

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 27, 2006

**MAGNACHIP SEMICONDUCTOR LLC**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**333-126019-09**  
(Commission  
File Number)

**83-0406195**  
(IRS Employer  
Identification No.)

**c/o MagnaChip Semiconductor S.A., 74, rue de Merl, B.P. 709, L-2017**  
**Luxembourg, Grand Duchy of Luxembourg**  
(Address of Principal Executive Offices)

**Not Applicable**  
(Zip Code)

Registrant's telephone number, including area code: (352) 45-62-62

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

Effective May 27, 2006, MagnaChip Semiconductor, Ltd. (the "Subsidiary"), a subsidiary of registrant MagnaChip Semiconductor LLC (the "Company"), entered into a Service Agreement with Sang Park to serve as Chief Executive Officer and President of the Subsidiary. Mr. Park will be paid an initial base salary of \$450,000 per year and with a target annual incentive bonus opportunity of 100% of his base salary. Mr. Park is entitled to customary employee benefits including the cost of housing accommodations and expenses, including up to \$200,000 for relocation expenses. The term of the service agreement extends for two years from May 27, 2006, with such initial term automatically extending for additional two-year periods unless written notice is given by either party prior to the termination date. In accordance with the terms of his service agreement, Mr. Park received options to purchase 800,000 common units of the Company at a price of \$1.02 per unit. Twenty-five percent of Mr. Park's options vest on the first anniversary of his service date and an additional 6.25% of the options vest on the last day of each calendar quarter thereafter. If Mr. Park's employment is terminated without cause or if he resigns for good reason, Mr. Park is entitled to receive payment of all salary and benefits accrued up to the date of termination, payment of his base salary for twelve months and annual incentive bonus for the year in which the termination occurs, twelve months' accelerated vesting on outstanding equity awards, and continued participation in our benefit plans for twelve months. If such termination occurs in connection with a change in control, Mr. Park is entitled to receive payment of all salary and benefits accrued up to the date of termination, payment of his base salary for two years and annual incentive bonus for the year in which the termination occurs, two years' accelerated vesting on outstanding equity awards, and continued participation in our benefit plans for two years. In the event of his termination as a result of death or disability, Mr. Park (or his beneficiaries) will be entitled to receive payment of all salary and benefits accrued up to the date of termination and a prorated portion of the annual incentive bonus for the year in which the termination occurs. If Mr. Park's employment is terminated for cause or if he resigns without good reason, he will be entitled to receive payment of all salary and benefits accrued up to the date of termination and will not be entitled to any other compensation. The agreement also contains customary non-competition and non-solicitation covenants lasting two and three years, respectively, from the date of termination of employment and confidentiality covenants of unlimited duration. The foregoing description is qualified in its entirety by reference to the Service Agreement with Mr. Park, a copy of which is filed as Exhibit 10.36 to this report and incorporated herein by reference.

**Item 1.02. Termination of a Material Definitive Agreement.**

Effective May 27, 2006, Dr. Youm Huh has voluntarily resigned from his position as President and Chief Executive Officer of the Subsidiary and terminated that certain Service Agreement dated as of October 6, 2004, by and between Dr. Huh and the Subsidiary. Under the termination arrangement, Dr. Huh will receive a base salary of \$400,000 for twelve months, payment of his annual incentive bonus for the year 2006, continued participation in benefit plans for twelve months, and twelve months' accelerated lapse of repurchase rights on his outstanding equity awards, subject to his compliance with the terms of a senior advisor agreement to be executed at a later date.

**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

Effective May 27, 2006, Dr. Youm Huh has resigned his position as a director of the Company and as President and Chief Executive Officer of the Company and the Subsidiary.

Effective May 27, 2006, R. Douglas Norby was elected to the Board of Directors of the Company to serve at the discretion of the unitholders of the Company until his successor is duly elected and qualified. Mr. Norby has been named chairperson of the Audit Committee of the Board of Directors of the Company.

Effective May 27, 2006, Sang Park was elected to the Board of Directors of the Company to serve at the discretion of the unitholders of the Company until his successor is duly elected and qualified. Effective May 27,

2006, the Board of Directors appointed Sang Park as President and Chief Executive Officer of the Company and the Subsidiary to serve until his successor is duly appointed and qualified.

Mr. Park is 59 years old. Mr. Park has served as an executive fellow for iSuppli Corporation since January 2005. Prior to joining iSuppli, he was founder and president of SP Associates from September 2003 to December 2004. Mr. Park served Hynix Semiconductor Inc. as Chief Executive Officer from May 2002 to March 2003 and Chief Operating Officer and President of the Semiconductor Division from July 1999 to April 2002.

See Item 1.01 above for a description of the Service Agreement entered by and between the Subsidiary and Mr. Park, which is incorporated herein by reference and qualified in its entirety by reference to the copy of the Service Agreement that is filed as Exhibit 10.36 to this report.

**Item 8.01. Other Events.**

Effective May 27, 2006, a proposal by the Company to reserve an additional 400,000 common units of the Company, for an aggregate of 7,890,864 common units of the Company, for issuance upon the exercise of Options or SARs granted or Restricted Unit awards offered under the MagnaChip Semiconductor LLC California Equity Incentive Plan and the MagnaChip Semiconductor LLC Equity Incentive Plan was approved, as permitted under the Company's Third Amended and Restated Limited Liability Operating Company Agreement, by written consent of unitholders holding 41,840,446.51 common units of the Company constituting 78.75% of the then-outstanding common units of the Company.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

The following exhibit is filed as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
10.36	Service Agreement, dated as of May 27, 2006, by and between MagnaChip Semiconductor, Ltd. (Korea) and Sang Park

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MAGNACHIP SEMICONDUCTOR LLC

Dated: May 31, 2006

By: /s/ Sang Park

Sang Park

Chief Executive Officer and President

**Exhibit Index**

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<u>Exhibit No.</u>	<u>Description</u>
10.36	Service Agreement, dated as of May 27, 2006, by and between MagnaChip Semiconductor, Ltd. (Korea) and Sang Park

**SERVICE AGREEMENT**

**THIS SERVICE AGREEMENT** is dated as of this 27th day of May 2006 by and between MagnaChip Semiconductor, Ltd., a Korean yuhan hoesa (the "Company"), and Sang Park, an individual (the "Officer").

**WITNESSETH:**

**WHEREAS**, the Company desires to have the benefits of the Officer's knowledge and experience as a full-time officer and to employ the Officer in the manner hereinafter specified and to make provision for payment of reasonable compensation to the Officer for such services, and the Officer is willing to be employed by the Company to perform the duties incident to such employment upon the terms and conditions hereinafter set forth; and

**NOW, THEREFORE**, in consideration of the foregoing premises, the mutual covenants, terms and conditions set forth herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**1. EFFECTIVENESS OF SERVICE AGREEMENT**

This Agreement shall constitute a binding obligation of the Officer and the Company upon the execution of this Agreement.

**2. EMPLOYMENT AND DUTIES**

(a) General. Effective as of the date hereof (the "Effective Date"), on the terms and conditions set forth herein, the Company shall employ the Officer as President and Chief Executive Officer of the Company, and the Officer agrees upon the terms and conditions herein set forth to be employed by the Company. The Company further agrees that the Officer shall be appointed as a member of the Board of Directors of the Company on the Effective Date and that, for so long as the Officer is employed by the Company, the Company shall nominate the Officer to serve as a director at each annual stockholder meeting; provided that, if the Company has a class of equity securities registered pursuant to the Securities Exchange Act of 1934, as amended, the Company shall not be obligated to nominate the Officer to serve as a director if the Officer has previously been nominated as a director at an annual or special stockholder meeting and the stockholders holding a majority of the voting power of the Company at such meeting shall not have voted to elect the Officer. The Officer agrees that upon the termination of his employment as President and Chief Executive Officer of the Company, he shall resign from the Board of Directors of the Company and from all other Boards of Directors of the Company's affiliates of which he is a member. The Officer shall diligently perform such duties and have such responsibilities as the Board of Directors of the Company may establish from time to time, and the Officer shall report to the Board of Directors of the Company.

(b) Term. Unless terminated at an earlier date in accordance with Section 4 hereof, the term of the Officer's employment with the Company hereunder shall be for a term commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Initial Term"). Thereafter, unless terminated at an earlier date in accordance with Section 4 hereof, the Initial Term and each Additional Term shall be automatically extended for successive two-year periods (each, an "Additional Term"), in each case, commencing upon the expiration of the Initial Term or the then current Additional Term, unless at least 90 days prior to the expiration of such term, either party gives written notice to the other party of its intention not to extend the term of the Officer's employment. The

Company's delivery of a notice of its intention not to extend the term of the Officer's employment shall not be deemed to be an Involuntary Termination (as defined below).

(c) Services. The Officer shall well and faithfully serve the Company, and shall devote all of his business time and attention to the performance of the duties of such employment and the advancement of the best interests of the Company and shall not, directly or indirectly, render services to any other person or organization for which the Officer receives compensation without the prior written approval of the Company. The Officer hereby agrees to refrain from engaging in any activity that does, shall or could reasonably be deemed to conflict with the best interests of the Company. The Officer shall be entitled to serve on a maximum of two other company boards of directors, provided those companies are not competitors of the Company and the Company shall make reasonable accommodation for travel and service in connection with these outside boards of directors.

### 3. COMPENSATION AND OTHER BENEFITS

Subject to the provisions of this Agreement, including, without limitation, the termination provisions contained in Section 4, the Company shall pay and provide the following compensation and other benefits to the Officer as compensation for all services rendered hereunder:

(a) Salary. The Company shall pay the Officer a base salary at the rate of U.S.\$450,000.00 per annum (the "Salary"), payable to the Officer in accordance with the standard payroll practices of the Company as are in effect from time to time, less all such deductions or withholdings required by applicable law. Annual Salary increases will be determined by the compensation committee of the Board of Directors of the Company (the "Committee") in accordance with the Committee's policies and procedures.

(b) Annual Bonus. The Officer shall be eligible to earn an annual cash bonus (the "Annual Incentive"). The Annual Incentive shall be 100% of the Officer's annual Salary. The Officer's Annual Incentive shall be payable upon achievement of performance goals set by the Committee, after consultation with the Officer, and ratified by the Board. The actual bonus paid may be higher or lower than the Annual Incentive for over- or under-achievement of the Officer's performance goals, as determined by the Committee. Bonuses, if any, will accrue and become payable in accordance with the Committee's standard practices for the payment of executive incentive compensation. The amount of the Annual Incentive in respect of the 2006 plan year shall be pro-rated to reflect the number of days the Officer was actually employed with the Company during the 2006 plan year following the Effective Date.

(c) Benefits. The Officer shall be eligible to participate in or purchase as necessary and be reimbursed for medical, disability and life insurance plans and to receive other benefits applicable to senior officers of the Company generally in accordance with the terms of such plans as are in effect from time to time. In addition, the Company shall pay for the cost of housing accommodations and expenses related thereto in accordance with the policies currently applicable to senior executive officers of the Company (the "Housing Accommodation").

(d) Expenses. The Company shall pay or reimburse the Officer for all reasonable out-of-pocket expenses incurred by the Officer in connection with his employment hereunder upon submission of appropriate documentation or receipts in accordance with the policies and procedures of the Company as are in effect from time to time.

(e) Vacation. The Officer shall be entitled to annual vacation of three calendar weeks per year.

(f) Equity.

(i) Upon the Effective Date, the Officer shall be granted options to purchase 800,000 restricted Common Units (the "Options") of MagnaChip Semiconductor LLC, a Delaware limited liability company ("MagnaChip LLC"), at a purchase price equal to \$1.02 per Common Unit. The Options, and the restricted Common Units issued upon the exercise of the Options (the "Restricted Units"), shall be subject to restrictions contained in the MagnaChip Semiconductor LLC California Equity Incentive Plan (as the same may be amended from time to time, the "Incentive Plan").

(ii) The Options and the Restricted Units shall be subject to forfeiture or to repurchase by the Company upon the Officer's termination of service in accordance with the terms of the Incentive Plan, but, generally, upon the Officer's termination of service (other than for Cause) (1) unvested Options shall be subject to repurchase by the Company at a repurchase price of \$1.02 per Option and (2) vested Options and Restricted Units shall be subject to repurchase by the Company at a repurchase price equal to fair market value, as determined by the Board of Directors of MagnaChip LLC in good faith at the time of the repurchase. Upon a termination of service for Cause, the unvested and vested Options and Restricted Units shall be subject to repurchase by the Company at a repurchase price of \$1.02 per Option or Restricted Unit, as the case may be. The Options shall vest in accordance with the schedule set forth in the Incentive Plan, but generally 25% of the Options shall be scheduled to vest on the first anniversary of the date hereof and an additional 6.25% of the Options shall be scheduled to vest each calendar quarter thereafter. On any scheduled vesting date, the Options shall vest only if the Officer is still employed by the Company (except as otherwise provided in this Agreement).

#### 4. TERMINATION OF EMPLOYMENT

Subject to the notice and other provisions of this Section 4, the Company shall have the right to terminate the Officer's employment hereunder, at any time for any reason or for no stated reason, and the Officer shall have the right to resign, at any time for any reason or for no stated reason.

(a) Termination for Cause or Resignation.

(i) If, prior to the expiration of the Initial Term or any Additional Term, the Officer's employment is terminated by the Company for "Cause" (as hereinafter defined) or if the Officer resigns for any reason other than Good Reason (as hereinafter defined) from his employment hereunder, the Officer shall be paid all accrued but unpaid Salary, vacation, expense reimbursements, and other benefits due to the Officer through his termination date under any Company-provided or paid plans, policies and arrangements, in accordance with their terms. Except to the extent required by the terms of the benefits provided under Section 3(f) or applicable law, the Officer shall have no right under this Agreement or otherwise to receive any other compensation or to participate in any other plan, program or arrangement after such termination or resignation of employment with respect to the year of such termination or resignation and later years. The treatment of any outstanding Options held by the Officer as of the date of the termination shall be governed by the agreements and equity incentive plans pursuant to which the Options were granted.

(ii) Termination for "Cause" shall mean a termination of the Officer's employment with the Company because of (A) a failure by the Officer to substantially perform the Officer's customary duties with the Company in the ordinary course (other than such failure resulting from the Officer's incapacity due to physical or mental illness or any such actual or anticipated failure after the Officer provides written notification to the Company of resignation of employment for Good Reason under this Agreement) that, if susceptible to cure, has not been cured as determined by the Company within 30 days after a written demand for substantial performance is delivered to the Officer by the Company, which demand specifically identifies the manner in which the Company believes that the Officer has not substantially performed the Officer's duties; (b) the Officer's gross negligence, intentional misconduct or material fraud in the performance of his employment; (c) the Officer's conviction of, or plea of nolo contendere to, a felony or to a crime involving fraud or dishonesty; (d) a judicial determination that the Officer

committed fraud or dishonesty against any natural person, firm, partnership, limited liability company, association, corporation, company, trust, business trust, governmental authority or other entity (each, a "Person"); or (e) the Officer's material violation of this Agreement or of one or more of the Company's material policies applicable to the Officer's employment as may be in effect from time to time.

(iii) Termination of the Officer's employment for Cause shall be communicated by delivery to the Officer of a written notice from the Company stating that the Officer will be terminated for Cause, specifying the particulars thereof and the effective date of such termination. The date of a resignation other than for Good Reason by the Officer shall be the date specified in a written notice of resignation from the Officer to the Company provided that the Officer shall provide at least 30 days' advance written notice of his resignation other than for Good Reason.

(b) Involuntary Termination.

(i) If, prior to the expiration of the Initial Term or any Additional Term, the Company terminates the Officer's employment for any reason other than Disability, death or Cause or if the Officer resigns from his employment for Good Reason (such termination or resignation being hereinafter referred to as an "Involuntary Termination"), the Officer shall be entitled to (A) payment of his Salary and vacation accrued up to and including the date of the Involuntary Termination, (B) payment of any unreimbursed expenses and (C) severance (the "Severance"), consisting of:

If the Involuntary Termination is not in connection with a Change in Control then:

(1) continuation of his Salary, at the rate in effect on the date of the Involuntary Termination, for a period of twelve months, commencing on the date next following the date of the Involuntary Termination;

(2) payment of the Annual Incentive for the year in which the Involuntary Termination occurs, payable in a lump sum payment within 30 days of the date that the Annual Incentive is normally paid under the terms of the plans and policies of the Company (but in no event more than 12 months following the date of the Involuntary Termination);

(3) 12 months' accelerated vesting with respect to the Officer's outstanding equity awards and a 12-month post-termination equity award exercise period; and

(4) 12 months' Company-paid benefits continuation for the Officer and his eligible dependents.

If the Involuntary Termination is in connection with a Change in Control then:

(1) continuation of his Salary, at the rate in effect on the date of the Involuntary Termination, for a period of twenty-four months, commencing on the date next following the date of the Involuntary Termination;

(2) payment of the Annual Incentive for the year in which the Involuntary Termination occurs, payable in a lump sum payment within 30 days of the date that the Annual Incentive is normally paid under the terms of the plans and policies of the Company (but in no event more than 12 months following the date of the Involuntary Termination);

(3) 24 months' accelerated vesting with respect to the Officer's outstanding equity awards and a 12 month post-termination equity award exercise period; and

(4) 24 months' Company-paid benefits continuation for the Officer and his eligible dependents.

provided, however, that the Severance payable to the Officer pursuant to this section shall be reduced to the extent that the Company makes any severance payments pursuant to the Korean Commercial Code or any other statute.

Without the prior consent of the Officer, neither the Company nor any affiliate shall enter into a severance arrangement with any other officer of the Company that provides such officer with severance payments and/or benefits greater than those to which the Officer is entitled pursuant to this Agreement. In addition, if the Company or any affiliate already has entered into such a severance arrangement, the Officer shall be entitled to receive equivalent severance payments and benefits.

For purposes of this Section 4(b)(i), an Involuntary Termination is "in connection with a Change in Control" if the date of the Involuntary Termination (or, if applicable, the commencement of the cure period that leads to the Involuntary Termination) is within nine months following a Change of Control. For purposes of this Agreement, "Change in Control" has the meaning set forth in the loan documents constituting the Company's senior credit facility, as amended from time to time.

(ii) Resignation for "Good Reason" shall mean resignation by the Officer because of, unless the Officer otherwise consents in writing, one or more of the following circumstances if and only if on or prior to such Officer's termination of employment, he informs the Company in writing that one of such circumstances has occurred and which has not, if susceptible to cure, been cured as determined by the Company within 30 days after a written demand for substantial performance is delivered to the Company by the Officer, which demand specifically identifies the manner in which the Officer believes that the Company has not performed its obligations:

(1) a reduction in the Officer's base Salary or Annual Incentive target other than a one-time reduction of not more than 10% that also is applied to substantially all of the other Company executive officers;

(2) a material reduction in the kind or level of benefits and perquisites (including office space and location) that the Officer is eligible to receive other than a reduction that also is applied to substantially all other Company executive officers;

(3) failure to provide, or any reduction in, the Housing Accommodation;

(4) the nature or status of the Officer's authorities, duties or responsibilities has been materially and adversely altered;

(5) the Company fails to initially appoint or, subject to the proviso contained in Section 2(a), subsequently nominate the Officer to serve as a director as required by this Agreement;

(6) the members of MagnaChip LLC have removed the Officer from the Board of Directors of MagnaChip LLC, unless the Officer shall have been removed for "cause" (as such term is defined in the Second Amended and Restated Securityholders Agreement, dated October 6, 2004, among MagnaChip LLC and the members of MagnaChip LLC); or

(7) the Officer has not been appointed chief executive officer of MagnaChip LLC or any other affiliate of the Company immediately following an initial public offering of the equity securities of such entity.

(iii) Resignation for Good Reason shall be communicated by delivery to the Company of a written notice from the Officer stating that the Officer will be resigning for Good Reason, specifying the particulars thereof and the effective date of such resignation. If the Officer provides such written notice to the Company, the Company shall have 30 days from the date of receipt of such notice to effect a cure of the material breach described therein and, upon cure thereof by the Company, such material breach shall no longer constitute Good Reason for purposes of this Agreement.

(iv) The date of termination of employment without Cause shall be the date specified in a written notice of termination to the Officer. The date of resignation for Good Reason shall be the date specified in a written notice of resignation from the Officer to the Company; provided, however, that no such written notice shall be effective unless the cure period specified in Section 4(b)(ii) above has expired without the Company having corrected the event or events subject to cure.

(c) Termination Due to Disability. In the event of the Officer's Disability, the Company shall be entitled to terminate his employment. In the case that the Company terminates the Officer's employment due to Disability, the Officer shall be entitled to (i) payment of his Salary and accrued vacation up to and including the date of termination, (ii) payment of any unpaid expense reimbursements, (iii) payment of the Annual Incentive, in a prorated amount based on the number of days the Officer was actually employed during the applicable plan year, based on actual performance objectives satisfied by the Company, payable in a lump sum payment within 30 days of the date that the Annual Incentive is normally paid under the terms of the plans and policies of the Company, and (iv) other benefits due to the Officer through his termination date under any Company-provided or paid plans, policies and arrangements, in accordance with their terms. As used herein, the term "Disability" shall mean that the Company determines that due to physical or mental illness or incapacity, whether total or partial, the Officer is substantially unable to perform his duties hereunder for a period of 180 consecutive days or shorter periods aggregating 180 days during any period of 365 consecutive days. The Officer shall permit a licensed physician agreed to by the Company and the Officer (or, in the event that the Company and the Officer cannot agree, by a licensed physician agreed upon by a physician selected by the Company and a physician selected by the Officer) to examine the Officer from time to time prior to the Officer's being determined to be Disabled, as reasonably requested by the Company, to determine whether the Officer has suffered a Disability hereunder.

(d) Death. In the event of the Officer's death while employed by the Company, the Officer's estate or named beneficiary shall be entitled to (i) payment of his Salary and accrued vacation up to and including the date of termination (ii) payment of any unpaid expense reimbursements, (iii) payment of the Annual Incentive, in a prorated amount based on the number of days the Officer was actually employed during the applicable plan year payable in a lump sum payment within 30 days of the date that the Annual Incentive is normally paid under the terms of the plans and policies of the Company, and (iv) other benefits due to the Officer through his termination date under any Company-provided or paid plans, policies and arrangements, in accordance with their terms.

(e) Parachutes. Notwithstanding any other provisions of this Agreement to the contrary, in the event that any payments or benefits received or to be received by the Officer in connection with the Officer's employment with the Company (or termination thereof) would subject the Officer to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Excise Tax"), and if the net-after tax amount (taking into account all applicable taxes payable by the Officer, including without limitation any Excise Tax) that the Officer would receive with respect to such payments or benefits does not exceed the net-after tax amount the Officer would receive if the amount of such payments and benefits were reduced to the maximum amount which could otherwise be payable to the Officer without the imposition of the Excise Tax, then, only to the extent necessary to eliminate the imposition of the Excise Tax, such payments and benefits shall be reduced.

## 5. COVENANTS

(a) Confidential Information. As an officer of the Company, the Officer acknowledges that he has had and will have access to confidential or proprietary information or both relating to the business of, or belonging to, the Company or any affiliates or third parties including, but not limited to, proprietary or confidential information, technical data, trade secrets, or know-how in respect of research, product plans, products, services, customer lists, customers, markets, computer software (including object code and source code), data and databases, outcomes research, documentation, instructional material, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware, configuration information, models, manufacturing processes, sales information, cost information, business plans, business opportunities, marketing, finances or other business information disclosed to the Officer in any manner including by drawings or observations of parts or equipment, etc., all of which have substantial value to the Company (collectively, "Confidential Information").

(i) The Officer agrees that while employed with the Company and after the termination of the Officer's employment for any reason, the Officer shall not: (A) use any Confidential Information except in the course of his employment by the Company; or (B) disclose any Confidential Information to any other person or entity, except to personnel of the Company utilizing it in the course of their employment by the Company or to persons identified to the Officer in writing by the Company, without the prior written consent of the Company.

(ii) While the Officer is employed with the Company and after the termination of the Officer's employment for any reason, the Officer shall respect and adhere to any non-disclosure, confidentiality or similar agreements to which the Company or any of its affiliates are, or during the period of the Officer's employment by the Company, become, a party or subject. Upon the request of the Officer, the Company shall disclose to the Officer any such agreements to which it is a party or is subject.

(iii) The Officer hereby confirms that all Confidential Information and "Company Materials" (as hereinafter defined) are and shall remain the exclusive property of the Company. Immediately upon the termination of the Officer's employment for any reason, or during the Officer's employment with the Company upon the request of the Company, the Officer shall return all Company Materials, or any reproduction of such materials, apparatus, equipment and other physical property. For purposes of this Agreement, "Company Materials" are documents or other media or tangible items that contain or embody Confidential Information or any other information concerning the business, operations or plans of the Company or its affiliates, whether such documents have been prepared by the Officer or others.

(b) Disclosure of Previously Acquired Information to Company. The Officer hereby agrees not to disclose to the Company, and not to induce the Company to utilize, any proprietary information or trade secrets of any other party that are in his possession, unless and to the extent that he has authority to do so.

(c) Non-Competition. While the Officer is employed by the Company and for a two-year period thereafter, the Officer (and any entity or business in which the Officer or any affiliate of the Officer has any direct or indirect ownership or financial interest) shall not, except with the prior written consent of the Board of Directors, directly or indirectly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into any employment of, act as a consultant to, or perform any services for, any business which at any time during such period is in competition with any material business in which the Company, or any of its affiliates, has taken substantial steps to engage or is engaged on or prior to the termination of Officer's employment by the Company, anywhere in the world. This provision shall not be construed to prohibit the ownership by the Officer of less than 2% of any class of securities of any corporation, so long as he remains a passive investor in such entity.

**(d) No Solicitation.** While the Officer is employed by the Company and for a three-year period thereafter, the Officer shall not, directly or indirectly, for the Officer's own account or for the account of any other Person (i) solicit, employ, retain as a consultant, interfere with or attempt to entice away from the Company or any of its affiliates, or any successor to any of the foregoing, any individual who is, has agreed to be or within one year of such solicitation, employment, retention, interference or enticement has been, employed or retained by the Company or any of its subsidiaries or any successor to any of the foregoing and who had frequent contact with the Officer during the Officer's employment (provided, however, it shall not be a violation of this provision if the Officer solicits or employs his administrative assistant) or (ii) solicit or attempt to solicit the trade of any Person which, at the time of such solicitation, is a significant customer of the Company or its affiliates, or any successor to any of the foregoing, or which the Company or its affiliates, or any successor to any of the foregoing, is undertaking reasonable steps to procure as a customer at the time of or immediately preceding the termination of Officer's employment by the Company and which the Company reasonably believes could become a significant customer (provided, however, that this limitation shall only apply to any product or service which is in competition with a product or service of the Company or its affiliates).

**(e) Non-Disparagement.** The Officer and the Company agree that at any time during his employment with the Company or at any time thereafter, neither the Company nor the Officer shall make, or cause or assist any other person to make, any statement or other communication which impugns or attacks, or is otherwise critical of, the reputation, business or character of the other, any subsidiary or any of their respective officers, directors, employees, products or services. The foregoing restrictions shall not apply to any statements that are made truthfully in response to a subpoena or other compulsory legal process.

**(f) Enforcement.** The Officer hereby acknowledges that he has carefully reviewed the provisions of this Agreement and agrees that the provisions are fair and equitable. However, in light of the possibility of differing interpretations of law and change in circumstances, the parties hereto agree that if any one or more of the provisions of this Agreement is determined by a court of competent jurisdiction to be invalid, void or unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable or enforceable under such circumstances shall be substituted for the stated period, scope or area.

## 6. GENERAL PROVISIONS

**(a) Tax Withholding.** All amounts paid to Officer hereunder shall be subject to all applicable wage withholding.

**(b) Notices.** Any notice hereunder by either party to the other shall be given in writing by personal delivery, or certified mail, return receipt requested, or (if to the Company) by telex or facsimile, in any case delivered to the applicable address set forth below:

(i) To the Company: MagnaChip Semiconductor, Ltd.  
Hynix Youngdong Bldg  
891 Daechi-dong  
Kangnam-gu, Seoul 135-738  
Korea  
Facsimile No: +82-2-3459-3647  
Attn: Chief Financial Officer

With a copy to: Citigroup Venture Capital Equity Partners, L.P.  
399 Park Avenue, 14<sup>th</sup> Floor

New York, NY 10022  
Facsimile No: +1-212-888-2940  
Attn: Dave Thomas

and

Francisco Partners, L.P.  
2882 Sand Hill Road  
Suite 280  
Menlo Park, CA 94025  
Facsimile No.: +1-650-233-2999  
Attn: Dipanjan Deb

and

Dechert LLP  
Cira Centre  
2929 Arch Street  
Philadelphia, PA 19104  
Facsimile No.: +1-215-994-2222  
Attn: Geraldine A. Sinatra, Esq.

(ii) To the Officer: at the last known residential address.

or to such other persons or other addresses as either party may specify to the other in writing.

(c) Assignment; Assumption of Agreement. This Agreement shall be binding upon and inure to the benefit of (i) the heirs, executors, and legal representatives of the Officer upon the Officer's death, and (ii) any successor of the Company. Any such successor of the Company shall be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means (i) any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company or (ii) any corporation or business entity which is an affiliate of the Company and which expressly assumes the Company's obligations hereunder in writing. None of the rights of the Officer to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of the Officer's right to compensation or other benefits will be null and void.

(d) Amendment. No provision of this Agreement may be amended, modified, waived or discharged unless such amendment, modification, waiver or discharge is agreed to in writing and signed by the parties. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(e) Severability. If any term or provision hereof is determined to be invalid or unenforceable in a final court or arbitration proceeding, (i) the remaining terms and provisions hereof shall be unimpaired and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and venue shall be Wilmington, Delaware.

(g) Relocation Expenses. The Company shall reimburse the Officer up to \$200,000 for reasonable relocation expenses incurred by him in connection with his relocation to Korea.

(h) Entire Agreement. This Agreement contains the entire agreement of the Officer, the Company and any predecessors or affiliates thereof with respect to the subject matter hereof and all prior agreements and negotiations are superseded hereby as of the date of this Agreement.

(i) Counterparts. This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed an original, but both such counterparts shall together constitute one and the same document.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, effective as of the day and year first written above.

MAGNACHIP SEMICONDUCTOR, LTD.

By: \_\_\_\_\_

Name:

Title:

OFFICER

\_\_\_\_\_  
Sang Park