018, we provided short-term cash incentive opportunities to encourage our named executive officers to achieve certain short-term corporate performance goals. The 2018 target bonus amounts for each named executive officer (the “Target Bonus”), as a percentage of base salary, are set forth below. The maximum payout level for each named executive officer was 150% of his Target Bonus.

Named Executive Officer	2018 Target Bonus (% of Base Salary)	2018 Target Bonus (\$)
Young-Joon Kim	100%	\$ 557,396
Jonathan Kim	75%	\$ 262,500
Theodore Kim	75%	\$ 247,500
Woung Moo Lee	60%	\$ 190,982
Tae Jong Lee	50%	\$ 159,152

Payouts under our 2018 short-term incentive program were based on the achievement of three corporate financial performance goals—gross profit, revenue, and adjusted EBITDA—based on the levels of achievement and weightings described in the table below, within the period from Q2 to the end of 2018. Achievement at or above the maximum level of achievement for the each performance goal would result in a maximum payout of 150% of the portion of the named executive officer’s Target Bonus attributable to that performance goal, while achievement below the threshold level of achievement for the each performance goal would result in no payout for the portion of the named executive officer’s Target Bonus attributable to that performance goal. For performance within the maximum and threshold range, the percentage achievement would be determined based on a linear interpolation. Even though the named executive officers would have otherwise been entitled to receive a payout based on actual achievement against the performance goals in 2018, the Board, as part of its review of our existing compensation arrangements for our named executive officers in February 2019, exercised its discretion (as described below) to reduce the amounts payable to the named executive officers under the short-term incentive program to zero, given the severity of the Company’s 2018 financial performance.

Performance Goal	Goal Weighting	Threshold (50% Payout)	Target (100% Payout)	Maximum (150% Payout)	2018 Achievement	Performance Payout
Gross Profit (as % of revenue)	33.3%	27.5%	28.5%	31.6%	26.2%	0%
Revenue (in millions)	33.3%	\$ 580	\$ 596	\$ 622	\$ 585.1	22%
Adjusted EBITDA (in millions) (1)	33.3%	\$ 68.7	\$ 80.8	\$ 92.9	\$ 68.8	16.8%

- (1) For purposes of our 2018 short-term cash incentive program, adjusted EBITDA is equal to our GAAP net income (loss) before interest expense, net, income tax expenses (benefits), depreciation and amortization,

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adjusted to exclude (i) restructuring and other gain, net, (ii) early termination charges, (iii) equity-based compensation expense, (iv) foreign currency loss (gain), net, (v) derivative valuation loss (gain), net, (vi) restatement related expenses (gain), (vii) secondary offering expense, (viii) loss on early extinguishment of long-term borrowings, net and (ix) other indemnification costs and reimbursement.

In February 2019, the Board determined the levels of achievement of the gross profit, revenue and adjusted EBITDA performance goals as reflected in the table above, but also determined that given the severity of the Company's financial performance in 2018, no payment of cash incentives would be made to the named executive officers, who would otherwise have been entitled to receive a payout based on actual achievement against the performance goals.

Long-Term Equity Incentives

Historically, our named executive officers have received a mix of stock options and service-based RSUs each year in order to help us achieve our retention objectives and further align the interests of our named executive officers with those of our stockholders.

As described in *Introduction of Performance Based Equity Program* above, in 2018 we granted a mix of performance-based restricted stock units and service-based restricted stock units to three of our Named Executive Officers in connection with their entry into the New Executive Agreements. The 2018 service-based restricted stock unit grants to these individuals vest in specified tranches over three years based on the executives' continued employment on the applicable vesting dates. We did not make equity grants in 2018 to our Executive Vice President and General Manager of Foundry Services Group and to our Executive Vice President and Chief Financial Officer who each elected to retain their prior compensation arrangements in lieu of a new comprehensive compensation package offered by the Company.

The below tables summarize the RSUs, AOP PSUs, and TSR PSUs granted to each of Messrs. YJ Kim, T Kim and WM Lee in 2018, as well as the performance results with respect to the 2018 AOP PSU grants and the actual payout thereof.

Name	Grant date	FV of grant date	RSUs	
			RSUs Granted	Aggregate fair value of grant date (\$)
Young-Joon Kim	4/30/2018	9.35	112,118	1,048,303
Theodore Kim	10/22/2018	8.96	30,000	268,800
Woung Moo Lee	10/22/2018	8.96	35,000	313,600

Name	Grant date	FV of grant date (\$)	AOP PSUs		
			Threshold	Target	Maximum
			Shares	Shares	Shares
Young-Joon Kim	4/30/2018	9.35	27,860	55,720	65,100
Theodore Kim	10/22/2018	8.96	4,000	8,000	9,320
Woung Moo Lee	10/22/2018	8.96	4,667	9,333	10,873

Name	Grant date	FV of grant date (\$)	TSR PSUs			
			Threshold	Target	Maximum	Supermaximum
			Shares	Shares	Shares	Shares
Young-Joon Kim	4/30/2018	9.35	9,300	18,600	27,900	37,200
Theodore Kim	10/22/2018	8.96	3,000	6,000	9,000	12,000
Woung Moo Lee	10/22/2018	8.96	3,500	7,000	10,500	14,000

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The vesting of AOP PSUs granted in 2018 was based on the achievement of three corporate financial performance goals—gross profit, revenue, and adjusted EBITDA—based on the levels of achievement and weightings described in the table below. Achievement at or above the maximum level of achievement for the each performance goal would result in a maximum payout of 116.83% of the portion of the named executive officer's target level award attributable to that performance goal, while achievement below the threshold level of achievement for the each performance goal would result in no payout for the portion of the named executive officer's target level award attributable to that performance goal. In March 2019, the Compensation Committee determined the levels of achievement of the gross profit, revenue and adjusted EBITDA performance goals as reflected in the table below and approved the vesting of AOP PSUs in the vest ratio of 50.6%, which resulted in the issuance of 28,170 shares of common stock to Mr. YJ Kim, 4,044 shares of common stock to Mr. T. Kim and 4,718 shares of common stock to Mr. WM Lee.

Performance Goal	Goal				2018 Achievement	Weighted Vesting Score	Total Vest Ratio
	Weighting	Threshold	Target	Maximum			
Gross Margin (as % of revenue)	33.3%	27.0%	28.0%	31.0%	26.4%	0.0%	
Adjusted EBITDA (in millions)	33.3%	\$ 79.1	\$ 93.1	\$ 107.1	\$ 84.3	22.9%	50.6%
Revenue (in millions)	33.3%	\$ 737	\$ 758	\$ 790	\$ 750.9	27.7%	

The performance goal of TSR PSUs is the three-year TSR relative to the S&P Semiconductor Index. In structuring the relative TSR calculation and selecting the index, the Committee wanted to compare our stock price performance to that of a large, steady-state sampling of semiconductor companies on a basis designed to eliminate any short-term aberrations in stock price at the start or the end of the performance period.

Subject to continued employment, in each of 2019 and 2020, the Board has committed to grant AOP PSUs or TSR PSUs to certain of our named executive officers and to establish performance goals for such grants for 2019 and 2020, respectively. The amount and type of PSUs that the Board has committed to grant are as follows:

Name	Grant date	AOP PSUs		
		Threshold Shares	Target Shares	Maximum Shares
Young-Joon Kim	2019	27,860	55,720	83,580
	2020	33,880	67,760	101,640
Theodore Kim	2019	4,000	8,000	12,000
	2020	4,000	8,000	12,000
Woung Moo Lee	2019	4,667	9,333	14,000
	2020	4,667	9,333	14,000

Name	Grant date	TSR PSUs			
		Threshold Shares	Target Shares	Maximum Shares	Supermaximum Shares
Young-Joon Kim	2019	11,940	23,880	35,820	47,760
	2020	14,520	29,040	43,560	58,080

Health and Welfare Benefits

Our named executive officers are eligible to participate in our employee benefit plans that are generally provided for all full-time employees, and on the same basis as all of our full-time employees in the country in which they are resident. These benefits include individual health insurance (medical, dental, and vision), group personal accident insurance and group business travel insurance.

Perquisites and Other Benefits

We provide the named executive officers with perquisites and other benefits, including expatriate benefits, which the Committee believes are reasonable and consistent with our overall compensation program to better

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enable us to attract and retain superior employees for key positions. Generally, perquisites are determined based upon what the Committee considers to be 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 named 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 companies based outside of Korea but with significant operations in Korea. Attributed costs of the personal benefits for the named executive officers are set forth in the Summary Compensation Table below. Expatriate benefits allow us to retain key personnel on expatriate assignments and minimize any financial impacts associated with such assignments.

Mr. YJ Kim, Mr. J. Kim and Mr. T. Kim were expatriates during 2018, 2017 and 2016, and received expatriate benefits commensurate with market practice in Korea. The Committee determined the appropriate benefits for each expatriate in accordance with internal policies approved by our Board from time to time, which included housing allowances, relocation and repatriation allowances, insurance premiums, reimbursement for the use of a car, home leave flights, living expenses, children's tuition allowances, tax equalization payments and tax advisory services. As discussed in the Executive Summary, in 2018 the Committee made certain clarifying changes to Mr. YJ Kim's and Mr. T. Kim's applicable expatriate benefits to reflect their current entitlements.

In addition, Mr. TJ Lee was entitled to customary employee benefits as well as a monthly housing allowance of 3,600,000 Korean won.

Post-Employment Severance Benefits

As of December 31, 2018, each of our named executive officers was party to an employment or severance agreement that provides for certain payments upon his termination of employment and/or a change in control of the Company. Please see the section below entitled "Potential Payments Upon Termination or Change in Control" for further discussion of those benefits. We believe that the use of severance arrangements appropriately mitigates some of the risk that exists for executives working in our highly competitive industry and allows the executives to focus on our business objectives. As part of our 2018 review of our compensation programs and our entry into the New YJ Kim Agreement, New T. Kim Agreement and New WM Lee Agreement, we desired to provide market competitive severance arrangements to align the interests of the executives and shareholders if a transaction were to occur.

In addition, pursuant to the Employee Retirement Benefit Security Act, certain executive officers residing 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. Each of our named executive officers accrued statutory severance in 2018.

Clawback Policy

In 2017, the Committee adopted a clawback policy that applies to incentive compensation approved, awarded or granted to our current and former executive officers, including our named executive officers, following the adoption of the policy. Under the clawback policy, if we are required to prepare an accounting restatement due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws and the Board determines that a covered executive officer has willfully committed an act of fraud, dishonesty or recklessness in the performance of his or her duties as an executive officer of the Company that contributed to the noncompliance, the Board may require reimbursement or forfeiture of any excess incentive compensation that is received by any covered executive officer during the three completed fiscal years preceding the date on which the Company is required to prepare such accounting restatement.

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Tax and Accounting Considerations

The Committee considers the accounting impact of equity awards when designing compensation plans and arrangements for our executive officers and other employees. Chief among these is Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“ASC 718”), the standard which governs the accounting treatment of stock-based compensation awards. However, accounting cost is just one factor considered when designing such compensation plans and arrangements for our executive officers and other employees.

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 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:

Camillo Martino, Chair
Gary Tanner
Nader Tavakoli

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Summary Compensation Table

The following table sets forth certain information concerning the compensation earned during the years ended December 31, 2018, 2017 and 2016, of our named executive officers:

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Option Awards (\$)(3)	Stock Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	Change in Pension Value and Non- qualified Deferred Compensation Earnings (\$)(5)	All Other Compensation (\$)	Total (\$)
Young-Joon Kim	2018	557,976	—	—	1,743,195	—	51,491	592,399(6)	2,945,061
Chief Executive Officer	2017	556,531	36,283	—	—	226,920	37,193	818,518	1,675,445
	2016	557,396	—	65,651	130,646	324,917	45,662	535,786	1,660,058
Jonathan Kim	2018	350,444	—	—	—	—	31,744	470,237(7)	852,425
Chief Financial Officer,	2017	349,705	17,099	—	—	106,942	24,542	473,392	971,680
Executive Vice President and Chief Accounting Officer	2016	350,249	—	50,675	100,784	153,125	28,820	244,850	928,502
Theodore Kim	2018	330,418	—	—	394,240	—	30,240	242,175(8)	997,074
Chief Compliance Officer,	2017	329,722	16,122	—	—	100,831	22,588	259,896	729,159
Executive Vice President, General Counsel and Secretary	2016	330,234	—	37,488	74,655	144,375	27,113	177,503	791,368
Woung Moo Lee	2018	318,303	—	—	459,944	—	26,183	51,495(9)	855,924
Executive Vice President and General Manager, Standard Products Group	2017	309,579	12,749	—	—	79,681	25,798	39,343	467,150
	2016	292,302	—	37,488	74,655	103,902	36,024	35,236	579,607
Tae Jong Lee	2018	318,303	—	—	—	—	26,425	58,590(10)	403,317
Executive Vice President and General Manager, Foundry Services Group	2017	309,579	10,624	—	—	66,401	25,798	48,380	460,782
	2016	291,991	—	37,488	74,655	86,585	68,253	46,327	605,299

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

- (1) The base salary amounts for Messrs. YJ Kim, J. Kim and T. Kim in this table differ from the contractual base salary amounts described in the section above subtitled “Compensation Discussion and Analysis—Annual Base Salary” due to fluctuation in the exchange rate between U.S. dollars and Korean won during the year. The growth in base salary amounts between 2017 and 2018 is also a result of fluctuation in the exchange rate between 2017 and 2018.
- (2) Includes discretionary cash bonuses for 2017 approved by the Compensation Committee. See the section subtitled “Compensation Discussion and Analysis—Short-Term Cash Incentives” for further information.
- (3) We granted RSUs and PSUs to our named executive officers during 2018. See the section subtitled “Compensation Discussion and Analysis—Long-Term Equity Incentives” for further information. The amounts reported in this column reflect the grant date fair value of all RSU and PSU awards determined in accordance with FASB ASC 718. The AOP PSUs and the TSR PSUs are reported here at the target performance level based on the probable outcome of such performance conditions. When calculated in maximum performance level, the amount shall be \$2,004,808 for Mr. YJ Kim, \$459,827 for Mr. T. Kim and \$536,462 for Mr. WM Lee.
- (4) See the section subtitled “Compensation Discussion and Analysis—Short-Term Cash Incentives” for a description of the short-term cash incentive amounts.
- (5) Consists of statutory severance accrued during the years ended December 31, 2018, 2017 and 2016, as applicable. See the section below subtitled “Pension Benefits for the Fiscal Year Ended December 31, 2018” for a description of the statutory severance benefit.

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- (6) Includes the following personal benefits paid to Mr. YJ Kim for 2018: (a) \$118,921, which is the aggregate amount of prepaid housing expenses for Mr. YJ Kim’s housing lease in 2018; (b) \$44,899 for reimbursement of tuition expenses for Mr. YJ Kim’s children; (c) \$58,412 for health insurance premiums; (d) \$5,563 for accident insurance and business travel insurance premiums; (e) \$27,000 for annual cash allowance (special allowance payments relating to the relocation of Mr. YJ Kim’s family to the United States); (f) \$14,556 for car and driver expense (including personal use of a car service provided by the Company); (g) \$10,019 for tax consulting expense; (h) \$13,665 for living expense, moving expense and other benefits; (i) \$121,766 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 2018; and (j) \$177,599 for reimbursement of Korean tax.
- (7) Includes the following personal benefits paid to Mr. J. Kim for 2018: (a) \$35,207 for Mr. J. Kim’s housing lease; (b) \$30,506 for Mr. J. Kim’s home leave flights; (c) \$38,384 for health insurance premiums; (d) \$1,735 for accident insurance and business travel insurance premiums; (e) \$11,460 for car and driver expense (including personal use of a car service provided by the Company); (f) \$14,267 for tax consulting expense; (g) \$8,475 for living expense and other benefits; (h) \$132,052 of reimbursement for the difference between the actual tax Mr. J. Kim already paid and the hypothetical tax he had to pay for the fiscal year 2018; and (i) \$198,152 for reimbursement of Korean tax.
- (8) Includes the following personal benefits paid to Mr. T. Kim for 2018: (a) \$64,286, for Mr. T. Kim’s housing lease; (b) \$23,376 for Mr. T. Kim’s home leave flights; (c) \$28,910 for health insurance premiums; (d) \$1,735 for accident insurance and business travel insurance premiums; (e) \$9,276 for car and driver expense (including personal use of a car service provided by the Company); (f) \$9,682 for tax consulting expense; (g) \$9,517 for living expense and other benefits; (h) \$34,112 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 2018; and (i) \$61,281 for reimbursement of Korean tax.
- (9) Includes the following personal benefits paid to Mr. WM Lee for 2018: (a) \$11,900 for reimbursement of tuition expenses for Mr. WM Lee’s children; (b) \$21,297 for health insurance premiums; (c) \$10,157 for personal use of a car service provided by the Company; and (d) \$8,141 for other benefits.
- (10) Includes the following personal benefits paid to Mr. TJ Lee for 2018: (a) \$20,507 for health insurance premiums; (b) \$25,100 for housing allowance; (c) \$8,660 for personal use of a car service provided by the Company; and (d) \$4,322 for other benefits.

Grants of Plan-Based Awards Table for Fiscal Year 2018

The following table sets forth information regarding grants of non-equity incentive plan awards made to our named executive officers during 2018. See the section subtitled “Compensation Discussion and Analysis—Long-Term Equity Incentives” for further information.

Name	Grant Date	Estimated future payouts under non-equity incentive plan awards (\$)			Estimated future payouts under equity incentive plan awards (#)			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	Grant Date Fair Value of Stock and Option Awards (\$)(6)
		Threshold (1)	Target (1)	Maximum (1)	Threshold	Target	Maximum		
Young-Joon Kim	4/30/2018	278,500	557,000	835,500				112,118	1,048,303
	4/30/2018(3)				27,860	55,720	65,100		520,982
	4/30/2018(4)				9,300	18,600	37,200(5)		173,910
Jonathan Kim	—	131,250	262,500	393,750				—	—
Theodore Kim	10/22/2018	123,750	247,500	371,250				30,000	268,800
	10/22/2018(3)				4,000	8,000	9,320		71,680
	10/22/2018(4)				3,000	6,000	12,000(5)		53,760
Woung Moo Lee	10/22/2018	95,455	190,909	286,364				35,000	313,600
	10/22/2018(3)				4,667	9,333	10,873		83,624
	10/22/2018(4)				3,500	7,000	14,000(5)		62,720
Tae Jong Lee	—	79,545	159,091	238,636				—	—

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- (1) Represents the short-term cash incentive opportunities awarded to our named executive officers, subject to the achievement of certain short-term corporate performance goals. Notwithstanding the amounts set forth in these columns, the Board determined no payment of cash incentives would be made to the each named executive officers for fiscal year 2018. See the section subtitled “Compensation Discussion and Analysis—Short-Term Cash Incentives” for further information.
- (2) Represents the service-vesting RSUs granted during fiscal year 2018 to our named executive officers. Further information on the RSU awards can be found in the “Compensation Discussion & Analysis” section above.
- (3) Represents the performance-based vesting AOP PSUs granted during fiscal year 2018 to our named executive officers. The Compensation Committee shall certify the actual amount earned for each Performance Goal for the Performance Period, within 60 days following the end of Performance Period. Upon such determinations, the applicable portion of the units determined by the Payout Percentage shall vest.
- (4) Represents the performance-based vesting TSR PSUs granted during fiscal year 2018 to our named executive officers. The Compensation Committee shall certify the actual amount earned for each Performance Goal for the Performance Period, within 60 days following the end of Performance Period. Upon such determinations, the applicable portion of the units determined by the Payout Percentage shall vest.
- (5) Represented in Supermaximum performance level. Note that TSR Payout Percentage shall be determined by four types of performances: Threshold, Target, Maximum and Supermaximum. Supermaximum equals the Percentile achieved by a Rank of one in the TSR Index and its Payout Percentage is 200%. The Payout Percentage is 150% for maximum performance.
- (6) Represents the grant date fair value of each equity-based award as determined in accordance with FASB ASC 718. For the performance-based equity awards, the amounts are reported at target performance.

Severance Agreements with Our Named Executive Officers

In 2018, we maintained severance or employment agreements with each of our named executive officers that, among other benefits, provide for payments upon termination or a change in control. For more information about the terms of these agreements and benefits, see the section below entitled “Potential Payments Upon Termination or Change in Control”.

Equity Compensation Plans

For more information about the terms of our equity compensation plans, see the section below entitled “Equity Compensation Plan Summary”.

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Outstanding Equity Awards at Fiscal Year End 2018

The following table sets forth all outstanding equity awards held by our named executive officers as of December 31, 2018. Please see the section below entitled “Potential Payments on Termination or Change-in-Control” for information regarding the impact of certain employment termination scenarios on outstanding equity awards.

Name	Grant Date	Option Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price(\$)	Option Expiration Date
Young-Joon Kim	5/6/2013	200,000(1)	—	15.96	5/6/2023
	6/9/2015	90,610(2)	—	7.64	6/9/2025
	3/11/2016	30,203(3)	15,102(3)	5.53	3/11/2026
Jonathan Kim	3/12/2014	12,500(4)	—	13.93	3/12/2024
	6/12/2014	12,500(4)	—	12.44	6/12/2024
	9/12/2014	12,500(4)	—	12.18	9/12/2024
	12/12/2014	12,500(4)	—	12.96	12/12/2024
	6/9/2015	69,940(2)	—	7.64	6/9/2025
	3/11/2016	23,313(3)	11,657(3)	5.53	3/11/2026
Theodore Kim	10/26/2013	50,000(5)	—	21.79	10/26/2023
	6/9/2015	51,740(2)	—	7.64	6/9/2025
	3/11/2016	17,247(3)	8,623(3)	5.53	3/11/2026
Woung Moo Lee	11/1/2013	50,000(6)	—	19.56	11/1/2023
	6/9/2015	43,940(2)	—	7.64	6/9/2025
	3/11/2016	17,247(3)	8,623(3)	5.53	3/11/2026
Tae Jong Lee	12/8/2009	49,000	—	5.88(8)	12/8/2019
	1/15/2012	30,000(7)	—	7.75	1/9/2021
	6/9/2015	43,940(2)	—	7.64	1/9/2021
	3/11/2016	17,247(3)	8,623(3)	5.53	1/9/2021

Name	Grant Date	Number of Shares or Units of Stock That Have not Vested (#)(9)	Stock Awards		
			Market Value of Shares or Units of Stock That Have not Vested (\$)(13)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(14)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(15)
Young-Joon Kim	3/11/2016	7,875(10)	48,904	—	—
	4/30/2018	44,100(11)	273,861	18,600	115,506
Jonathan Kim	3/11/2016	6,075(10)	37,726	—	—
Theodore Kim	3/11/2016	4,500(10)	27,945	—	—
	10/22/2018	18,360(12)	114,016	6,000	37,260
Woung Moo Lee	3/11/2016	4,500(10)	27,945	—	—
	10/22/2018	21,420(12)	133,018	7,000	43,470
Tae Jong Lee	3/11/2016	4,500(10)	27,945	—	—

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- (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, 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 50% of the shares of common stock subject to the options vested and became exercisable on June 9, 2015, with the remaining 50% vesting in three equal annual installments on the first three anniversaries of June 9, 2015. Upon his termination of employment, Mr. TJ Lee's options remain outstanding until the earlier of the second anniversary of his termination date or the option's original expiration date.
- (3) The shares of common stock subject to the options will vest and become exercisable in three equal annual installments on the first three anniversaries of March 11, 2016. Upon his termination of employment, Mr. TJ Lee's options remain outstanding until the earlier of the second anniversary of his termination date or the option's original expiration date.
- (4) 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.
- (5) 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.
- (6) An installment of 34% of the shares of common stock subject to the options vested and became exercisable on November 1, 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.
- (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. Upon his termination of employment, Mr. TJ Lee's options remain outstanding until the earlier of the second anniversary of his termination date or the option's original expiration date.
- (8) The option exercise price at the time of grant was \$1.16 per common unit, or \$9.28 after giving effect to our corporate conversion from an LLC to a corporation in connection with our initial public offering in March 2011, which we refer to as our 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.
- (9) Represents unvested service-vesting RSUs granted on June 9, 2015, March 11, 2016, and April 30, 2018 for Mr. YJ Kim and October 22, 2018 for Mr. WM Lee and Mr. T. Kim.
- (10) The shares of common stock subject to the RSUs will vest and become exercisable in three equal annual installments on the first three anniversaries of March 11, 2016.
- (11) An installment of 61% of the shares of common stock subject to the RSU vested, with the remaining 18% to vest in December 31, 2019 and 21% to vest in December 31, 2020.
- (12) An installment of 39% of the shares of common stock subject to the RSU vested, with the remaining 31% to vest in December 31, 2019 and 30% to vest in December 31, 2020.
- (13) Represents the market value of RSUs based on our closing per share price of \$6.21 on December 31, 2018, the last trading day of 2018.

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- (14) Represents unvested TSR PSUs granted on April 30, 2018 for Mr. YJ Kim and October 22, 2018 for Mr. WM Lee and Mr. T. Kim in target performance level.
- (15) Represents the market value of TSR PSUs in target performance level based on our closing per share price of \$6.21 on December 31, 2018, the last trading day of 2018.

Option Exercises and Stock Vested

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(4)
Young-Joon Kim	—	—	111,938(1)	1,013,071
Jonathan Kim	—	—	12,150(2)	128,790
Theodore Kim	—	—	24,684(3)	214,885
Woung Moo Lee	—	—	26,623(3)	227,340
Tae Jong Lee	—	—	8,325(2)	87,941

- (1) Represents RSUs that vested on March 11, 2018, June 9, 2018, April 30, 2018 and December 31, 2018 and AOP PSUs that vested based on performance in 2018 and was paid on March 8, 2019.
- (2) Represents RSUs that vested on March 11, 2018 and June 9, 2018
- (3) Represents RSUs that vested on March 11, June 9, 2018, October 31, 2018 and December 31, 2018 and AOP PSUs that vested based on performance in 2018 and was paid on March 8, 2019.
- (4) Represents the value of the RSUs and AOP PSUs as of the date of vesting, based on our closing per share price on each date of vesting.

Pension Benefits for the Fiscal Year Ended December 31, 2018

In addition to the severance benefits described above, pursuant to the Employee Retirement Benefit Security Act, certain executive officers residing 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, 2018, they would have been entitled to the statutory severance payments described below. The accumulated amounts under the statutory severance scheme are paid in a lump sum upon the executive's retirement. 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 (\$)(1)	Payments During the Last Fiscal Year
Young Joon Kim	Statutory Severance	6	265,828	—
Jonathan Kim	Statutory Severance	5	142,372	—
Theodore Kim	Statutory Severance	6	145,808	—
Woung Moo Lee	Statutory Severance	5	134,777	—
Tae Jong Lee	Statutory Severance	12	295,640	—

- (1) The value reported in this column represents the accumulated amount of the benefit for each executive based on the formula described above of one month of base salary per year of credited service.

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Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

Potential Payments Upon Termination or Change in Control

Our named executive officers are each party to an employment or severance agreement that provides for post-employment or change in control benefits. The terms “cause”, “good reason”, “disability” and “change in control” used below have the meanings given to them in the applicable CEO Agreement or Other Executive Agreement (each as defined below).

Employment Agreements

On April 26, 2018 the Company entered into a new employment agreement with Mr. YJ Kim that superseded his prior severance and employment agreements (the “CEO Agreement”). In October of 2018, the Company entered into similar arrangements with Mr. WM Lee and Mr. T. Kim that replaced their prior severance agreements and offer letters (the “Other Executive Agreements”).

Under the CEO Agreement, Mr. YJ Kim is entitled to severance payments and benefits upon certain qualifying terminations of his employment with the Company. Upon termination of his employment by the Company without “cause” or his resignation for “good reason”, in each case not in connection with a “change in control” (each, a “Non CIC Termination”), he is entitled to receive (i) 24 months of continued base salary (as then in effect or in effect prior to any diminution constituting “good reason”) (the “Salary Payment”), (ii) a pro rata bonus based on actual performance (if such termination occurs after June 30 of the year of termination), (iii) a lump-sum payment equal to the cost of 12 months of Company-paid medical, dental and vision insurance premiums (the “Insurance Payment”), (iv) 90 days’ continuation of his expatriate benefits, and (v) to the extent that he is eligible to receive such payments as part of the expatriate benefits, the repatriation allowance and expenses. Further Mr. YJ Kim will vest in full in all equity awards granted prior to January 1, 2018, and will vest in equity grants made on or after January 1, 2018 in accordance with the terms of the applicable award agreements.

If, during a period of time that (x) the Company is party to a definitive corporate transaction agreement the consummation of which would result in a “change in control” or (y) is within 18 months following a “change in control”, Mr. YJ Kim’s employment is terminated by the Company without “cause”, by Mr. YJ Kim for “good reason” (each, a “CIC Termination”), or by reason of his death or “disability”, then he will be entitled the severance payments described above, provided that (A) the Salary Payment shall be a lump sum payment equal to two times the sum of (1) his base salary (as then in effect or in effect prior to any diminution implicating “good reason”) and (2) his annual bonus (as then in effect or in effect prior to any diminution implicating “good reason”, but in no event greater than 100% of his base salary) and (B) the Insurance Payment will be in respect of 18 months rather than 12. Further Mr. YJ Kim will vest in full in all equity awards granted prior to January 1, 2018 and will vest in equity grants made on or after the January 1, 2018 in accordance with the terms of the applicable award agreements.

Mr. YJ Kim’s right to receive any “change in control” or other severance payments provided in the CEO Agreement is subject to his execution of a release of claims against us and his compliance with certain restrictive covenants.

The Other Executive Agreements provide that the applicable executive will be entitled to severance payments and benefits upon certain qualifying terminations of his employment with the Company. In the event that the applicable executive incurs a Non CIC Termination, he will be entitled to (i) 12 months of continued base salary (as then in effect or in effect prior to any diminution constituting “good reason”) (the “Other Executive Salary Payment”), (ii) a pro rata bonus based on actual performance (if such termination occurs after June 30 of the year of termination) (together with the Other Executive Salary Payment, the “Other Executive

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Severance Payment”), (iii) full vesting of all equity awards granted prior to January 1, 2018 and vesting in equity grants made on or after the January 1, 2018 in accordance with the terms of the applicable award agreements. Further, Mr. T. Kim would receive a lump sum payment equal to the cost of 12 months of Company-paid medical, dental and vision insurance premiums, 90 days’ continuation of his expatriate benefits, and, to the extent that he is eligible to receive such payments as part of his expatriate benefits, a repatriation allowance in the amount of one month’s base salary and certain repatriation expenses as described in his agreement.

In the event that Mr. WM Lee or Mr. T. Kim incurs a CIC Termination, then the applicable executive will be entitled to the severance payments described above, provided that the Severance Payment instead will equal one and one-half times the executive’s base salary (as then in effect or in effect prior to any diminution implicating “good reason”); and provided further, that if the date of termination occurs after June 30th of the calendar year in which the date of termination occurs, Mr. T. Kim will also receive an amount equal to an additional month of base salary for each month that has passed since July 1st through the date of termination (rounding up for any partial months), which will be payable in a lump sum on the sixtieth (60th) day following the date of termination. Further, the applicable executive will vest in full in all equity awards granted prior to January 1, 2018 and will vest in equity grants made on or after the January 1, 2018 in accordance with the terms of the applicable award agreements.

The applicable executive’s rights to receive any “change in control” or other severance payments under the Other Executive Agreements is subject to the applicable executive’s execution of a release of claims against us and his compliance with certain restrictive covenants.

Severance Agreements

As of December 31, 2018, we were party to Severance Agreements with each of Mr. J. Kim and Mr. TJ Lee pursuant to which we would be obligated to make certain payments to the applicable named executive officer upon his termination without “cause” or for “good reason” (a “qualifying termination”) and in connection with a “change in control”. The terms “cause” and “good reason” used below have the meanings given to them in the applicable Severance Agreements. The definition of “change in control” under the Severance Agreements is the same as under our 2011 Equity Incentive Plan, except that a sale of assets representing at least 65% of our consolidated annual revenue or assets, or a sale of either of our Standard Products Group or foundry business lines, is a change in control for purposes of the Severance Agreement but not the 2011 Equity Incentive Plan.

In the event either executive incurs a qualifying termination other than during a period that is 3 months prior to, or 18 months following, a change in control, the named executive officer would be eligible to receive, in addition to accrued but unpaid salary, an amount equal to 100% of his then current base salary, payable during the 12-month period following termination of employment and full vesting of all outstanding and unvested equity awards (including, without limitation, stock options and RSUs), with any stock options remaining outstanding and exercisable for two years following such termination (or the expiration of the option, if earlier). In addition, Mr. J. Kim would be eligible to receive (i) a lump sum cash payment equal to his then current base salary; (ii) payment of any portion of health benefit premiums for 12 months following termination of employment that are in excess of the amount he would have paid if he had remained employed during such period; (iii) continued provision of expatriate benefits for 12 months following termination of employment; and (iv) a repatriation allowance and repatriation expenses in accordance with our expatriate benefit policy. Mr. TJ Lee will be eligible to receive continued housing payments, in each case, for 12 months following termination of employment.

If the applicable executive incurs a qualifying termination during the three months prior to or 18 months following a change in control, in addition to the benefits described in the preceding paragraph, Mr. J. Kim would also be eligible to receive an additional lump sum payment amount equal to his then current base salary and an additional 6 months of payments of health benefit premiums, and Mr. TJ Lee would be eligible to receive an additional payment equal to his then current base salary, payable for 12 months following termination of employment.

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The Severance Agreements also provide that, in the event of a change in control, all outstanding and unvested equity awards (including, without limitation, stock options and RSUs) held by the named executive officer will become immediately vested and, in the case of options, exercisable, as of immediately prior to such change in control.

As a condition to the receipt of payments and benefits under the Severance Agreements, the named executive officer must comply with the terms of certain restrictive covenants, including a two-year post-termination non-competition covenant and perpetual non-disclosure and employee non-solicitation covenants.

The following tables present our estimate of the dollar value of the payments and benefits payable to our named executive officers upon the occurrence of certain terminations of their employment and upon a change in control, assuming that each such event occurred on December 31, 2018, and assuming a closing per share price of \$6.21 on December 31, 2018, the last trading day of 2018. The disclosure in the following table does not include:

- any accrued benefits that were earned and payable as of December 31, 2018; 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.

Young-Joon Kim

	Cash Severance Payment \$(1)	Value of Equity Award Acceleration (\$)	Continuation of Benefits and Perquisites \$(2)	Total (\$)
Termination By the Company Without Cause / By Executive for Good Reason	1,114,792	115,330(4)	254,013(7)	1,484,136
Termination By the Company Without Cause / By Executive for Good Reason, In Connection With a Change in Control	2,229,584(3)	466,195(5)	283,219(8)	2,978,998
Termination By the Company for Cause / By Executive without Good Reason	—	—	—	—
Change in Control (without termination of employment)	—	466,195(6)	—	466,195

- (1) Represents cash severance payments payable pursuant to the CEO Agreement (including a pro rata bonus based on actual performance). See “Potential Payments Upon Termination or Change in Control” for additional information.
- (2) Represents continuation of benefits and perquisites pursuant to the CEO Agreement and our expatriate benefit policy. See “Potential Payments Upon Termination or Change in Control” and “—Compensation Discussion and Analysis—Perquisites and Other Benefits” for additional information. Calculated assuming benefits for the applicable period will have the same dollar value as corresponding 2018 benefits.
- (3) Mr. YJ Kim would also receive such benefits upon a termination as a result of his death or disability that occurs in connection with a change in control.
- (4) Represents the value of immediate vesting of all outstanding stock options and RSUs granted prior to January 1, 2018. Mr. YJ Kim would remain eligible to vest in 1/3 of his TSR PSUs based on actual performance. This column assumes vesting at the target performance level. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (5) Represents the value of immediate vesting of all outstanding stock options and RSUs granted prior to January 1, 2018 and immediate vesting of all time-vesting restricted stock units granted after January 1, 2018. Mr. YJ Kim would also vest in the TSR PSUs that remained eligible to vest determined based on actual performance at the time of the change of control. This column assumes vesting at the target performance level. See “Potential Payments Upon Termination or Change in Control” for additional information. Mr. YJ Kim would also receive accelerated vesting of his time-based RSUs upon his death or disability that occurs in connection with a change in control.

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- (6) Assumes that the Committee exercised its discretion to fully accelerate all equity awards in connection with the transaction under the 2011 Plan. Represents the value of immediate vesting of all outstanding stock options, RSUs and PSUs (assuming the PSUs vest at the target performance level).
- (7) Includes the following continuation of benefits and perquisites for Mr. YJ Kim: (a) \$29,323, which is housing expenses for Mr. YJ Kim’s housing lease; (b) \$11,071 for reimbursement of tuition expenses for Mr. YJ Kim’s children; (c) \$58,412 for health insurance premiums; (d) \$46,450 for repatriation allowance; (e) \$ 28,005 for repatriation expense; (f) \$6,937 for living expense, tax consulting fee and car service provided by the Company; (g) \$30,024 of reimbursement for the difference between the actual tax and the hypothetical tax he will pay for the applicable fiscal year; and (h) \$43,792 for estimated reimbursement of Korean tax.
- (8) Same as the total amount of Note (6) except \$ 29,206 representing the employer cost of insurance premiums for an additional 6 months of insurance coverage. Mr. YJ Kim would also receive such benefits upon a termination as a result of his death or disability that occurs in connection with a change in control.

Jonathan Kim

	Cash Severance Payment \$(1)	Value of Equity Award Acceleration \$(2)	Continuation of Benefits and Perquisites \$(3)	Total (\$)
Termination By the Company Without Cause / By Executive for Good Reason	700,000	59,280	543,619(4)	1,302,899
Termination By the Company Without Cause / By Executive for Good Reason, In Connection With a Change in Control	1,050,000	59,280	562,811(5)	1,672,091
Termination By the Company for Cause / By Executive without Good Reason / Disability / Death	—			
Change in Control (without termination of employment)	—	59,280(3)		59,280

- (1) Represents cash severance payments payable pursuant to the Severance Agreement. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (2) Represents the value of immediate vesting of all outstanding stock options and RSUs pursuant to the Severance Agreement. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (3) Represents continuation of benefits and perquisites pursuant to the Severance Agreement and our expatriate benefit policy. See “Potential Payments Upon Termination or Change in Control” and “Compensation Discussion and Analysis—Perquisites and Other Benefits” for additional information. Calculated assuming benefits for the applicable period will have the same dollar value as corresponding 2018 benefits.
- (4) Includes the following continuation of benefits and perquisites for Mr. J. Kim: (a) \$35,207, which is housing expenses for Mr. J. Kim’s housing lease; (b) \$30,506 for Mr. J. Kim’s home leave flights; (c) \$38,384 for health insurance premiums; (d) \$29,167 for repatriation allowance; (e) \$ 50,000 for repatriation expense; (f) \$14,267 for tax consulting fee; (g) \$11,460 for car service provided by the Company; (h) \$4,425 for living expense; (i) \$132,052 of estimated reimbursement for the difference between the actual tax and the hypothetical tax he will pay for the applicable fiscal year; and (j) \$198,152 for estimated reimbursement of Korean tax.
- (5) Same as the total amount of Note (4) except \$19,192 of insurance premiums for extended 6 months of insurance coverage periods.

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Theodore Kim

	Cash Severance Payment (\$)(1)	Value of Equity Award Acceleration (\$)	Continuation of Benefits and Perquisites (\$)(2)	Total (\$)
Termination By the Company Without Cause / By Executive for Good Reason	330,000	56,309(3)	157,517(6)	543,826
Termination By the Company Without Cause / By Executive for Good Reason, In Connection With a Change in Control	660,000	195,165(4)	157,517(6)	1,012,682
Termination By the Company for Cause / By Executive without Good Reason / Disability / Death	—			
Change in Control (without termination of employment)	—	195,165(5)		195,165

- (1) Represents cash severance payments payable pursuant to the applicable Other Executive Agreement. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (2) Represents continuation of benefits and perquisites pursuant to the Severance Agreement and our expatriate benefit policy. See “Potential Payments Upon Termination or Change in Control” and “Compensation Discussion and Analysis—Perquisites and Other Benefits” for additional information. Calculated assuming benefits for the applicable period will have the same dollar value as corresponding 2018 benefits.
- (3) Represents the value of immediate vesting of all outstanding stock options and RSUs granted prior to January 1, 2018. Mr. T. Kim would remain eligible to vest in 1/3 of his 2018 TSR PSUs based on actual performance. This column assumes vesting at the target performance level. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (4) Represents the value of immediate vesting of all outstanding stock options and RSUs granted prior to January 1, 2018 and immediate vesting of all time-vesting restricted stock units granted after January 1, 2018. Mr. T. Kim would also vest in the TSR PSUs that remained eligible to vest determined based on actual performance at the time of the change of control. This column assumes vesting at the target performance level. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (5) Represents the value of immediate vesting of all outstanding stock options, RSUs and PSUs (assuming the PSUs vest at the target performance level).
- (6) Includes the following continuation of benefits and perquisites for Mr. T. Kim: (a) \$15,851, which is housing expenses for Mr. T. Kim’s housing lease; (b) \$5,764 for Mr. T. Kim’s home leave flights; (c) \$28,910 for health insurance premiums (d) \$ 27,500 for repatriation allowance; (e) \$ 50,000 for repatriation expense; (f) \$5,970 for other personal benefits (including personal use of a car service provided by the Company, living expenses and tax consulting fee); (g) \$8,411 of estimated reimbursement for the difference between the actual tax and the hypothetical tax he will pay for the applicable fiscal year; and (h) \$15,110 for estimated reimbursement of Korean tax.

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Woung Moo Lee

	Cash Severance Payment \$(1)	Value of Equity Award Acceleration \$(2)	Continuation of Benefits and Perquisites \$(3)	Total \$(4)
Termination By the Company Without Cause / By Executive for Good Reason	318,303	58,383(2)	—	376,686
Termination By the Company Without Cause / By Executive for Good Reason, In Connection With a Change in Control	477,454	220,378(3)	—	697,832
Termination By the Company for Cause / By Executive without Good Reason / Disability / Death	—	—	—	
Change in Control (without termination of employment)	—	220,378(4)	—	220,378

- (1) Represents cash severance payments payable pursuant to the applicable Other Executive Agreement. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (2) Represents the value of immediate vesting of all outstanding stock options and RSUs granted prior to January 1, 2018. Mr. WM Lee would remain eligible to vest in 1/3 of his TSR PSUs based on actual performance. This column assumes vesting at the target performance level. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (3) Represents the value of immediate vesting of all outstanding stock options and RSUs granted prior to January 1, 2018 and immediate vesting of all time-vesting restricted stock units granted after January 1, 2018. Mr. WM Lee would also vest in the TSR PSUs that remained eligible to vest determined based on actual performance at the time of the change of control. This column assumes vesting at the target performance level. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (4) Represents the value of immediate vesting of all outstanding stock options, RSUs and PSUs (assuming the PSUs vest at the target performance level).

Tae Jong Lee

	Cash Severance Payment \$(1)	Value of Equity Award Acceleration \$(2)	Continuation of Benefits and Perquisites \$(3)	Total \$(4)
Termination By the Company Without Cause / By Executive for Good Reason	318,303	43,889	25,100(4)	387,292
Termination By the Company Without Cause / By Executive for Good Reason, In Connection With a Change in Control	636,606	43,889	25,100(5)	705,595
Termination By the Company for Cause / By Executive without Good Reason / Disability / Death	—	—	—	
Change in Control (without termination of employment)	—	43,889	—	43,889

- (1) Represents cash severance payments payable pursuant to the Severance Agreement. See “Potential Payments Upon Termination or Change in Control” for additional information.
- (2) Represents the value of immediate vesting of all outstanding stock options and RSUs pursuant to the Severance Agreement. See “Potential Payments Upon Termination or Change in Control” for additional information.

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- (3) Calculated assuming benefits for the applicable period will have the same dollar value as corresponding 2018 benefits.
- (4) Represents housing expenses for Mr. TJ Lee's housing lease.
- (5) Same as the amount of Note (4).

On January 9, 2019, Mr. TJ Lee entered into a separation agreement (the "Separation Agreement") with the Company and the Company's Korean subsidiary MagnaChip Semiconductor, Ltd. ("MSK"). The Separation Agreement provides for a separation payment of an aggregate of KRW 350,000,000 to be paid in two installments of KRW 175,000,000 each (provided that, if a change of control of the Company occurs within three months of the Resignation Date, the second installment will be KRW 525,000,000) with the first installment to be paid within 14 days of the Resignation Date and the second installment to be paid on the first anniversary of the Resignation Date, with each payment contingent on Mr. TJ Lee's compliance with the terms and conditions of the Separation Agreement (the "Separation Payment"). The Separation Payment will be made in lieu of the base-salary based cash severance payment under the Severance Agreement, dated November 3, 2015, among Mr. TJ Lee, MSK and the Company.

CEO Pay Ratio

For the 2018 fiscal year, the ratio of the annual total compensation of Young Joon Kim, our Chief Executive Officer ("CEO Compensation"), to the median of the annual total compensation of all of our employees other than our Chief Executive Officer ("Median Annual Compensation") was 40.6 to 1. This ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions summarized below. In this summary, we refer to the employee who received such Median Annual Compensation as the "Median Employee." For purposes of this disclosure, the date used to identify the Median Employee was December 31, 2018 (the "Determination Date").

CEO Compensation for purposes of this disclosure represents the total compensation reported for Mr. YJ Kim under "Summary Compensation Table", which was \$2,945,061 for the 2018 fiscal year. For purposes of this disclosure, Median Annual Compensation was \$69,484, and was calculated by totaling for our Median Employee all applicable elements of compensation for the 2018 fiscal year in accordance with Item 402(c)(2)(x) of Regulation S-K.

To identify the Median Employee, we first determined our employee population as of the Determination Date. We had 2,511 employees, representing all full-time, part-time, seasonal and temporary employees of us and our consolidated subsidiaries as of the Determination Date, but excluding Mr. YJ Kim, and as permitted by applicable SEC rules, (i) any independent contractors or "leased" workers and (ii) all of our employees located in China (19), Taiwan (10), Japan (3), and Germany (3). We then measured compensation for the period beginning on January 1, 2018 and ending on December 31, 2018 for these employees. This compensation measurement was calculated by totaling, for each employee, total cash compensation paid (including salary, wages, tips, cash bonuses and other cash compensation paid in 2018) as shown in our payroll and human resources records for 2018. A portion of our employee workforce (full-time and part-time) worked for less than the full fiscal year due to commencing employment after the beginning of the fiscal year. In determining the Median Employee, we annualized the compensation for such individuals.

Equity Compensation Plan Information

The following table provides information as of December 31, 2018, 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, 2018, in accordance with the terms of the respective plans.

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<u>Plan Category</u>	<u>(a) Number of securities to be issued upon exercise of outstanding options, warrants or rights</u>	<u>(b) Weighted- average exercise price of outstanding options, warrants or rights</u>	<u>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
Equity compensation plans approved by security holders	3,429,243(1)	\$ 9.73(1)	1,024,938(2)
Equity compensation plans not approved by security holders	—	—	—
Total:	3,429,243		1,024,938

- (1) Comprised of (a) stock options to purchase 271,144 shares of common stock under the 2009 Plan, at a weighted average exercise price of \$6.25 per share, (b) stock options to purchase 2,403,612 shares of common stock under the 2011 Plan, at a weighted average exercise price of \$10.12 per share, and (c) 754,487 shares of common stock subject to restricted stock units under the 2011 Plan. There are no outstanding securities under the suspended Purchase Plan.
- (2) Excludes 1,163,880 shares of common stock that remain available as of December 31, 2018, for future issuance under the suspended Purchase Plan.

Equity Compensation Plan Summary

MagnaChip Semiconductor LLC 2009 Common Unit Plan

Following our emergence from our reorganization proceedings, in December 2009, our Board 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. However, only options and restricted unit bonus awards were granted under the 2009 Plan. In connection with our corporate conversion at the time of our initial public offering in March 2011, 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. 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 and our stockholders in March 2010. We amended and restated the 2011 Plan in February 2011, and our stockholders approved the

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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. The share reserve under the 2011 Plan will automatically increase each January 1 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. 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. Our Board amended the 2011 Plan in October 2017 to provide that awards granted under the 2011 Plan are subject to recoupment or clawback in accordance with our clawback policy. The Committee amended the 2011 Plan in April 2018 to allow for withholding of shares of our common stock to cover tax withholding obligations up to an amount determined by the maximum applicable statutory rates, subject to certain limitations.

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 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 in March 2010. Our Board 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

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suspended the Purchase Plan. 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 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 or in subsequent years.

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.

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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transactions Policy

Under our Related Person Transactions Policy, transactions involving our directors, executive officers, significant stockholders and other related persons that involve an amount in excess of \$120,000 must be approved by the Company's Audit Committee or, in the event it is determined that it is not practicable or desirable for the Company to wait until the next meeting of the full Audit Committee, the Chair of the Audit Committee (who possesses delegated authority to act between Audit Committee meetings). The Audit Committee (or the Chair of the Audit Committee, as applicable) will consider all of the relevant facts and circumstances available to it, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the related person is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. The Audit Committee may seek bids, quotes or independent valuations from third parties in connection with assessing any related person transaction. The Audit Committee (or the Chair of the Audit Committee, as applicable) will approve only those transactions that are in, or are not inconsistent with, the best interests of the Company, as the Audit Committee (or the Chair of the Audit Committee, as applicable) determines in good faith.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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 five percent (5%) of any class of our outstanding securities; (2) each member of our Board; (3) each of our named executive officers; and (4) all of the members of our Board and current executive officers, as a group. The following tables list the number of shares and percentage of shares beneficially owned based on 34,223,502 shares of common stock outstanding as of April 18, 2019.

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 the 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, Chungcheongbuk-do, 28429, Korea.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(1)
Principal Stockholders		
Brigade Capital Management, LP(2)	6,280,442	17.0%
Oaktree Value Opportunities Fund Holdings, L.P.(3)	3,250,000	9.5%
Evermore Global Advisors, LLC(4)	3,238,956	9.5%
Rubric Capital Management LP(5)	3,000,000	8.8%
AllianceBernstein L.P.(6)	2,697,462	7.9%
Hood River Capital Management LLC(7)	2,052,566	6.0%
Directors and Named Executive Officers		
Melvin Keating(8)	91,242	*
Ilbok Lee(9)	258,018	*
Camillo Martino(10)	99,142	*
Gary Tanner(11)	136,931	*
Nader Tavakoli(12)	346,778	1.0%
Young-Joon Kim(13)	458,978	1.3%
Jonathan Kim(14)	215,106	*
Theodore Kim(15)	180,950	*
Tae Jong Lee(16)	205,270	*
Woung Moo Lee(17)	166,117	*
Directors and current Executive Officers as a group (9 persons)(18)	1,953,262	5.5%

* 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 April 18, 2019.

(2) Based on the information contained in an Amendment No. 4 to Schedule 13G filed with the SEC on February 14, 2019 by Brigade Capital Management, LP (“Brigade Capital”), Brigade Capital Management GP, LLC (“Bridge Capital Management”), Brigade Leveraged Capital Structures Fund Ltd. (“Brigade

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Fund”) and Donald E. Morgan, III. Each of Brigade Capital, Brigade Capital Management, Brigade Fund and Mr. Morgan may be deemed to beneficially own the shares of common stock listed in the table above and has shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of such shares (except that Brigade Fund beneficially owns, and shares power to vote or to direct the vote and shares power to dispose or to direct the disposition of, 5,181,932 of such shares). The shares of common stock listed in the table above include 5.00% Exchangeable Senior Notes due 2021 issued by MagnaChip Semiconductor S.A. (the “Exchangeable Senior Notes”) that are exchangeable at the option of the holder into 2,713,507 shares of our common stock (except that for Brigade Fund the shares of common stock listed in the table above include Exchangeable Senior Notes that are exchangeable at the option of the holder into 1,726,226 shares of our common stock). The Exchangeable Senior Notes are subject to a blocker provision that precludes Brigade Capital and its affiliates from converting the Exchangeable Senior Notes to the extent that Brigade Capital and its affiliates would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act) in excess of 12.49% of our common stock outstanding immediately after giving effect to such conversion. The business address of each of Brigade Capital, Bridge Capital Management and Mr. Morgan is 399 Park Avenue, 16th Floor, New York, New York 10022. The business address of Brigade Fund is c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

- (3) Based on information contained in an Amendment No. 2 to Schedule 13G filed with the SEC on February 13, 2019 by each of the following entities (each an “Oaktree Entity”): Oaktree Value Opportunities Fund Holdings, L.P., a Delaware limited partnership (“VOF Holdings”), in its capacity as the direct owner of 3,250,000 shares of our common stock; Oaktree Value Opportunities Fund GP, L.P., a Cayman Islands limited partnership (“VOF GP”), in its capacity as the general partner of VOF Holdings; Oaktree Value Opportunities Fund GP Ltd., a Cayman Islands exempted company (“VOF GP Ltd.”), in its capacity as the general partner of VOF GP; Oaktree Fund GP I, L.P., a Delaware limited partnership (“GP I”), in its capacity as the sole shareholder of VOF GP Ltd.; Oaktree Capital I, L.P., a Delaware limited partnership (“Capital I”), in its capacity as the general partner of GP I; OCM Holdings I, LLC, a Delaware limited liability company (“Holdings I”), in its capacity as the general partner of Capital I; Oaktree Holdings, LLC, a Delaware limited liability company (“Holdings”) in its capacity as the managing member of Holdings I; Oaktree Capital Management, L.P., a Delaware limited partnership (“Management”), in its capacity as the sole director of VOF GP Ltd.; Oaktree Holdings, Inc., a Delaware corporation (“Holdings, Inc.”), in its capacity as the general partner of Management; Oaktree Capital Group, LLC, a Delaware limited liability company (“OCG”), in its capacity as the managing member of Holdings and as the sole shareholder of Holdings, Inc.; and Oaktree Capital Group Holdings GP, LLC, a Delaware limited liability company (“OCGH GP”), in its capacity as the duly elected manager of OCG.

VOF Holdings directly holds the shares of common stock listed in the table above. VOF GP, in its capacity as the general partner of VOF Holdings, has the ability to direct the management of VOF Holdings’ business, including the power to vote and dispose of securities held by VOF Holdings; therefore, VOF GP may be deemed to beneficially own the shares of our common stock deemed held by VOF Holdings. VOF GP Ltd., in its capacity as the general partner of VOF GP, has the ability to direct the management of VOF GP’s business, including the power to direct the decisions of VOF GP regarding the vote and disposition of securities held by VOF Holdings; therefore, VOF GP Ltd. may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. GP I, in its capacity as the sole shareholder of VOF GP Ltd., has the ability to appoint and remove the directors and direct the management of the business of VOF GP Ltd. As such, GP I has the power to direct the decisions of VOF GP Ltd. regarding the vote and disposition of securities held by VOF Holdings; therefore, GP I may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. Capital I, in its capacity as the general partner of GP I, has the ability to direct the management of GP I’s business, including the power to direct the decisions of GP I regarding the vote and disposition of securities held by VOF Holdings; therefore, Capital I may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. Holdings I, in its capacity as the general partner of Capital I, has the ability to direct the management of Capital I’s business, including the power to

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direct the decisions of Capital I regarding the vote and disposition of securities held by VOF Holdings; therefore, Holdings I may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. Holdings, in its capacity as the managing member of Holdings I, has the ability to direct the management of Holding I's business, including the power to direct the decisions of Holdings I regarding the vote and disposition of securities held by VOF Holdings; therefore, Holdings may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. Management, in its capacity as the sole director of VOF GP Ltd., has the ability to direct the management of VOF GP Ltd., including the power to direct the decisions of VOF GP Ltd. regarding the vote and disposition of securities held by VOF Holdings; therefore, Management may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. Holdings, Inc., in its capacity as the general partner of Management, has the ability to direct the management of Management's business, including the power to vote and dispose of securities held by VOF Holdings; therefore, Holdings, Inc. may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. OCG, in its capacity as the managing member of Holdings, has the ability to direct the management of Holdings' business, including the power to direct the decisions of Holdings regarding the vote and disposition of securities held by VOF Holdings. Additionally, OCG, in its capacity as the sole shareholder of Holdings, Inc., has the ability to appoint and remove directors of Holdings, Inc. and, as such, may indirectly control the decisions of Holdings, Inc. regarding the vote and disposition of securities held by VOF Holdings. Therefore, OCG may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. OCGH GP, in its capacity as the duly appointed manager of OCG, has the ability to appoint and remove directors of OCG and, as such, may indirectly control the decisions of OCG regarding the vote and disposition of securities held by VOF Holdings; therefore, OCGH GP may be deemed to have indirect beneficial ownership of the shares of our common stock deemed held by VOF Holdings. The business address of each Oaktree Entity is 333 S. Grand Avenue, 28th Floor, Los Angeles, CA 90071.

- (4) Based on information contained in an Amendment No. 2 to Schedule 13G filed with the SEC on February 11, 2019 by Evermore Global Advisors, LLC ("EGA") and Evermore Global Value Fund, a series of Evermore Funds Trust ("EGVF"). EGA, other managed account clients of EGA and EGVF are the beneficial owners of the shares of common stock listed in the table above (except that 2,436,529 shares of common stock are beneficially owned by EGVF). Pursuant to the investment advisory agreements entered into by EGA and each of Evermore Funds Trust (of which EGVF is a series) and its other managed account clients, sole power to dispose or to direct the disposition of, and sole power to vote or to direct the vote over, the securities held by such persons has been delegated to EGA, although these agreements and the authority granted to EGA thereunder may be terminated without penalty upon proper notice. The business address of each of EGA and EGVF is 89 Summit Avenue, Summit, NJ 07901.
- (5) Based on the information contained in an Amendment No. 1 to Schedule 13G filed with the SEC on February 14, 2019 by Rubric Capital Management LP ("Rubric Capital"), the investment adviser to certain investment funds and/or accounts (collectively, the "Rubric Funds") and David Rosen, Managing Member of Rubric Capital Management GP LLC, the general partner of Rubric Capital. Each of Rubric Capital and Mr. Rosen beneficially own the shares of common stock listed in the table above and has shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of such shares. Rubric Capital Master Fund LP, a Rubric Fund, has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, more than 5% of our common stock. The business address for Rubric Capital and Mr. Rosen is 767 3rd Avenue, New York, NY 10017.
- (6) Based on the information contained in an Amendment No. 1 to Schedule 13G filed with the SEC on February 13, 2019 by AllianceBernstein L.P. ("AllianceBernstein"). AllianceBernstein beneficially owns and has the sole power to dispose or to direct the disposition of the shares of common stock listed in the table above and has the sole power to vote or to direct the vote over 2,115,797 of such shares. The shares of common stock listed in the table above were acquired solely for investment purposes on behalf of client discretionary investment advisory accounts. AllianceBernstein is a majority owned subsidiary of AXA Equitable Holdings, Inc. and an indirect majority owned subsidiary of AXA SA. AllianceBernstein operates under independent management and makes independent decisions from AXA SA and AXA Equitable

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Holdings, Inc. and their respective subsidiaries and AXA SA and AXA Equitable Holdings, Inc. calculate and report beneficial ownership separately from AllianceBernstein pursuant to guidance provided by the SEC in Release Number 34-39538 (January 12, 1998). The business address for AllianceBernstein is 1345 Avenue of the Americas, New York, NY 10105.

- (7) Based on the information contained in an Amendment No. 1 to Schedule 13G filed with the SEC on February 13, 2019 by Hood River Capital Management LLC (“Hood River”). Hood River beneficially own the shares of common stock listed in the table above and has the sole power to dispose or to direct the disposition of such shares. The business address for Hood River is Umpqua Bank Plaza, One SW Columbia Street, Suite 630, Portland, OR 97258.
- (8) Represents 10,100 shares of common stock, options to purchase 49,737 shares of common stock and 31,405 shares of common stock subject to RSUs that will be vested and may be exercised or settled, as applicable, as of June 17, 2019.
- (9) Represents 15,706 shares of common stock, options to purchase 204,593 shares of common stock and 37,719 shares of common stock subject to RSUs that will be vested and may be exercised or settled, as applicable, as of June 17, 2019.
- (10) Represents 18,000 shares of common stock, options to purchase 49,737 shares of common stock and 31,405 shares of common stock subject to RSUs that will be vested and may be exercised or settled, as applicable, as of June 17, 2019.
- (11) Represents 5,408 shares of common stock, options to purchase 93,117 shares of common stock and 38,406 shares of common stock subject to RSUs that will be vested and may be exercised or settled, as applicable, as of June 17, 2019.
- (12) Represents 95,356 shares of common stock, options to purchase 212,793 shares of common stock and 38,629 shares of common stock subject to RSUs that will be vested and may be exercised or settled, as applicable, as of June 17, 2019.
- (13) Represents 123,063 shares of common stock and options to purchase 335,915 shares of common stock that will be vested and may be exercised as of June 17, 2019.
- (14) Represents 60,196 shares of common stock and options to purchase 154,910 shares of common stock that will be vested and may be exercised as of June 17, 2019.
- (15) Represents 53,340 shares of common stock and options to purchase 127,610 shares of common stock that will be vested and may be exercised as of June 17, 2019.
- (16) Mr. Lee resigned his positions as our Executive Vice President and General Manager of our Foundry Services Group and from all other positions with us and our subsidiaries, effective as of January 9, 2019. Represents 56,460 shares of common stock and options to purchase 148,810 shares of common stock that will be vested and may be exercised as of June 17, 2019. The address for Mr. Lee is 88 Jamsil-Ro, Songpa-Gu, Seoul, Korea.
- (17) Represents 46,307 shares of common stock and options to purchase 119,810 shares of common stock that will be vested and may be exercised as of June 17, 2019.
- (18) Our directors and executive officers as of April 18, 2019 as a group beneficially own 1,953,262 shares of common stock or 5.5%, which represents 427,476 shares of common stock, options to purchase 1,348,222 shares of common stock and 177,564 shares of common stock subject to RSUs that will be vested and may be exercised or settled, as applicable, as of June 17, 2019.

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% stockholders 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 2018 all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% stockholders were in compliance with Section 16(a).

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 is asking stockholders to approve an advisory (non-binding) resolution 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 2019 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 2018 and the related compensation tables and narrative disclosure within the executive compensation sections 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 2018. 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. Although non-binding, the Board 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 recommends that you vote "FOR" the advisory vote on named executive officer compensation.

PROPOSAL THREE**RATIFICATION OF APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019**

Samil PricewaterhouseCoopers has been selected by the Audit Committee as the principal independent registered public accounting firm for the fiscal year ending December 31, 2019 for us and our subsidiaries. Our Board 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 fiscal year ending December 31, 2019. 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 for professional services rendered by Samil PricewaterhouseCoopers and its affiliates for the years ended December 31, 2018 and 2017.

	Year Ended December 31	
	2018	2017
	(in millions)	
Audit fees	\$ 1.6	\$ 1.9
Audit Related fees	—	—
Tax fees	—	—
All other fees	—	—
Total	<u>\$ 1.6</u>	<u>\$ 1.9</u>

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 Audit 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 recommends that you vote "FOR" the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

STOCKHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

A stockholder who would like a proposal considered for inclusion in our proxy statement relating to our 2020 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 January 1, 2020 and must otherwise comply with Rule 14a-8.

Any stockholder proposals received outside of the Rule 14a-8 procedure for consideration at our 2020 annual meeting must be received by the Corporate Secretary of the Company between February 12, 2020 and March 13, 2020. If, however, the date of the 2020 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 2020 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 February 12, 2020 and March 13, 2020. 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.

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
Chief Compliance Officer, Executive Vice President,
General Counsel and Secretary

April 30, 2019

**MAGNACHIP SEMICONDUCTOR CORPORATION
 C/O MAGNACHIP SEMICONDUCTOR, INC.
 60 SOUTH MARKET STREET
 SUITE #750
 SAN JOSE, CA 95113
 ATTN: INVESTOR RELATIONS**

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 PM, Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/mx2019

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 PM, Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E75566-P23474

KEEP THIS PORTION FOR YOUR RECORDS
 DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

MAGNACHIP SEMICONDUCTOR CORPORATION			
The Board of Directors recommends you vote FOR the following nominees:			
1. Election of Directors			
Nominees:	For	Withhold	
1a. Melvin L. Keating	<input type="checkbox"/>	<input type="checkbox"/>	The Board of Directors recommends you vote FOR proposal 3: 3. Ratification of the Board's Selection of Samil PricewaterhouseCoopers as MagnaChip Semiconductor's Independent Auditor for 2019. NOTE: Such other business as may properly come before the meeting or any adjournment thereof.
1b. Young-Joon Kim	<input type="checkbox"/>	<input type="checkbox"/>	
1c. Ilbok Lee	<input type="checkbox"/>	<input type="checkbox"/>	
1d. Camillo Martino	<input type="checkbox"/>	<input type="checkbox"/>	
1e. Gary Tanner	<input type="checkbox"/>	<input type="checkbox"/>	
1f. Nader Tavakoli	<input type="checkbox"/>	<input type="checkbox"/>	
The Board of Directors recommends you vote FOR proposal 2:			
2. Advisory (non-binding) Vote to Approve the Compensation of Our Named Executive Officers for 2018.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.			
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

E75567-P23474

MAGNACHIP SEMICONDUCTOR CORPORATION
Annual Meeting of Stockholders
June 11, 2019 8:00 P.M. EDT
This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Young-Joon Kim and Theodore Kim, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of MAGNACHIP SEMICONDUCTOR CORPORATION that the stockholder(s) is/are entitled to vote at the 2019 Annual Meeting of Stockholders to be held at 8:00 P.M. EDT, on Tuesday, June 11, 2019, via live interactive webcast on the Internet at www.virtualshareholdermeeting.com/mx2019, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations. This proxy authorizes Young-Joon Kim and Theodore Kim to vote at their discretion on any other matter that may properly come before the meeting or any adjournment or postponement of the meeting.

Continued and to be signed on reverse side