Table of Contents

As filed with the Securities and Exchange Commission on August 4, 2010

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MAGNACHIP SEMICONDUCTOR S.A.
(Exact name of Registrant as specified in its charter)

Luxembourg	3674	Not Applicable
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

74, rue de Merl
B.P. 709 L-2146 Luxembourg R.C.S.
Luxembourg, B97483
(352) 45-62-62
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

MAGNACHIP SEMICONDUCTOR FINANCE COMPANY
(Exact name of Registrant as specified in its charter)

Delaware	3674	84-1664144
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

c/o MagnaChip Semiconductor S.A.
74, rue de Merl
B.P. 709 L-2146 Luxembourg R.C.S.
Luxembourg, B97483
(352) 45-62-62
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

John McFarland
Senior Vice President, General Counsel and Secretary
c/o MagnaChip Semiconductor, Inc.
20400 Stevens Creek Boulevard, Suite 370
Cupertino, CA 95014
Telephone: (408) 625-5999
Fax: (408) 625-5990
(Name, address, including zip code, and telephone number, including area code, of agent for service)
See Table of Additional Registrants Below

Copies to:

Micheal J. Reagan
Khoa D. Do
W. Stuart Ogg
Jones Day
1755 Embarcadero Road
Palo Alto, California 94303
Telephone: (650) 739-3939
Fax: (650) 739-3900

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
10.500% Senior Notes due 2018	$250,000,000	100%	$250,000,000	$17,825
Guarantees of 10.500% Senior Notes due 2018(2)	N/A	N/A	N/A	N/A

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Represents the guarantees of the 10.500% Senior Notes due 2018, to be issued by the additional registrants. Pursuant to Rule 457(n) under the Securities Act, no additional registration fee is being paid in respect of the guarantees.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Additional Registrants

Exact Name of Additional Registrants	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number
MagnaChip Semiconductor LLC	Delaware	83-0406195
MagnaChip Semiconductor B.V.	The Netherlands	Not Applicable
MagnaChip Semiconductor, Inc.	California	77-0478632
MagnaChip Semiconductor SA Holdings LLC	Delaware	Not Applicable
MagnaChip Semiconductor Limited	United Kingdom	98-0439386
MagnaChip Semiconductor Limited	Taiwan	98-0439388
MagnaChip Semiconductor Limited	Hong Kong	98-0439389
MagnaChip Semiconductor Inc.	Japan	Not Applicable
MagnaChip Semiconductor Holding Company Limited	British Virgin Islands	Not Applicable

The principal executive office address for each of the additional registrants is c/o MagnaChip Semiconductor S.A., 74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S., Luxembourg, B97483, telephone (352) 45-62-62. The primary standard industrial classification code number for each of the additional registrants is 3674.

The address, including zip code, and telephone number, including area code, of each of the additional registrants is c/o MagnaChip Semiconductor, LLC, 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, telephone (408) 625-5999, fax (408) 625-5990 and the name of each of the additional registrant's agent for service is John McFarland, Senior Vice President, General Counsel and Secretary, MagnaChip Semiconductor LLC.

Subject to Completion, Dated August 4, 2010

PROSPECTUS

MagnaChip Semiconductor S.A.
MagnaChip Semiconductor Finance Company

Offer to Exchange Up To

$250,000,000

10.500% Senior Notes due 2018 and related Guarantees
which have been registered under the Securities Act of 1933
for any and all outstanding 10.500% Senior Notes due 2018 and related Guarantees

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We are offering, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, to exchange up to $250,000,000 aggregate principal amount of our new 10.500% Senior Notes due 2018 that we have registered under the Securities Act of 1933, as amended, for an equal principal amount of our outstanding unregistered 10.500% Senior Notes due 2018. We refer to the new notes you will receive in this exchange offer as the "new notes," and we refer to the old notes you will tender in this exchange offer as the "old notes." The new notes will represent the same debt as the old notes, and we will issue the new notes under the same indenture.

The exchange offer expires at 5:00 p.m., New York City time, on , 2010, unless extended by us.

Terms of the Exchange Offer

- We will exchange all old notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer.
- You may withdraw tendered old notes at any time prior to the expiration of the exchange offer.
- You are required to make the representations described on pages 9 and 213 to us.
- The terms of the new notes will be substantially identical to the terms of the old notes (including principal amount, interest rate, maturity and redemption rights), except that the new notes are registered under the Securities Act and will bear a separate CUSIP number, and the transfer restrictions, registration rights and related special interest terms applicable to the old notes will not apply to the new notes.
- We will not receive any proceeds from the exchange offer.
- There is no existing market for the new notes to be issued, and we do not intend to apply for their listing or quotation on any securities exchange or market.

See "Risk Factors" beginning on page 25 for a discussion of risks that should be considered by holders prior to tendering their old notes.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

TABLE OF CONTENTS

No dealer, salesperson or other person has been authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the securities offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended, which we refer to as the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where the old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

This prospectus is part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, or the SEC, under the Securities Act and does not contain all of the information contained in the registration statement. This information is available without charge upon written or oral request. See "Where you can find more information." To obtain this information in a timely fashion, you must request such information no later than five business days before , 2010, which is the date on which the exchange offer expires (unless we extend the exchange offer as described herein).

"MagnaChip" is a registered trademark of us and our subsidiaries and "MagnaChip Everywhere" is our registered service mark. An application for United States trademark registration of "MagnaChip Everywhere" is pending. All other product, service and company names mentioned in this prospectus are the service marks or trademarks of their respective owners.

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. The following summary is qualified in its entirety by the information contained elsewhere in this prospectus. This summary is not complete and may not contain all of the information that you should consider before exchanging your old notes for new notes. You should read the entire prospectus carefully, including the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections contained in this prospectus and our consolidated financial statements.

In this prospectus, unless the context otherwise requires:

- *"MagnaChip," "we," "us," "our" and "Our Company" refer collectively to MagnaChip Semiconductor LLC, the parent company of our consolidated group, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, the co-issuers of the old notes and the new notes being offered hereby, and their respective subsidiaries on a consolidated basis, and such terms refer collectively to MagnaChip Semiconductor LLC, the parent company of our consolidated group, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, and their respective subsidiaries on a consolidated basis.*
- *"MagnaChip Corporation" refers to MagnaChip Semiconductor Corporation (the expected corporate successor to MagnaChip Semiconductor LLC pursuant to the corporate conversion described below that will occur if and when MagnaChip Semiconductor LLC consummates an initial public offering of its equity securities).*
- *"MagnaChip Korea" refers to MagnaChip Semiconductor, Ltd., our principal operating subsidiary.*
- *"Korea" refers to the Republic of Korea or South Korea.*

We filed a registration statement on Form S-1 with the SEC on March 15, 2010, as amended, with respect to the initial public offering of the common stock of MagnaChip Corporation, which we refer to as the MagnaChip Corporation IPO. If and when we decide to proceed with the MagnaChip Corporation IPO, prior to the effectiveness of the registration statement filed with the SEC for the MagnaChip Corporation IPO, we will complete a number of transactions pursuant to which MagnaChip Corporation will succeed to the business of MagnaChip Semiconductor LLC, the members of MagnaChip Semiconductor LLC will become stockholders of MagnaChip Semiconductor Corporation and all of the outstanding options and warrants to purchase common units of MagnaChip Semiconductor LLC will be automatically converted into options and warrants to purchase shares of MagnaChip Corporation's common stock. In this prospectus, we refer to such transactions as the corporate conversion.

Neither of the co-issuers has any material operations and the financial statements and other financial information, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in this prospectus relate to the consolidated financial statements and other consolidated information of MagnaChip. For this reason, the description of our business operations elsewhere relates to the operations of our consolidated group.

Overview

MagnaChip is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. We believe we have one of the broadest and deepest analog and mixed-signal semiconductor technology platforms in the industry, supported by our 30-year operating history, large portfolio of approximately 2,620 novel registered patents and 950 pending novel patent applications, and extensive engineering and manufacturing process expertise. Our business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our Display Solutions products include display drivers that cover a wide range of flat panel displays and mobile multimedia devices. Our Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. Our Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

Our wide variety of analog and mixed-signal semiconductor products and manufacturing services combined with our deep technology platform allows us to address multiple high-growth end markets and to rapidly develop and introduce new products and services in response to market demands. Our substantial manufacturing operations in Korea and design centers in Korea and Japan place us at the core of the global consumer electronics supply chain. We believe this enables us to quickly and efficiently respond to our customers' needs and allows us to better service and capture additional demand from existing and new customers.

We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. As a result, we have been able to strengthen our technology platform and develop products and services that are in high demand by our customers and end consumers. We sold over 1,400 and 2,300 distinct products to over 210 and 185 customers for the three months ended March 31, 2010 and combined twelve-month period ended December 31, 2009, respectively, with a substantial portion of our revenues derived from a concentrated number of customers. Our largest semiconductor manufacturing services customers include some of the fastest growing and leading semiconductor companies that design analog and mixed-signal products for the consumer, computing and wireless end markets.

Our business is largely driven by innovation in the consumer electronics markets and the growing adoption by consumers worldwide of electronic devices for use in their daily lives. The consumer electronics market is large and growing rapidly, largely due to consumers increasingly accessing a wide variety of available rich media content, such as high definition audio and video, mobile television and games on advanced consumer electronic devices. According to Gartner, production of liquid crystal display, or LCD televisions, smartphones, mobile personal computers, or PCs, and mini-notebooks is expected to grow from 2009 to 2013 by a compound annual growth rate of 12%, 36%, 24%, and 20%, respectively. Electronics manufacturers are continuously implementing advanced technologies in new generations of electronic devices using analog and mixed-signal semiconductor components, such as display drivers that enable display of high resolution images, encoding and decoding devices that allow playback of high definition audio and video, and power management semiconductors that increase power efficiency, thereby reducing heat dissipation and extending battery life. According to iSuppli Corporation, in 2009, the display driver semiconductor market was $6.0 billion and the power management semiconductor market was $21.9 billion.

For the three months ended March 31, 2010, on a pro forma basis, we generated net sales of $179.5 million, income from continuing operations of $27.1 million, Adjusted EBITDA of $28.7 million and Adjusted Net Income of $15.0 million. For 2009 on a combined pro forma basis, we generated net sales of $560.1 million, income from continuing operations of $46.6 million, Adjusted EBITDA of $98.7 million and Adjusted Net Income of $33.7 million. On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code and our plan of reorganization became effective on November 9, 2009. For 2008, we generated net sales of $601.7 million, losses from continuing operations of $325.8 million, Adjusted EBITDA of $59.8 million and Adjusted Net Loss of $71.7 million. See "Unaudited Pro Forma Consolidated Financial Information" beginning on page 59 for an explanation regarding our pro forma presentation and "Prospectus Summary — Summary Historical and Unaudited Pro Forma Consolidated Financial Data," beginning on page 16 for an explanation of our use of Adjusted EBITDA and Adjusted Net Income.

Our Products and Services

Our Display Solutions products include source and gate drivers and timing controllers that cover a wide range of flat panel displays used in LCD televisions and light emitting diode, or LED, televisions and displays, mobile PCs and mobile communications and entertainment devices. Our display solutions support the industry's most advanced display technologies, such as low temperature polysilicon, or LTPS, and active matrix organic light emitting diode, or AMOLED, as well as high-volume display technologies such as thin film transistor, or TFT. Our Display Solutions business represented 50.5%, 50.5% and 46.7% of our net sales for the fiscal years ended December 31, 2009 (on a combined basis), 2008 and 2007, respectively, and 42.8% and 58.8% of our net sales for the three months ended March 31, 2010 and March 31, 2009, respectively.

We expanded our business and market opportunity by establishing our Power Solutions business in late 2007. We have introduced a number of products for power management applications, including metal oxide semiconductor field effect transistors, or MOSFETs, analog switches, LED drivers, DC-DC converters and linear regulators for a range of devices, including LCD and LED digital televisions, mobile phones, computers and other consumer electronics products. Our Power Solutions business represented 2.2% and 0.9% of our net sales for the fiscal years ended December 31, 2009 (on a combined basis) and 2008, respectively, and 5.0% and 0.9% of our net sales for the three months ended March 31, 2010 and March 31, 2009, respectively.

We offer semiconductor manufacturing services to fabless analog and mixed-signal semiconductor companies that require differentiated, specialty analog and mixed-signal process technologies. We believe the majority of our top twenty semiconductor manufacturing services customers use us as their primary manufacturing source for the products that we manufacture for them. Our process technologies are optimized for analog and mixed-signal devices and include standard complementary metal-oxide semiconductor, or CMOS, high voltage CMOS, ultra-low leakage high voltage CMOS and bipolar complementary double-diffused metal oxide semiconductor, or BCDMOS. Our semiconductor manufacturing services customers use us to manufacture a wide range of products, including display drivers, LED drivers, audio encoding and decoding devices, microcontrollers, electronic tags and power management semiconductors. Our Semiconductor Manufacturing Services business represented 46.7%, 47.7% and 45.2% of our net sales for the fiscal years ended December 31, 2009 (on a combined basis), 2008 and 2007, respectively, and 51.9% and 39.6% of our net sales for the three months ended March 31, 2010 and March 31, 2009, respectively.

We manufacture all of our products at our three fabrication facilities located in Korea. We have approximately 200 proprietary process flows we can utilize for our products and offer to our semiconductor manufacturing services customers. Our manufacturing base serves both our display driver and power management businesses and semiconductor manufacturing services customers, allowing us to optimize our asset utilization and leverage our investments across our product and service offerings. Analog and mixed-signal manufacturing facilities and processes are typically distinguished by design and process implementation expertise rather than the use of the most advanced equipment. These processes also tend to migrate more slowly to smaller geometries due to technological barriers and increased costs. For example, some of our products use high-voltage technology that requires larger geometries and that may not migrate to smaller geometries for several years, if at all. As a result, our manufacturing base and strategy does not require substantial investment in leading edge process equipment, allowing us to utilize our facilities and equipment over an extended period of time with moderate required capital investments.

Our Competitive Strengths

We believe our strengths include:

- Broad and advanced analog and mixed-signal semiconductor technology and intellectual property platform that allows us to develop new products and meet market demands quickly;
- Established relationships and close collaboration with leading global consumer electronics companies, which enhance our visibility into new product opportunities, markets and technology trends;

- Longstanding presence of our management, personnel and manufacturing base in Asia and proximity to our largest customers and to the core of the global consumer electronics supply chain, which allows us to respond rapidly and efficiently to our customers' needs;
- Flexible, service-oriented culture and approach to customers;
- Distinctive analog and mixed-signal process technology and manufacturing expertise; and
- Manufacturing facilities with specialty processes and a low-cost operating structure, which allow us to maintain price competitiveness across our product and service offerings.

Our Strategy

Our objective is to grow our business, our cash flow and profitability and to establish our position as a leading provider of analog and mixed-signal semiconductor products and services for high-volume markets. Our business strategy emphasizes the following key elements:

- Leverage our advanced analog and mixed-signal technology platform to continuously innovate and deliver products with high levels of performance and integration, as well as to expand our technology offerings within our target markets, such as our power management products;
- Increase business with our global customer base of leading consumer electronics original equipment manufacturers, or OEMs, and fabless companies by collaborating on critical design, product and manufacturing process development and leveraging our deep knowledge of customer needs;
- Broaden our customer base by expanding our global design centers and local application engineering support and sales presence, particularly in China and other high-growth regions;
- Aggressively grow our power management product portfolio business by introducing new products, expanding distribution and cross-selling products to our existing customers;
- Drive execution excellence in new product development, manufacturing efficiency and quality, customer service and personnel development; and
- Optimize asset utilization and return on capital investments by maintaining our focus on specialty process technologies that do not require substantial investment in leading edge process equipment and by utilizing our manufacturing facilities for both our display driver and power management businesses and manufacturing services customers.

Recent Changes to Our Business

We have executed a significant restructuring over the last 18 months that refocused our business strategy, enhanced our operating efficiency and improved our cash flow and profitability. By closing our Imaging Solutions business, restructuring our balance sheet and refining our business processes and strategy, we believe we have made significant structural improvements to our operating model and have enabled better flexibility to manage our business through fluctuations in the economy and our markets.

Specifically, our business optimization initiatives included:

- Closing our Imaging Solutions business, which had been a source of substantial ongoing operating losses amounting to $91.5 million and $51.7 million in 2008 and 2007, respectively, and which required substantial ongoing capital investment;
- Through our reorganization proceedings, reducing our indebtedness from $845 million immediately prior to the effectiveness of our plan of reorganization to $61.8 million as of December 31, 2009 and retiring $149 million of redeemable convertible preferred units;
- Streamlining our cost structure to reduce ongoing fixed and variable expenses;
- Entering into a hedging program to mitigate the impact of currency fluctuation on our financial results; and

- Focusing on major customers, key product lines, growth segments and areas of competitive differentiation.

On April 9, 2010, we completed the sale of $250 million in aggregate principal amount of 10.500% senior notes due 2018, which we refer to as our senior notes. Of the $238.4 million of net proceeds, which represents $250 million of principal amount net of $3.3 million of original issue discount and $8.3 million of debt issuance costs, $130.7 million was used to make a distribution to our unitholders and $61.6 million was used to repay all outstanding borrowings under our term loan. The remaining proceeds were retained to fund working capital and for general corporate purposes. As a result of our higher level of indebtedness from our senior notes offering, our quarterly interest expense will increase above that which was reported for the two-month period ended December 31, 2009 and the three months ended March 31, 2010 to approximately $6.8 million per quarter.

On June 30, 2010, we announced that we elected not to proceed with our planned MagnaChip Corporation IPO and corporate conversion at such time due to adverse market conditions. We intend to complete the MagnaChip Corporation IPO as soon as market conditions permit us to do so. We, however, cannot assure you when or if we will be able to complete the MagnaChip Corporation IPO, even if market conditions improve. If we are unable to complete the MagnaChip Corporation IPO, it could adversely impact the value of the notes.

Risks Related to Our Company

Investing in our company entails a high degree of risk, including those summarized below and those more fully described in the "Risk Factors" section beginning on page 25 of this prospectus before deciding whether to exchange your old notes in the exchange offer.

- We have a history of losses and may not be profitable in the future;
- On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code and our plan of reorganization became effective on November 9, 2009;
- In connection with our audit for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009, our auditors identified two control deficiencies which represent a material weakness in our internal control over financial reporting; if we fail to effectively remediate this weakness, the accuracy and timing of our financial reporting may be adversely affected;
- The cyclical nature of the semiconductor industry may limit our ability to maintain or increase net sales and profit levels during industry downturns;
- If we fail to develop new products and process technologies or enhance our existing products and services in order to react to rapid technological change and market demands, our business will suffer;
- A significant portion of our sales comes from a relatively limited number of customers and the loss of any of such customers or a significant decrease in sales to any of such customers would harm our revenue and gross profit; and
- The average selling prices of our semiconductor products have at times declined rapidly and will likely do so in the future, which could harm our revenue and gross profit.

Corporate Information

MagnaChip Semiconductor LLC is a Delaware limited liability company and parent guarantor of the notes. MagnaChip Semiconductor LLC functions as a holding and financing company for other MagnaChip entities. On a stand-alone basis, MagnaChip Semiconductor LLC does not have any independent operations.

If and when we complete the MagnaChip Corporation IPO and prior to the effectiveness of the registration statement filed in connection with the MagnaChip Corporation IPO, MagnaChip Semiconductor LLC will convert from a Delaware limited liability company to a Delaware corporation. We refer to this as the corporate conversion. In connection with the corporate conversion, each common unit of MagnaChip Semiconductor LLC will be converted into shares of common stock of MagnaChip Semiconductor Corporation, the members of MagnaChip Semiconductor LLC will become stockholders of MagnaChip Semiconductor Corporation and MagnaChip Semiconductor Corporation will succeed to the business of MagnaChip Semiconductor LLC and its consolidated subsidiaries.

MagnaChip Semiconductor S.A., our Luxembourg subsidiary and one of the two co-issuers of the notes, is a Luxembourg public limited liability company (*société anonyme*). It functions as a financing company. On a stand-alone basis, MagnaChip Semiconductor S.A. does not have any independent operations.

MagnaChip Semiconductor Finance Company, a wholly-owned subsidiary of MagnaChip Semiconductor S.A. and one of the two co-issuers of the notes, is a Delaware corporation. On a stand-alone basis, MagnaChip Semiconductor Finance Company does not have any independent operations.

Our principal executive offices are located at c/o MagnaChip Semiconductor S.A., 74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S., Luxembourg B97483, and our telephone number is (352) 45-62-62. Our website address is www.magnachip.com . You should not consider the information contained on our website to be part of this prospectus.

Our business was named MagnaChip Semiconductor when it was acquired from Hynix Semiconductor, Inc., or Hynix, in October 2004. We refer to this acquisition as the Original Acquisition.

On June 12, 2009, MagnaChip Semiconductor LLC, along with certain of its subsidiaries, including MagnaChip Semiconductor S.A., filed a voluntary petition for relief in the United States Bankruptcy Court for the District of Delaware under Chapter 11 of the United States Bankruptcy Code, which we refer to as the reorganization proceedings. On November 9, 2009, our plan of reorganization became effective and we emerged from the reorganization proceedings with our management team remaining in place.

Our Chapter 11 plan of reorganization implemented a comprehensive financial reorganization that significantly reduced our outstanding indebtedness. Additionally, on that date, a new board of directors of MagnaChip Semiconductor LLC was appointed, MagnaChip Semiconductor LLC's previously outstanding common and preferred units, and options were cancelled, MagnaChip Semiconductor LLC issued approximately 300 million common units and warrants to purchase 15 million common units to two classes of creditors and affiliated funds of Avenue Capital Management II, L.P. became the majority unitholder of MagnaChip Semiconductor LLC.

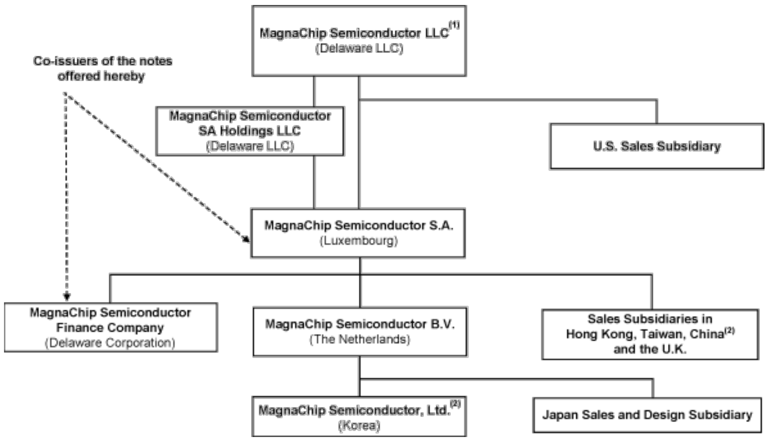
Avenue Capital Management II, L.P. is a global investment management firm, and it and its affiliated funds specialize in investing in high yield debt, debt of insolvent or financially distressed companies and equity of companies undergoing financial or operational turnarounds or reorganizations. In this prospectus, we refer to funds affiliated with Avenue Capital Management II, L.P. collectively as Avenue. Avenue generally does not manage or operate the companies in which it invests; however, in connection with some of its equity investments, Avenue will appoint one or more representatives to serve on the board of directors. Avenue was a holder of a significant portion of our indebtedness which was outstanding prior to our reorganization proceedings. In connection with our emergence from our reorganization proceedings, Avenue became our majority unitholder as a result of its participation in our rights offering and continued as a lender under our new term loan. In connection with our April 2010 old notes offering, Avenue purchased notes in the aggregate principal amount of $35.0 million, was repaid $42.8 million in connection with the repayment of our new term loan and received $91.2 million in connection with our distribution to unitholders. Avenue has the right to appoint a majority of our board pursuant to our Fifth Amended and Restated Limited Liability Company Operating Agreement and if and when we complete the MagnaChip Corporation IPO, Avenue will have the right to appoint a majority of our board as long as Avenue continues to hold or control a majority of our outstanding shares. See "Certain Relationships and Related Transactions" for additional information.

Table of Contents

Organizational Structure

The following chart shows a summary of our organizational structure.

MagnaChip Semiconductor S. A. and MagnaChip Semiconductor Finance Company are the co-issuer of the old notes and the new notes offered hereby. MagnaChip Semiconductor LLC and each of its subsidiaries (other than MagnaChip Korea, the MagnaChip China Subsidiaries and certain Immaterial Subsidiaries (each as defined under the caption “Description of New Notes”)), guarantee the notes.



(1) Assuming completion of the corporate conversion, MagnaChip Corporation will succeed to the business of MagnaChip Semiconductor LLC.

(2) Does not guarantee the notes offered hereby.

Summary of the Exchange Offer

On April 9, 2010, we completed the private offering of $250 million aggregate principal amount of 10.500% Senior Notes due 2018, which we refer to in this prospectus as the "old notes." We entered into an exchange and registration rights agreement, which we refer to in this prospectus as the "notes registration rights agreement," with the initial purchasers of the old notes in which we agreed to deliver to you this prospectus and to use all commercially reasonable efforts to complete an exchange offer within the time period specified in the notes registration rights agreement. Below is a summary of the exchange offer. For a more detailed description of the exchange offer, see "Exchange offer."

The Exchange Offer	We are offering to exchange up to $250,000,000 aggregate principal amount of 10.500% Senior Notes due 2018, which have been registered under the Securities Act and which we refer to as the "new notes," for our outstanding, unregistered 10.500% Senior Notes due 2018, which we issued on April 9, 2010 and which we refer to as the "old notes," in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Unless we specify otherwise or the context indicates otherwise, we refer to the new notes and the old notes together as the "notes."
	The terms of the new notes will be substantially identical to the terms of the old notes (including principal amount, interest rate, maturity and redemption rights), except that the new notes are registered under the Securities Act and will bear a separate CUSIP number, and the transfer restrictions, registration rights and related special interest terms applicable to the old notes will not apply to the new notes. The old notes may be exchanged only in denominations of $2,000 and integral multiples of $1,000. We intend by the issuance of the new notes to satisfy our obligations under the notes registration rights agreement.
Expiration of the Exchange Offer; Acceptance and Issuance of New Notes	The exchange offer will expire at 5:00 p.m., New York City time, on , 2010, or such later date and time to which we may extend it in our sole discretion. Subject to the conditions stated in "Exchange offer — Terms of the Exchange Offer — Conditions to the Exchange Offer," we will accept for exchange any and all outstanding old notes that are validly tendered and not validly withdrawn before the expiration of the exchange offer. The new notes will be delivered promptly after the expiration of the exchange offer. Any old notes not accepted for exchange for any reason will be returned without expense to you promptly after the expiration or termination of the exchange offer.
Withdrawal Rights	You may withdraw your tender of old notes in the exchange offer at any time before the expiration of the exchange offer.
Conditions to the Exchange Offer	The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange. The exchange offer is subject to customary conditions, which we may waive. Please read "Exchange offer — Terms of the Exchange Offer — Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.

Procedures for Tendering Notes	To tender old notes held in book-entry form through the Depository Trust Company, or DTC, you must transfer your old notes into the exchange agent's account in accordance with DTC's Automated Tender Offer Program, or ATOP, system. In lieu of delivering a letter of transmittal to the exchange agent, a computer-generated message, in which the holder of the old notes acknowledges and agrees to be bound by the terms of the letter of transmittal (an "agent's message"), must be transmitted by DTC on behalf of a holder of old notes and received by the exchange agent before 5:00 p.m., New York City time, on the expiration date. In all other cases, a letter of transmittal must be manually executed and received by the exchange agent before 5:00 p.m., New York City time, on the expiration date. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things: • you are not our affiliate as defined in Rule 405 of the Securities Act, or if you are such an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable; • you are not engaged in and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the new notes; • you are acquiring the new notes in your ordinary course of business; • if you are a broker-dealer that holds old notes that were acquired for your own account as a result of market-making activities or other trading activities (other than old notes acquired directly from us or our affiliates), you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the new notes; • if you are a broker-dealer, you did not purchase the old notes to be exchanged in the exchange offer from us or our affiliates; • you are not acting on behalf of any person who could not truthfully and completely make the representations contained in the foregoing clauses.
Special Procedures for Beneficial Owners	If you are a beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you want to tender old notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, before completing and executing the letter of transmittal and delivering your old notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the registered holder.

Guaranteed Delivery Procedures	If you wish to tender your old notes, and time will not permit your required documents to reach the exchange agent by the expiration date, or the procedure for book-entry transfer cannot be completed on time, you may tender your old notes under the procedures described in “Exchange offer — Guaranteed Delivery Procedures.”
Failure to Exchange Your Old Notes	All untendered old notes will remain subject to the restrictions on transfer provided for in the old notes and in the indenture. Generally, the old notes that are not exchanged for new notes in the exchange offer will remain restricted securities, and may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Following the exchange offer, we will have no obligation to register outstanding old notes under the Securities Act or to pay contingent increases in interest based on our original registration obligation, except in the limited circumstances provided under the notes registration rights agreement.
Resales	Based on interpretations by the staff of the Securities and Exchange Commission, or SEC, in no action letters issued to third parties, we believe that new notes issued in exchange for old notes in the exchange offer may be offered for resale, resold or otherwise transferred by you after the exchange offer without further compliance with the registration and prospectus delivery requirements of the Securities Act (subject to certain representations required to be made by each holder of old notes, as set forth under “Exchange Offer — Procedures for Tendering”), unless you are a broker-dealer receiving securities for your own account, so long as: • you are not one of our “affiliates,” which is defined in Rule 405 of the Securities Act; • you acquire the new notes in the ordinary course of your business; • you do not have any arrangement or understanding with any person to participate in the distribution of the new notes; and • you are not engaged in, and do not intend to engage in, a distribution of the new notes. • If you are our affiliate, or you are engaged in, intend to engage in or have any arrangement or understanding with respect to, the distribution of new notes acquired in the exchange offer, you (1) should not rely on our interpretations of the position of the SEC’s staff and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

	If you are a broker-dealer and receive new notes for your own account in the exchange offer: • you must represent that you do not have any arrangement with us or any of our affiliates to distribute the new notes; • you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes you receive from us in the exchange offer (the letter of transmittal states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an "underwriter" within the meaning of the Securities Act); and • you may use this prospectus, as it may be amended or supplemented from time to time, in connection with the resale of new notes received in exchange for old notes acquired by you as a result of market making or other trading activities. • For a period of up to 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any resale described above. See "Plan of distribution."
Federal Income Tax Considerations	The exchange of notes pursuant to the exchange offer should not be a taxable event for U.S. federal income tax purposes. See "Certain United States Federal Income Tax Considerations."
Use of Proceeds	We will not receive any proceeds from the issuance of the new notes in the exchange offer.
Exchange Agent	Wilmington Trust FSB is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in "Exchange Offer — Exchange Agent."

Summary of the Terms of New Notes

The exchange offer relates to the exchange of up to $250,000,000 in aggregate principal amount of old notes for an equal aggregate principal amount of new notes. The terms of the new notes will be substantially identical to the terms of the old notes, except the new notes are registered under the Securities Act, the new notes will bear a separate CUSIP number, and the transfer restrictions, registration rights and related additional interest terms applicable to the old notes will not apply to the new notes. The new notes will evidence the same indebtedness as the old notes which they will replace. Both the old notes and the new notes are governed by the same indenture. The following summary contains some basic information about the new notes. For a more complete description of the new notes, see "Description of New Notes."

Issuers	MagnaChip Semiconductor S.A., a société anonyme with a registered office at 74, rue de Merl, B.P. 709 L-2146 Luxembourg registered with the register of commerce and companies of Luxembourg under number B97483, and MagnaChip Semiconductor Finance Company.
Notes Offered	$250 million in aggregate principal amount of 10.500% Senior Notes due 2018.
Maturity	April 15, 2018.
Interest Rate	Interest on the notes will accrue at a rate of 10.500% per annum. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.
Interest Payment Dates	Interest on the notes will be payable semi-annually on April 15 and October 15 of each year, beginning on October 15, 2010.
Guarantees	The notes will be fully and unconditionally guaranteed by MagnaChip Semiconductor LLC and each of its current and future subsidiaries (other than certain Immaterial Subsidiaries, MagnaChip Korea and the MagnaChip China Subsidiaries). See "Description of New Notes — The Note Guarantees."
Ranking	The notes will be the issuers' general unsecured obligations. The notes will rank pari passu in right of payment with all of the issuers' existing and future unsecured indebtedness and other liabilities (including trade payables) and senior in right of payment to all future debt of the issuers that is expressly subordinated in right of payment to the notes (if any). The notes will be effectively subordinated in right of payment to all borrowings under future secured credit facilities (to the extent of the value of the collateral securing those facilities) and to all indebtedness and other liabilities (including trade payables) of any non-guarantor subsidiaries. Our non-guarantor subsidiaries generated approximately 69.2% of our aggregate consolidated revenues for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009, and as of December 31, 2009 held approximately 87.3% of our consolidated assets and had $166.2 million in total outstanding indebtedness and other liabilities, excluding intercompany liabilities (of which $61.8 million related to a guarantee by MagnaChip Korea of the then-existing senior secured credit facility, which was repaid

	with a portion of the net proceeds from the offering of the old notes). The note guarantees will be the guarantors' general unsecured obligations. Each guarantee will be effectively subordinated in right of payment to all future secured debt of the guarantor, will be pari passu in right of payment with all existing and future unsecured indebtedness and other liabilities (including trade payables) of the guarantor and senior in right of payment to any future subordinated indebtedness of the guarantor (if any).
Optional Redemption	On or after April 15, 2014, we may on one or more occasions redeem some or all of the notes at any time at the redemption prices set forth under "Description of New Notes — Optional Redemption," plus accrued and unpaid interest and special interest, if any, to the applicable redemption date. In addition, at any time prior to April 15, 2013, we may on one or more occasions redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain qualified equity offerings, at a redemption price equal to 110.500% of the principal amount of the notes to be redeemed plus accrued and unpaid interest and special interest, if any, to the redemption date. Also, at any time prior to April 15, 2014, we may, on one or more occasions, redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed, plus accrued and unpaid interest and special interest, if any, to the redemption date and a "make-whole" premium. See "Description of New Notes — Optional Redemption."
Additional Amounts; Tax Redemption	Payments on the notes will be made without withholding or deduction for any current or future taxes, unless required by law. If withholding is required, we will pay such additional amounts as may be necessary in order that the net amounts received by holders of the notes will equal the amounts that would have been received if taxes had not been withheld, subject to the limitations set forth under "Description of New Notes — Additional Amounts." We may redeem the notes in whole but not in part, at our discretion, at a redemption price equal to the principal amount of the notes outstanding plus accrued and unpaid interest, special interest and additional amounts due, if any, to the redemption date, if we are or would be required to pay any such additional amounts as a result of specified changes in laws, treaties, regulations or rulings, or specified changes in application, administration or interpretation of such laws, treaties, regulations or rulings, subject to certain limitations. See "Description of New Notes — Redemption Upon Changes in Withholding Taxes."

Change of Control Offer

If we experience certain change of control events, we must offer to repurchase the notes at 101% of their principal amount, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. See "Description of New Notes — Repurchase at the Option of Holders — Change of Control."

Asset Sale Offer

Under certain circumstances, if we sell assets and do not use the proceeds from the sale as specified in the indenture, we must apply the proceeds therefrom to an offer to repurchase, prepay or redeem the notes at 100% of their principal amount, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. See "Description of New Notes — Repurchase at the Option of Holders — Asset Sales."

Restrictive Covenants

The notes will be issued under an indenture containing covenants that, among other things, will restrict the ability of MagnaChip Semiconductor LLC and its restricted subsidiaries (including the issuers) to:

- pay dividends, redeem units, make payments with respect to subordinated indebtedness, or make other restricted payments;
- incur additional indebtedness or issue preferred units;
- create liens;
- make certain investments;
- consolidate, merge or dispose of all or substantially all of our assets, taken as a whole;
- sell or otherwise transfer or dispose of assets, including equity interests of subsidiaries;
- enter into sale-leaseback transactions;
- enter into transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

These covenants are subject to a number of important exceptions and qualifications. See "Description of New Notes — Certain Covenants." Certain of these restrictive covenants will terminate if the notes are rated investment-grade.

Risk Factors

See "Risk Factors" for a description of certain risks you should consider before deciding to tender your old notes in the exchange offer.

Ratio of Earnings to Fixed Charges

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated:

Successor		Predecessor					
Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007	2006	2005
10.2	—	21.2	—	—	—	—	—

		Where a dash appears, our earnings were negative and were insufficient to cover fixed charges during the period. Our deficiencies to cover fixed charges in each period presented were as follows:

	Successor	Predecessor				
	Two- Month Period Ended December 31, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007	2006	2005
		(In millions)				
Deficiencies	$ 0.5	$ 69.6	$327.5	$132.0	$78.8	$119.2

See "Ratio of Earnings to Fixed Charges" for additional information.

No Established Trading Market	There is no established trading market for the new notes. The new notes are not listed on any securities exchange or on any automated dealer quotation system. We cannot assure you that an active or liquid trading market for the new notes will develop. If an active or liquid trading market for the new notes does not develop, the market price and liquidity of the new notes may be adversely affected.

Summary Historical and Unaudited Pro Forma Consolidated Financial Data

The following tables set forth summary historical and unaudited pro forma consolidated financial data of MagnaChip Semiconductor LLC on or as of the dates and for the periods indicated. The summary historical and unaudited pro forma consolidated financial data presented below should be read together with "Selected Historical Consolidated Financial and Operating Data," "Unaudited Pro Forma Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited consolidated financial statements, including the notes to those consolidated financial statements, appearing elsewhere in this prospectus.

We have derived the summary historical consolidated financial data as of December 31, 2009 and 2008, and for the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the years ended December 31, 2008 and 2007 from the historical audited consolidated financial statements of MagnaChip Semiconductor LLC prepared in accordance with generally accepted accounting principles in the United States, or GAAP, included elsewhere in this prospectus. We have derived the summary historical consolidated financial data as of December 31, 2007 from the historical audited financial statements of MagnaChip Semiconductor LLC not included in this prospectus. We derived the unaudited consolidated statement of operations data for the three months ended March 31, 2010 and March 29, 2009, as well as unaudited consolidated balance sheet data as of March 31, 2010, from our unaudited interim consolidated financial statements included elsewhere in this prospectus. We derived the unaudited consolidated balance sheet data as of March 29, 2009 from our unaudited interim consolidated financial statements not included in this prospectus. The historical results of MagnaChip Semiconductor LLC for any prior period are not necessarily indicative of the results to be expected in any future period, and financial results for any interim period are not necessarily indicative of results for a full year.

In connection with our emergence from reorganization proceedings, we implemented fresh-start reporting, or fresh-start accounting, in accordance with applicable Accounting Standards Codification, or ASC 852 governing reorganizations. We elected to adopt a convenience date of October 25, 2009 (a month end for our financial reporting purposes) for application of fresh-start accounting. In accordance with the ASC 852 rules governing reorganizations, we recorded largely non-cash reorganization income and expense items directly associated with our reorganization proceedings including professional fees, the revaluation of assets, the effects of our reorganization plan and fresh-start accounting and write-off of debt issuance costs. As a result of the application of fresh-start accounting, our financial statements prior to and including October 25, 2009 represent the operations of our pre-reorganization predecessor company and are presented separately from the financial statements of our post-reorganization successor company. As a result of the application of fresh-start accounting, the financial statements prior to and including October 25, 2009 are not fully comparable with the financial statements for periods on or after October 26, 2009.

We have prepared the summarized unaudited pro forma financial data as of and for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009 to give pro forma effect to the reorganization proceedings and related events and the issuance of $250 million old notes and the application of the net proceeds therefrom, in each case as if they had occurred at January 1, 2009 with respect to consolidated statement of operations data and as of March 31, 2010 with respect to balance sheet data. The summary unaudited pro forma financial data set forth below are presented for informational purposes only, should not be considered indicative of actual results of operations that would have been achieved had the reorganization proceedings and related events and the issuance of $250 million old notes and the application of the net proceeds therefrom been consummated on the dates indicated, and do not purport to be indicative of balance sheet data or our results of operations for any future period.

	Pro Forma(1)		Historical					
			Successor		Predecessor			
	Three Months Ended March 31, 2010	Year Ended December 31, 2009	Three Months Ended March 31, 2010*	Two- Month Period Ended December 31, 2009**	Ten- Month Period Ended October 25, 2009**	Three Months Ended March 29, 2009*	Years Ended December 31, 2008**	Years Ended December 31, 2007**
	(In millions, except per common unit data)							
Statements of Operations Data:								
Net sales	$ 179.5	$ 560.1	$ 179.5	$ 111.1	$ 449.0	$ 101.5	$ 601.7	$ 709.5
Cost of sales	129.3	378.9	130.1	90.4	311.1	80.6	445.3	578.9
Gross profit	50.2	181.2	49.4	20.7	137.8	20.9	156.4	130.7
Selling, general and administrative expenses	17.9	71.6	17.9	14.5	56.3	15.3	81.3	82.7
Research and development expenses	20.5	77.3	20.5	14.7	56.1	17.0	89.5	90.8
Restructuring and impairment charges	0.3	0.4	0.3	—	0.4	0.1	13.4	12.1
Operating income (loss) from continuing operations	11.5	31.9	10.6	(8.6)	25.0	(11.4)	(27.7)	(54.9)
Interest expense, net	(6.9)	(28.8)	(2.0)	(1.3)	(31.2)	(14.7)	(76.1)	(60.3)
Foreign currency gain (loss), net	21.6	52.8	21.6	9.3	43.4	(40.2)	(210.4)	(4.7)
Reorganization items, net	—	—	—	—	804.6	—	—	—
Others	(0.1)	—	(0.1)	—	—	—	—	—
	14.7	24.0	19.5	8.1	816.8	(54.9)	(286.5)	(65.0)
Income (loss) from continuing operations before income taxes	26.1	55.9	30.1	(0.5)	841.8	(66.3)	(314.3)	(120.0)
Income tax expenses (benefits)	(1.0)	9.2	(1.0)	1.9	7.3	2.6	11.6	8.8
Income (loss) from continuing operations	$ 27.1	$ 46.6	31.1	(2.5)	834.5	(68.9)	(325.8)	(128.8)
Income (loss) from discontinued operations, net of taxes			—	0.5	6.6	(0.8)	(91.5)	(51.7)
Net income (loss)			$ 31.1	$ (2.0)	$ 841.1	$ (69.7)	$ (417.3)	$ (180.6)
Dividends accrued on preferred units		—	—	—	6.3	3.4	13.3	12.0
Income (loss) from continuing operations attributable to common units		$ 46.6	$ 31.1	$ (2.5)	$ 828.2	$ (72.3)	$ (339.1)	$ (140.9)
Per common unit data:								
Earnings (loss) from continuing operations per common unit — Basic and diluted	$ 0.09	$ 0.16	$ 0.10	$ (0.01)	$ 15.65	$ (1.37)	$ (6.43)	$ (2.69)
Weighted average number of common units —								
Basic	302.444	300.158	302.444	300.863	52.923	52.923	52.769	52.297
Diluted	307.536	300.166	307.536	300.863	52.923	52.923	52.769	52.297
Consolidated Balance Sheet Data (at period end):								
Cash and cash equivalents	$ 128.8		$ 82.7	$ 64.9		$ 7.1	$ 4.0	$ 64.3
Total assets	546.2		492.0	453.3		357.7	399.2	707.9
Total indebtedness(2)	246.7		61.6	61.8		845.0	845.0	830.0
Long-term obligations(3)	247.0		61.3	61.5		146.5	143.2	879.4
Total unitholders' equity (deficit)	100.5		231.4	215.7		(835.1)	(787.8)	(477.5)
Supplemental Data (unaudited):								
Adjusted EBITDA(4)	$ 28.7	$ 98.7	$ 28.7	$ 22.1	$ 76.6	$ 2.3	$ 59.8	$ 111.2
Adjusted Net Income (Loss)(5)	15.0	33.7	19.9	13.3	9.3	(22.9)	(71.7)	(82.6)

* Derived from our unaudited interim consolidated financial statements.

** Derived from our audited consolidated financial statements.

(1) Gives effect to the reorganization proceedings and related events and the issuance of $250 million old notes and the application of the net proceeds therefrom. For details regarding these pro forma adjustments, see the notes to the unaudited pro forma condensed consolidated financial information in "Unaudited Pro Forma Consolidated Financial Information."

(2) Total indebtedness is calculated as long and short-term borrowings, including the current portion of long-term borrowings.

(3) Long-term obligations include long-term borrowings, capital leases and redeemable convertible preferred units.

(4) We define Adjusted EBITDA as net income (loss) less income (loss) from discontinued operations, net of taxes, adjusted to exclude (i) depreciation and amortization associated with continuing operations, (ii) interest expense, net, (iii) income tax expense, (iv) restructuring and impairment charges, (v) other restructuring charges, (vi) abandoned IPO expenses, (vii) subcontractor claim settlement, (viii) the increase in cost of sales resulting from the fresh-start accounting inventory step-up, (ix) equity-based compensation expense, (x) reorganization items, net, and (xi) foreign currency gain (loss), net. See the footnotes to the table below for further information regarding these items. In the case of pro forma Adjusted EBITDA, we exclude the items above from income (loss) from continuing operations. We present Adjusted EBITDA as a supplemental measure of our performance because:

- Adjusted EBITDA eliminates the impact of a number of items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance;
- we believe that Adjusted EBITDA is an enterprise level performance measure commonly reported and widely used by analysts and investors in our industry;
- we anticipate that our investor and analyst presentations when and if we are public will include Adjusted EBITDA; and
- we believe that Adjusted EBITDA provides investors with a more consistent measurement of period to period performance of our core operations, as well as a comparison of our operating performance to that of other companies in our industry.

We use Adjusted EBITDA in a number of ways, including:

- for planning purposes, including the preparation of our annual operating budget;
- to evaluate the effectiveness of our enterprise level business strategies;
- in communications with our board of directors concerning our consolidated financial performance; and
- in certain of our compensation plans as a performance measure for determining incentive compensation payments.

Table of Contents

We encourage you to evaluate each adjustment and the reasons we consider them appropriate. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Adjusted EBITDA is not a measure defined in accordance with GAAP and should not be construed as an alternative to income from continuing operations, cash flows from operating activities or net income (loss), as determined in accordance with GAAP. A reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	Pro Forma		Historical					
			Successor		Predecessor			
	Three Months Ended March 31, 2010	Year Ended December 31, 2009	Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007
				(In millions)				
Net income (loss)			$ 31.1	$ (2.0)	$ 841.1	$ (69.7)	$(417.3)	$(180.6)
Less: Income (loss) from discontinued operations, net of taxes			—	0.5	6.6	(0.8)	(91.5)	(51.7)
Income (loss) from continuing operations	$ 27.1	$ 46.6	31.1	(2.5)	834.5	(68.9)	(325.8)	(128.8)
Adjustments:								
Depreciation and amortization associated with continuing operations	15.5	50.6	15.5	11.2	37.7	10.4	63.8	152.2
Interest expense, net	6.9	28.8	2.0	1.3	31.2	14.7	76.1	60.3
Income tax expenses (benefits)	(1.0)	9.2	(1.0)	1.9	7.3	2.6	11.6	8.8
Restructuring and impairment charges(a)	0.3	0.4	0.3	—	0.4	0.1	13.4	12.1
Other restructuring charges(b)	—	13.3	—	—	13.3	3.1	6.2	—
Abandoned IPO expenses(c)	—	—	—	—	—	—	3.7	—
Subcontractor claim settlement(d)	—	—	—	—	—	—	—	1.3
Reorganization items, net(e)	—	—	—	—	(804.6)	—	—	—
Inventory step-up(f)	—	—	0.9	17.2	—	—	—	—
Equity-based compensation expense(g)	1.5	2.4	1.5	2.2	0.2	0.1	0.5	0.6
Foreign currency loss (gain), net(h)	(21.6)	(52.8)	(21.6)	(9.3)	(43.4)	40.2	210.4	4.7
Adjusted EBITDA	$ 28.7	$ 98.7	$ 28.7	$ 22.1	$ 76.6	$ 2.3	$ 59.8	$ 111.2

(a) This adjustment is comprised of all items included in the restructuring and impairment charges line item on our consolidated statements of operations, and eliminates the impact of restructuring and impairment charges related to (i) for the three months ended March 31, 2010, impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting, (ii) for the three months ended March 29, 2009, the closure of our research and development facilities in Japan, (iii) for 2009, termination benefits and other related costs, for the ten-month period ended October 25, 2009 in connection with the closure of one of our research and development facilities in Japan, (iv) for 2008, goodwill impairment triggered by the significant adverse change in the revenue of our mobile display solutions, or MDS reporting unit, and a reversal of a portion of the restructuring accrual related to the closure of our Gumi five-inch wafer fabrication facilities in 2007, and (v) for 2007, the closure of our Gumi five-inch wafer fabrication facilities. We do not believe these restructuring and impairment charges are indicative of our core ongoing operating performance because we do not anticipate similar facility closures and market driven events in our ongoing operations, although we cannot guarantee that similar events will not occur in the future.

(b) This adjustment relates to certain restructuring charges that are not included in the restructuring and impairment charges line item on our consolidated statements of operations. These items are included in selling, general and administrative expenses in our consolidated statements of operations. These charges are comprised of the following: (i) for the three months ended March 29, 2009, a charge of $3.1 million for restructuring-related professional fees and related expenses, (ii) for 2009, a charge of $13.3 million for restructuring-related professional fees and related expenses and (iii) for 2008, a charge of $6.2 million for restructuring-related professional fees and related expenses. We do not believe these other restructuring charges are indicative of our core ongoing operating performance because these charges were related, in significant part, to actions we took in response to the impacts on our business resulting from the global economic recession that persisted through 2008 and 2009. We cannot guarantee that similar charges will not be incurred in the future.

(c) This adjustment eliminates a $3.7 million charge in 2008 related to expenses incurred in connection with our abandoned initial public offering in 2008. We do not believe that these charges are indicative of our core operating performance. We have incurred similar costs in connection with the MagnaChip Corporation IPO.

(d) This adjustment eliminates a $1.3 million charge attributable to a one-time settlement of claims with a subcontractor. We no longer obtain services from this subcontractor and do not expect to incur similar charges in the future.

(e) This adjustment eliminates the impact of largely non-cash reorganization income and expense items directly associated with our reorganization proceedings from our ongoing operations including, among others, professional fees, the revaluation of assets, the effects of the Chapter 11 reorganization plan and fresh-start accounting principles and the write-off of debt issuance costs. Included in reorganization items, net for the period from January 1 to October 25, 2009 was our predecessor's gain recognized from the effects of our reorganization proceedings. The gain results from the difference between our predecessor's carrying value of remaining pre-petition liabilities subject to compromise and the amounts to be distributed pursuant to the reorganization proceedings. The gain from the effects of the reorganization proceedings and the application of fresh-start accounting principles is comprised of the discharge of liabilities subject to compromise, net of the issuance of new common units and new warrants and the accrual of amounts to be settled in cash. For details regarding this adjustment, see note 5 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus. We do not believe these items are indicative of our core ongoing operating performance because they were incurred as a result of our Chapter 11 reorganization.

(f) This adjustment eliminates the one-time impact on cost of sales associated with the write-up of our inventory in accordance with the principles of fresh-start accounting upon consummation of the Chapter 11 reorganization.

(g) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses, as supplemental information.

(h) This adjustment eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, as supplemental information.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted EBITDA does not reflect the costs of holding certain assets and liabilities in foreign currencies; and
- other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

(5) We present Adjusted Net Income as a further supplemental measure of our performance. We prepare Adjusted Net Income by adjusting net income (loss) to eliminate the impact of a number of non-cash expenses and other items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance. We believe that Adjusted Net Income is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance.

We present Adjusted Net Income for a number of reasons, including:

- we use Adjusted Net Income in communications with our board of directors concerning our consolidated financial performance;
- we believe that Adjusted Net Income is an enterprise level performance measure commonly reported and widely used by analysts and investors in our industry; and
- we anticipate that our investor and analyst presentations when and if we are public will include Adjusted Net Income.

Adjusted Net Income is not a measure defined in accordance with GAAP and should not be construed as an alternative to income from continuing operations, cash flows from operating activities or net income (loss), as determined in accordance with GAAP. We encourage you to evaluate each adjustment and the reasons we consider them appropriate. Other companies in our industry may calculate Adjusted Net Income differently than we do, limiting its usefulness as a comparative measure. In addition, in evaluating Adjusted Net Income, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. We define Adjusted Net Income as net income (loss) less income (loss) from discontinued operations, net of taxes, excluding (i) restructuring and impairment charges, (ii) other restructuring charges, (iii) abandoned IPO expenses, (vi) subcontractor claim settlement, (v) reorganization items, net, (vi) the increase in cost of sales resulting from the fresh-start accounting inventory step-up, (vii) equity based compensation expense, (viii) amortization of intangibles associated with continuing operations, and (ix) foreign currency gain (loss).

The following table summarizes the adjustments to net income (loss) that we make in order to calculate Adjusted Net Income for the periods indicated:

	Pro Forma		Historical					
			Successor		Predecessor			
	Three Months Ended March 31, 2010	Year Ended December 31, 2009	Three Months Ended March 31, 2010	Two- Month Period Ended December 31, 2009	Ten- Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	Years Ended December 31, 2007
				(In millions)				
Net income (loss)			$ 31.1	$ (2.0)	$ 841.1	$ (69.7)	$ (417.3)	$ (180.6)
Less: Income (loss) from discontinued operations, net of taxes			—	0.5	6.6	(0.8)	(91.5)	(51.7)
Income (loss) from continuing operations	$ 27.1	$ 46.6	31.1	(2.5)	834.5	(68.9)	(325.8)	(128.8)
Adjustments:								
Restructuring and impairment charges(a)	0.3	0.4	0.3	—	0.4	0.1	13.4	12.1
Other restructuring charges(b)	—	13.3	—	—	13.3	3.1	6.2	—
Abandoned IPO expenses(c)	—	—	—	—	—	—	3.7	—
Subcontractor claim settlement(d)	—	—	—	—	—	—	—	1.3
Reorganization items, net(e)	—	—	—	—	(804.6)	—	—	—
Inventory step-up(f)	—	—	0.9	17.2	—	—	—	—
Equity based compensation expense(g)	1.5	2.4	1.5	2.2	0.2	0.1	0.5	0.6
Amortization of intangibles associated with continuing operations(h)	7.7	23.6	7.7	5.6	8.8	2.4	20.0	27.5
Foreign currency loss (gain), net(i)	(21.6)	(52.8)	(21.6)	(9.3)	(43.4)	40.2	210.4	4.7
Adjusted Net income (loss)	$ 15.0	$ 33.7	$ 19.9	$ 13.3	$ 9.3	$ (22.9)	$ (71.7)	$ (82.6)

(a) This adjustment is comprised of all items included in the restructuring and impairment charges line item on our consolidated statements of operations, and eliminates the impact of restructuring and impairment charges related to (i) for the three months ended March 31, 2010, impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting, (ii) for the three months ended March 29, 2009, the closure of our research and development facilities in Japan, (iii) for 2009, termination benefits and other related costs, for the ten-month period ended October 25, 2009 in connection with the closure of one of our research and development facilities in Japan, (iv) for 2008, goodwill impairment triggered by the significant adverse change in the revenue of our MDS reporting unit and a reversal of a portion of the restructuring accrual related to the closure of our Gumi five-inch wafer fabrication facilities in 2007, and (v) for 2007, the closure of our Gumi five-inch wafer fabrication facilities. We do not believe these restructuring and impairment charges are indicative of our core ongoing operating performance because we do not anticipate similar facility closures and market driven events in our ongoing operations, although we cannot guarantee that similar events will not occur in the future.

(b) This adjustment relates to certain restructuring charges that are not included in the restructuring and impairment charges line item on our consolidated statements of operations. These items are included in selling, general and administrative expenses in our consolidated statements of operations. These charges are comprised of the following: (i) for the three months ended March 29, 2009, a charge of $3.1 million for restructuring-related professional fees and related expenses, (ii) for 2009, a charge of $13.3 million for restructuring-related professional fees and related expenses, and (iii) for 2008, a charge of $6.2 million for restructuring-related professional fees and related expenses. We do not believe these other restructuring charges are indicative of our core ongoing operating performance because these charges were related, in significant part, to actions we took in response to the impacts on our business resulting from the global economic recession that persisted through 2008 and 2009. We cannot guarantee that similar charges will not be incurred in the future.

(c) This adjustment eliminates a $3.7 million charge in 2008 related to expenses incurred in connection with our abandoned initial public offering in 2008. We do not believe that these charges are indicative of our core operating performance. We have incurred similar costs in connection with the MagnaChip Corporation IPO.

(d) This adjustment eliminates a $1.3 million charge attributable to a one-time settlement of claims with a subcontractor. We no longer obtain services from this subcontractor and do not expect to incur similar charges in the future.

(e) This adjustment eliminates the impact of largely non-cash reorganization income and expense items directly associated with our reorganization proceedings from our ongoing operations including, among others, professional fees, the revaluation of assets, the effects of the Chapter 11 reorganization plan and fresh-start accounting principles and the write-off of debt issuance costs. Included in reorganization items, net for the ten-month period ended October 25, 2009 was our predecessor's gain recognized from the effects of our reorganization proceedings. The gain results from the difference between our predecessor's carrying value of remaining pre-petition liabilities subject to compromise and the amounts to be distributed pursuant to the reorganization proceedings. The gain from the effects of the reorganization proceedings and the application of fresh-start accounting principles is comprised of the discharge of liabilities subject to compromise, net of the issuance of new common units and new warrants and the accrual of amounts to be settled in cash. For details regarding this adjustment, see note 5 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten months ended October 25, 2009 and the two months ended December 31, 2009 included elsewhere in this prospectus. We do not believe these items are indicative of our core ongoing operating performance because they were incurred as a result of our reorganization proceedings.

(f) This adjustment eliminates the one-time impact on cost of sales associated with the write-up of our inventory in accordance with the principles of fresh-start accounting upon consummation of the Chapter 11 reorganization.

(g) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses, as supplemental information.

(h) This adjustment eliminates the non-cash impact of amortization expense for intangible assets created as a result of the purchase accounting treatment of the Original Acquisition and other subsequent acquisitions, and from the application of fresh-start accounting in connection with the reorganization proceedings. We do not believe these non-cash amortization expenses for intangibles are indicative of our core ongoing operating performance because the assets would not have been capitalized on our balance sheet but for the application of purchase accounting or fresh-start accounting, as applicable.

(i) This adjustment eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, as supplemental information.

Adjusted Net Income has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted Net Income does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- Adjusted Net Income does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted Net Income does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted Net Income does not reflect the costs of holding certain assets and liabilities in foreign currencies; and
- other companies in our industry may calculate Adjusted Net Income differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted Net Income should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted Net Income only supplementally.

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before deciding whether to exchange your old notes in the exchange offer. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, there could be a material adverse effect on our ability to satisfy our obligations under the new notes and you may lose all or part of your original investment.

Risks Related to the Exchange Offer

Failure to Tender Your Old Notes for New Notes could Limit Your Ability to Resell the Old Notes.

The old notes were not registered under the Securities Act or under the securities laws of any state and may not be resold, offered for resale or otherwise transferred unless they are subsequently registered or resold under an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your old notes for new notes under the exchange offer, you will not be able to resell, offer to resell or otherwise transfer the old notes unless they are registered under the Securities Act and applicable state securities laws or unless you resell them, offer to resell or otherwise transfer them under an exemption from, or in a transaction not subject to, the registration requirements. In addition, we will no longer be under an obligation to register the old notes under the Securities Act except in the limited circumstances provided under the notes registration rights agreement. To the extent that old notes are tendered for exchange and accepted in the exchange offer, the trading market for the untendered and tendered but unaccepted old notes could be adversely affected.

There is no Public Trading Market for the New Notes and an Active Trading Market may not Develop for the New Notes.

The new notes are new securities for which there is no established trading market. We do not intend to apply for listing or quotation of the notes on any securities exchange or stock market. We have been advised by Goldman, Sachs & Co., Barclays Capital Inc., Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and UBS Securities LLC, which acted as initial purchasers in connection with the offer and sale of the old notes, that certain of the initial purchasers intend to make a market in the new notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the new notes. In addition, any liquidity of the trading market in the new notes, and the market price quoted for the new notes, may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the new notes.

You Must Comply with the Exchange Offer Procedures in Order to Receive New Notes.

The new notes will be issued in exchange for the old notes only after timely receipt by the exchange agent of the old notes or a book-entry confirmation related thereto, a properly completed and executed letter of transmittal or an agent's message and all other required documentation. If you want to tender your old notes in exchange for new notes, you should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent are under any duty to give you notification of defects or irregularities with respect to tenders of old notes for exchange. Old notes that are not tendered or are tendered but not accepted will, following the exchange offer, continue to be subject to the existing transfer restrictions. For additional information, please refer to the sections entitled “Exchange Offer” and “Plan of Distribution” in this prospectus.

Broker-Dealers and Others may Need to Comply with the Registration and Prospectus Delivery Requirements of the Securities Act.

Any broker-dealer that (1) exchanges its old notes in the exchange offer for the purpose of participating in a distribution of the new notes or (2) resells new notes that were received by it for its own account in the exchange offer may be deemed to have received restricted securities and will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that broker-dealer. Any profit on the resale of the new notes and any commission or concessions received by a broker-dealer may be deemed to be underwriting compensation under the Securities Act. In addition, other persons that tender old notes for the purpose of participating in a distribution of the new notes will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the new notes.

Risks Related to the Notes

Our Substantial Level of Debt could Adversely Affect Our Financial Condition and Prevent us from Fulfilling Our Obligations under the Notes and Our Other Debt.

We have, and will continue to have, substantial debt. After giving effect to the offering of the old notes and the repayment of our term loan, we would have had total indebtedness of $250.0 million as of December 31, 2009. We will be permitted under the indenture governing the notes to incur additional debt under certain conditions, including additional secured debt. If new debt were to be incurred in the future, the related risks that we now face could intensify.

Our substantial debt could have important consequences to you and significant effects on our business. For example, it could:

- result in an event of default if we fail to satisfy our obligations under the notes or our other debt or fail to comply with the financial and other restrictive covenants contained in the indenture governing the notes or agreements governing our other indebtedness, which event of default could result in all of our debt becoming immediately due and payable and could permit our lenders to foreclose on the assets securing any such debt;
- require us to dedicate a substantial portion of our cash flow from our business operations to pay our debt, thereby reducing the availability of cash flow to fund working capital, capital expenditures, development projects, general operational requirements and other purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures and other activities;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
- place us at a competitive disadvantage compared to competitors that are not as highly leveraged; and
- negatively affect our ability to fund a change of control offer.

Any of the above-listed factors could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.

The Indenture Governing the Notes Contain, and our Future Debt Agreements will Likely Contain, Covenants that Significantly Restrict our Operations.

The indenture governing the notes contain, and our future debt agreements will likely contain, numerous covenants imposing financial and operating restrictions on our business. These restrictions may affect our ability to operate our business, may limit our ability to take advantage of potential business opportunities as they arise and may adversely affect the conduct of our current business, including by restricting our ability to finance future operations and capital needs and by limiting our ability to engage in other business activities. These covenants will place restrictions on our ability and the ability of our operating subsidiaries to, among other things:

- pay dividends, redeem units or make other distributions with respect to equity interests, make payments with respect to subordinated indebtedness or other restricted payments;
- incur debt or issue preferred units;
- create liens;
- make certain investments;
- consolidate, merge or dispose of all or substantially all of our assets, taken as a whole;
- sell or otherwise transfer or dispose of assets, including equity interests of our subsidiaries;
- enter into sale-leaseback transactions;
- enter into transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

In addition, our future debt agreements will likely contain financial ratios and other financial conditions tests. Our ability to meet those financial ratios and tests could be affected by events beyond our control, and we cannot assure you that we will meet those ratios and tests. A breach of any of these covenants could result in a default under such debt agreements. Upon the occurrence of an event of default under such debt agreements, our lenders under such agreements could elect to declare all amounts outstanding under such debt agreements to be immediately due and payable and terminate all commitments to extend further credit.

We are a Holding Company and will Depend on the Business of Our Subsidiaries to Satisfy Our Obligations Under the Notes.

Each of MagnaChip Semiconductor LLC, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor B.V. is a holding company with no independent operations of its own. Our subsidiaries, including our principal manufacturing subsidiary, MagnaChip Korea, own all of our operating businesses. Our subsidiaries will conduct substantially all of the operations necessary to fund payments on the notes and our other debt. Our ability to make payments on the notes and our other debt will depend on our subsidiaries' cash flow and their payment of funds to us. Our subsidiaries' ability to make payments to us will depend on:

- their earnings;
- covenants contained in our debt agreements (including the indenture governing the notes) and the debt agreements of our subsidiaries;
- covenants contained in other agreements to which we or our subsidiaries are or may become subject;
- business and tax considerations; and
- applicable law.

We cannot assure you that the operating results of our subsidiaries at any given time will be sufficient to make distributions or other payments to us or that any distributions or payments will be adequate to pay principal and interest, and any other payments, on the notes and our other debt when due. If the issuers are not able to make payments on the notes as they become due, you may be required to pursue remedies under the guarantees of the guarantors. These guarantees may be subject to limitations on their enforceability.

Restrictions on MagnaChip Korea's Ability to Make Payments on its Intercompany Loans from MagnaChip Semiconductor B.V., or on its Ability to Pay Dividends in Excess of Statutory Limitations, could Hinder our Ability to Make Payments on the Notes.

The issuers anticipate that payments under the notes will be funded in part by MagnaChip Korea's repayment of its existing loans from MagnaChip Semiconductor B.V., with MagnaChip Semiconductor B.V. using such repayments in turn to repay the loans owed to MagnaChip Semiconductor S.A. Under the Korean Foreign Exchange Transaction Act, the minister of the Ministry of Strategy and Finance is authorized to temporarily suspend payments in foreign currencies in the event of natural calamities, wars, conflicts of arms, grave and sudden changes in domestic or foreign economic conditions, or other similar situations. In addition, under the Korean Commercial Code, a Korean company is permitted to make a dividend payment in accordance with the provisions in its articles of incorporation out of retained earnings (as determined in accordance with the Korean Commercial Code and the generally accepted accounting principles in Korea), but no more than twice a year. If MagnaChip Korea is prevented from making payments under its intercompany loans due to restrictions on payments of foreign currency or if it has an insufficient amount of retained earnings under the Korean Commercial Code to make dividend payments to MagnaChip Semiconductor B.V., we may not have sufficient funds to make payments on the notes.

To Service our Debt, we will Require a Significant Amount of Cash. If We Fail to Generate Sufficient Cash Flow from Future Operations, We may have to Refinance All or a Portion of Our Debt or Seek to Obtain Additional Financing.

We expect to obtain the funds to pay our expenses and to pay the amounts due under the notes and our other debt primarily from the operations of our subsidiaries, including our principal manufacturing subsidiary, MagnaChip Korea. Our ability to meet our expenses and make these payments thus depends on the future performance of our subsidiaries, which will be affected by financial, business, economic and other factors, many of which are beyond our control, and their payment of funds to the issuers. Our business and the business of our subsidiaries may not generate sufficient cash flow from operations in the future, our currently anticipated growth in revenue and cash flow may not be realized, and our subsidiaries, including MagnaChip Korea, may be restricted in their ability to make payments to us, any or all of which could result in us being unable to pay amounts due under our outstanding debt, including the notes, or to fund other liquidity needs, such as future capital expenditures. If we do not receive sufficient cash flow from the operations of our subsidiaries, we may be required to refinance all or part of our then existing debt (including the notes), sell assets, reduce or delay capital expenditures or borrow more money. We cannot assure you that we will be able to accomplish any of these alternatives on terms acceptable to us or at all. In addition, the terms of existing or future debt agreements, including the indenture governing the notes, may restrict us from adopting any of these alternatives. The failure to generate sufficient cash flow or to achieve any of these alternatives could materially adversely affect the value of the notes and our ability to pay the amounts due under the notes and our other debt.

We May be Unable to Repay or Repurchase the Notes.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. We may not have the funds to fulfill these obligations or the ability to refinance the obligations before they become due. If the maturity date occurs at a time when other arrangements prohibit us from repaying the notes, we would try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we could not obtain the waivers or refinance these borrowings, we would be unable to repay the notes when they become due.

A Financial Failure by us or any Guarantor may Hinder the Receipt of Payment on the Notes and Enforcement of Remedies under the Guarantees.

An investment in the notes, as in any type of security, involves insolvency and bankruptcy considerations that investors should carefully consider. If we or any of the guarantors becomes a debtor subject to insolvency proceedings under the United States Bankruptcy Code or comparable provisions of other jurisdictions, it is likely to result in delays in the payment of the notes and in the exercise of enforcement remedies under the notes or the guarantees. Provisions under the United States Bankruptcy Code or general principles of equity that could result in the impairment of your rights include the automatic stay, avoidance of preferential transfers by a trustee or debtor-in-possession, substantive consolidation, limitations on collectability of unmatured interest or attorneys' fees and forced restructuring of the notes.

The Notes and the Guarantees are Effectively Subordinated to all Borrowing Under our Future Secured Credit Facilities and to All Indebtedness and Other Liabilities of Our Nonguarantor Subsidiaries.

The notes and the guarantees are effectively subordinated in right of payment to claims of our future secured creditors to the extent of the value of the assets securing such claims. We currently do not have any secured indebtedness outstanding to which the notes are effectively subordinated. Holders of our future secured obligations will have claims that are prior to the claims of holders of the notes with respect to the assets securing those obligations. In the event of a liquidation, dissolution, reorganization, bankruptcy or any similar proceeding, our assets and those of our subsidiaries will be available to pay obligations on the notes and the guarantees only after holders of any senior secured debt outstanding have been paid the value of the assets securing such obligations. Accordingly, there may not be sufficient funds remaining to pay amounts due on any or all of the notes.

In addition, not all of our subsidiaries guarantee the notes. The notes and the guarantees are effectively subordinated to the indebtedness and other liabilities (including trade payables) of any non-guarantor subsidiary and holders of the notes do not have any claim as a creditor against any nonguarantor subsidiary. Our non-guarantor subsidiaries generated approximately 96.6% and 69.2% of our aggregate consolidated revenues in the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, respectively, and as of March 31, 2010 and December 31, 2009 held approximately 94.5% and 87.3% of our consolidated assets and had $191.0 million and $166.2 million in total outstanding indebtedness and other liabilities as of those dates, excluding intercompany liabilities.

A Court could Void the Guarantees of the Notes under Fraudulent Transfer or Similar Laws, which could Limit Your Ability to Seek Repayment from the Guarantors.

Although the guarantees provide the noteholders with a direct claim against the assets of the guarantors, under the United States Bankruptcy Code and comparable provisions of the fraudulent transfer and similar laws in other applicable jurisdictions, a guarantee could be voided, or claims with respect to a guarantee could be subordinated to all other debts of that guarantor. In addition, a bankruptcy court could void (i.e., cancel) any payments by that guarantor pursuant to its guarantee and require those payments to be returned to the guarantor or to a fund for the benefit of the other creditors of the guarantor. A bankruptcy court might take these actions if it found, among other things, that when a subsidiary guarantor executed its guarantee (or, in some jurisdictions, when it became obligated to make payments under its guarantee):

- such subsidiary guarantor received less than reasonably equivalent value or fair consideration for the incurrence of its guarantee; and
- such subsidiary guarantor:
  - was insolvent at the time of (or was rendered insolvent by) the incurrence of the guarantee;
  - was engaged or about to engage in a business or transaction for which its assets constituted unreasonably small capital to carry on its business; or
  - intended to incur, or believed that it would incur, obligations beyond its ability to pay as those obligations matured.

A bankruptcy court could find that a guarantor received less than fair consideration or reasonably equivalent value for its guarantee to the extent that it did not receive direct or indirect benefit from the issuance of the notes. A bankruptcy court could also void a guarantee if it found that the guarantor issued its guarantee with actual intent to hinder, delay, or defraud creditors. Although courts in different jurisdictions measure solvency differently, in general, an entity would be deemed insolvent if the sum of its debts, including contingent and unliquidated debts, exceeds the fair value of its assets, or if the present fair salable value of its assets is less than the amount that would be required to pay the expected liability on its debts, including contingent and unliquidated debts, as they become due. If a court voided a guarantee, it could require that noteholders return any amounts previously paid under such guarantee. If any guarantee were voided, noteholders would retain their rights against us and any other guarantors, although there is no assurance that those entities' assets would be sufficient to pay the notes in full.

Any Future Guarantees Provided After the Notes are Issued could also be Avoided by a Trustee in Bankruptcy.

The indenture governing the notes provides that certain of our future subsidiaries will guarantee the notes. Any future guarantee might be avoidable by the grantor or by its trustee in bankruptcy or other third parties if certain events or circumstances exist or occur. For instance, if the entity granting the future guarantee were insolvent at the time of the grant and if such grant was made within 90 days, or in certain circumstances, a longer period, before that entity commenced a bankruptcy proceeding, and the granting of the future guarantee enabled the noteholders to receive more than they would than if the grantor were liquidated under Chapter 7 of the United States Bankruptcy Code, then such guarantee could be avoided as a preferential transfer.

We may not be Able to Fulfill Our Repurchase Obligations with Respect to the Notes Upon a Change of Control or an Asset Sale.

If we experience certain change of control events, we are required by the indenture governing the notes to offer to repurchase all outstanding notes at a repurchase price equal to 101% of the principal amount of notes repurchased, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. In addition, under certain circumstances, if we sell assets and fail to apply the net proceeds therefrom as provided in the indenture, we must offer to repurchase the notes at a repurchase price equal to 100% of the principal amount of the notes repurchased, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. If a change of control event or an asset sale were to occur, we cannot assure you that we would have sufficient funds to repay the notes and all other indebtedness that we would be required to offer to purchase or that would become immediately due and payable as a result of such change of control event or asset sale. We may require additional financing from third parties to fund any such repurchases, and we cannot assure you that we would be able to obtain additional financing on satisfactory terms or at all. Our failure to repay noteholders who tender notes for repurchase following a change of control event or asset sale could result in an event of default under the indenture governing the notes. Any future indebtedness to which we become a party may also prohibit us from purchasing notes. If a change of control event or an asset sale occurs at a time when we are prohibited from purchasing notes, we may have to either seek the consent of the applicable lenders to the purchase of notes or attempt to refinance the borrowings that contain such prohibition. Our failure to obtain such a consent or to refinance such borrowings may preclude us from purchasing tendered notes and trigger an event of default under the indenture governing the notes, which may, in turn, constitute a default under other indebtedness. Finally, the events that would constitute a change of control under the indenture may also result in an event of default under our future secured credit facilities, in which case we could be required to repay our secured indebtedness before we repurchase any of the notes.

Unrestricted Subsidiaries Generally will not be Subject to any of the Covenants in the Indenture, and we may not be Able to Rely on the Cash Flow or Assets of Those Unrestricted Subsidiaries to Pay our Indebtedness.

Unrestricted subsidiaries will generally not be subject to the covenants under the indenture governing the notes, and their assets will not be available as security for the notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the notes. Accordingly, we may not be able to rely on the cash flow or assets of unrestricted subsidiaries to pay any of our indebtedness, including the notes.

You may be Unable to Enforce Judgments Obtained in United States Courts Against MagnaChip Semiconductor S.A. or Our Subsidiary Guarantors Organized in Jurisdictions Other than the United States.

MagnaChip Semiconductor S.A. and most of the guarantors are organized or incorporated outside of the United States and most of the assets of these companies are located outside of the United States. Because most of our assets are located outside of the United States, any judgment obtained in the United States against these companies may not be collectible in the United States. In addition, many of our executive officers and one of our directors are non-residents of the United States and it may be difficult to enforce civil liabilities in United States courts against these non-resident officers and director.

Risks Related to Our Business

We have a History of Losses and may not Achieve or Sustain Profitability in the Future.

Since we began operations as a separate entity in 2004, we have not generated a profit for a full fiscal year and have generated significant net losses. As of October 25, 2009, prior to our emergence from reorganization proceedings, we had an accumulated deficit of $964.8 million and negative unitholders' equity. We may increase spending and we currently expect to incur higher expenses in each of the next several quarters to support increased research and development and sales and marketing efforts. These expenditures may not result in increased revenue or an increase in the number of customers immediately or at all. Because many of our expenses are fixed in the short term, or are incurred in advance of anticipated sales, we may not be able to decrease our expenses in a timely manner to offset any shortfall of sales.

We Recently Emerged from Chapter 11 Reorganization Proceedings; Because Our Consolidated Financial Statements Reflect Fresh-Start Accounting Adjustments, Our Future Financial Statements will not be Comparable in Many Respects to Our Financial Information from Prior Periods.

On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in order to obtain relief from our debt, which was $845 million as of December 31, 2008. Our plan of reorganization became effective on November 9, 2009. In connection with our emergence from the reorganization proceedings, we implemented fresh-start accounting in accordance with ASC 852 effective from October 25, 2009, which had a material effect on our consolidated financial statements. Thus, our future consolidated financial statements will not be comparable in many respects to our consolidated financial statements for periods prior to our adoption of fresh-start accounting and prior to accounting for the effects of the reorganization proceedings. Our past financial difficulties and bankruptcy filing may have harmed, and may continue to have a negative effect on, our relationships with investors, customers and suppliers.

Our Independent Registered Public Accounting Firm Identified Two Control Deficiencies which Represent a Material Weakness in our Internal Control Over Financial Reporting in Connection with Our Audits for the Ten-Month Period Ended October 25, 2009 and the Two-Month Period Ended December 31, 2009. If We Fail to Effectively Remediate this Weakness and Maintain Effective Internal Control Over Financial Reporting in the Future, the Accuracy and Timing of Our Financial Reporting may be Adversely Affected.

In connection with the audit of our consolidated financial statements for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009, our independent registered public accounting firm reported two control deficiencies, which represent a material weakness in our internal control over financial reporting. The two control deficiencies which represent a material weakness that our independent registered public accounting firm reported to our board of directors (as we then did not have a separate audit committee) are that we do not have a sufficient number of financial personnel with the requisite financial accounting experience and that our internal controls over non-routine transactions are not effective to ensure that accounting considerations are identified and appropriately recorded.

We have identified and taken steps intended to remediate this material weakness. Upon being notified of the material weakness, we retained the services of an international accounting firm to temporarily supplement our internal resources. We are also in the process of recruiting a director of financial reporting. Any inability to recruit, train and retain adequate finance personnel with requisite technical and public company experience could have an adverse impact on our ability to accurately and timely prepare our consolidated financial statements. If our finance and accounting organization is unable for any reason to respond adequately to the increased demands that result from being a public company, the quality and timeliness of our financial reporting may suffer, which could result in the identification of additional material weaknesses in our internal controls. Any consequences resulting from inaccuracies or delays in our reported financial statements could have an adverse effect on our business, operating results and financial condition, our ability to run our business effectively and our ability to meet our financial reporting requirements, and could cause investors to lose confidence in our financial reporting. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Controls and Procedures.”

We Operate in the Highly Cyclical Semiconductor Industry, which is Subject to Significant Downturns that may Negatively Impact Our Results of Operations.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change and price erosion, evolving technical standards, short product life cycles (for semiconductors and for the end-user products in which they are used) and wide fluctuations in product supply and demand. From time to time, these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general and in our business in particular. Periods of industry downturns, including the recent economic downturn, have been characterized by diminished demand for end-user products, high inventory levels, underutilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices. We have experienced these conditions in our business in the past and may experience renewed, and possibly more severe and prolonged, downturns in the future as a result of such cyclical changes. This may reduce our results of operations.

We base our planned operating expenses in part on our expectations of future revenue, and a significant portion of our expenses is relatively fixed in the short term. If revenue for a particular quarter is lower than we expect, we likely will be unable to proportionately reduce our operating expenses for that quarter, which would harm our operating results for that quarter.

If We Fail to Develop New Products and Process Technologies or Enhance Our Existing Products and Services in Order to React to Rapid Technological Change and Market Demands, Our Business will Suffer.

Our industry is subject to constant and rapid technological change and product obsolescence as customers and competitors create new and innovative products and technologies. Products or technologies developed by other companies may render our products or technologies obsolete or noncompetitive, and we may not be able to access advanced process technologies, including smaller geometries, or to license or otherwise obtain essential intellectual property required by our customers.

We must develop new products and services and enhance our existing products and services to meet rapidly evolving customer requirements. We design products for customers who continually require higher performance and functionality at lower costs. We must, therefore, continue to enhance the performance and functionality of our products. The development process for these advancements is lengthy and requires us to accurately anticipate technological changes and market trends. Developing and enhancing these products is uncertain and can be time-consuming, costly and complex. If we do not continue to develop and maintain process technologies that are in demand by our semiconductor manufacturing services customers, we may be unable to maintain existing customers or attract new customers.

Customer and market requirements can change during the development process. There is a risk that these developments and enhancements will be late, fail to meet customer or market specifications or not be competitive with products or services from our competitors that offer comparable or superior performance and functionality. Any new products, such as our new line of power management solutions, which we began marketing in 2008, or product or service enhancements, may not be accepted in new or existing markets. Our business will suffer if we fail to develop and introduce new products and services or product and service enhancements on a timely and cost-effective basis.

We Manufacture Our Products Based on Our Estimates of Customer Demand, and if Our Estimates are Incorrect Our Financial Results could be Negatively Impacted.

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements — based on our estimates of customer demand and expected demand for and success of their products. The short-term nature of commitments by many of our customers and the possibility of rapid changes in demand for their products reduces our ability to estimate accurately future customer demand for our products. On occasion, customers may require rapid increases in supply, which can challenge our production resources and reduce margins. We may not have sufficient capacity at any given time to meet our customers' increased demand for our products. Conversely, downturns in the semiconductor industry have caused and may in the future cause our customers to reduce significantly the amount of products they order from us. Because many of our costs and operating expenses are relatively fixed, a reduction in customer demand would decrease our results of operations, including our gross profit.

Our Customers may Cancel their Orders, Reduce Quantities or Delay Production, which would Adversely Affect Our Margins and Results of Operations.

We generally do not obtain firm, long-term purchase commitments from our customers. Customers may cancel their orders, reduce quantities or delay production for a number of reasons.

Cancellations, reductions or delays by a significant customer or by a group of customers, which we have experienced as a result of periodic downturns in the semiconductor industry or failure to achieve design wins, have affected and may continue to affect our results of operations adversely. These risks are exacerbated because many of our products are customized, which hampers our ability to sell excess inventory to the general market. We may incur charges resulting from the write-off of obsolete inventory. In addition, while we do not obtain long-term purchase commitments, we generally agree to the pricing of a particular product over a set period of time. If we underestimate our costs when determining pricing, our margins and results of operations would be adversely affected.

We Depend on High Utilization of Our Manufacturing Capacity, a Reduction of Which could have a Material Adverse Effect on Our Business, Financial Condition and the Results of Our Operations.

An important factor in our success is the extent to which we are able to utilize the available capacity in our fabrication facilities. As many of our costs are fixed, a reduction in capacity utilization, as well as changes in other factors, such as reduced yield or unfavorable product mix, could reduce our profit margins and adversely affect our operating results. A number of factors and circumstances may reduce utilization rates, including periods of industry overcapacity, low levels of customer orders, operating inefficiencies, mechanical failures and disruption of operations due to expansion or relocation of operations, power interruptions and fire, flood or other natural disasters or calamities. The potential delays and costs resulting from these steps could have a material adverse effect on our business, financial condition and results of operations.

A Significant Portion of Our Sales Comes from a Relatively Limited Number of Customers, the Loss of which would Adversely Affect Our Financial Results.

Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. If we were to lose key customers or if customers cease to place orders for our high-volume products or services, our financial results would be adversely affected. Net sales to our ten largest customers represented 64%, 66%, 69% and 63% of our net sales for the three months ended March 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the year ended December 31, 2008, respectively. LG Display represented 20% and 26% of our net sales and a substantial portion of the net sales generated by our top ten customers for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009. Significant reductions in sales to any of these customers, especially our few largest customers, the loss of other major customers or a general curtailment in orders for our high-volume products or services within a short period of time would adversely affect our business.

The Average Selling Prices of Our Semiconductor Products have at Times Declined Rapidly and will Likely do so in the Future, Which could Harm Our Revenue and Gross Profit.

The semiconductor products we develop and sell are subject to rapid declines in average selling prices. From time to time, we have had to reduce our prices significantly to meet customer requirements, and we may be required to reduce our prices in the future. This would cause our gross profit to decrease. Our financial results will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing our costs or developing new or enhanced products on a timely basis with higher selling prices or gross profit.

Our Industry is Highly Competitive and Our Ability to Compete could be Negatively Impacted by a Variety of Factors.

The semiconductor industry is highly competitive and includes hundreds of companies, a number of which have achieved substantial market share both within our product categories and end markets. Current and prospective customers for our products and services evaluate our capabilities against the merits of our competitors. Some of our competitors are well established as independent companies and have substantially greater market share and manufacturing, financial, research and development and marketing resources than we do. We also compete with emerging companies that are attempting to sell their products in certain of our end markets and with the internal semiconductor design and manufacturing capabilities of many of our significant customers. We expect to experience continuing competitive pressures in our markets from existing competitors and new entrants.

Any consolidation among our competitors could enhance their product offerings and financial resources, further enhancing their competitive position. Our ability to compete will depend on a number of factors, including the following:

- our ability to offer cost-effective and high quality products and services on a timely basis using our technologies;
- our ability to accurately identify and respond to emerging technological trends and demand for product features and performance characteristics;
- our ability to continue to rapidly introduce new products that are accepted by the market;
- our ability to adopt or adapt to emerging industry standards;
- the number and nature of our competitors and competitiveness of their products and services in a given market;
- entrance of new competitors into our markets;
- our ability to enter the highly competitive power management market; and
- our ability to continue to offer in demand semiconductor manufacturing services at competitive prices.

Many of these factors are outside of our control. In the future, our competitors may replace us as a supplier to our existing or potential customers, and our customers may satisfy more of their requirements internally. As a result, we may experience declining revenues and results of operations.

Changes in Demand for Consumer Electronics in Our End Markets can Impact Our Results of Operations.

Demand for our products will depend in part on the demand for various consumer electronics products, in particular, mobile phones and multimedia devices, digital televisions, flat panel displays, mobile PCs and digital cameras, which in turn depends on general economic conditions and other factors beyond our control. If our customers fail to introduce new products that employ our products or component parts, demand for our products will suffer. To the extent that we cannot offset periods of reduced demand that may occur in these markets through greater penetration of these markets or reduction in our production and costs, our sales and gross profit may decline, which would negatively impact our business, financial condition and results of operations.

If We Fail to Achieve Design Wins for Our Semiconductor Products, We may Lose the Opportunity for Sales to Customers for a Significant Period of Time and be Unable to Recoup Our Investments in Our Products.

We expend considerable resources on winning competitive selection processes, known as design wins, to develop semiconductor products for use in our customers' products. These selection processes are typically lengthy and can require us to incur significant design and development expenditures. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. Once a customer designs a semiconductor into a product, that customer is likely to continue to use the same semiconductor or enhanced versions of that semiconductor from the same supplier across a number of similar and successor products for a lengthy period of time due to the significant costs associated with qualifying a new supplier and potentially redesigning the product to incorporate a different semiconductor. If we fail to achieve an initial design win in a customer's qualification process, we may lose the opportunity for significant sales to that customer for a number of products and for a lengthy period of time. This may cause us to be unable to recoup our investments in our semiconductor products, which would harm our business.

We have Lengthy and Expensive Design-to-Mass Production and Manufacturing Process Development Cycles that may Cause us to Incur Significant Expenses without Realizing Meaningful Sales, the Occurrence of which would Harm Our Business.

The cycle time from the design stage to mass production for some of our products is long and requires the investment of significant resources with many potential customers without any guarantee of sales. Our design-to-mass production cycle typically begins with a three-to-twelve month semiconductor development stage and test period followed by a three-to-twelve month end-product qualification period by our customers. The fairly lengthy front end of our sales cycle creates a risk that we may incur significant expenses but may be unable to realize meaningful sales. Moreover, prior to mass production, customers may decide to cancel their products or change production specifications, resulting in sudden changes in our product specifications, increasing our production time and costs. Failure to meet such specifications may also delay the launch of our products or result in lost sales.

In addition, we collaborate and jointly develop certain process technologies and manufacturing process flows custom to certain of our semiconductor manufacturing services customers. To the extent that our semiconductor manufacturing services customers fail to achieve market acceptance for their products, we may be unable to recoup our engineering resources commitment and our investment in process technology development, which would harm our business.

Research and Development Investments may not Yield Profitable and Commercially Viable Product and Service Offerings and thus will not Necessarily Result in Increases in Revenues for us.

We invest significant resources in our research and development. Our research and development efforts, however, may not yield commercially viable products or enhance our semiconductor manufacturing services offerings. During each stage of research and development there is a substantial risk that we will have to abandon a potential product or service offering that is no longer marketable and in which we have invested significant resources. In the event we are able to develop viable new products or service offerings, a significant amount of time will have elapsed between our investment in the necessary research and development effort and the receipt of any related revenues.

We Face Numerous Challenges Relating to Executing Our Growth Strategy, and if We are Unable to Execute Our Growth Strategy Effectively, Our Business and Financial Results could be Materially and Adversely Affected.

Our growth strategy is to leverage our advanced analog and mixed-signal technology platform, continue to innovate and deliver new products and services, increase business with existing customers, broaden our customer base, aggressively grow our power business, drive execution excellence and focus on specialty process technologies. As part of our growth strategy, we began marketing a new line of power management semiconductor products in 2008 and expect to introduce other new products and services in the future. If we are unable to execute our growth strategy effectively, we may not be able to take advantage of market opportunities, execute our business plan or respond to competitive pressures. Moreover, if our allocation of resources does not correspond with future demand for particular products, we could miss market opportunities and our business and financial results could be materially and adversely affected.

We are Subject to Risks Associated with Currency Fluctuations, and Changes in the Exchange Rates of Applicable Currencies could Impact Our Results of Operations.

Historically, a portion of our revenues and greater than the majority of our operating expenses and costs of sales have been denominated in non-U.S. currencies, principally the Korean won, and we expect that this will remain true in the future. Because we report our results of operations in U.S. dollars, changes in the exchange rate between the Korean won and the U.S. dollar could materially impact our reported results of operations and distort period to period comparisons. In particular, because of the difference in the amount of our consolidated revenues and expenses that are in U.S. dollars relative to Korean won, a depreciation in the U.S. dollar relative to the Korean won could result in a material increase in reported costs relative to revenues, and therefore could cause our profit margins and operating income to appear to decline materially, particularly relative to prior periods. The converse is true if the U.S. dollar were to appreciate relative to the Korean won. Fluctuations in foreign currency exchange rates also impact the reporting of our receivables and payables in non-U.S. currencies. Foreign currency fluctuations had a materially beneficial impact on our results of operations in the fiscal year ended December 31, 2008 relative to the fiscal year ended December 31, 2007, as well as in the combined twelve-month period ended December 31, 2009 relative to the fiscal year ended December 31, 2008. As a result of foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our stock following the completion of the MagnaChip Corporation IPO or the notes could be adversely affected.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. For example, in January 2010 and May 2010 our Korean subsidiary entered into foreign currency option and forward contracts in order to mitigate a portion of the impact of U.S. dollar-Korean won exchange rate fluctuations on our operating results. The January 2010 option and forward contracts require us to sell specified notional amounts in U.S. dollars and provide us the option to sell specified notional amounts in U.S. dollars during each month of 2010 commencing February 2010 to our counterparty, in each case, in exchange for Korean won at specified fixed exchange rates. The May 2010 option and forward contracts require us to sell specified notional amounts in U.S. dollars and provide us the option to sell specified notional amounts in U.S. dollars during the months of January 2011 through June 2011 to our counterparty, in each case, in exchange for Korean won at specified fixed exchange rates. Obligations under these foreign currency option and forward contracts must be cash collateralized if our exposure exceeds certain specified thresholds. These option and forward contracts may be terminated by the counterparty in a number of circumstances, including if our long-term debt rating falls below B-/B3 or if our total cash and cash equivalents is less than $30 million at the end of a fiscal quarter. We cannot assure you that any hedging technique we implement will be effective. If our hedging activities are not effective, changes in currency exchange rates may have a more significant impact on our results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting our Results of Operations.”

The Global Recession and Related Financial Crisis Negatively Affected Our Business. Poor Economic Conditions may Negatively Affect Our Future Business, Results of Operations and Financial Condition.

The global recession and related financial crisis led to slower economic activity, increased unemployment, concerns about inflation and energy costs, decreased business and consumer confidence, reduced corporate profits and capital spending, adverse business conditions and lower levels of liquidity in many financial markets. Consumers and businesses deferred purchases in response to tighter credit and negative financial news, which has in turn negatively affected product demand and other related matters. The global recession led to reduced customer spending in the semiconductor market and in our target markets, made it difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and caused U.S. and foreign businesses to slow spending on our products. Although recently there have been indications of improved economic conditions generally and in the semiconductor industry specifically, we cannot assure you of the extent to which such conditions will continue to improve or whether the improvement will be sustainable. If the global economic recovery is not sustained or the global economy experiences another recession, such adverse economic conditions could lead to the insolvency of key suppliers resulting in product delays, limit the ability of customers to obtain credit to finance purchases of our products, lead to customer insolvencies, and also result in counterparty failures that may negatively impact our treasury operations. As a result, our business, financial condition and result of operations could be materially adversely affected in future periods as a result of economic downturns.

The Loss of Our Key Employees would Materially Adversely Affect Our Business, and We may not be Able to Attract or Retain the Technical or Management Employees Necessary to Compete in Our Industry.

Our key executives have substantial experience and have made significant contributions to our business, and our continued success is dependent upon the retention of our key management executives, including our Chief Executive Officer and Chairman, Sang Park. The loss of such key personnel would have a material adverse effect on our business. In addition, our future success depends on our ability to attract and retain skilled technical and managerial personnel. We do not know whether we will be able to retain all of these employees as we continue to pursue our business strategy. The loss of the services of key employees, especially our key design and technical personnel, or our inability to retain, attract and motivate qualified design and technical personnel, could have a material adverse effect on our business, financial condition and results of operations. This could hinder our research and product development programs or otherwise have a material adverse effect on our business.

If We Encounter Future Labor Problems, We may Fail to Deliver Our Products and Services in a Timely Manner, which could Adversely Affect Our Revenues and Profitability.

As of June 30, 2010, 2,165 employees, or approximately 65.3% of our employees, were represented by the MagnaChip Semiconductor Labor Union, which is a member of the Federation of Korean Metal Workers Trade Unions. We can offer no assurance that issues with the labor union and other employees will be resolved favorably for us in the future, that we will not experience work stoppages or other labor problems in future years or that we will not incur significant expenses related to such issues.

We may Incur Costs to Engage in Future Business Combinations or Strategic Investments, and We may not Realize the Anticipated Benefits of those Transactions.

As part of our business strategy, we may seek to enter into business combinations, investments, joint ventures and other strategic alliances with other companies in order to maintain and grow revenue and market presence as well as to provide us with access to technology, products and services. Any such transaction would be accompanied by risks that may harm our business, such as difficulties in assimilating the operations, personnel and products of an acquired business or in realizing the projected benefits, disruption of our ongoing business, potential increases in our indebtedness and contingent liabilities and charges if the acquired company or assets are later determined to be worth less than the amount paid for them in an earlier original acquisition. In addition, our indebtedness may restrict us from making acquisitions that we may otherwise wish to pursue.

The Failure to Achieve Acceptable Manufacturing Yields could Adversely Affect Our Business.

The manufacture of semiconductors involves highly complex processes that require precision, a highly regulated and sterile environment and specialized equipment. Defects or other difficulties in the manufacturing process can prevent us from achieving acceptable yields in the manufacture of our products or those of our semiconductor manufacturing services customers, which could lead to higher costs, a loss of customers or delay in market acceptance of our products. Slight impurities or defects in the photomasks used to print circuits on a wafer or other factors can cause significant difficulties, particularly in connection with the production of a new product, the adoption of a new manufacturing process or any expansion of our manufacturing capacity and related transitions. We may also experience manufacturing problems in achieving acceptable yields as a result of, among other things, transferring production to other facilities, upgrading or expanding existing facilities or changing our process technologies. Yields below our target levels can negatively impact our gross profit and may cause us to eliminate underperforming products.

We Rely on a Number of Independent Subcontractors and the Failure of any of these Independent Subcontractors to Perform as Required could Adversely Affect Our Operating Results.

A substantial portion of our net sales are derived from semiconductor devices assembled in packages or on film. The packaging and testing of semiconductors require technical skill and specialized equipment. For the portion of packaging and testing that we outsource, we use subcontractors located in Korea, China, Taiwan, Malaysia and Thailand. We rely on these subcontractors to package and test our devices with acceptable quality and yield levels. We could be adversely affected by political disorders, labor disruptions, and natural disasters where our subcontractors are located. If our semiconductor packagers and test service providers experience problems in packaging and testing our semiconductor devices, experience prolonged quality or yield problems or decrease the capacity available to us, our operating results could be adversely affected.

We Depend on Successful Parts and Materials Procurement for Our Manufacturing Processes, and a Shortage or Increase in the Price of these Materials could Interrupt Our Operations and Result in a Decline of Revenues and Results of Operations.

We procure materials and electronic and mechanical components from international sources and original equipment manufacturers. We use a wide range of parts and materials in the production of our semiconductors, including silicon, processing chemicals, processing gases, precious metals and electronic and mechanical components, some of which, such as silicon wafers, are specialized raw materials that are generally only available from a limited number of suppliers. We do not have long-term agreements providing for all of these materials, thus, if demand increases or supply decreases, the costs of our raw materials could significantly increase. For example, worldwide supplies of silicon wafers, an important raw material for the semiconductors we manufacture, were constrained in recent years due to an increased demand for silicon. Silicon is also a key raw material for solar cells, the demand for which has increased in recent years. Although supplies of silicon have recently improved due to the entrance of additional suppliers and capacity expansion by existing suppliers, we cannot assure you that such supply increases will match demand increases. If we cannot obtain adequate materials in a timely manner or on favorable terms for the manufacture of our products, revenues and results of operations will decline.

We Face Warranty Claims, Product Return, Litigation and Liability Risks and the Risk of Negative Publicity if Our Products Fail.

Our semiconductors are incorporated into a number of end products, and our business is exposed to product return, warranty and product liability risk and the risk of negative publicity if our products fail. Although we maintain insurance for product liability claims, the amount and scope of our insurance may not be adequate to cover a product liability claim that is asserted against us. In addition, product liability insurance could become more expensive and difficult to maintain and, in the future, may not be available on commercially reasonable terms, or at all.

In addition, we are exposed to the product liability risk and the risk of negative publicity affecting our customers. Our sales may decline if any of our customers are sued on a product liability claim. We also may suffer a decline in sales from the negative publicity associated with such a lawsuit or with adverse public perceptions in general regarding our customers' products. Further, if our products are delivered with impurities or defects, we could incur additional development, repair or replacement costs, and our credibility and the market's acceptance of our products could be harmed.

We could Suffer Adverse Tax and Other Financial Consequences as a Result of Changes in, or Differences in the Interpretation of, Applicable Tax Laws.

Our company organizational structure was created in part based on certain interpretations and conclusions regarding various tax laws, including withholding tax, and other tax laws of applicable jurisdictions. Our Korean subsidiary, MagnaChip Semiconductor, Ltd., or MagnaChip Korea, was granted a limited tax holiday under Korean law in October 2004. This grant provided for certain tax exemptions for corporate taxes and withholding taxes until December 31, 2008, and for acquisition taxes, property and land use taxes and certain other taxes until December 31, 2013. Our interpretations and conclusions regarding tax laws, however, are not binding on any taxing authority and, if these interpretations and conclusions are incorrect, if our business were to be operated in a way that rendered us ineligible for tax exemptions or caused us to become subject to incremental tax, or if the authorities were to change, modify, or have a different interpretation of the relevant tax laws, we could suffer adverse tax and other financial consequences and the anticipated benefits of our organizational structure could be materially impaired.

Our Ability to Compete Successfully and Achieve Future Growth will Depend, in Part, on Our Ability to Protect Our Proprietary Technology and Know-How, as Well as Our Ability to Operate without Infringing the Proprietary Rights of Others.

We seek to protect our proprietary technologies and know-how through the use of patents, trade secrets, confidentiality agreements and other security measures. The process of seeking patent protection takes a long time and is expensive. There can be no assurance that patents will issue from pending or future applications or that, if patents issue, they will not be challenged, invalidated or circumvented, or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Some of our technologies are not covered by any patent or patent application. The confidentiality agreements on which we rely to protect these technologies may be breached and may not be adequate to protect our proprietary technologies. We cannot assure you that other countries in which we market our services will protect our intellectual property rights to the same extent as the United States. In particular, the validity, enforceability and scope of protection of intellectual property in China, where we derive a significant portion of our net sales, and certain other countries where we derive net sales, are uncertain and still evolving and historically have not protected and may not protect in the future, intellectual property rights to the same extent as do the laws and enforcement procedures in the United States.

Our ability to compete successfully depends on our ability to operate without infringing the proprietary rights of others. We have no means of knowing what patent applications have been filed in the United States until they are published. In addition, the semiconductor industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may need to file lawsuits to enforce our patents or intellectual property rights, and we may need to defend against claimed infringement of the rights of others. Any litigation could result in substantial costs to us and divert our resources. Despite our efforts in bringing or defending lawsuits, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. In the event of an adverse outcome in any such litigation, we may be required to:

- pay substantial damages or indemnify customers or licensees for damages they may suffer if the products they purchase from us or the technology they license from us violate the intellectual property rights of others;

- stop our manufacture, use, sale or importation of infringing products; expend significant resources to develop or acquire non-infringing technologies;
- discontinue processes; or
- obtain licenses to the intellectual property we are found to have infringed.

There can be no assurance that we would be successful in such development or acquisition or that such licenses would be available under reasonable terms, or at all. The termination of key third party licenses relating to the use of intellectual property in our products and our design processes, such as our agreements with Silicon Works Co., Ltd. and ARM Limited, would materially and adversely affect our business.

Our competitors may develop, patent or gain access to know-how and technology similar to our own. In addition, many of our patents are subject to cross licenses, several of which are with our competitors. The noncompetition arrangement agreed to by Hynix in connection with the Original Acquisition expired on October 1, 2007. Under that arrangement, Hynix retained a perpetual license to use the intellectual property that we acquired from Hynix in the Original Acquisition. Now that these noncompetition restrictions have expired, Hynix and its subsidiaries are free to develop products that may incorporate or embody intellectual property developed by us prior to October 2004.

Our Expenses could Increase if Hynix were Unwilling or Unable to Provide Certain Services Related to Our Shared Facilities with Hynix, and if Hynix were to Become Insolvent, We could Lose Certain of Our Leases.

We are party to a land lease and easement agreement with Hynix pursuant to which we lease the land for our facilities in Cheongju, Korea. If this agreement were terminated for any reason, including the insolvency of Hynix, we would have to renegotiate new lease terms with Hynix or the new owner of the land. We cannot assure you that we could negotiate new lease terms on favorable terms or at all. Because we share certain facilities with Hynix, several services that are essential to our business are provided to us by or through Hynix under our general service supply agreement with Hynix. These services include electricity, bulk gases and de-ionized water, campus facilities and housing, wastewater and sewage management, environmental safety and certain utilities and infrastructure support services. If any of our agreements with Hynix were terminated or if Hynix were unwilling or unable to fulfill its obligations to us under the terms of these agreements, we would have to procure these services on our own and as a result may experience an increase in our expenses.

We are Subject to Many Environmental Laws and Regulations that Could Affect Our Operations or Result in Significant Expenses.

We are subject to requirements of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate, governing air emissions, wastewater discharges, the generation, use, handling, storage and disposal of, and exposure to, hazardous substances (including asbestos) and wastes, soil and groundwater contamination and employee health and safety. These laws and regulations are complex, change frequently and have tended to become more stringent over time. There can be no assurance that we have been, or will be, in compliance with all such laws and regulations or that we will not incur material costs or liabilities in connection with these laws and regulations in the future. The adoption of new environmental, health and safety laws, the failure to comply with new or existing laws, or issues relating to hazardous substances could subject us to material liability (including substantial fines or penalties), impose the need for additional capital equipment or other process requirements upon us, curtail our operations or restrict our ability to expand operations.

If our Korean Subsidiary is Designated as a Regulated Business Under Korean Environmental Law, Such Designation could have an Adverse Effect on Our Financial Position and Results of Operations.

In April 2010, the Korean government's Enforcement Decree to the Framework Act on Low Carbon Green Growth, or the Enforcement Decree, became effective. Businesses that exceed 25,000 tons of greenhouse gas emissions and 100 terajoules of energy consumption for the prior three years will be subject to regulation and will be required to submit plans to reduce greenhouse emissions and energy consumption as well as performance reports and will be subject to government requirements to take further action. Our Korean subsidiary meets the thresholds under the Enforcement Decree and we expect that that it will be designated as a regulated business by the end of September 2010. Our Korean subsidiary will then have until December 2011 to reach an agreement with Korean governmental authorities to set reduction targets and draft an implementation plan. If the ultimate implementation plan agreed upon with Korean governmental authorities requires us to reduce our emissions or energy consumption, we could be subject to additional and potentially costly compliance or remediation expenses, including potentially the installation of equipment and changes in the type of materials we use in manufacturing, that could adversely affect our financial position and results of operations.

We will Likely Need Additional Capital in the Future, and Such Capital may not be Available on Acceptable Terms or at All, which would have a Material Adverse Effect on Our Business, Financial Condition and Results of Operations.

We will likely require more capital in the future from equity or debt financings to fund operating expenses, such as research and development costs, finance investments in equipment and infrastructure, acquire complementary businesses and technologies, and respond to competitive pressures and potential strategic opportunities. Additional capital may not be available when needed or, if available, may not be available on favorable terms. If the MagnaChip Corporation IPO is not completed and MagnaChip Corporation does not become a public company, our ability to raise additional capital, particularly equity capital, will be constrained due to our inability to access the public markets directly. In addition, our indebtedness limits our ability to incur additional indebtedness under certain circumstances. If we are unable to obtain capital on favorable terms, or if we are unable to obtain capital at all, we may have to reduce our operations or forego opportunities, and this may have a material adverse effect on our business, financial condition and results of operations.

Our Business Depends on International Customers, Suppliers and Operations in Asia, and as a Result We are Subject to Regulatory, Operational, Financial and Political Risks, which could Adversely Affect Our Financial Results.

We rely on, and expect to continue to rely on, suppliers, subcontractors and operations located primarily in Asia. As a result, we face risks inherent in international operations, such as unexpected changes in regulatory requirements, tariffs and other market barriers, political, social and economic instability, adverse tax consequences, war, civil disturbances and acts of terrorism, difficulties in accounts receivable collection, extended payment terms and differing labor standards, enforcement of contractual obligations and protection of intellectual property. These risks may lead to increased costs or decreased revenue growth, or both. Although we do not derive any revenue from, nor sell any products in, North Korea, any future increase in tensions between South Korea and North Korea that may occur, such as an outbreak of military hostilities, would adversely affect our business, financial condition and results of operations.

You may not be Able to bring an Action or Enforce Any Judgment Obtained in United States Courts, or bring an Action in any Other Jurisdiction, Against us or Our Subsidiaries or Our Directors, Officers or Independent Auditors that are Organized or Residing in Jurisdictions Other than the United States.

Most of our subsidiaries are organized or incorporated outside of the United States and some of our directors and executive officers as well as our independent auditors are organized or reside outside of the United States. Most of our and our subsidiaries' assets are located outside of the United States and in particular, in Korea. Accordingly, any judgment obtained in the United States against us or our subsidiaries may not be collectible in the United States. As a result, it may not be possible for you to effect service of process within the United States upon these persons or to enforce against them or us court judgments obtained in the United States that are predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States. In particular, there is doubt as to the enforceability in Korea or any other jurisdictions outside the United States, either in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated on the federal securities laws of the United States or the securities laws of any state of the United States.

Investor Confidence may be Adversely Impacted if we are Required and Unable to Comply with Section 404 of the Sarbanes-Oxley Act of 2002, and as a Result, the Price of Our Securities could Decline.

Beginning with our fiscal year ending December 31, 2011, we will be subject to rules adopted by the Securities Exchange Commission, or SEC, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, which require us to include in our Annual Report on Form 10-K our management's report on, and assessment of the effectiveness of, our internal controls over financial reporting. In the event we complete the MagnaChip Corporation IPO, we may also in the future become subject to the requirement that our independent auditors attest to and report on the effectiveness of our internal control over financial reporting. In connection with audits of our consolidated financial statements for the ten-month period ended October 25, 2009 and two-month period ended December 31, 2009, our independent registered public accounting firm has reported two control deficiencies that existed prior to their review, which represent a material weakness in our internal control over financial reporting. The two control deficiencies which represent a material weakness that our independent registered public accounting firm reported to our board of directors are that we do not have a sufficient number of financial personnel with the requisite financial accounting experience and that our controls over non-routine transactions are not effective to ensure that accounting considerations are identified and appropriately recorded. If we fail to achieve and maintain the adequacy of our internal controls, there is a risk that we will not comply with all of the requirements imposed by Section 404. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. Any of these possible outcomes could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our consolidated financial statements and could result in investigations or sanctions by the SEC, the New York Stock Exchange, or NYSE (assuming the completion of the MagnaChip Corporation IPO), or other regulatory authorities or in stockholder litigation. Any of these factors ultimately could harm our business and could negatively impact the market price of our securities. Ineffective control over financial reporting could also cause investors to lose confidence in our reported financial information, which could adversely affect the trading price of our securities.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. However, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Our Level of Indebtedness is Substantial, and we may not be Able to Generate Sufficient Cash to Service All of Our Indebtedness and may be Forced to Take Other Actions to Satisfy Our Obligations Under Our Indebtedness, which may not be Successful. A Decline in the Ratings of Our Existing or Future Indebtedness may Make the Terms of any New Indebtedness We Choose to Incur More Costly.

As of March 31, 2010, our total indebtedness on a pro forma basis was $246.7 million. See "Capitalization" for additional information. Our substantial debt could have important consequences, including:

- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who have less debt.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will generate a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

The credit ratings assigned to our debt reflect each rating agency's opinion of our ability to make payments on the debt obligations when such payments are due. The current rating of our senior notes is B2 by Moody's and B+ by Standard and Poors, both of which are below investment grade. A rating may be subject to revision or withdrawal at any time by the assigning rating agency. We may experience downgrades in our debt ratings in the future. Any lowering of our debt ratings would adversely impact our ability to raise additional debt financing and increase the cost of any such financing that is obtained. In the event any ratings downgrades are significant, we may choose not to incur new debt or refinance existing debt if we are unable to incur or refinance such debt at favorable interest rates or on favorable terms.

If our cash flows and capital resources are insufficient to fund our debt service obligations or if we are unable to refinance existing indebtedness on favorable terms, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The indentures governing our notes restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or be able to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

We may Need to Incur Impairment and Other Restructuring Charges, which could Materially Affect Our Results of Operations and Financial Conditions.

During industry downturns and for other reasons, we may need to record impairment or restructuring charges. From April 4, 2005 through March 31, 2010, we recognized aggregate restructuring and impairment charges of $64.0 million, which consisted of $58.4 million of impairment charges and $5.6 million of restructuring charges. In the future, we may need to record additional impairment charges or to further restructure our business or incur additional restructuring charges, any of which could have a material adverse effect on our results of operations or financial condition.

We are Subject to Litigation Risks, which may be Costly to Defend and the Outcome of which is Uncertain.

All industries, including the semiconductor industry, are subject to legal claims, with and without merit, that may be particularly costly and which may divert the attention of our management and our resources in general. We are involved in a variety of legal matters, most of which we consider routine matters that arise in the normal course of business. These routine matters typically fall into broad categories such as those involving customers, employment and labor and intellectual property. Even if the final outcome of these legal claims does not have a material adverse effect on our financial position, results of operations or cash flows, defense and settlement costs can be substantial. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal claim or proceeding could have a material effect on our business, financial condition, results of operations or cash flows.

INDUSTRY AND MARKET DATA

In this prospectus, we rely on and refer to information regarding the semiconductor market from iSuppli Corporation, or iSuppli, and Gartner, Inc., or Gartner. Market data attributed to iSuppli is from "Display Driver ICs Q4 2009 Market Tracker" and "Power Management Q4 2009 Market Tracker" and market data attributed to Gartner is from "Semiconductor Forecast Worldwide: Forecast Database, 24 Feb 2010." Although we believe that this information is reliable, we have not independently verified it. We do not have any obligation to announce or otherwise make publicly available updates or revisions to forecasts contained in these documents. In addition, in many cases, we have made statements in this prospectus regarding our industry and our position in the industry based on our experience in the industry and our own investigation of market conditions.

SPECIAL CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Information concerning us and this exchange offer is subject to risks and uncertainties. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. These statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. All statements other than statements of historical facts included in this prospectus that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements.

These forward-looking statements are largely based on our expectations and beliefs concerning future events, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe our estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this prospectus are not guarantees of future performance, and we cannot assure any reader that those statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" sections and elsewhere in this prospectus.

All forward-looking statements speak only as of the date of this prospectus. We do not intend to publicly update or revise any forward-looking statements as a result of new information or future events or otherwise, except as required by law. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

RATIO OF EARNINGS TO FIXED CHARGES

The financial information provided in the following table should be read in conjunction with our consolidated financial statements and the related notes, appearing elsewhere in this prospectus. The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated:

	Successor		Predecessor					
	Three Months Ended March 31, 2010	Two- Month Period Ended December 31, 2009	Ten- Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007	2006	2005
Ratio of earnings to fixed charges	10.2	—	21.2	—	—	—	—	—

The ratio of earnings to fixed charges is computed by dividing (i) income (loss) from continuing operations before income taxes plus fixed charges by (ii) fixed charges. Our fixed charges consist of the portion of operating lease rental expense that is representative of the appropriate interest factor and interest expense on indebtedness.

Where a dash appears, our earnings were negative and were insufficient to cover fixed charges during the period. Our deficiencies to cover fixed charges in each period presented were as follows:

	Successor	Predecessor				
	Two- Month Period Ended December 31, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007	2006	2005
		(In millions)				
Deficiencies	$ 0.5	$ 69.6	$327.5	$132.0	$78.8	$119.2

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the notes registration rights agreement we entered into with the initial purchasers of the old notes. We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive old notes of like principal amount, the terms of which are identical in all material respects to the new notes. We will retire and cancel all of the old notes tendered in the exchange offer. Accordingly, issuance of the new notes will not result in any increase in our indebtedness. We have agreed to bear the expenses of the exchange offer.

DIVIDEND POLICY

We do not intend to pay any cash dividends or distributions on our common units in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay cash dividends or distributions in the future will be at the discretion of our board of directors. The payment of cash dividends or distributions on our common units is restricted under the terms of the indenture governing our notes.

On April 19, 2010, we made a $130.7 million cash distribution to our unitholders using proceeds from the sale of our senior notes. The per common unit distribution was $0.4254.

Table of Contents

CAPITALIZATION

The following table sets forth the following information:

- the actual capitalization of MagnaChip Semiconductor LLC as of March 31, 2010; and
- our pro forma as adjusted capitalization as of March 31, 2010 after giving effect to the issuance of $250 million old notes and the application of the net proceeds therefrom.

This table should be read together with "Selected Historical Consolidated Financial and Operating Data," "Unaudited Pro Forma Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2010	
	Actual	Pro Forma as Adjusted
	(In millions)	
Indebtedness (including current maturities)		
Senior secured credit facility	$ 61.6	$ —
10.500% senior notes due 2018(1)	—	246.7
Unitholders' equity:		
Common units, no par value; 375,000,000 units authorized, 307,233,996 units issued and outstanding, actual and pro forma as adjusted	55.5	55.5
Additional paid-in capital	169.3	38.6(2)
Retained earnings	29.1	28.9
Accumulated other comprehensive loss	(22.4)	(22.4)
Total unitholders' equity	231.4	100.5
Total capitalization	$293.0	$ 347.2

(1) Represents principal amount of notes net of original issue discount of $3.3 million.

(2) Reflects a $130.7 million distribution to unitholders using a portion of the proceeds from the issuance of our $250 million in aggregate principal amount of old notes.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables set forth selected historical consolidated financial data of MagnaChip Semiconductor LLC on or as of the dates and for the periods indicated. The selected historical consolidated financial data presented below should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements, including the notes to those consolidated financial statements, appearing elsewhere in this prospectus.

We have derived the selected consolidated financial data as of December 31, 2009 and 2008 and for the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the years ended December 31, 2008 and 2007 from the historical audited consolidated financial statements of MagnaChip Semiconductor LLC included elsewhere in this prospectus. We have derived the unaudited consolidated statement of operations data for the three months ended March 31, 2010 and March 29, 2009 from the unaudited interim consolidated financial statements of MagnaChip Semiconductor LLC included elsewhere in this prospectus. We have derived the selected consolidated financial data as of December 31, 2007, 2006 and 2005 and for the years ended December 31, 2006 and 2005 from the historical audited consolidated financial statements of MagnaChip Semiconductor LLC not included in this prospectus. We have derived the selected consolidated financial data as of March 31, 2010 from the unaudited interim consolidated financial statements of MagnaChip Semiconductor LLC included elsewhere in this prospectus. We derived the unaudited consolidated balance sheet data as of March 29, 2009 from our unaudited interim consolidated financial statements not included in this prospectus. The historical results of MagnaChip Semiconductor LLC for any prior period are not necessarily indicative of the results to be expected in any future period, and financial results for any interim period are not necessarily indicative of results for a full year.

In connection with our emergence from reorganization proceedings, we implemented fresh-start accounting in accordance with applicable ASC 852 governing reorganizations. We elected to adopt a convenience date of October 25, 2009 (a month end for our financial reporting purposes) for application of fresh-start accounting. In accordance with the ASC 852 governing reorganizations, we recorded largely non-cash reorganization income and expense items directly associated with our reorganization proceedings including professional fees, the revaluation of assets, the effects of our reorganization plan and fresh-start accounting and write-off of debt issuance costs. As a result of the application of fresh-start accounting, our financial statements prior to and including October 25, 2009 represent the operations of our pre-reorganization predecessor company and are presented separately from the financial statements of our post-reorganization successor company. As a result of the application of fresh-start accounting, the financial statements prior to and including October 25, 2009 are not fully comparable with the financial statements for periods on or after October 25, 2009.

	Successor(1)		Predecessor					
	Three Months Ended March 31, 2010*	Two-Month Period Ended December 31, 2009**	Ten-Month Period Ended October 25, 2009**	Three Months Ended March 29, 2009*	Years Ended December 31, 2008**	2007**	2006**	2005**
	(In millions, except per common unit data)							
Statements of Operations Data:								
Net sales	$ 179.5	$ 111.1	$ 449.0	$ 101.5	$ 601.7	$ 709.5	$ 683.9	$ 774.3
Cost of sales	130.1	90.4	311.1	80.6	445.3	578.9	580.4	591.1
Gross profit	49.4	20.7	137.8	20.9	156.4	130.7	103.4	183.2
Selling, general and administrative Expenses	17.9	14.5	56.3	15.3	81.3	82.7	76.1	119.4
Research and development expenses	20.5	14.7	56.1	17.0	89.5	90.8	87.2	96.1
Restructuring and impairment charges	0.3	—	0.4	0.1	13.4	12.1	1.7	36.1
Operating income (loss) from continuing Operations	10.6	(8.6)	25.0	(11.4)	(27.7)	(54.9)	(61.6)	(68.4)
Interest expense, net	(2.0)	(1.3)	(31.2)	(14.7)	(76.1)	(60.3)	(57.2)	(57.2)
Foreign currency gain (loss), net	21.6	9.3	43.4	(40.2)	(210.4)	(4.7)	50.9	16.5
Reorganization items, net	—	—	804.6	—	—	—	—	—
Others	(0.1)	—	—	—	—	—	—	—
	19.5	8.1	816.8	(54.9)	(286.5)	(65.0)	(6.3)	(40.7)
Income (loss) from continuing operations before income taxes	30.1	(0.5)	841.8	(66.3)	(314.3)	(120.0)	(67.9)	(109.1)
Income tax expenses (benefits)	(1.0)	1.9	7.3	2.6	11.6	8.8	9.1	2.0
Income (loss) from continuing Operations	31.1	(2.5)	834.5	(68.9)	(325.8)	(128.8)	(76.9)	(111.1)
Income (loss) from discontinued operations, net of taxes	—	0.5	6.6	(0.8)	(91.5)	(51.7)	(152.4)	10.2
Net income (loss)	$ 31.1	$ (2.0)	$ 841.1	$ (69.7)	$ (417.3)	$ (180.6)	$ (229.3)	$ (100.9)
Dividends accrued on preferred units	—	—	6.3	3.4	13.3	12.0	10.9	9.9
Income (loss) from continuing operations attributable to common units	$ 31.1	$ (2.5)	$ 828.2	$ (72.3)	$ (339.1)	$ (140.9)	$ (87.9)	$ (121.1)
Net income (loss) attributable to common Units	$ 31.1	$ (2.0)	$ 834.8	$ (73.1)	$ (430.6)	$ (192.6)	$ (240.2)	$ (110.8)
Per unit data:								
Earnings (loss) from continuing operations per common unit — Basic and diluted	$ 0.10	$ (0.01)	$ 15.65	$ (1.37)	$ $(6.43)	$ (2.69)	$ (1.66)	$ (2.29)
Earnings (loss) from discontinued operations per common unit — Basic and diluted	$ —	$ 0.00	$ 0.12	$ (0.01)	$ (1.73)	$ (0.99)	$ (2.88)	$ 0.19
Earnings (loss) per common unit — Basic and diluted	$ 0.10	$ (0.01)	$ 15.77	$ (1.38)	$ (8.16)	$ (3.68)	$ (4.54)	$ (2.10)
Weighted average number of common units								
Basic	302.444	300.863	52.923	52.923	52.769	52.297	52.912	52.898
Diluted	307.536	300.863	52.923	52.923	52.769	52.297	52.912	52.898
Balance Sheet Data (at period end):								
Cash and cash equivalents	$ 82.7	$ 64.9		$ 7.1	$ 4.0	$ 64.3	$ 89.2	$ 86.6
Total assets	492.0	453.3		357.7	399.2	707.9	770.1	1,040.6
Total indebtedness(2)	61.6	61.8		845.0	845.0	830.0	750.0	750.0
Long-term obligations(3)	61.3	61.5		146.5	143.2	879.4	867.4	856.7
Unitholders' equity	231.4	215.7		(835.1)	(787.8)	(477.5)	(284.5)	(46.5)
Supplemental Data (unaudited):								
Adjusted EBITDA(4)	$ 28.7	$ 22.1	$ 76.6	$ 2.3	$ 59.8	$ 111.2		
Adjusted Net Income (Loss)(5)	19.9	13.3	9.3	(22.9)	(71.7)	(82.6)		

* Derived from our unaudited interim consolidated financial statements.

** Derived from our audited consolidated financial statements.

(1) As of October 25, 2009, the fresh-start adoption date, we adopted fresh-start accounting for our consolidated financial statements. Because of the emergence from reorganization proceedings and adoption of fresh-start accounting, the historical financial information for periods after October 25, 2009 is not fully comparable to periods before October 25, 2009. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Changes to Our Business."

(2) Total indebtedness is calculated as long and short-term borrowings, including the current portion of long-term borrowings.

(3) Long-term obligations include long-term borrowings, capital leases and redeemable convertible preferred units.

(4) We define Adjusted EBITDA as net income (loss) less income (loss) from discontinued operations, net of taxes, adjusted to exclude (i) depreciation and amortization associated with continuing operations, (ii) interest expense, net, (iii) income tax expenses, (iv) restructuring and impairment charges, (v) other restructuring charges, (vi) abandoned IPO expenses, (vii) subcontractor claim settlement, (viii) the increase in cost of sales resulting from the fresh-start inventory accounting step-up, (ix) equity-based compensation expense, (x) reorganization items, net and (xi) foreign currency gain (loss), net. See the footnotes to the table below for further information regarding these items. We present Adjusted EBITDA as a supplemental measure of our performance because:

- Adjusted EBITDA eliminates the impact of a number of items that may be either one time or recurring items that we do not consider to be indicative of our core ongoing operating performance;
- we believe that Adjusted EBITDA is an enterprise level performance measure commonly reported and widely used by analysts and investors in our industry;
- we anticipate that our investor and analyst presentations when and if we are public will include Adjusted EBITDA; and
- we believe that Adjusted EBITDA provides investors with a more consistent measurement of period to period performance of our core operations, as well as a comparison of our operating performance to that of other companies in our industry.

We use Adjusted EBITDA in a number of ways, including:

- for planning purposes, including the preparation of our annual operating budget;
- to evaluate the effectiveness of our enterprise level business strategies;
- in communications with our board of directors concerning our consolidated financial performance; and
- in certain of our compensation plans as a performance measure for determining incentive compensation payments.

We encourage you to evaluate each adjustment and the reasons we consider them appropriate. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Adjusted EBITDA is not a measure defined in accordance with GAAP and should not be construed as an alternative to income from continuing operations, cash flows from operating activities or net income (loss), as determined in accordance with GAAP. A reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	Historical					
	Successor		Predecessor			
	Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	Years Ended December 31, 2007
			(In millions)			
Net income (loss)	$ 31.1	$ (2.0)	$ 841.1	$ (69.7)	$ (417.3)	$ (180.6)
Less: Income (loss) from discontinued operations, net of taxes	—	0.5	6.6	(0.8)	(91.5)	(51.7)
Income (loss) from continuing operations	31.1	(2.5)	834.5	(68.9)	(325.8)	(128.8)
Adjustments:						
Depreciation and amortization associated with continuing operations	15.5	11.2	37.7	10.4	63.8	152.2
Interest expense, net	2.0	1.3	31.2	14.7	76.1	60.3
Income tax expenses (benefits)	(1.0)	1.9	7.3	2.6	11.6	8.8
Restructuring and impairment charges(a)	0.3	—	0.4	0.1	13.4	12.1
Other restructuring charges(b)	—	—	13.3	3.1	6.2	—
Abandoned IPO expenses(c)	—	—	—	—	3.7	—
Subcontractor claim settlement(d)	—	—	—	—	—	1.3
Reorganization items, net(e)	—	—	(804.6)	—	—	—
Inventory step-up(f)	0.9	17.2	—	—	—	—
Equity based compensation expense(g)	1.5	2.2	0.2	0.1	0.5	0.6
Foreign currency loss (gain), net(h)	(21.6)	(9.3)	(43.4)	40.2	210.4	4.7
Adjusted EBITDA	$ 28.7	$ 22.1	$ 76.6	$ 2.3	$ 59.8	$ 111.2

(a) This adjustment is comprised of all items included in the restructuring and impairment charges line item on our consolidated statements of operations, and eliminates the impact of restructuring and impairment charges related to (i) for the three months ended March 31, 2010, impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting, (ii) for the three months ended March 29, 2009, the closure of our research and development facilities in Japan, (iii) for 2009, termination benefits and other related costs, for the ten-month period ended October 25, 2009 in connection with the closure of one of our research and development facilities in Japan, (iv) for 2008, goodwill impairment triggered by the significant adverse change in the revenue of our mobile display solutions, or MDS reporting unit, and a reversal of a portion of the restructuring accrual related to the closure of our Gumi five-inch wafer fabrication facilities in 2007, and (v) for 2007, the closure of our Gumi five-inch wafer fabrication facilities. We do not believe these restructuring and impairment charges are indicative of our core ongoing operating performance because we do not anticipate similar facility closures and market driven events in our ongoing operations, although we cannot guarantee that similar events will not occur in the future.

(b) This adjustment relates to certain restructuring charges that are not included in the restructuring and impairment charges line item on our consolidated statements of operations. These items are included in selling, general and administrative expenses in our consolidated statements of operations. These charges are comprised of the following: (i) for the three months ended March 29, 2009, a charge of $3.1 million for restructuring-related professional fees and related expenses, (ii) for 2009, a charge of $13.3 million for restructuring-related professional fees and related expenses, and (iii) for 2008, a charge of $6.2 million for restructuring-related professional fees and related expenses. We do not believe these other restructuring charges are indicative of our core ongoing operating performance because these charges were related, in significant part, to actions we took in response to the impacts on our business resulting from the global economic recession that persisted through 2008 and 2009. We cannot guarantee that similar charges will not be incurred in the future.

(c) This adjustment eliminates a $3.7 million charge in 2008 related to expenses incurred in connection with our abandoned initial public offering in 2008. We do not believe that these charges are indicative of our core operating performance. We have incurred similar costs in connection with the MagnaChip Corporation IPO.

(d) This adjustment eliminates a $1.3 million charge attributable to a one-time settlement of claims with a subcontractor. We no longer obtain services from this subcontractor and do not expect to incur similar charges in the future.

(e) This adjustment eliminates the impact of largely non-cash reorganization income and expense items directly associated with our reorganization proceedings from our ongoing operations including, among others, professional fees, the revaluation of assets, the effects of the Chapter 11 reorganization plan and fresh-start accounting principles and the write-off of debt issuance costs. Included in reorganization items, net for the ten-month period ended October 25, 2009 was our predecessor's gain recognized from the effects of our reorganization proceedings. The gain results from the difference between our predecessor's carrying value of remaining pre-petition liabilities subject to compromise and the amounts to be distributed pursuant to the reorganization proceedings. The gain from the effects of the reorganization proceedings and the application of fresh-start accounting principles is comprised of the discharge of liabilities subject to compromise, net of the issuance of new common units and new warrants and the accrual of amounts to be settled in cash. For details regarding this adjustment, see note 5 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus. We do not believe these items are indicative of our core ongoing operating performance because they were incurred as a result of our Chapter 11 reorganization.

(f) This adjustment eliminates the one-time impact on cost of sales associated with the write-up of our inventory in accordance with the principles of fresh-start accounting upon consummation of the Chapter 11 reorganization.

(g) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses, as supplemental information.

(h) This adjustment eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, as supplemental information.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted EBITDA does not reflect the costs of holding certain assets and liabilities in foreign currencies; and
- other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

(5) We present Adjusted Net Income as a further supplemental measure of our performance. We prepare Adjusted Net Income by adjusting net income (loss) to eliminate the impact of a number of non-cash expenses and other items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance. We believe that Adjusted Net Income is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance.

We present Adjusted Net Income for a number of reasons, including:

- we use Adjusted Net Income in communications with our board of directors concerning our consolidated financial performance;
- we believe that Adjusted Net Income is an enterprise level performance measure commonly reported and widely used by analysts and investors in our industry; and
- we anticipate that our investor and analyst presentations when and if we are public will include Adjusted Net Income.

Adjusted Net Income is not a measure defined in accordance with GAAP and should not be construed as an alternative to income from continuing operations, cash flows from operating activities or net income (loss), as determined in accordance with GAAP. We encourage you to evaluate each adjustment and the reasons we consider them appropriate. Other companies in our industry may calculate Adjusted Net Income differently than we do, limiting its usefulness as a comparative measure. In addition, in evaluating Adjusted Net Income, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. We define Adjusted Net Income as net income (loss) less income (loss) from discontinued operations, net of taxes, excluding (i) restructuring and impairment charges, (ii) other restructuring charges, (iii) abandoned IPO expenses, (vi) subcontractor claim settlement, (v) reorganization items, net, (vi) the increase in cost of sales resulting from the fresh-start accounting inventory step-up, (vii) equity based compensation expense, (viii) amortization of intangibles associated with continuing operations and (ix) foreign currency gain (loss).

The following table summarizes the adjustments to net income (loss) that we make in order to calculate Adjusted Net Income for the periods indicated:

	Historical					
	Successor		Predecessor			
	Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	Years Ended December 31, 2007
			(In millions)			
Net income (loss)	$ 31.1	$ (2.0)	$ 841.1	$ (69.7)	$ (417.3)	$ (180.6)
Less: Income (loss) from discontinued operations, net of taxes	—	0.5	6.6	(0.8)	(91.5)	(51.7)
Income (loss) from continuing operations	31.1	(2.5)	834.5	(68.9)	(325.8)	(128.8)
Adjustments:						
Restructuring and impairment charges(a)	0.3	—	0.4	0.1	13.4	12.1
Other restructuring charges(b)	—	—	13.3	3.1	6.2	—
Abandoned IPO expenses(c)	—	—	—	—	3.7	—
Subcontractor claim settlement(d)	—	—	—	—	—	1.3
Reorganization items, net(e)	—	—	(804.6)	—	—	—
Inventory step-up(f)	0.9	17.2	—	—	—	—
Equity based compensation expense(g)	1.5	2.2	0.2	0.1	0.5	0.6
Amortization of intangibles associated with continuing operations(h)	7.7	5.6	8.8	2.4	20.0	27.5
Foreign currency loss (gain), net(i)	(21.6)	(9.3)	(43.4)	40.2	210.4	4.7
Adjusted Net Income (Loss)	$ 19.9	$ 13.3	$ 9.3	$ (22.9)	$ (71.7)	$ (82.6)

(a) This adjustment is comprised of all items included in the restructuring and impairment charges line item on our consolidated statements of operations, and eliminates the impact of restructuring and impairment charges related to (i) for the three months ended March 31, 2010, impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting, (ii) for the three months ended March 29, 2009, the closure of our research and development facilities in Japan, (iii) for 2009, termination benefits and other related costs, for the ten-month period ended October 25, 2009 in connection with the closure of one of our research and development facilities in Japan, (iv) for 2008, goodwill impairment triggered by the significant adverse change in the revenue of our MDS reporting unit and a reversal of a portion of the restructuring accrual related to the closure of our Gumi five-inch wafer fabrication facilities in 2007, and (v) for 2007, the closure of our Gumi five-inch wafer fabrication facilities. We do not believe these restructuring and impairment charges are indicative of our core ongoing operating performance because we do not anticipate similar facility closures and market driven events in our ongoing operations, although we cannot guarantee that similar events will not occur in the future.

(b) This adjustment relates to certain restructuring charges that are not included in the restructuring and impairment charges line item on our consolidated statements of operations. These items are included in selling, general and administrative expenses in our consolidated statements of operations. These charges are comprised of the following: (i) for the three months ended March 29, 2009, a charge of $3.1 million for restructuring-related professional fees and related expenses, (ii) for 2009, a charge of $13.3 million for restructuring-related professional fees and related expenses, and (iii) for 2008, a charge of $6.2 million for restructuring-related professional fees and related expenses. We do not believe these other restructuring charges are indicative of our core ongoing operating performance because these charges were related, in significant part, to actions we took in response to the impacts on our business resulting from the global economic recession that persisted through 2008 and 2009. We cannot guarantee that similar charges will not be incurred in the future.

(c) This adjustment eliminates a $3.7 million charge in 2008 related to expenses incurred in connection with our abandoned initial public offering in 2008. We do not believe that these charges are indicative of our core operating performance. We have incurred similar costs in connection with the MagnaChip Corporation IPO.

(d) This adjustment eliminates a $1.3 million charge attributable to a one-time settlement of claims with a subcontractor. We no longer obtain services from this subcontractor and do not expect to incur similar charges in the future.

(e) This adjustment eliminates the impact of largely non-cash reorganization income and expense items directly associated with our reorganization proceedings from our ongoing operations including, among others, professional fees, the revaluation of assets, the effects of the Chapter 11 reorganization plan and fresh-start accounting principles and the write-off of debt issuance costs. Included in reorganization items, net for the ten-month period ended October 25, 2009 was our predecessor's gain recognized from the effects of our reorganization proceedings. The gain results from the difference between our predecessor's carrying value of remaining pre-petition liabilities subject to compromise and the amounts to be distributed pursuant to the reorganization proceedings. The gain from the effects of the reorganization proceedings and the application of fresh-start accounting principles is comprised of the discharge of liabilities subject to compromise, net of the issuance of new common units and new warrants and the accrual of amounts to be settled in cash. For details regarding this adjustment, see note 5 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus. We do not believe these items are indicative of our core ongoing operating performance because they were incurred as a result of our reorganization proceedings.

(f) This adjustment eliminates the one-time impact on cost of sales associated with the write-up of our inventory in accordance with the principles of fresh-start accounting upon consummation of the Chapter 11 reorganization.

(g) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses, as supplemental information.

(h) This adjustment eliminates the non-cash impact of amortization expense for intangible assets created as a result of the purchase accounting treatment of the Original Acquisition and other subsequent acquisitions, and from the application of fresh-start accounting in connection with the reorganization proceedings. We do not believe these non-cash amortization expenses for intangibles are indicative of our core ongoing operating performance because the assets would not have been capitalized on our balance sheet but for the application of purchase accounting or fresh-start accounting, as applicable.

(i) This adjustment eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, as supplemental information.

Adjusted Net Income has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted Net Income does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted Net Income does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted Net Income does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted Net Income does not reflect the costs of holding certain assets and liabilities in foreign currencies; and
- other companies in our industry may calculate Adjusted Net Income differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted Net Income should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted Net Income only supplementally.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

We have prepared the unaudited pro forma condensed consolidated financial information of MagnaChip for the combined twelve-month period ended December 31, 2009 as of and for the three months ended March 31, 2010 and in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009 is derived from the historical consolidated financial statements of MagnaChip Semiconductor LLC and gives pro forma effect to the following as if these events had occurred on January 1, 2009:

- the reorganization proceedings and adoption of fresh-start reporting; and
- the issuance of $250 million old notes by MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, our wholly-owned subsidiaries, and the application of the net proceeds therefrom.

The unaudited pro forma condensed consolidated balance sheet as of March 31, 2010 is derived from the historical consolidated balance sheet of MagnaChip Semiconductor LLC and gives pro forma effect to the issuance of $250 million senior notes by MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, and the application of the net proceeds therefrom as if it occurred on March 31, 2010.

Basis of Presentation

The following information should be read in conjunction with “Selected Historical Consolidated Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors,” “Capitalization” and the audited and unaudited consolidated financial statements of MagnaChip Semiconductor LLC and the related notes included elsewhere in this prospectus. The unaudited pro forma consolidated financial information is not necessarily indicative of operating results or the financial position that would have been achieved if the transactions identified above had occurred on the dates indicated, nor does it purport to represent the results we will obtain in the future.

Management has prepared the accompanying unaudited pro forma balance sheet as of March 31, 2010 and consolidated statements of operations for the combined twelve-month period ended December 31, 2009 and the three months ended March 31, 2010 in accordance with Article 11 of Regulation S-X for inclusion in this prospectus.

The accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are those disclosed in the audited consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009.

The following unaudited pro forma condensed consolidated financial information should be read in conjunction with “Capitalization,” “Selected Historical Consolidated Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements, including the notes to those consolidated financial statements, included elsewhere in this prospectus.

The Reorganization Proceedings and Fresh-Start Reporting

On June 12, 2009 MagnaChip Semiconductor LLC, along with certain of its subsidiaries, including MagnaChip Semiconductor S.A., filed a voluntary petition for relief in the United States Bankruptcy Court for the District of Delaware under Chapter 11 of the United States Bankruptcy Code. On November 9, 2009, our plan of reorganization became effective and we emerged from the reorganization proceedings.

In connection with our emergence from the reorganization proceedings, we implemented fresh-start accounting in accordance with ASC 852. We elected to adopt a convenience date of October 25, 2009 (a month end for our financial reporting purposes) for application of fresh-start accounting. In accordance with ASC 852, we recorded largely non-cash reorganization income and expense items directly associated with our reorganization proceedings including the revaluation of assets, the effects of our reorganization plan and fresh-start accounting, the write-off of debt issuance costs and professional fees.

In implementing fresh-start accounting, we re-measured our asset values and stated all liabilities, other than deferred taxes and severance benefits, at fair value or at present values of the amounts to be paid using appropriate market interest rates. As of October 25, 2009, the fair value of our assets and the fair value or present value of our liabilities were as follows:

		Successor October 25, 2009
Assets:		
Cash and cash equivalents	$	67.6
Inventories		69.3
Other current assets		110.5
Property plant and equipment		158.4
Intangible assets		55.2
Other non-current assets		24.5
Total Assets		485.5
Liabilities:		
Current portion long term debt		0.5
Other current liabilities		123.9
Long-term debt		61.3
Other non-current liabilities		81.5
Total liabilities		267.2
Net Assets acquired	$	218.4

The intangible assets recognized as part of fresh-start accounting and the related estimated useful lives are as follows:

Intangible Assets		Fair Value	Estimated Useful lives
Technology	$	14.7	1-5
Customer relationships		26.1	0.5-5
Intellectual property assets		4.7	4
In-process research and development		9.7	
Total Intangible Assets	$	55.2	

The adjustments made for the reorganization proceedings in the unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009 assumes the financial effects on us resulting from the implementation of the Chapter 11 plan of reorganization and the adoption of fresh-start accounting as described above.

Issuance of $250 Million Old Notes and Applications of Net Proceeds

On April 9, 2010, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, our wholly-owned subsidiaries, completed the sale of $250 million in aggregate principal amount of 10.500% senior notes due 2018 at an offering price of 98.674%. Net proceeds from the notes offering were $238.4 million which represents $250 million of principal amount net of $3.3 million of original issue discount and $8.3 million of debt issuance costs, including professional fees. Of the $238.4 million of net proceeds, $130.7 million was used to make a distribution to our unitholders and $61.6 million was used to repay all outstanding borrowings under our term loan. The remaining proceeds were retained to fund working capital and for general corporate purposes.

	Historical Three Months Ended March 31, 2010	Adjustments	Pro Forma Three Months Ended March 31, 2010
	(In millions, except per common unit data)		
Condensed Pro Forma Statement of Operations:			
Net sales	$ 179.5	$ —	$ 179.5
Cost of sales	130.1	(0.9)(1)	129.3
Gross profit	49.4		50.2
Selling, general and administrative Expenses	17.9	—	17.9
Research and development expenses	20.5	—	20.5
Restructuring and impairment charges	0.3	—	0.3
Operating income from continuing Operations	10.6		11.5
Interest expense, net	(2.0)	(4.9)(2)	(6.9)
Foreign currency gain, net	21.6	—	21.6
Others	(0.1)	—	(0.1)
	19.5		14.7
Income from continuing operations before income taxes	30.1		26.1
Income tax benefits	(1.0)	—(3)	(1.0)
Income from continuing operations	$ 31.1		$ 27.1
Per common unit data:			
Earnings from continuing operations per common unit — Basic and diluted	$ 0.10		$ 0.09
Weighted average number of common units —			
Basic	302.444		302.444
Diluted	307.536		307.536

	Historical As of March 31, 2010	Adjustments	Pro Forma As of March 31, 2010
	(In millions, except common unit data)		
Condensed Pro Forma Balance Sheet:			
Assets			
Current assets			
Cash and cash equivalents	$ 82.7	$ 46.1(4)	$ 128.8
Accounts receivables, net	104.5	—	104.5
Inventories, net	58.2	—	58.2
Other	25.3	(0.0)(5)	25.3
Total current assets	270.7		316.8
Property, plant and equipment, net	154.7	—	154.7
Intangible assets, net	43.5	—	43.5
Other non-current assets	23.1	8.1(5)	31.2
Total assets	$ 492.0		$ 546.2
Liabilities and Unitholders' Equity			
Current liabilities			
Accounts payable	$ 77.9	—	$ 77.9
Other accounts payable	7.6	—	7.6
Accrued expenses	25.3	—	25.3
Current portion of long-term debt	0.6	(0.6)(6)	—
Other current liabilities	4.6	—	4.6
Total current liabilities	115.9		115.2
Long-term borrowings	61.0	(61.0)(6)	
		246.7(6)	246.7
Accrued severance benefits, net	76.8		76.8
Other non-current liabilities	6.9	—	6.9
Total liabilities	260.6		445.7
Commitments and contingencies			
Unitholders' equity			
Common units; 375,000,000 units authorized, 307,233,996 units issued and outstanding at March 31, 2010	55.5		55.5
Additional paid-in capital	169.3	(130.7)(6)	38.6
Retained earnings	29.1	(0.2)(5)	28.9
Accumulated other comprehensive (loss)	(22.4)	—	(22.4)
Total unitholders' equity	231.4		100.5
Total liabilities and unitholders' Equity	$ 492.0		$ 546.2

Notes to Unaudited Pro Forma Consolidated Financial Information as of March 31, 2010 and for the Three Months Ended March 31, 2010

(1) To eliminate the $0.9 million one-time impact on cost of sales associated with the step up of our inventory resulting from implementation of fresh-start accounting in 2009 which was charged to cost of sales in the historical statement of operations for the three months ended March 31, 2010. The pro forma financial statements assume the transaction occurred as of January 1, 2009 and as such this amount is being eliminated from the historical statement of operations in presenting the

unaudited pro forma statement of operations, as for pro forma purposes, this charge would not have occurred in the three months ended March 31, 2010.

(2) To eliminate interest expense of $2.0 million which was incurred on our $61.6 million aggregate principal amount new term loan which was recognized in the three months ended March 31, 2010. In addition, the pro forma adjustment assumes the 10.500% old notes in the aggregate principal amount of $250.0 million, issued on April 9, 2010, were outstanding as of January 1, 2009. The resulting additional interest expense from our 10.500% old notes would have been $6.8 million using the effective interest rate method.

(3) We believe that the pro forma adjustments related to the issuance of $250 million aggregate principal amount of old notes and the application of the net proceeds should not have an impact on income tax expense for the three months ended March 31, 2010. The pro forma adjustment resulting in an increase in interest expense, net is primarily related to our foreign subsidiaries that have sufficient amounts of operating loss carry forwards and, accordingly, such pro forma adjustment will have no income tax impact.

(4) To reflect a $46.1 million increase in cash and cash equivalents which represents the portion of the net proceeds from the issuance of $250 million aggregate principal amount of old notes that was applied to fund working capital and for general corporate purposes.

(5) To reflect $8.3 million of debt issuance costs in connection with the offering of $250 million aggregate principal amount of old notes and $0.2 million elimination of existing debt issuance costs regarding the repayment of our new term loan.

(6) To reflect the issuance of $250.0 million aggregate principal amount of old notes with $3.3 million of original issue discount and application of $130.7 million of net proceeds to make a distribution to unitholders and resulting decrease in additional paid in capital and application of $61.6 million of net proceeds to repay our new term loan of $61.6 million of which $0.6 million was classified as short-term as of March 31, 2010.

	Historical Successor Two-Month Period Ended December 31, 2009	Historical Predecessor Ten-Month Period Ended October 25, 2009	Adjustments	Pro Forma Year Ended December 31, 2009
	(In millions, except per common unit data)			
Condensed Pro Forma Statement of Operations:				
Net sales	$ 111.1	$ 449.0	$ —	$ 560.1
Cost of sales	90.4	311.1	(5.4)(1)	
			(17.2)(2)	378.9
Gross profit	20.7	137.8		181.2
Selling, general and administrative expenses	14.5	56.3	0.8(1)	71.6
Research and development expenses	14.7	56.1	6.4(1)	77.3
Restructuring and impairment charges	—	0.4	—	0.4
Operating income (loss) from continuing operations	(8.6)	25.0		31.9
Interest expense, net	(1.3)	(31.2)	3.6(3)	(28.8)
Foreign currency gain, net	9.3	43.4	—	52.8
Reorganization items, net	—	804.6	(804.6)(4)	—
	8.1	816.8		24.0
Income (loss) from continuing operations before income taxes	(0.5)	841.8	—	55.9
Income tax expenses	1.9	7.3	—(5)	9.2
Income (loss) from continuing operations	$ (2.5)	$ 834.5		$ 46.6
Dividends accrued on preferred unit	—	6.3	(6.3)(6)	—
Income (loss) from continuing operations attributable to common unit	$ (2.5)	$ 828.2	$	$ 46.6
Per common unit data:(7)				
Earnings (loss) from continuing operations per common unit — Basic and diluted	$ (0.01)	$ 15.65		$ 0.16
Weighted average number of common units				
Basic	300.863	52.923		300.158
Diluted	300.863	52.923		300.166

Notes to Unaudited Pro Forma Consolidated Financial Information for the Twelve Month Period Ended December 31, 2009

(1) To reflect the net change in historical cost of sales and selling, general and administrative expenses and research and development expenses of the predecessor company due to the application of fresh-start accounting as of January 1, 2009 which resulted in a reduction of $13.9 million of tangible assets and an increase of $28.3 million in intangible assets. The corresponding change in depreciation and amortization would have been a decrease in depreciation expense for tangible assets by $7.4 million for the ten-month period ended October 25, 2009 and an increase in amortization expense for intangible assets by $9.1 million for the same period. The useful lives were determined for each tangible asset, which are depreciated on a straight-line basis and range from two to 35 years with a weighted average useful life of 14 years. Technology and customer relationships are amortized on a straight-line basis over one-half to five years based on expected benefit periods. Patents, trademarks and property use rights

are amortized on a straight-line basis over the periods of benefits for four years. The estimated useful life of tangibles and intangibles were determined based on expected benefits and/or economic availability for service periods. The aggregate depreciation and amortization expense was allocated to cost of sales and selling, general and administrative expenses and research and development expenses by ($5.4) million, $0.8 million, and $6.4 million, respectively, in respect of the purpose of property, plant and equipment and intangible assets.

The adjustments referred to above are summarized as follows:

	Amortization	Depreciation	Total
	(In millions)		
Cost of sales	$ —	$ (5.4)	$ (5.4)
Selling, general and administrative Expenses	1.3	(0.5)	0.8
Research and development expenses	7.9	(1.4)	6.4
	$ 9.1	$ (7.4)	$ 1.8

(2) To eliminate the one-time impact on cost of sales associated with the step up of our inventory of $17.9 million, of which $17.2 million was charged to cost of sales in the historical statement of operations for the two-month period ended December 31, 2009, applying the first in, first out method, or FIFO. This adjustment is considered a material non-recurring charge which is directly attributable to the reorganization proceedings and fresh-start accounting and as such is being eliminated from the historical statement of operations in presenting the unaudited pro forma statement of operations.

(3) To eliminate interest expense of $30.8 million of which $29.6 million was incurred on our indebtedness outstanding prior to our reorganization proceedings which was recognized in the ten-month period ended October 25, 2009 and $1.2 million was incurred on our new term loan which was recognized in the two-month period ended December 31, 2009. The $29.6 million incurred on our indebtedness outstanding prior to our reorganization proceedings was comprised of $21.6 million incurred on notes of $750.0 million and $8.0 million incurred under the senior secured credit facility of $95.0 million which was recognized in the ten-month period ended October 25, 2009. In addition, the pro forma adjustment assumes the 10.500% senior notes in the aggregate principal amount of $250.0 million, issued on April 9, 2010, were outstanding as of January 1, 2009. The resulting additional interest expense from our 10.500% senior notes would have been $27.2 million using the effective interest rate method.

(4) To reflect the elimination of the impact of the reorganization items, net recorded in the predecessor period in accordance with ASC 852 upon emergence from the reorganization proceedings, assumed to have occurred January 1, 2009 for the unaudited pro forma statement of operations. As such no adjustment for reorganization items should be reflected.

(5) We believe that the pro forma adjustments related to the reorganization proceedings and adoption of fresh-start reporting and the issuance of $250 million aggregate principal amount of old notes and the application of the net proceeds should not have an impact on income tax expense for 2009. Those pro forma adjustments which would have income tax impacts, such as increase or decrease in depreciation and amortization expenses and decrease in interest expenses, net are primarily related to our foreign subsidiaries that have sufficient amounts of operating loss carry forwards and, accordingly, such pro forma adjustments will have no income tax impact.

(6) To eliminate dividends accrued on preferred units, cancelled in connection with our emergence from reorganization proceedings, in the amount of $6.3 million as of October 25, 2009.

(7) Basic and diluted pro forma income per common unit from continuing operations reflects the impact from the implementation of our plan of reorganization which represents the cancellation of our old common units and issuance of new common units. The following table sets forth the

computation of unaudited pro forma basic and diluted income per common unit from continuing operations:

	Weighted Average Common Units	Earnings per Common Unit from Continuing Operations
Historical ten-month period ended October 25, 2009	52,923,483	$ 15.65
Historical two-month period ended December 31, 2009	300,862,764	(0.01)
Pro forma adjustment for the ten-month period ended October 25, 2009 in conjunction with the implementation of the Plan of Reorganization		
Basic	(53,627,880)	
Diluted	(53,620,300)	
Pro forma for the combined twelve-month period ended December 31, 2009		
Basic	300,158,367	$ 0.16
Diluted	300,165,947	$ 0.16

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the "Selected Historical Consolidated Financial and Operating Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion and analysis contains, in addition to historical information, forward-looking statements that include risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading "Risk Factors" and elsewhere in this prospectus.

Overview

We are a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. We believe we have one of the broadest and deepest analog and mixed-signal semiconductor technology platforms in the industry, supported by our 30-year operating history, large portfolio of approximately 2,620 novel registered patents and 950 pending novel patent applications and extensive engineering and manufacturing process expertise. Our business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our Display Solutions products include display drivers that cover a wide range of flat panel displays and multimedia devices. Our Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. Our Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

Our wide variety of analog and mixed-signal semiconductor products and manufacturing services combined with our deep technology platform allows us to address multiple high-growth end markets and to rapidly develop and introduce new products and services in response to market demands. Our substantial manufacturing operations in Korea and design centers in Korea and Japan place us at the core of the global consumer electronics supply chain. We believe this enables us to quickly and efficiently respond to our customers' needs and allows us to better service and capture additional demand from existing and new customers.

To maintain and increase our profitability, we must accurately forecast trends in demand for consumer electronics products that incorporate semiconductor products we produce. We must understand our customers' needs as well as the likely end market trends and demand in the markets they serve. We must balance the likely manufacturing utilization demand of our product businesses and foundry business to optimize our facilities utilization. We must also invest in relevant research and development activities and manufacturing capacity and purchase necessary materials on a timely basis to meet our customers' demand while maintaining our target margins and cash flow.

The semiconductor markets in which we participate are highly competitive. The prices of our products tend to decrease regularly over their useful lives, and such price decreases can be significant as new generations of products are introduced by us or our competitors. We strive to offset the impact of declining selling prices for existing products through cost reductions and the introduction of new products that command selling prices above the average selling price of our existing products. In addition, we seek to manage our inventories and manufacturing capacity so as to mitigate the risk of losses from product obsolescence.

Demand for our products and services is driven primarily by overall demand for consumer electronics products and can be adversely affected by periods of weak consumer spending or by market share losses by our customers. To mitigate the impact of market volatility on our business, we seek to address market segments and geographies with higher growth rates than the overall consumer electronics industry. For example, in recent years, we have experienced increasing demand from OEMs and consumers in China and Taiwan relative to overall demand for our products and services. We expect to derive a meaningful portion of our growth from growing demand in such markets. We also expect that new competitors will emerge in these markets that may place increased pressure on the pricing for our products and services, but we believe that we will be able to successfully compete based upon our higher quality products and services and that the impact from the increased competition will be more than offset by increased demand arising from such markets. Further, we believe we are well-positioned competitively as a result of our long operating history, existing manufacturing capacity and our Korea-based operations.

Within our Display Solutions and Power Solutions segments, net sales are driven by design wins in which we or another company is selected by an electronics OEM or other potential customer to supply its demand for a particular product. A customer will often have more than one supplier designed in to multi-source components for a particular product line. Once designed in, we often specify the pricing of a particular product for a set period of time, with periodic discussions and renegotiations of pricing with our customers. In any given period, our net sales depend heavily upon the end-market demand for the goods in which our products are used, the inventory levels maintained by our customers and in some cases, allocation of demand for components for a particular product among selected qualified suppliers.

Within the Semiconductor Manufacturing Services business, net sales are driven by customers' decisions on which manufacturing services provider to use for a particular product. Most of our semiconductor manufacturing services customers are fabless and depend upon service providers like us to manufacture their products. A customer will often have more than one supplier of manufacturing services; however, they tend to allocate a majority of manufacturing volume to one of their suppliers. We strive to be the primary supplier of manufacturing services to our customers. Once selected as a primary supplier, we often specify the pricing of a particular service on a per wafer basis for a set period of time, with periodic discussions and renegotiations of pricing with our customers. In any given period, our net sales depend heavily upon the end-market demand for the goods in which the products we manufacture for customers are used, the inventory levels maintained by our customers and in some cases, allocation of demand for manufacturing services among selected qualified suppliers.

In contrast to fabless semiconductor companies, our internal manufacturing capacity provides us with greater control over manufacturing costs and the ability to implement process and production improvements which can favorably impact gross profit margins. Our internal manufacturing capacity also allows for better control over delivery schedules, improved consistency over product quality and reliability and improved ability to protect intellectual property from misappropriation. However, having internal manufacturing capacity exposes us to the risk of under-utilization of manufacturing capacity which results in lower gross profit margins, particularly during downturns in the semiconductor industry.

Our products and services require investments in capital equipment. Analog and mixed-signal manufacturing facilities and processes are typically distinguished by the design and process implementation expertise rather than the use of the most advanced equipment. These processes also tend to migrate more slowly to smaller geometries due to technological barriers and increased costs. For example, some of our products use high-voltage technology that requires larger geometries and that may not migrate to smaller geometries for several years, if at all. Additionally, the performance of many of our products is not necessarily dependent on geometry. As a result, our manufacturing base and strategy does not require substantial investment in leading edge process equipment, allowing us to utilize our facilities and equipment over an extended period of time with moderate required capital investments. Generally, incremental capacity expansions in our segment of the market result in more moderate industry capacity expansion as compared to leading edge processes. As a result, this market, and we, specifically, are less likely to experience significant industry overcapacity, which can cause product prices to plunge dramatically. In general, we seek to invest in manufacturing capacity that can be used for multiple high-value applications over an extended period of time. We believe this capital investment strategy enables us to optimize our capital investments and facilitates deeper and more diversified product and service offerings.

Our success going forward will depend upon our ability to adapt to future challenges such as the emergence of new competitors for our products and services or the consolidation of current competitors. Additionally, we must innovate to remain ahead of, or at least rapidly adapt to, technological breakthroughs that may lead to a significant change in the technology necessary to deliver our products and services. We believe that our established relationships and close collaboration with leading customers enhance our visibility into new product opportunities, market and technology trends and improve our ability to meet these challenges successfully. In our Semiconductor Manufacturing Services business, we strive to maintain competitiveness and our position as a primary manufacturing services provider to our customers by offering high value added, unique processes, high flexibility and excellent service.

In connection with the audits of our consolidated financial statements for the ten-month period ended October 25, 2009 and two-month period ended December 31, 2009, our independent registered public accounting firm has reported two control deficiencies which represent a material weakness in our internal control over financial reporting. The two control deficiencies that our independent registered public accounting firm reported to our board of directors (as we then did not have a separate audit committee), are that we do not have a sufficient number of financial personnel with requisite financial accounting experience, and that our internal controls over non-routine transactions are not effective to ensure that accounting considerations are identified and appropriately recorded.

Recent Changes to Our Business

Beginning in the second half of 2008, we began to take steps to refocus our business strategy, enhance our operating efficiency and improve our cash flow and profitability. We restructured our continuing operations by reducing our cost structure, increasing our focus on our core, profitable technologies, products and customers, and implemented various initiatives to lower our manufacturing costs and improve our gross margins. In connection with these initiatives, we closed our Imaging Solutions business segment, which had been a source of substantial ongoing operating losses amounting to $91.5 million and $51.7 million in 2008 and 2007, respectively, and which required substantial ongoing capital investment. Our employee headcount has declined from 3,648 as of the end of July 2008 to 3,156 at the end of 2009. As a result of these actions, we were able to reduce our costs and improve our margins. Although our goal is to continue to focus on lower costs and improved margins on an ongoing basis, we expect that the financial benefits derived from our ongoing efforts will be incremental and any such benefits may be offset by other negative factors affecting our operations.

On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in order to address the growing demands on our cash flow resulting from our long-term indebtedness. Our plan of reorganization went effective and we emerged from the reorganization proceeding on November 9, 2009. As a result of the plan of reorganization, our indebtedness was reduced from $845.0 million immediately prior to the effectiveness of our plan of reorganization to $61.8 million as of December 31, 2009.

During the first half of 2009, we instituted company-wide voluntary salary reductions, which resulted in one-time savings for our continuing operations during 2009 and which in turn contributed to the decrease in salaries and related expenses in 2009 relative to 2008. In June, we returned to our employees one-third of the amount by which their salaries had been reduced. We reinstated salaries to prior levels in July 2009.

In connection with our emergence from reorganization proceedings, we implemented fresh-start accounting in accordance with ASC 852 governing reorganizations. We elected to adopt a convenience date of October 25, 2009 (a month end for our financial reporting purposes) for application of fresh-start accounting. In accordance with ASC 852 governing reorganizations, we recorded largely non-cash reorganization income and expense items directly associated with our reorganization proceedings including professional fees, the revaluation of assets, the effects of our reorganization plan and fresh-start accounting, and write-off of debt issuance costs.

In implementing fresh-start accounting, we re-measured our asset values and stated all liabilities, other than deferred taxes and severance benefits, at fair value or at the present values of the amounts to be paid using appropriate market interest rates. Our reorganization value was determined based on consideration of numerous factors and various valuation methodologies, including discounted cash flows, believed by management and our financial advisors to be representative of our business and industry. Information regarding the determination of the reorganization value and application of fresh-start accounting is included in note 3 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus. In addition, under fresh-start accounting, accumulated deficit and accumulated other comprehensive income were eliminated.

Under fresh-start accounting, our inventory, net, and intangible assets, net, increased by $17.9 million and $28.3 million, respectively, and property, plant and equipment decreased by $13.9 million, in each case to reflect the estimated fair value as of our emergence from our reorganization proceedings. As a result, our cost of sales for the two-month period ended December 31, 2009 included $17.2 million of additional costs from the inventory step-up. This resulted in our gross margin for the two-month period ended December 31, 2009 being significantly lower than for the ten-month period ended October 25, 2009 and prior periods. The increase in intangible assets results in higher amortization expenses following our emergence from our reorganization proceedings which are included in cost of sales, selling general and administrative expenses and research and development expenses. The decrease in property and plant and equipment results in lower depreciation expenses, which are included in cost of sales, selling general and administrative expenses and research and development expenses following our emergence from our reorganization proceedings.

As a result of the application of fresh-start accounting, our consolidated financial statements prior to and including October 25, 2009 represent the operations of our pre-reorganization predecessor company and are presented separately from the consolidated financial statements of our post-reorganization successor company. For the purposes of our discussion and analysis of our results of operations, we often refer to results of operations for 2009 on a combined basis, including both the period before (predecessor company) and after (successor company) effectiveness of the plan of reorganization. We believe this comparison provides useful information as the principal impact of the plan of reorganization was on our debt and capital structure and not on our core operations; and many of the steps taken to improve our core operations had commenced prior to the commencement of our reorganization proceedings.

On April 9, 2010, we completed the sale of $250 million in aggregate principal amount of 10.500% senior notes due 2018. Of the $238.4 million of net proceeds, $130.7 million was used to make a distribution to our unitholders and $61.6 million was used to repay all outstanding borrowings under our term loan. The remaining proceeds were retained to fund working capital and for general corporate purposes. As a result of the higher level of indebtedness from our senior note offering, our quarterly interest expense will increase above that which was reported for the two-month period ended December 31, 2009 and the three months ended March 31, 2010 to approximately $6.8 million per quarter.

Business Segments

We report in three separate business segments because we derive our revenues from three principal business lines: Display Solutions, Power Solutions, and Semiconductor Manufacturing

Services. We have identified these segments based on how we allocate resources and assess our performance.

- ***Display Solutions:*** Our Display Solutions products include source and gate drivers and timing controllers that cover a wide range of flat panel displays used in LCD televisions and LED televisions and displays, mobile PCs and mobile communications and entertainment devices. Our display solutions support the industry's most advanced display technologies, such as LTPS and AMOLED, as well as high-volume display technologies such as TFT. Our Display Solutions business represented 50.5%, 50.5% and 46.7% of our net sales for the fiscal years ended December 31, 2009 (on a combined basis), 2008 and 2007, respectively and 42.8% and 58.8% of our net sales for the three months ended March 31, 2010 and March 29, 2009, respectively.
- ***Power Solutions:*** Our Power Solutions segment produces power management semiconductor products including discrete and integrated circuit solutions for power management in high-volume consumer applications. These products include MOSFETs, LED drivers, DC-DC converters, analog switches and linear regulators, such as low-dropout regulators, or LDOs. Our power solutions products are designed for applications such as mobile phones, LCD televisions, and desktop computers, and allow electronics manufacturers to achieve specific design goals of high efficiency and low standby power consumption. Going forward, we expect to continue to expand our power management product portfolio. Our Power Solutions business represented 2.2% and 0.9% of our net sales for the fiscal years ended December 31, 2009 (on a combined basis) and 2008, respectively and 5.0% and 0.9% of our net sales for three months ended March 31, 2010 and March 29, 2009, respectively.
- ***Semiconductor Manufacturing Services:*** Our Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services to fabless semiconductor companies that serve the consumer, computing and wireless end markets. We manufacture wafers based on our customers' product designs. We do not market these products directly to end customers but rather supply manufactured wafers and products to our customers to market to their end customers. We offer approximately 200 process flows to our manufacturing services customers. We also often partner with key customers to jointly develop or customize specialized processes that enable our customers to improve their products and allow us to develop unique manufacturing expertise. Our manufacturing services are targeted at customers who require differentiated, specialty analog and mixed-signal process technologies such as high voltage CMOS, embedded memory and power. These customers typically serve high-growth and high-volume applications in the consumer, computing and wireless end markets. Our Semiconductor Manufacturing Services business represented 46.7%, 47.7% and 45.2% of our net sales for the fiscal years ended December 31, 2009 (on a combined basis), 2008 and 2007, respectively and 51.9% and 39.6% of our net sales for the three months ended March 31, 2010 and March 29, 2009, respectively.

Additional Business Metrics Evaluated by Management

Adjusted EBITDA and Adjusted Net Income

We use the terms Adjusted EBITDA and Adjusted Net Income throughout this prospectus. Adjusted EBITDA, as we define it, is a non-GAAP measure. We define Adjusted EBITDA as net income (loss) less income (loss) from discontinued operations, net of taxes excluding (i) depreciation and amortization associated with continuing operations, (ii) interest expense, net, (iii) income tax expense, (iv) restructuring and impairment charges, (v) other restructuring charges, (vi) abandoned IPO expenses, (vii) subcontractor claim settlement, (viii) reorganization items, net, (ix) the increase in cost of sales resulting from the fresh-start inventory accounting step-up, (x) equity-based compensation expense, and (xi) foreign currency gain (loss), net.

We define Adjusted Net Income as net income (loss) less income (loss) from discontinued operations, net of taxes excluding (i) restructuring and impairment charges, (ii) other restructuring charges, (iii) reorganization items, net, (iv) the increase in cost of sales resulting from the fresh-start inventory accounting step-up, (v) equity-based compensation expense, (vi) amortization of intangibles, and (vii) foreign currency gain (loss), net.

We present Adjusted EBITDA as a supplemental measure of our performance because:

- Adjusted EBITDA eliminates the impact of a number of items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance;
- we believe that Adjusted EBITDA is an enterprise level performance measure commonly reported and widely used by analysts and investors in our industry;
- we anticipate that our investor and analyst presentations when and if we are public will include Adjusted EBITDA; and
- we believe that Adjusted EBITDA provides investors with a more consistent measurement of period to period performance of our core operations, as well as a comparison of our operating performance to companies in our industry.

We use Adjusted EBITDA in a number of ways, including:

- for planning purposes, including the preparation of our annual operating budget;
- to evaluate the effectiveness of our enterprise level business strategies;
- in communications with our board of directors concerning our consolidated financial performance; and
- in certain of our compensation plans as a performance measure for determining incentive compensation payments.

In evaluating Adjusted EBITDA and Adjusted Net Income, you should be aware that in the future we may incur expenses similar to the adjustments in our presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA and Adjusted Net Income should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA and Adjusted Net Income are not measures defined in accordance with GAAP and should not be construed as an alternative to operating income, cash flows from operating activities or net income (loss), as determined in accordance with GAAP. For additional information regarding how we calculate Adjusted EBITDA and Adjusted Net Income, please see "Prospectus Summary — Summary Historical and Unaudited Pro Forma Consolidated Financial Data."

On a pro forma basis, our Adjusted EBITDA and Adjusted Net Income for the three months ended March 31, 2010 were $28.7 million and $15.0 million, respectively. On a pro forma basis, our Adjusted EBITDA and Adjusted Net Income for the combined twelve-month period ended December 31, 2009 were $98.7 million and $33.7 million, respectively. Our Adjusted EBITDA and Adjusted Net Income for the year ended December 31, 2008 were $59.8 million and a loss of $71.7 million, respectively. This improvement resulted from the appreciation of the Korean won against the U.S. dollar as described below, our restructuring efforts and improvements in market conditions.

Factors Affecting Our Results of Operations

Net Sales. We derive a majority of our sales (net of sales returns and allowances) from three reportable segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our product inventory is primarily located in Korea and is available for drop shipment globally. Outside of Korea, we maintain limited product inventory, and our sales representatives generally relay orders to our factories in Korea for fulfillment. We have strategically located our sales and technical support offices near concentrations of major customers. Our sales offices are located in Hong Kong, Japan, Korea, Taiwan, China, the United Kingdom and the United States. Our network of authorized agents and distributors consists of agents in the United States and Europe and distributors and agents in the Asia Pacific region. Our net sales from All other consist principally of rental income and, for 2007 and to a limited extent in 2008, semiconductor processing services for one customer where we completed a limited number of process steps, rather than the entire production process, which we refer to as unit processing.

We recognize revenue when risk and reward of ownership passes to the customer either upon shipment, upon product delivery at the customer's location or upon customer acceptance, depending on the terms of the arrangement. For the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, we sold products to over 210 and 185 customers, respectively, and our net sales to our ten largest customers represented 64% and 69% of our net sales for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, respectively. We have a combined production capacity of over 131,000 eight-inch equivalent semiconductor wafers per month. We believe our large-scale, cost-effective fabrication facilities enable us to rapidly adjust our production levels to meet shifts in demand by our end customers.

Gross Profit. Our overall gross profit generally fluctuates as a result of changes in overall sales volumes and in the average selling prices of our products and services. Other factors that influence our gross profit include changes in product mix, the introduction of new products and services and subsequent generations of existing products and services, shifts in the utilization of our manufacturing facilities and the yields achieved by our manufacturing operations, changes in material, labor and other manufacturing costs and variation in depreciation expense. Gross profit varies by our operating segments. For both the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, our Semiconductor Manufacturing Services segment utilized approximately 60% of our manufacturing capacity.

Average Selling Prices. Average selling prices for our products tend to be highest at the time of introduction of new products which utilize the latest technology and tend to decrease over time as such products mature in the market and are replaced by next generation products. We strive to offset the impact of declining selling prices for existing products through our product development activities and by introducing new products that command selling prices above the average selling price of our existing products. In addition, we seek to manage our inventories and manufacturing capacity so as to preclude losses from product and productive capacity obsolescence.

Material Costs. Our cost of sales consists of costs of raw materials, such as silicon wafers, chemicals, gases and tape, packaging supplies, equipment maintenance and depreciation expenses. We use processes that require specialized raw materials, such as silicon wafers, that are generally available from a limited number of suppliers. If demand increases or supplies decrease, the costs of our raw materials could significantly increase.

Labor Costs. A significant portion of our employees are located in Korea. Under Korean labor laws, most employees and certain executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2009, approximately 98% of our employees were eligible for severance benefits. We have in the past implemented temporary reductions in salaries to manage through downturns in the industry. We expect to and have reversed such temporary reductions when business conditions improve.

Depreciation Expense. We periodically evaluate the carrying values of long-lived assets, including property, plant and equipment and intangible assets, as well as the related depreciation periods. At March 31, 2010, we depreciated our property, plant and equipment using the straight-line method over the estimated useful lives of our assets. Depreciation rates vary from 30-40 years on buildings to five years for certain equipment and assets. Our evaluation of carrying values is based on various analyses including cash flow and profitability projections. If our projections indicate that future undiscounted cash flows are not sufficient to recover the carrying values of the related long-lived assets, the carrying value of the assets is impaired and will be reduced, with the reduction charged to expense so that the carrying value is equal to fair value.

Selling Expenses. We sell our products worldwide through a direct sales force as well as a network of sales agents and representatives to OEMs, including major branded customers and contract manufacturers, and indirectly through distributors. Selling expenses consist primarily of the personnel costs for the members of our direct sales force, a network of sales representatives and other costs of distribution. Personnel costs include base salary, benefits and incentive compensation. As incentive compensation is tied to various net sales goals, it will increase or decrease with net sales.

General and Administrative Expenses. General and administrative expenses consist of the costs of various corporate operations, including finance, legal, human resources and other administrative functions. These expenses primarily consist of payroll-related expenses, consulting and other professional fees and office facility-related expenses. Historically, our selling, general and administrative expenses have remained relatively constant as a percentage of net sales, and we expect this trend to continue in the future.

Research and Development. The rapid technological change and product obsolescence that characterize our industry require us to make continuous investments in research and development. Product development time frames vary but, in general, we incur research and development costs one to two years before generating sales from the associated new products. These expenses include personnel costs for members of our engineering workforce, cost of photomasks, silicon wafers and other non-recurring engineering charges related to product design. Additionally, we develop base-line process technology through experimentation and through the design and use of characterization wafers that help achieve commercially feasible yields for new products. The majority of research and development expenses are for process development that serves as a common technology platform for all of our product segments. Consequently, we do not allocate these expenses to individual segments. Although our research and development expenses declined significantly from 2008 to 2009, we expect such expenses to increase in 2010 and future periods and to remain a relatively constant percentage of our net sales as we continue to increase our investments in research and development to develop additional products and expand our business.

Restructuring and Impairment Charges. We evaluate the recoverability of certain long-lived assets on a periodic basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In our efforts to improve our overall profitability in future periods, we have closed or otherwise impaired, and may in the future close or impair, facilities that are underutilized and that are no longer aligned with our long-term business goals. For example, in 2007 we closed our five-inch fabrication facilities in Gumi, Korea and in 2008 we discontinued our Imaging Solutions business segment.

Interest Expense, Net. Our interest expense was incurred under the Predecessor Company's senior secured credit facility, the Predecessor Company's second priority senior secured notes and senior subordinated notes and the Successor Company's new term loan under the Successor Company. Our new term loan bore interest at six-month LIBOR plus 12%, and was minimally offset by interest income on cash balances. In April 2010, we repaid our new term loan with a portion of the proceeds from our sale of $250 million in aggregate principal amount of 10.500% senior notes due 2018. As a result of our reorganization, we expect that our interest expense will decrease in amount and as a percentage of net sales relative to historical periods. However, as a result of our senior notes offering, our quarterly interest expense will increase above that which was reported for the two-month period ended December 31, 2009 and the three months ended March 31, 2010 to approximately $6.8 million per quarter.

Impact of Foreign Currency Exchange Rates on Reported Results of Operations. Historically, a portion of our revenues and greater than the majority of our operating expenses and costs of sales have been denominated in non-U.S. currencies, principally the Korean won, and we expect that this will remain true in the future. Because we report our results of operations in U.S. dollars, changes in the exchange rate between the Korean won and the U.S. dollar could materially impact our reported results of operations and distort period to period comparisons. In particular, because of the difference in the amount of our consolidated revenues and expenses that are in U.S. dollars relative to Korean won, depreciation in the U.S. dollar relative to the Korean won could result in a material increase in reported costs relative to revenues, and therefore could cause our profit margins and operating income (loss) from continuing operations to appear to decline materially, particularly relative to prior periods. The converse is true if the U.S. dollar were to appreciate relative to the Korean won. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our stock following the completion of the MagnaChip Corporation IPO could be adversely affected.

For periods ending on or prior to October 25, 2009, we converted our non-U.S. revenues and expenses into U.S. dollars based on cumulative average exchange rates over the periods presented. Beginning on October 25, 2009, we convert our non-U.S. revenues and expenses into U.S. dollars based on monthly average exchange rates. The following table provides the cumulative average exchange rates that we used to convert Korean won into U.S. dollars for each of the periods ending on our prior to October 25, 2009, as well as the monthly average exchange rates used for the two-month period ended December 31, 2009 and for the three months ended March 31, 2010:

Period	Rate
Year ended December 31, 2007	929:1
Year ended December 31, 2008	1,099:1
Ten-month period ended October 25, 2009	1,302:1
Two-month period ended December 31, 2009	
November 2009	1,172:1
December 2009	1,165:1
Three months ended March 29, 2009	1,417:1
Three months ended March 31, 2010	
January 2010	1,139:1
February 2010	1,157:1
March 2010	1,138:1

As a result of the depreciation of the Korean won against the U.S. dollar from 2007 to 2008 and from 2008 to 2009, foreign currency fluctuations generally had a materially beneficial impact on our reported profit margins and operating income (loss) from continuing operations for such periods. In contrast, as a result of the appreciation of the Korean won against the U.S. dollar from the three months ended March 29, 2009 to the three months ended March 31, 2010, foreign currency fluctuations had an unfavorable impact on our reported profit margins and operating income (loss) from continuing operations for the current year period. In order to provide more detailed information regarding the impact of foreign currency fluctuations on our results of operations, in our discussion of period to period comparisons under the heading “Results of Operations,” we have included information regarding the impact of the year-to-year and quarter-to-quarter change in the Korean won/U.S. dollar exchange rate. The information, which is described below as the impact of the depreciation or appreciation of the Korean won against the U.S. dollar, measures the impact in the change in applicable cumulative average exchange rate for the most recent period discussed as compared to the applicable cumulative average exchange rate during the prior period. For net sales that were originally denominated in Korean won, we have compared the applicable cumulative average exchange rate in effect for the prior period against the applicable cumulative average exchange rate for the period in which the sale took place on a transaction-by-transaction basis. For cost of sales and other expenses, we have compared the applicable cumulative average exchange rate during the prior period to the applicable cumulative average exchange rate during the current period and applied that to the amount of our aggregate cost of sales and other expenses for the period that were originally denominated in Korean won. A substantial portion of the net sales recorded at our Korean subsidiary are in U.S. dollars and are converted into Korean won for reporting purposes at the subsidiary level. Although this approach does not reflect the fluctuations of the currency exchange rates for every transaction on a day-to-day basis, we believe that it provides a useful indication of the magnitude of the exchange rate impact for the periods presented.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. For example, in January 2010 and May 2010 our Korean subsidiary entered into foreign currency option and forward contracts in order to mitigate a portion of the impact of U.S. dollar-Korean won exchange rate fluctuations on our operating results. The January 2010 option and forward contracts require us to sell specified notional amounts in U.S. dollars and provide us the option to sell specified notional amounts in U.S. dollars during each month of 2010 commencing February 2010 to our counterparty, in each case, in exchange for Korean won at specified fixed exchange rates. The May 2010 option and forward contracts require us to sell specified notional amounts in U.S. dollars and provide us the option to sell specified notional amounts in U.S. dollars during the months of January 2011 through June 2011 to our counterparty, in each case, in exchange for Korean won at specified fixed exchange rates. Obligations under these foreign currency option and forward contracts must be cash collateralized if our exposure exceeds certain specified thresholds. These option and forward contracts may be terminated by the counterparty in a number of circumstances, including if our long-term debt rating falls below B-/B3 or if our total cash and cash equivalents is less than $30 million at the end of a fiscal quarter. For further information regarding the derivative financial instruments, see notes 7 and 19 to our unaudited interim consolidated financial statements for the three months ended March 31, 2010 elsewhere in this prospectus.

Foreign Currency Gain or Loss. Foreign currency translation gains or losses on transactions by us or our subsidiaries in a currency other than our or our subsidiaries' functional currency are included in our statements of operations as a component of other income (expense). A substantial portion of this net foreign currency gain or loss relates to non-cash translation gain or loss related to the principal balance of intercompany borrowings at our Korean subsidiary that are denominated in U.S. dollars. This gain or loss results from fluctuations in the exchange rate between the Korean won and U.S. dollar.

Income Taxes. We record our income taxes in each of the tax jurisdictions in which we operate. This process involves using an asset and liability approach whereby deferred tax assets and liabilities are recorded for differences in the financial reporting bases and tax bases of our assets and liabilities. We exercise significant management judgment in determining our provision for income taxes, deferred tax assets and liabilities. We periodically evaluate our deferred tax assets to ascertain whether it is more likely than not that the deferred tax assets will be realized. Our income tax expense has been low in absolute dollars and as a percentage of net sales principally due to the availability of tax loss carry-forwards and we expect such rate to remain low for at least the next few years.

Our operations are subject to income and transaction taxes in Korea and in multiple foreign jurisdictions. Significant estimates and judgments are required in determining our worldwide provision for income taxes. Some of these estimates are based on interpretations of existing tax laws or regulations. The ultimate amount of tax liability may be uncertain as a result.

Capital Expenditures. We invest in manufacturing equipment, software design tools and other tangible and intangible assets for capacity expansion and technology improvement. Capacity expansions and technology improvements typically occur in anticipation of seasonal increases in demand. We typically pay for capital expenditures in partial installments with portions due on order, delivery and final acceptance. Our capital expenditures include our payments for the purchase of property, plant and equipment as well as payments for the registration of intellectual property rights.

Inventories. We monitor our inventory levels in light of product development changes and market expectations. We may be required to take additional charges for quantities in excess of demand, cost in excess of market value and product age. Our analysis may take into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sales of existing products, product age, customer design activity, customer concentration and other factors. These forecasts require us to estimate our ability to predict demand for current and future products and compare those estimates with our current inventory levels and inventory purchase commitments. Our forecasts for our inventory may differ from actual inventory use.

Principles of Consolidation. Our consolidated financial statements include the accounts of our company and our wholly-owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

Segments. We operate in three segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our Power Solutions segment began to generate net sales in the second quarter of 2008. Net sales and gross profit for the All other category primarily relate to certain business activities that do not constitute operating or reportable segments.

Results of Operations

The following table sets forth, for the periods indicated, certain information related to our operations, expressed in U.S. dollars and as a percentage of our net sales:

	Successor Company				Predecessor Company							
	Three Months Ended March 31, 2010		Two-Month Period Ended December 31, 2009		Ten-Month Period Ended October 25, 2009		Three Months Ended March 29, 2009		Years Ended December 31, 2008		Years Ended December 31, 2007	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
	(In millions)											
Consolidated statements of operations data:												
Net sales	$ 179.5	100.0%	$ 111.1	100.0%	$ 449.0	100.0%	$ 101.5	100.0%	$ 601.7	100.0%	$ 709.5	100.0%
Cost of sales	130.1	72.5	90.4	81.4	311.1	69.3	80.6	79.4	445.3	74.0	578.9	81.6
Gross profit	49.4	27.5	20.7	18.6	137.8	30.7	20.9	20.6	156.4	26.0	130.7	18.4
Selling, general and administrative expenses	17.9	10.0	14.5	13.1	56.3	12.5	15.3	15.1	81.3	13.5	82.7	11.7
Research and development expenses	20.5	11.4	14.7	13.3	56.1	12.5	17.0	16.7	89.5	14.9	90.8	12.8
Restructuring and impairment charges	0.3	0.2	—	—	0.4	0.1	0.1	0.1	13.4	2.2	12.1	1.7
Operating income (loss) from continuing operations	10.6	5.9	(8.6)	(7.7)	25.0	5.6	(11.4)	(11.3)	(27.7)	(4.6)	(54.9)	(7.7)
Interest expense, net	(2.0)	(1.1)	(1.3)	(1.1)	(31.2)	(6.9)	(14.7)	(14.4)	(76.1)	(12.7)	(60.3)	(8.5)
Foreign currency gain (loss), net	21.6	12.0	9.3	8.4	43.4	9.7	(40.2)	(39.6)	(210.4)	(35.0)	(4.7)	(0.7)
Reorganization items, net	—	—	—	—	804.6	179.2	—	—	—	—	—	—
Others	(0.1)	—	—	—	—	—	—	—	—	—	—	—
	19.5	10.9	8.1	7.3	816.8	181.9	(54.9)	(54.1)	(286.5)	(47.6)	(65.0)	(9.2)
Income (loss) continuing operations before income taxes	30.1	16.8	(0.5)	(0.5)	841.8	187.5	(66.3)	(65.3)	(314.3)	(52.2)	(120.0)	(16.9)
Income tax expenses (benefits)	(1.0)	(0.6)	1.9	1.8	7.3	1.6	2.6	2.6	11.6	1.9	8.8	1.2
Income (loss) from continuing operations	31.1	17.3	(2.5)	(2.2)	834.5	185.9	(68.9)	(67.9)	(325.8)	(54.2)	(128.8)	(18.2)
Income (loss) from discontinued operations, net of taxes	—	—	0.5	0.5	6.6	1.5	(0.8)	(0.8)	(91.5)	(15.2)	(51.7)	(7.3)
Net income (loss)	$ 31.1	17.3%	$ (2.0)	(1.8)%	$ 841.1	187.3%	$ (69.7)	(68.7)%	$ (417.3)	(69.4)%	$ (180.6)	(25.4)%
Net Sales:												

	Successor Company				Predecessor Company							
	Three Months Ended March 31, 2010		Two-Month Period Ended December 31, 2009		Ten-Month Period Ended October 25, 2009		Three Months Ended March 29, 2009		Years Ended December 31, 2008		Years Ended December 31, 2007	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
	(In millions)											
Display Solutions	$ 76.7	42.8%	$ 51.0	46.0%	$ 231.9	51.6%	$ 59.6	58.8%	$ 304.1	50.5%	$ 331.7	46.7%
Power Solutions	9.0	5.0	4.7	4.3	7.6	1.7	0.9	0.9	5.4	0.9	—	—
Semiconductor Manufacturing Services	93.2	51.9	54.8	49.3	206.7	46.0	40.1	39.6	287.1	47.7	321.0	45.2
All other	0.5	0.3	0.5	0.5	2.8	0.6	0.8	0.8	5.0	0.8	56.8	8.0
	$ 179.5	100.0%	$ 111.1	100.0%	$ 449.0	100.0%	$ 101.5	100.0%	$ 601.7	100.0%	$ 709.5	100.0%

Results of Operations — Comparison of Three Months Ended March 31, 2010 and March 29, 2009

The following table sets forth consolidated results of operations for the three months ended March 31, 2010 and March 29, 2009:

	Successor Company Three Months Ended March 31, 2010		Predecessor Company Three Months Ended March 29, 2009		
	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
	(In millions)				
Net sales	$ 179.5	100.0%	$ 101.5	100.0%	$ 78.0
Cost of sales	130.1	72.5	80.6	79.4	49.6
Gross profit	49.4	27.5	20.9	20.6	28.5
Selling, general and administrative expenses	17.9	10.0	15.3	15.1	2.6
Research and development expenses	20.5	11.4	17.0	16.7	3.5
Restructuring and impairment charges	0.3	0.2	0.1	0.1	0.3
Operating income (loss) from continuing operations	10.6	5.9	(11.4)	(11.3)	22.0
Interest expense, net	(2.0)	(1.1)	(14.7)	(14.4)	12.6
Foreign currency gain (loss), net	21.6	12.0	(40.2)	(39.6)	61.8
Reorganization items, net	—	—	—	—	—
Others	(0.1)	—	—	—	(0.1)
	19.5	10.9	(54.9)	(54.1)	74.4
Income (loss) continuing operations before income taxes	30.1	16.8	(66.3)	(65.3)	96.4
Income tax expenses (benefits)	(1.0)	(0.6)	2.6	2.6	(3.6)
Income (loss) from continuing operations	31.1	17.3	(68.9)	(67.9)	100.0
Income (loss) from discontinued operations, net of taxes	—	—	(0.8)	(0.8)	0.8
Net income (loss)	$ 31.1	17.3%	$ (69.7)	(68.7)%	$ 100.8

Net Sales

	Successor Company Three Months Ended March 31, 2010		Predecessor Company Three Months Ended March 29, 2009		Change
	Amount	% of Net Sales	Amount	% of Net Sales	Amount
			(In millions)		
Display Solutions	$ 76.7	42.8%	$ 59.6	58.8%	$ 17.1
Power Solutions	9.0	5.0	0.9	0.9	8.1
Semiconductor Manufacturing Services	93.2	51.9	40.1	39.6	53.1
All other	0.5	0.3	0.8	0.8	(0.2)
	$ 179.5	100.0%	$ 101.5	100.0%	$ 78.0

Net sales were $179.5 million for the three months ended March 31, 2010, a $78.0 million, or 76.9%, increase, compared to $101.5 million for the three months ended March 29, 2009. This increase was primarily due to increases in our product sales volume and a $8.1 million favorable impact resulting from the appreciation of the Korean won against the U.S. dollar, which were partially offset by a decrease in average selling prices.

Display Solutions. Net sales from our Display Solutions segment were $76.7 million for the three months ended March 31, 2010, a $17.1 million, or 28.7%, increase from $59.6 million for the three months ended March 31, 2009. The increase was primarily due to a 65.6% increase in sales volume. Sales volume increased as the consumer electronics industry began to recover from the economic slowdown and demand and shipments for consumer electronics products such as digital televisions, PCs and smart phones increased. This increase was partially offset by a 24.7% decrease in average selling prices, which was primarily from display driver products for LCD televisions, PC monitors and mobile devices.

Power Solutions. Net sales from our Power Solutions segment were $9.0 million for the three months ended March 31, 2010, a $8.1 million, or 868.3%, increase from $0.9 million for the three months ended March 29, 2009. The increase was primarily due to a 416.8% increase in sales volume and a 87.5% increase in average selling prices driven by higher demand for MOSFET products from existing and new customers as we grew this business.

Semiconductor Manufacturing Services. Net sales from our Semiconductor Manufacturing Services segment were $93.2 million for the three months ended March 31, 2010, a $53.1 million, or 132.2%, increase compared to net sales of $40.1 million for the three months ended March 31, 2009. This increase was primarily due to a 145.0% increase in sales volume driven by an increased market demand for eight-inch equivalent wafers, which was partially offset by a 3.1% decrease in average selling prices.

All Other. Net sales from All other were $0.5 million for the three months ended March 31, 2010, $0.2 million or 32.4% decrease compared to $0.8 million for the three months ended March 29, 2009. This decrease was resulted from lower rental income due to the relocation of one lessee of our building.

Net Sales by Geographic Region

The following table sets forth our net sales by geographic region and the percentage of total net sales represented by each geographic region for the three months ended March 31, 2010 and March 29, 2009:

	Successor Company Three Months Ended March 31, 2010		Predecessor Company Three Months Ended March 29, 2009		
	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
			(In millions)		
Korea	$ 97.7	54.4%	$ 59.7	58.8%	$ 38.0
Asia Pacific	48.5	27.0	21.8	21.4	26.7
Japan	10.2	5.7	7.5	7.4	2.7
North America	20.4	11.4	8.6	8.5	11.8
Europe	2.8	1.5	3.9	3.8	(1.1)
	$ 179.5	100.0%	$ 101.5	100.0%	$ 78.0

Net sales in Korea for the three months ended March 31, 2010 increased as a percentage of total net sales, primarily due to the overall business recovery in the market and increased demand for Display Solutions products and Semiconductor Manufacturing Services. Net sales in Asia Pacific and North America for the three months ended March 31, 2010 increased as a percentage of total net sales, primarily due to the overall business recovery in the market and increased demand for Semiconductor Manufacturing Services.

Gross Profit

	Successor Company Three Months Ended March 31, 2010		Predecessor Company Three Months Ended March 29, 2009		
	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
			(In millions)		
Display Solutions	$ 14.4	18.8%	$ 13.7	22.9%	$ 0.8
Power Solutions	1.6	17.3	0.3	29.9	1.3
Semiconductor Manufacturing Services	32.8	35.2	6.2	15.4	26.7
All other	0.5	100.0	0.8	100.0	(0.2)
	$ 49.4	27.5%	$ 20.9	20.6%	$ 28.5

Total gross profit was $49.4 million for the three months ended March 31, 2010 as compared to $20.9 million for the three months ended March 29, 2009, a $28.5 million, or 136.2%, increase. Gross profit as a percentage of net sales for the three months ended March 31, 2010 was 27.5%, an increase of 6.9% from 20.6% for the three months ended March 29, 2009. This increase in gross margin was primarily attributable to increased sales volume, partially offset by lower average selling prices and a $8.0 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar as an unfavorable impact on cost of sales was in excess of a favorable impact on net sales. Gross margin during the three months ended March 31, 2010 was adversely affected by a $0.9 million increase in cost of sales associated with the step up of our inventory resulting from implementation of fresh-start accounting in 2009; higher costs associated with the sale of inventory which was manufactured in late 2009 at higher unit costs; and higher volume of sales of products with lower average sales prices due to a slower than expected transition from one of our legacy products to our latest generation of the product. Cost of sales for the three months ended March 31, 2010 increased by $49.6 million compared to the three months ended March 29, 2009. The increase in cost of sales was primarily due to a $16.0 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar, a $12.0 million increase in material costs, a $8.2 million increase in labor costs and a $6.0 million increase in subcontractor costs due to the increased sales volume.

Display Solutions. Gross profit for our Display Solutions segment for the three months ended March 31, 2010 decreased to 18.8% compared to 22.9% for the three months ended March 29, 2009 primarily due to a 24.7% decrease in average selling prices. Cost of sales for the three months ended March 31, 2010 increased by $16.4 million compared to the three months ended March 29, 2009, primarily due to a $6.4 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar, a $3.6 million increase in subcontractor costs resulting from the increased sales volume and a $3.4 million increase in material costs resulting from the increased sales volume and the reinstatement of our salary levels from our company-wide voluntary salary reductions that were in effect in the first half of 2009.

Power Solutions. Gross margin for our Power Solutions segment for the three months ended March 31, 2010 decreased to 17.3% compared to 29.9% for the three months ended March 29, 2009. Cost of sales for the three months ended March 31, 2010 increased by $6.8 million compared to the three months ended March 29, 2009, primarily due to a $1.6 million increase in material costs, a $2.2 million increase in subcontractor costs and a $0.6 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar.

Semiconductor Manufacturing Services. Gross margin for our Semiconductor Manufacturing Services segment improved to 35.2% in the three months ended March 31, 2010 from 15.4% in the three months ended March 29, 2009. This increase was primarily due to a decrease in unit cost of sales resulting from a 145% increase in sales volume. Cost of sales for the three months ended March 31, 2010 increased by $26.4 million compared to the three months ended March 29, 2009, which was primarily attributable to a $9.0 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar, a $7.0 million increase in material costs and a $5.6 million increase in labor costs resulting from the increased sales volume and the reinstatement of our salary level from our company-wide voluntary salary reductions that were in effect in the first half of 2009.

All Other. Gross margin for All other remained the same as there is no cost of sales in either period.

Operating Expenses

Selling, General and Administrative Expenses. Selling, general, and administrative expenses were $17.9 million, or 10.0% of net sales for the three months ended March 31, 2010, compared to $15.3 million, or 15.1% of net sales for the three months ended March 29, 2009. The increase of $2.6 million, or 17.2%, was primarily attributable to a $2.3 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar, a $2.0 million increase in salaries resulting from the reinstatement of our salary levels from our company-wide voluntary salary reductions that were in effect in the first half of 2009, and a $1.6 million increase in amortization expenses due to the write-up of our intangible assets in accordance with fresh-start accounting. These increases were partially offset by a $2.9 million decrease in outside service expenses, primarily due to a decrease in restructuring-related professional fees and related expenses.

Research and Development Expenses. Research and development expenses for the three months ended March 31, 2010 were $20.5 million, an increase of $3.5 million, or 20.9%, from $17.0 million for the three months ended March 29, 2009. This increase was due to a $3.2 million unfavorable impact resulting from the appreciation of the Korean won against the U.S. dollar, a $1.0 million increase in material costs, a $0.9 million increase in salaries and related expenses resulting from the reinstatement of our salary levels from our company-wide voluntary salary reductions that were in effect in the first half of 2009, and a $1.4 million increase in amortization expenses due to the write-up of our intangible assets in accordance with fresh-start accounting. These increases were partially offset by a $3.0 million decrease in costs transferred from manufacturing to research and development expenses due to improved facilities utilization resulting from our higher net sales. Research and development expenses as a percentage of net sales were 11.4% in the three months ended March 31, 2010, compared to 16.7% in the three months ended March 29, 2009.

Restructuring and Impairment Charges. Restructuring and impairment charges increased by $0.3 million in the three months ended March 31, 2010 compared to the three months ended March 29, 2009. Impairment charges of $0.3 million recorded in the three months ended March 31, 2010 were related to impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting. Restructuring charges of $0.1 million recorded in the three months ended March 29, 2009 were related to the closure of our research and development facilities in Japan.

Other Income (Expense)

Interest Expense, Net. Net interest expense was $2.0 million during the three months ended March 31, 2010, a decrease of $12.6 million compared to $14.7 million for the three months ended March 29, 2009. Interest expense for the three months ended March 31, 2010 was incurred under our $61.6 million principal amount new term loan. Interest expense for the three months ended March 29, 2009 was incurred under our $750.0 million principal amount of notes and $95.0 million senior secured credit facility, of which $33.3 million was repaid in cash and $61.8 million was refinanced with the new term loan on November 6, 2009. Upon our emergence from our reorganization proceedings, our $750.0 million notes were discharged pursuant to the reorganization plan.

Foreign Currency Gain (Loss), Net. Net foreign currency gain for the three months ended March 31, 2010 was $21.6 million, compared to net foreign currency loss of $40.2 million for the three months ended March 29, 2009. A substantial portion of our net foreign currency gain or loss is non-cash translation gain or loss recorded for intercompany borrowings at our Korean subsidiary and is affected by changes in the exchange rate between the Korean won and the U.S. dollar. Foreign currency translation gain from the intercompany borrowings was included in determining our consolidated net income since the intercompany borrowings were not considered long-term investments in nature because management intended to repay these intercompany borrowings at their respective maturity dates. The Korean won to U.S. dollar exchange rates were 1,130.8:1 and 1,343.7:1 using the first base rate as of March 31, 2010 and March 29, 2009, respectively, as quoted by the Korea Exchange Bank.

Income Tax Expenses. Income tax benefit for the three months ended March 31, 2010 was $1.0 million, compared to income tax expenses of $2.6 million for the three months ended March 29, 2009. Income tax benefit for the three months ended March 31, 2010 was comprised of $1.6 million reversal of liabilities for uncertain tax positions due to the lapse of the applicable statute of limitations and $0.4 million of current income tax benefit, net incurred in various jurisdictions in which our overseas subsidiaries are located less $0.7 million of withholding taxes mostly paid on intercompany interest payments and a $0.3 million income tax effect from the change of deferred tax assets. Due to the uncertainty of the utilization of foreign tax credits, we did not recognize these withholding taxes as deferred tax assets.

Income from Discontinued Operations, Net of Taxes

Income from Discontinued Operations, Net of Taxes. During 2008, we closed our Imaging Solutions business segment. During the three months ended December 31, 2009, we recognized net loss of $0.8 million relating to our discontinued operations.

Results of Operations — Comparison of Years Ended December 31, 2009 and December 31, 2008

The following table sets forth consolidated results of operations for the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the year ended December 31, 2008:

	Successor Company		Predecessor Company				
	Two-Month Period Ended December 31, 2009		Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008		
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
			(In millions)				
Net sales	$ 111.1	100.0%	$ 449.0	100.0%	$ 601.7	100.0%	$ (41.6)
Cost of sales	90.4	81.4	311.1	69.3	445.3	74.0	(43.7)
Gross profit	20.7	18.6	137.8	30.7	156.4	26.0	2.1
Selling, general and administrative expenses	14.5	13.1	56.3	12.5	81.3	13.5	(10.5)
Research and development expenses	14.7	13.3	56.1	12.5	89.5	14.9	(18.6)
Restructuring and impairment charges	—	—	0.4	0.1	13.4	2.2	(12.9)
Operating income (loss) from continuing operations	(8.6)	(7.7)	25.0	5.6	(27.7)	(4.6)	44.1
Interest expense, net	(1.3)	(1.1)	(31.2)	(6.9)	(76.1)	(12.7)	43.7
Foreign currency gain (loss), net	9.3	8.4	43.4	9.7	(210.4)	(35.0)	263.2
Reorganization items, net	—	—	804.6	179.2	—	—	804.6
	8.1	7.3	816.8	181.9	(286.5)	(47.6)	1,111.5
Income (loss) continuing operations before income taxes	(0.5)	(0.5)	841.8	187.5	(314.3)	(52.2)	1,155.5
Income tax expenses (benefits)	1.9	1.8	7.3	1.6	11.6	1.9	(2.3)
Income (loss) from continuing operations	(2.5)	(2.2)	834.5	185.9	(325.8)	(54.2)	1,157.9
Income (loss) from discontinued operations, net of taxes	0.5	0.5	6.6	1.5	(91.5)	(15.2)	98.6
Net income (loss)	$ (2.0)	(1.8)%	$ 841.1	187.3%	$ (417.3)	(69.4)%	$1,256.4

Net Sales

	Successor Company		Predecessor Company				
	Two-Month Period Ended December 31, 2009		Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008		
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
	(In millions)						
Display Solutions	$ 51.0	46.0%	$ 231.9	51.6%	$ 304.1	50.5%	$ (21.2)
Power Solutions	4.7	4.3	7.6	1.7	5.4	0.9	6.9
Semiconductor Manufacturing Services	54.8	49.3	206.7	46.0	287.1	47.7	(25.7)
All other	0.5	0.5	2.8	0.6	5.0	0.8	(1.7)
	$ 111.1	100.0%	$ 449.0	100.0%	$ 601.7	100.0%	$ (41.6)

Net sales were $111.1 million for the two-month period ended December 31, 2009 and $449.0 million for the ten-month period ended October 25, 2009, or $560.1 million in aggregate, a $41.6 million, or 6.9%, decrease, compared to $601.7 million in 2008. Net sales generated in our three operating segments during 2009 in aggregate were $556.7 million, a decrease of $39.9 million, or 6.7%, from 2008. This decrease was principally due to the impact of the depreciation of the Korean won against the U.S. dollar in the amount of $17.6 million and a decrease in average selling prices of our products, both of which were partially offset by increases in product sales volume. Among our segments, net sales decreased for our Display Solutions and our Semiconductor Manufacturing Service segments which was offset in part by an increase in net sales from our Power Solutions segment.

Display Solutions. Net sales from Display Solutions were $51.0 million for the two-month period ended December 31, 2009 and $231.9 million for the ten-month period ended October 25, 2009, or $282.9 million in aggregate, a $21.2 million, or 7.0%, decrease from $304.1 million for 2008. The decrease resulted from a 24.9% decrease in average selling prices, primarily from display driver products for LCD televisions, PC monitors and mobile devices. The reduction in average selling prices in 2009 resulted in part from reduced demand for consumer electronics products generally, and new products in particular, during the first half of 2009 as a result of the worldwide economic slowdown. These decreases in average selling prices were partially offset by a 24.6% increase in sales volume. Volume increased in the second half of 2009 as the consumer electronics industry began to recover from the economic slowdown as demand and shipments for consumer electronics products such as digital televisions, PCs, and smartphones increased.

Power Solutions. Net sales from Power Solutions were $4.7 million for the two-month period ended December 31, 2009 and $7.6 million for the ten-month period ended October 25, 2009, or $12.4 million in aggregate, a $6.9 million, or 127.6%, increase from $5.4 million for 2008. The increase resulted from a 221.3% increase in sales volume, most of which was attributable to higher demand for MOSFET products driven by our existing and new customers. Such increases in volume were partially offset by a 29.4% decrease in average sales prices. We were able to attract new customers, largely due to MOSFET products utilized in high voltage technologies and computing solutions.

Semiconductor Manufacturing Services. Net sales from Semiconductor Manufacturing Services were $54.8 million for the two-month period ended December 31, 2009 and $206.7 million for the ten-month period ended October 25, 2009, or $261.4 million in aggregate, a $25.7 million, or 8.9%, decrease compared to net sales of $287.1 million for 2008. This decrease was primarily due to a 0.5% decrease in sales volume and 3.4% decrease in average selling price of eight-inch equivalent wafers given decreased market demand for such products.

All Other. Net sales from All other were $0.5 million for the two-month period ended December 31, 2009 and $2.8 million for the ten-month period ended October 25, 2009, or $3.3 million in aggregate compared to $5.0 million for 2008. This decrease of $1.7 million, or 33.6%, resulted from lower rental income due to the relocation of one of the lessees of one of our buildings.

Net Sales by Geographic Region

The following table sets forth our net sales by geographic region and the percentage of total net sales represented by each geographic region for the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the year ended December 31, 2008:

	Successor Company		Predecessor Company				
	Two-Month Period Ended December 31, 2009		Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008		
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
	(In millions)						
Korea	$ 62.2	56.0%	$ 244.3	54.4%	$ 301.0	50.0%	$ 5.5
Asia Pacific	25.6	23.0	116.9	26.0	144.5	24.0	(2.0)
Japan	6.5	5.8	31.6	7.0	79.9	13.3	(41.8)
North America	14.9	13.4	48.5	10.8	61.3	10.2	2.0
Europe	1.9	1.7	7.7	1.7	14.9	2.5	(5.4)
	$ 111.1	100.0%	$ 449.0	100.0%	$ 601.7	100.0%	$ (41.6)

Net sales in Japan in 2009 declined as a percentage of total net sales principally as a result of declines in customer sales relating to electronic games due to the overall slowness in that market.

Gross Profit

	Successor Company		Predecessor Company				
	Two-Month Period Ended December 31, 2009		Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008		
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
			(In millions)				
Display Solutions	$ 8.7	17.1%	$ 61.8	26.6%	$ 57.4	18.9%	$ 13.1
Power Solutions	0.7	15.5	1.4	18.8	(4.3)	(78.6)	6.4
Semiconductor Manufacturing Services	10.7	19.5	71.8	34.8	98.4	34.3	(15.9)
All other	0.5	100.0	2.8	100.0	4.9	97.3	(1.6)
	$ 20.7	18.6%	$ 137.8	30.7%	$ 156.4	26.0%	$ 2.1

Total gross profit was $20.7 million for the two-month period ended December 31, 2009 and $137.8 million for the ten-month period ended October 25, 2009, or $158.5 million in aggregate as compared to $156.4 million for 2008, a $2.1 million, or 1.3%, increase. Gross margin, or gross profit as a percentage of net sales, in 2009 was 28.3%, an increase of 2.3% from 26.0% for the year ended December 31, 2008. This increase in gross margin was primarily attributable to a $22.8 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar and an increase in sales volume. These increases were partially offset by lower average selling prices and the impact of a $17.2 million increase in our cost of sales as a result of the write-up of our inventory in accordance with the principles of fresh-start accounting upon the consummation of our reorganization proceedings. Cost of sales for the combined twelve-month period ended December 31, 2009 decreased by $43.7 million compared to 2008. The decreases in cost of sales were primarily due to a $40.4 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar, a $10.2 million decrease in labor costs, a $9.6 million decrease in subcontractor costs and a $3.2 million decrease in depreciation, which were partially offset by a $6.4 million increase in material costs resulting from the increase in sales volume and a $1.8 million increase of overhead costs. Gross margin for the two-month period ended December 31, 2009 was 18.6% as compared to 30.7% for the ten-month period ended October 25, 2009. Gross margin was higher in the ten-month period ended October 25, 2009 compared to the two-month period ended December 31, 2009 principally due to a $17.2 million one-time impact on cost of sales which is recorded in the two-month period ended December 31, 2009 associated with the step up of our inventory as a result of adoption of fresh-start accounting. As of December 31, 2009, $0.7 million of the total increase in inventory valuation remained. We expect to include the remaining increase in inventory valuation in cost of sales for the quarter ending March 31, 2010. As a result, we expect gross margin in future periods to return to historical levels, excluding foreign currency fluctuation impacts.

Display Solutions. Gross margin for Display Solutions for the combined twelve-month period ended December 31, 2009 improved to 24.9% compared to 18.9% for the year ended December 31, 2008 primarily due to a decrease in unit costs resulting from a 24.6% increase in sales volume compared to 2008 offset in part by lower average selling prices and the impact of the write-up of our inventory in accordance with fresh-start accounting. Cost of sales for the combined twelve-month period ended December 31, 2009 decreased by $34.3 million compared to 2008, primarily due to a $17.8 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar, a $7.1 million decrease in labor costs, a $8.2 million decrease in subcontractor costs and a $3.8 million decrease in depreciation, which were partially offset by a $3.8 million increase in material costs due to increased sales volume and a $7.2 million increase resulting from the step-up of our inventory valuation as a result of our adoption of fresh-start accounting.

Power Solutions. Gross margin for Power Solutions for the combined twelve-month period ended December 31, 2009 improved to 17.5% compared to (78.6)% for the year ended December 31, 2008 primarily due to lower unit costs resulting from the 221.3% increase in sales volume offset in part by lower average selling prices and the impact of the write-up of our inventory in accordance with fresh-start accounting. Cost of sales for the combined twelve-month period ended December 31, 2009 increased by $0.5 million compared to 2008, primarily due to a $2.3 million increase in material costs and a $1.1 million increase in overhead costs, which were partially offset by a $0.7 million favorable impact resulting from of the depreciation of the Korean won against the U.S. dollar. Gross margin was negative in 2008 as we first began operating the segment in late 2007 and had not yet achieved sales volumes required to generate a positive gross margin.

Semiconductor Manufacturing Services. Gross margin for Semiconductor Manufacturing Services decreased to 31.6% in the combined twelve-month period ended December 31, 2009 from 34.3% in the year ended December 31, 2008. This decrease was primarily due to an overall decrease in production volume and average selling prices in an aggregate amount of $29.5 million, partially offset by a $13.6 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar. Cost of sales for the combined twelve-month period ended December 31, 2009 decreased by $9.8 million compared to 2008, which was primarily attributable to a $21.9 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar, which was offset in part by a $0.4 million increase in material costs and a $10.9 million increase resulting from the step-up of our inventory valuation as a result of our adoption of fresh-start accounting.

All Other. Gross margin for All other for the combined twelve-month period ended December 31, 2009 increased to 100.0% from 97.3% for the year ended December 31, 2008. All net sales included in All other in 2009 represent rent revenues for which there is no cost of sales. For 2008, All other included limited revenue from unit processing which resulted in a gross margin of 97.3%.

Operating Expenses

Selling, General and Administrative Expenses. Selling, general, and administrative expenses were $70.8 million, or 12.6%, of net sales for the combined twelve-month period ended December 31, 2009, compared to $81.3 million, or 13.5%, for 2008. The decrease of $10.5 million, or 12.9%, from the prior-year period was attributable to a decrease of $7.2 million due to the depreciation of the Korean won against the U.S. dollar and a decrease of $3.6 million due to a reduction in headcount and a short-term decrease in salaries and related expenses in connection with our cost-reduction efforts in 2009 as well as a decrease in depreciation and amortization expenses of $4.9 million. These decreases were partially offset by a $6.1 million increase in outside service expenses.

Research and Development Expenses. Research and development expenses for the combined twelve-month period ended December 31, 2009 were $70.9 million, a decrease of $18.6 million, or 20.8%, from $89.5 million for the year ended December 31, 2008. This decrease was due to the depreciation of the Korean won against the U.S. dollar of $8.5 million, a $3.2 million decrease in salaries and related expenses due to lower headcount and our short-term decrease in salaries. Through our cost reduction initiatives, material costs decreased by $4.8 million and outside service fees decreased by $2.6 million. The remaining decrease in research and development expenses was attributable to reductions in various overhead expenses. Research and development expenses as a percentage of net sales were 12.7% in 2009, compared to 14.9% in 2008.

Restructuring and Impairment Charges. Restructuring and impairment charges decreased by $12.9 million in the combined twelve-month period ended December 31, 2009 compared to the year ended December 31, 2008. Restructuring charges of $0.4 million recorded in the ten-month period ended October 25, 2009 were related to the closure of one of our research and development facilities in Japan. Restructuring charges of $13.4 million for the year ended December 31, 2008 reflected an impairment charge of $14.2 million as a result of the significant reduction in net sales attributable to our Display Solutions products, offset in part by an $0.9 million reversal of unused accrued restructuring charges from prior periods.

Other Income (Expense)

Interest Expense, Net. Net interest expense was $32.4 million during the combined twelve-month period ended December 31, 2009, a decrease of $43.7 million compared to $76.1 million for the year ended December 31, 2008. Interest expense was incurred under our $750 million principal amount of notes and our senior secured credit facility. From June 12, 2009, the date of our initial reorganization filing, to October 25, 2009, we did not accrue interest expenses related to our notes, which were categorized as liabilities subject to compromise. Upon our emergence from our reorganization proceedings, our $750.0 million notes were discharged pursuant to the reorganization plan. Net interest expense in 2008 included a write-off of remaining debt issuance costs of $12.3 million related to our notes since we were not compliant with certain financial covenants under the terms of our notes and therefore, amounts outstanding were reclassified as current portion of long-term debt in our balance sheet as of December 31, 2008.

Foreign Currency Gain (Loss), Net. Net foreign currency gain for the combined twelve-month period ended December 31, 2009 was $52.8 million, compared to net foreign exchange loss of $210.4 million for the year ended December 31, 2008. A substantial portion of our net foreign currency gain or loss is non-cash translation gain or loss recorded for intercompany borrowings at our Korean subsidiary and is affected by changes in the exchange rate between the Korean won and the U.S. dollar. Foreign currency translation gain from the intercompany borrowings was included in determining our consolidated net income since the intercompany borrowings were not considered long-term investments in nature because management intended to repay these intercompany borrowings at their respective maturity dates. The Korean won to U.S. dollar exchange rates were 1,167.6:1 and 1,262.0:1 using the first base rate as of December 31, 2009 as quoted by the Korea Exchange Bank and the noon buying rate in effect as of December 31, 2008 as quoted by the Federal Reserve Bank of New York, respectively. The exchange rate quotation from the Federal Reserve Bank was available on or before December 31, 2008.

Reorganization items, Net. Net reorganization gain of $804.6 million in the ten-month period ended October 25, 2009 represents the impact of non-cash reorganization income and expense items directly associated with our reorganization proceedings and primarily reflects the discharge of liabilities of $798.0 million. Net reorganization gain also includes professional fees, the revaluation of assets and the write-off of debt issuance costs. These items are related primarily to our reorganization proceedings, and are not the result of our current operations. Accordingly, we do not expect these items to continue on an ongoing basis. Further information on reorganization related items is discussed in note 5 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus.

Income Tax Expenses

Income Tax Expenses. Income tax expenses for the combined twelve-month period ended December 31, 2009 were $9.2 million, compared to income tax expenses of $11.6 million for the year ended December 31, 2008. Income tax expense for 2009 was comprised of $6.7 million of withholding taxes mostly paid on intercompany interest payments, $0.8 million of current income taxes incurred in various jurisdictions in which we operate and a $1.7 million income tax effect from the change of deferred tax assets. Due to the uncertainty of the utilization of foreign tax credits, we did not recognize these withholding taxes as deferred tax assets.

Income from Discontinued Operations, Net of Taxes

Income from Discontinued Operations, Net of Taxes. During 2008, we closed our Imaging Solutions business segment, recognizing a net loss of $91.5 million from discontinued operations, of which $15.9 million was from negative gross margin, $37.5 million was from research and development cost and $34.2 million was attributable to restructuring and impairment charges incurred during the third quarter of 2008. During the combined twelve-month period ended December 31, 2009, we recognized net income of $7.1 million relating to our discontinued operations, largely due to the sale of patents related to our closed Imaging Solutions business segment, which resulted in a $8.3 million gain.

Table of Contents

Results of Operations — Comparison of Years Ended December 31, 2008 and December 31, 2007

The following table sets forth consolidated results of operations for the years ended December 31, 2008 and December 31, 2007:

	Predecessor Company				
	Year Ended December 31, 2008		Year Ended December 31, 2007		
	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
			(In millions)		
Net sales	$ 601.7	100.0%	$ 709.5	100.0%	$ (107.8)
Cost of sales	445.3	74.0	578.9	81.6	(133.6)
Gross profit	156.4	26.0	130.7	18.4	25.8
Selling, general and administrative expenses	81.3	13.5	82.7	11.7	(1.4)
Research and development expenses	89.5	14.9	90.8	12.8	(1.4)
Restructuring and impairment charges	13.4	2.2	12.1	1.7	1.3
Operating income (loss) from continuing operations	(27.7)	(4.6)	(54.9)	(7.7)	27.2
Interest expense, net	(76.1)	(12.7)	(60.3)	(8.5)	(15.8)
Foreign currency gain (loss), net	(210.4)	(35.0)	(4.7)	(0.7)	(205.7)
	(286.5)	(47.6)	(65.0)	(9.2)	(221.5)
Income (loss) continuing operations before income taxes	(314.3)	(52.2)	(120.0)	(16.9)	(194.3)
Income tax expenses	11.6	1.9	8.8	1.2	2.8
Income (loss) from continuing operations,	(325.8)	(54.2)	(128.8)	(18.2)	(197.0)
Income (loss) from discontinued operations, net of taxes	(91.5)	(15.2)	(51.7)	(7.3)	(39.7)
Net income (loss)	$ (417.3)	(69.4)%	$ (180.6)	(25.4)%	$ (236.7)

Net Sales

	Predecessor Company				
	Year Ended December 31, 2008		Year Ended December 31, 2007		
	Amount	% of Total	Amount	% of Total	Change Amount
			(In millions)		
Display Solutions	$ 304.1	50.5%	$ 331.7	46.7%	$ (27.6)
Power Solutions	5.4	0.9	—	—	5.4
Semiconductor Manufacturing Services	287.1	47.7	321.0	45.2	(33.9)
All other	5.0	0.8	56.8	8.0	(51.8)
	$ 601.7	100.0%	$ 709.5	100.0%	$ (107.8)

Net sales for the year ended December 31, 2008 decreased $107.8 million, or 15.2%, compared to 2007. Net sales generated in our three operating segments during the year ended December 31, 2008 were $596.6 million, a decrease of $56.1 million, or 8.6%, from the net sales for 2007, primarily due to a $27.6 million, or 8.3%, decrease in net sales from our Display Solutions segment and a $33.9 million, or 10.6%, decrease in net sales from our Semiconductor Manufacturing Services segment. Net sales from All other decreased $51.8 million, or 91.2%, compared to the year ended December 31, 2007. Our Korean-based net sales were also lower due to a $21.8 million unfavorable impact resulting from the depreciation of the Korean won against the U.S. dollar.

Display Solutions. Net sales from our Display Solutions segment for the year ended December 31, 2008 were $304.1 million, a $27.6 million, or 8.3%, decrease, from $331.7 million for 2007. The decrease resulted primarily from a 15.6% decline in average selling prices which was due to a higher percentage of our net sales of products with lower sales prices and a 4.6% decline in sales volume.

Power Solutions. Net sales from our Power Solutions segment for the year ended December 31, 2008 were $5.4 million. No sales occurred for the year ended December 31, 2007 as our Power Solutions segment was launched in late 2007 and did not start making sales until 2008.

Semiconductor Manufacturing Services. Net sales from our Semiconductor Manufacturing Services segment for the year ended December 31, 2008 were $287.1 million, a $33.9 million, or 10.6%, decrease compared to net sales of $321.0 million for 2007. This decrease was primarily due to a 5.5% decrease in average selling prices and 3.0% decrease in sales volume. During the fourth quarter of 2008 our net sales were adversely impacted by the worldwide economic slowdown.

All Other. Net sales from All other for 2008 were $5.0 million compared to $56.8 million for 2007. This decrease of $51.8 million, or 91.2%, represents the revenue decrease from our unit processing services as such services were no longer required by our sole customer for the service.

Net Sales by Geographic Region

The following table sets forth our net sales by geographic region and the percentage of total net sales represented by each geographic region for the years ended December 31, 2008 and December 31, 2007:

	Predecessor Company				
	Year Ended December 31, 2008		Year Ended December 31, 2007		
	Amount	% of Total	Amount	% of Total	Change Amount
			(In millions)		
Korea	$ 301.0	50.0%	$ 404.3	57.0%	(103.3)
Asia Pacific	144.5	24.0	155.5	21.9	(11.0)
Japan	79.9	13.3	71.2	10.0	8.7
North America	61.3	10.2	58.5	8.2	2.8
Europe	14.9	2.5	20.0	2.8	(5.1)
Total net revenues	$ 601.7	100.0%	$ 709.5	100.0%	(107.8)

Net sales in Korea in 2008 declined as a percentage of total net sales, principally due to reduced revenue from unit processing services and the overall slowness in the semiconductor manufacturing market. The sales were also affected by lower demand for large display driver products.

Gross Profit

	Predecessor Company				
	Year Ended December 31, 2008		Year Ended December 31, 2007		
	Amount	% of Net Sales	Amount	% of Net Sales	Change Amount
	(In millions)				
Display Solutions	$ 57.4	18.9%	$ 41.5	12.5%	$ 15.9
Power Solutions	(4.3)	(78.6)	—	—	(4.3)
Semiconductor Manufacturing Services	98.4	34.3	67.1	20.9	31.3
All other	4.9	97.3	22.0	38.7	(17.1)
	$ 156.4	26.0%	$ 130.7	18.4%	$ 25.8

Total gross profit increased $25.8 million for the year ended December 31, 2008, or 19.7%, compared to the gross profit generated for the year ended December 31, 2007. Gross margin for the year ended December 31, 2008 was 26.0% of net sales, an increase of 7.6% from 18.4% for the year ended December 31, 2007. This increase in gross margin was attributable to a $30.9 favorable impact due to the depreciation of the Korean won against the U.S. dollar and an overall decrease in unit costs which offset lower average sales prices. Cost of sales in 2008 decreased by $133.6 million compared to 2007, primarily due to a $52.7 million favorable impact resulting from the depreciation of Korean won against U.S. dollar, a $17.4 million decrease in depreciation and a $11.2 million decrease in overhead costs, which were partially offset by a $6.3 million increase in labor costs. In addition, $34.2 million in cost of sales for unit processing services which were incurred during 2007 were not incurred in 2008 as we no longer rendered the services.

Display Solutions. Gross margin for our Display Solutions segment for the year ended December 31, 2008 increased to 18.9% compared to 12.5% for 2007. This increase was primarily due to a $18.3 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar. Cost of sales for 2008 decreased by $43.5 million compared to 2007, which was primarily attributable to a $24.8 million favorable impact resulting from the depreciation of Korean won against U.S. dollar and a $5.5 million decrease in depreciation and a $9.6 million decrease in subcontractor costs which were offset in part by a $5.7 million increase in labor costs.

Power Solutions. Gross margin for our Power Solutions segment for the year ended December 31, 2008 was (78.6)%. This negative gross margin was due to high fixed production costs per unit resulting from low production volume as we commenced sales in our Power Solutions segment in 2008.

Semiconductor Manufacturing Services. Gross margin for our Semiconductor Manufacturing Services segment increased to 34.3% in the year ended December 31, 2008 from 20.9% for 2007. This increase was due to a decrease in cost of sales, primarily due to a $13.0 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar. Cost of sales for 2008 decreased by $65.2 million compared to 2007. The decrease was primarily attributable to a $26.9 million favorable impact resulting from the depreciation of Korean won against U.S. dollar, a $12.3 million decrease in depreciation and a $11.6 million decrease in overhead costs, which were partially offset by a $1.3 million increase in material costs.

All Other. Gross margin for All other for the year ended December 31, 2008 increased to 97.3% from 38.7% for 2007. The improvement was primarily attributable to a decrease in sales volume for unit processing while rental revenue, for which there are no allocated cost of sales, remained comparable to the prior year.

Operating Expenses

Selling, General and Administrative Expenses. Selling, general, and administrative expenses were $81.3 million, or 13.5%, of net sales for the year ended December 31, 2008 compared to $82.7 million, or 11.7%, for 2007. The decrease of $1.4 million, or 1.7%, was primarily attributable to a $10.4 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar and a $3.1 million decrease in depreciation and amortization expenses. These decreases were partially offset by a $9.9 million increase in outside service fees and a $3.6 million increase in salaries.

Research and Development Expenses. Research and development expenses for the year ended December 31, 2008 were $89.5 million, a decrease of $1.4 million, or 1.5%, from $90.8 million for 2007. This decrease was primarily attributable to a $11.3 million favorable impact resulting from the depreciation of the Korean won against the U.S. dollar partially offset by a $7.1 million increase in salaries and a $1.9 million increase in outside service fees.

Restructuring and Impairment Charges. Restructuring and impairment charges for the year ended December 31, 2008 included an impairment charge of $14.2 million related to our Display Solutions segment. During the three months ended July 1, 2007, we recognized $2.0 million of restructuring accruals related to the closure of our five-inch wafer fabrication facilities, including termination benefits and other associated costs. Through the first quarter of 2008, actual payments of $1.1 million were charged against the restructuring accruals. As of March 30, 2008, the restructuring activities were substantially completed and we reversed $0.9 million of unused restructuring accruals.

During the year ended December 31, 2007, we recognized restructuring and impairment charges of $12.1 million, which consisted of $10.1 million of impairment charges and $2.0 million of restructuring charges. The impairment charges recorded related to the closure of our five-inch wafer fabrication facility.

Other Income (Expense)

Interest Expense, Net. Net interest expense was $76.1 million during the year ended December 31, 2008, compared to $60.3 million for 2007. Interest expense was incurred to service our notes and our senior secured credit facility. At December 31, 2008, the notes and our senior secured credit facility bore interest at a weighted average interest rate of 7.14% and 7.90%, respectively. The increase in net interest expense was mainly due to a write-off of remaining debt issuance costs of $12.3 million related to our notes as of December 31, 2008 since we were not in compliance with certain financial covenants under the terms of our notes and therefore, amounts outstanding were reclassified as current in our balance sheet as of December 31, 2008.

Foreign Currency Gain (Loss), Net. Net foreign currency loss for the year ended December 31, 2008 was $210.4 million, compared to net foreign exchange loss of $4.7 million for the year ended December 31, 2007. A substantial portion of our net foreign currency gain or loss is non-cash translation gain or loss recorded for intercompany borrowings at our Korean subsidiary and is affected by changes in the exchange rate between the Korean won and the U.S. dollar. Foreign currency translation gain from the intercompany borrowings was included in determining our consolidated net income since the intercompany borrowings were not considered long-term investments in nature because management intended to repay these intercompany borrowings at their respective maturity dates. The Korean won to U.S. dollar exchange rates were 1,262.0:1 and 935.8:1 using the noon buying rate in effect as of December 31, 2008 and December 31, 2007, respectively, as quoted by the Federal Reserve Bank of New York.

Income Tax Expenses

Income Tax Expenses. Income tax expenses for the year ended December 31, 2008 were $11.6 million, compared to income tax expenses of $8.8 million for 2007. Income tax expenses for 2008 were comprised of $6.1 million of withholding taxes mostly paid on intercompany interest payments, $4.0 million of current income taxes incurred in various jurisdictions in which we operate and a $1.5 million income tax effect from a change of deferred tax assets. Due to the uncertainty of the utilization of foreign tax credits, we did not recognize these withholding taxes as deferred tax assets.

Loss from Discontinued Operations, Net of Taxes

Loss from Discontinued Operations, Net of Taxes. During 2008, we closed our Imaging Solutions business segment that was classified as a discontinued operation, recognizing net losses of $91.5 million and $51.7 million from discontinued operations for 2008 and for 2007, respectively. Of the recorded net loss of $91.5 million in 2008, $15.9 million was from negative gross margin, $37.5 million was from research and development costs and $34.2 million was attributable to restructuring and impairment charges incurred during the third quarter of 2008.

Periodic Results of Operations

The following tables set forth unaudited selected consolidated financial data for each of the quarters in the five-quarter period ended March 31, 2010. The information for each of these periods has been prepared on the same basis as the audited financial statements included elsewhere in this prospectus and, in the opinion of management, includes adjustments for normal recurring items, necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. These operating results are not necessarily indicative of our operating results for any future period.

	Successor(1)		Predecessor(1)			
	Three Months Ended March 31, 2010*	Two-Month Period Ended December 31, 2009**	One-Month Period Ended October 25, 2009*	Three Months Ended September 27, 2009*	Three Months Ended June 28, 2009*	Three Months Ended March 29, 2009*
			(In millions)			
Statements of Operations Data:						
Net sales	$ 179.5	$ 111.1	$ 51.2	$ 156.6	$ 139.7	$ 101.5
Cost of sales	130.1	90.4	34.8	104.5	91.4	80.6
Gross profit	49.4	20.7	16.5	52.2	48.3	20.9
Selling, general and administrative expenses	17.9	14.5	5.5	17.2	18.4	15.3
Research and development expenses	20.5	14.7	5.2	17.7	16.2	17.0
Restructuring and impairment charges	0.3	—	—	—	0.4	0.1
Operating income (loss) from continuing operations	10.6	(8.6)	5.8	17.3	13.4	(11.4)
Interest expense, net	(2.0)	(1.3)	(1.0)	(2.6)	(12.8)	(14.7)
Foreign currency gain (loss), net	21.6	9.3	7.4	45.4	30.8	(40.2)
Reorganization items, net	—	—	809.0	(4.1)	(0.3)	—
Others	(0.1)	—	—	—	—	—
	19.5	8.1	815.4	38.7	17.6	(54.9)
Income (loss) from continuing operations before income taxes	30.1	(0.5)	821.2	56.0	31.0	(66.3)
Income tax expenses (benefits)	(1.0)	1.9	(0.1)	2.4	2.4	2.6
Income (loss) from continuing operations	31.1	(2.5)	821.3	53.5	28.6	(68.9)
Income (loss) from discontinued operations, net of taxes	—	0.5	(0.6)	8.9	(1.0)	(0.8)
Net income (loss)	$ 31.1	$ (2.0)	$ 820.7	$ 62.4	$ 27.6	$ (69.7)
Supplemental Data (unaudited):						
Adjusted EBITDA(2)	$ 28.7	$ 22.1	$ 10.6	$ 34.5	$ 29.3	$ 2.3
Adjusted Net Income (Loss)(3)	19.9	13.3	6.9	20.4	5.0	(22.9)

* Derived from our unaudited interim consolidated financial statements.

** Derived from our audited consolidated financial statements.

(1) As of October 25, 2009, the fresh-start adoption date, we adopted fresh-start accounting for our consolidated financial statements. Because of the emergence from reorganization proceedings and adoption of fresh-start accounting, the historical financial information for periods after October 25, 2009 is not fully comparable to periods before October 25, 2009. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Changes to Our Business."

(2) We define Adjusted EBITDA as net income (loss) less income (loss) from discontinued operations, net of taxes, adjusted to exclude (i) depreciation and amortization associated with continuing operations, (ii) interest expense, net, (iii) income tax expenses (benefits), (iv) restructuring and impairment charges, (v) other restructuring charges, (vi) abandoned IPO expenses, (vii) subcontractor claim settlement, (viii) the increase in cost of sales resulting from the fresh-start inventory accounting step-up, (ix) equity-based compensation expense, (x) reorganization items, net and (xi) foreign currency gain (loss), net. A reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	Successor		Predecessor			
	Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	One-Month Period Ended October 25, 2009	Three Months Ended September 27, 2009	Three Months Ended June 28, 2009	Three Months Ended March 29 2009
			(In millions)			
Net income (loss)	$ 31.1	$ (2.0)	$ 820.7	$ 62.4	$ 27.6	$ (69.7)
Less: Income (loss) from discontinued operations, net of taxes	—	0.5	(0.6)	8.9	(1.0)	(0.8)
Income (loss) from continuing operations	31.1	(2.5)	821.3	53.5	28.6	(68.9)
Adjustments:						
Depreciation and amortization associated with continuing operations	15.5	11.2	3.6	11.9	11.7	10.4
Interest expense, net	2.0	1.3	1.0	2.6	12.8	14.7
Income tax expenses (benefits)	(1.0)	1.9	(0.1)	2.4	2.4	2.6
Restructuring and impairment charges(a)	0.3	—	—	—	0.4	0.1
Other restructuring charges(b)	—	—	1.1	5.3	3.7	3.1
Reorganization items, net(c)	—	—	(809.0)	4.1	0.3	—
Inventory step-up(d)	0.9	17.2	—	—	—	—
Equity based compensation expense(e)	1.5	2.2	—	0.1	0.1	0.1
Foreign currency loss (gain), net(f)	(21.6)	(9.3)	(7.4)	(45.4)	(30.8)	40.2
Adjusted EBITDA	$ 28.7	$ 22.1	$ 10.6	$ 34.5	$ 29.3	$ 2.3

(a) This adjustment is comprised of all items included in the restructuring and impairment charges line item on our consolidated statements of operations, and eliminates the impact of restructuring and impairment charges related to (i) for the three months ended March 31, 2010, impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting and (ii) for the three months ended June 28 and March 29, 2009, termination benefits and other related costs in connection with the closure of one of our research and development facilities in Japan.

(b) This adjustment relates to certain restructuring charges that are not included in the restructuring and impairment charges line item on our consolidated statements of operations. These items are included in selling, general and administrative expenses in our consolidated statements of operations. These charges are restructuring-related professional fees and related expenses incurred during each period.

(c) This adjustment eliminates the impact of largely non-cash reorganization income and expense items directly associated with our reorganization proceedings from our ongoing operations including, among others, professional fees, the revaluation of assets, the effects of the Chapter 11 reorganization plan and fresh-start accounting principles and the write-off of debt issuance costs. These items are comprised of the following: (i) for the one-month period ended October 25, 2009, our predecessor's gain recognized upon the effectiveness of the reorganization plan which was primarily composed of debt discharge gains and net of reorganization related professional fees and other charges, and (ii) for three months ended September 27 and June 28, 2009, professional fees incurred in connection with our reorganization proceedings.

(d) This adjustment eliminates the one-time impact on cost of sales associated with the write-up of our inventory in accordance with the principles of fresh-start accounting upon consummation of the Chapter 11 reorganization.

(e) This adjustment eliminates the impact of non-cash equity-based compensation expenses.

(f) This adjustment eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables.

(3) We define Adjusted Net Income as net income (loss) less income (loss) from discontinued operations, net of taxes, excluding (i) restructuring and impairment charges, (ii) other restructuring charges, (iii) abandoned IPO expenses, (vi) subcontractor claim settlement, (v) reorganization items, net, (vi) the increase in cost of sales resulting from the fresh-start accounting inventory step-up, (vii) equity based compensation expense, (viii) amortization of intangibles associated with continuing operations and (ix) foreign currency gain (loss). The following table summarizes the adjustments to net income (loss) that we make in order to calculate Adjusted Net Income for the periods indicated:

	Successor		Predecessor			
	Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	One-Month Period Ended October 25, 2009	Three Months Ended September 27, 2009	Three Months Ended June 28, 2009	Three Months Ended March 29 2009
			(In millions)			
Net income (loss)	$ 31.1	$ (2.0)	$ 820.7	$ 62.4	$ 27.6	$ (69.7)
Less: Income (loss) from discontinued operations, net of taxes	—	0.5	(0.6)	8.9	(1.0)	(0.8)
Income (loss) from continuing operations	31.1	(2.5)	821.3	53.5	28.6	(68.9)
Adjustments:						
Restructuring and impairment charges(a)	0.3	—	—	—	0.4	0.1
Other restructuring charges(b)	—	—	1.1	5.3	3.7	3.1
Reorganization items, net(c)	—	—	(809.0)	4.1	0.3	—
Inventory step-up(d)	0.9	17.2	—	—	—	—
Equity based compensation expense(e)	1.5	2.2	—	0.1	0.1	0.1
Amortization of intangibles associated with continuing operations(f)	7.7	5.6	0.9	2.8	2.7	2.4
Foreign currency loss (gain), net(g)	(21.6)	(9.3)	(7.4)	(45.4)	(30.8)	40.2
Adjusted Net Income (Loss)	$ 19.9	$ 13.3	$ 6.9	$ 20.4	$ 5.0	$ (22.9)

(a) This adjustment is comprised of all items included in the restructuring and impairment charges line item on our consolidated statements of operations, and eliminates the impact of restructuring and impairment charges related to (i) for the three months ended March 31, 2010, impairment of two abandoned in-process research and development projects, accounted for as indefinite-lived intangible assets as part of the application of fresh-start accounting and (ii) for the three months ended June 28 and March 29, 2009, termination benefits and other related costs in connection with the closure of one of our research and development facilities in Japan.

(b) This adjustment relates to certain restructuring charges that are not included in the restructuring and impairment charges line item on our consolidated statements of operations. These items are included in selling, general and administrative expenses in our consolidated statements of operations. These charges are restructuring-related professional fees and related expenses incurred during each period.

(c) This adjustment eliminates the impact of largely non-cash reorganization income and expense items directly associated with our reorganization proceedings from our ongoing operations including, among others, professional fees, the revaluation of assets, the effects of the Chapter 11 reorganization plan and fresh-start accounting principles and the write-off of debt issuance costs. These items are comprised of the following: (i) for the one-month period ended October 25, 2009, our predecessor's gain recognized upon the effectiveness of the reorganization plan which was primarily composed of debt discharge gains and net of reorganization related professional fees and other charges, and (ii) for three months ended September 27 and June 28, 2009, professional fees incurred in connection with our reorganization proceedings.

(d) This adjustment eliminates the one-time impact on cost of sales associated with the write-up of our inventory in accordance with the principles of fresh-start accounting upon consummation of the Chapter 11 reorganization.

(e) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses, as supplemental information.

(f) This adjustment eliminates the non-cash impact of amortization expense for intangible assets created as a result of the purchase accounting treatment of the Original Acquisition and other subsequent acquisitions, and from the application of fresh-start accounting in connection with the reorganization proceedings.

(g) This adjustment eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables.

Net sales have increased quarter over quarter since the first quarter of 2009, primarily as a result of increases in sales volume resulting from increased demand as the consumer electronics industry began to recover from the economic slowdown. Net sales increased 37.7% from the three months ended March 29, 2009 to the three months June 28, 2009 partially due to the fact that the first quarter is traditionally a seasonally slow quarter for us due to reduced demand for consumer products after the end of the holiday season. Our net sales for the three months ended March 31, 2010 increased by 10.6% from the combined three-month period ended December 31, 2009 as the overall recovery from the economic slowdown had a greater impact than our typical seasonal weakness.

Gross margin increased to 34.6% and 33.3% in the three months ended June 28 and September 27, 2009, respectively, from 20.6% in the three months ended March 29, 2009. The increase was primarily related to an increase in sales volume resulting from increased demand in connection with the global economic recovery and the impact of our cost reduction efforts. Gross margin in the combined three-month period ended December 31, 2009 decreased primarily due to a $17.2 million unfavorable impact which resulted from the write-up of our inventory in accordance with the principles of fresh-start accounting upon our emergence from reorganization proceedings. Gross margin in the three months ended March 31, 2010 improved as compared to the combined three-month period ended December 31, 2009 as the unfavorable impact from the inventory write-up of our inventory was limited to $0.9 million which had not yet been recognized as of December 31, 2009.

Selling, general and administrative expenses for the three months ended June 28 and September 27, 2009 increased compared to the three months ended March 29, 2009 primarily due to the increase in outside service fees for restructuring-related professional fees and related expenses. Selling, general and administrative expenses for the combined three-month period ended December 31, 2009 increased compared to the three months ended September 27, 2009 due to an increase in salaries resulting from incentive payments made to our employees following our successful emergence from our reorganization proceedings and an increase in amortization expenses resulting from the write-up of certain intangible assets in accordance with the application of fresh-start accounting.

Research and development expenses remained relatively constant in absolute dollars over the five quarter period. Research and development expense as a percentage of net sales was 16.7% in the three months ended March 29, 2009, which was higher than other quarters due to the substantially lower net sales in the three months ended March 29, 2009.

Reorganization items, net were incurred from the reorganization proceedings, implementation of our plan of reorganization, and the adoption of fresh-start reporting, and consisted mainly of the discharge of liabilities subject to compromise.

Interest expense, net decreased in the three months ended September 27, 2009 as we did not accrue for interest expense related to our $750.0 million notes from June 12, 2009, the date of our initial reorganization filing, to October 25, 2009, as they were categorized as liabilities subject to compromise. These notes were discharged pursuant to the reorganization plan upon our emergence from our reorganization proceedings. As a result of our April 2010 senior notes offering, our interest expense will increase to approximately $6.8 million per quarter.

A substantial portion of our net foreign currency gain or loss is non-cash translation gain or loss recorded for intercompany borrowing at our Korean subsidiary and is affected by changes in the exchange rate between Korean won and the U.S. dollar. During the first quarter of 2009, foreign currency loss was recognized due to the depreciation of the Korean won against the U.S. dollar. From the three months ended June 28, 2009 to three months ended March 31, 2010, foreign currency gains have been recognized due to the appreciation of the Korean won against the U.S. dollar.

Income tax expense for 2009 was primarily comprised of withholding taxes paid on intercompany interest payments, current income taxes incurred in various jurisdictions in which we operate and the income tax effect from the change of deferred tax assets. Income tax benefits in the three months ended March 31, 2010 were primarily derived from the reversal of liabilities for uncertain tax positions due to the lapse of the applicable statute of limitations.

Income (loss) from discontinued operations during 2009 related to our former Imaging Solutions business segment. Income from discontinued operations in the three months ended September 27, 2009 was primarily derived from the sale of patents related to Imaging Solutions business segment.

Liquidity and Capital Resources

Our principal capital requirements are to invest in research and development and capital equipment, to make debt service payments and to fund working capital needs. We calculate working capital as current assets less current liabilities.

Our principal sources of liquidity are our cash and cash equivalents, our cash flows from operations and our financing activities, including $46.1 million of net proceeds from the $250 million aggregate principal amount old notes offering. The principal purpose of the old notes offering was to fund a $130.7 million distribution to our unitholders. Most of our current equity holders are former creditors and the distribution allowed us to provide a return to creditors that supported us during our reorganization proceedings. The distribution to our unitholders was approved by our board of directors and was not required due to any contractual or other obligation. In addition to the distribution, we used the proceeds of the old notes offering to increase our cash reserves and pay down current debt that was accruing interest at a higher rate than the notes. We funded the distribution and other uses of proceeds through the old notes offering because we believed that the debt market at the time would be receptive to the offering and because we could effect a debt offering faster than other forms of financing, including equity financing. Although we currently anticipate these sources of liquidity will be sufficient to meet our cash needs through the next twelve months, we were cash flow negative for the two-month period ended December 31, 2009 as well as for 2008 and 2007 and we may require or choose to obtain additional financing. Our ability to obtain financing will depend, among other things, on our business plans, operating performance, and the condition of the capital markets at the time we seek financing and could be adversely impacted by our 2009 reorganization proceedings and our noncompliance with bank covenants that preceded the filing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. The current rating of our senior notes is B2 by Moody's and B+ by Standard and Poors, both of which are below investment grade. Any lowering of these ratings would adversely impact our ability to raise additional debt financing and increase the cost of any such financing that is obtained. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common units, and our unitholders may experience dilution. If we need to raise additional funds in the future and are unable to do so or obtain additional financing on unfavorable terms in the future, it is possible we would have to limit certain planned activities including sales and marketing and research and development activities. As of March 31, 2010, our cash and cash equivalents balance was $82.7 million, a $17.8 million increase, compared to $64.9 million as of December 31, 2009. The increase resulted from $14.9 million of cash inflow provided by operating activities primarily resulting from our $31.1 million of net income during the period. As of December 31, 2009, our cash and cash equivalents balance was $64.9 million, a $49.1 million increase from our cash, cash equivalents and restricted cash balance of $15.8 million as of December 31, 2008. The increase in cash and cash equivalents for the combined twelve-month period ended December 31, 2009 was primarily attributable to a cash inflow of $41.5 million from operating activities, coupled with a cash inflow of $11.5 million from investing activities.

Cash Flows from Operating Activities

Cash inflows generated by operating activities totaled $14.9 million for the three months ended March 31, 2010, compared to $0.3 million of cash provided by operating activities in the three months ended March 29, 2009. The increase was primarily attributable to increase in gross profit of $28.5 million resulting from higher net sales. The net operating cash inflow for the three months ended March 31, 2010 principally reflects our net income of $31.1 million which was partially offset by $2.6 million of non-cash gains, net and an increase in net operating assets of $13.6 million.

Cash flows generated by operating activities totaled $41.5 million in the combined twelve-month period ended December 31, 2009, compared to $18.4 million of cash used in operating activities in 2008. This increase in cash flows was primarily attributable to income from continuing operations which improved due to the restructuring of our operations and our reorganization plan as described above. The net operating cash inflow for the combined twelve-month period ended December 31, 2009 principally reflected our net income of $839.1 million adjusted by non-cash charges of $799.4 million, which mainly consisted of non-cash reorganization items derived from our reorganization plan.

In 2008, cash flows used in operating activities totaled $18.4 million, compared to $23.7 million in 2007. The decrease was primarily driven by lower operating results adjusted by non-cash charges, which mainly consisted of depreciation and amortization charges and loss on foreign currency translation.

Our working capital balance as of March 31, 2010 was $154.9 million compared to $128.5 million as of December 31, 2009. The $26.4 million increase was primarily attributable to a $17.8 million increase in cash and cash equivalents provided by operating activities and a $30.3 million increase in accounts receivable due to increase in net sales, which was partially offset by a $18.2 million increase in accounts payable.

Our working capital balance as of December 31, 2009 was $128.5 million, compared to negative $814.5 million as of December 31, 2008. The significant increase in our working capital balance was principally due to the discharge of $750.0 million in debt recorded in current liabilities resulting from our reorganization plan in 2009 as well as cash generated from operations and investing activities.

Our working capital balance as of December 31, 2008 was negative $814.5 million, compared to $55.6 million as of December 31, 2007. The significant decrease in our working capital balance was mainly due to the reclassification of long-term debt to current in 2008. In addition, as a result of our operating performance in the quarter ended December 31, 2008, our cash balances, accounts receivable and inventory were significantly lower as compared to December 31, 2007.

Cash Flows from Investing Activities

Cash flows generated by investing activities totaled $0.2 million in the three months ended March 31, 2010, compared to $3.1 million of cash generated by investing activities in the three months ended March 29, 2009, which was primarily due to a decrease in restricted cash. There were no significant investing activities in the three months ended March 31, 2010.

Cash flows generated by investing activities totaled $11.5 million in the combined twelve-month period ended December 31, 2009, compared to $39.6 million of cash used in investing activities in the 2008. In 2009, we had a decrease in capital expenditures of $20.5 million from $29.7 million in 2008 to $9.2 million in the combined twelve-month period ended December 31, 2009. In 2008, cash of $11.8 million was restricted pursuant to the terms of a forbearance agreement in relation to short-term borrowings; in 2009, it was released from restriction in connection with our reorganization plan. Cash flow from investing activities in 2009 also included cash proceeds of $9.4 million from the sale of intangible assets.

In 2007, cash flows used in investing activities totaled $81.8 million, primarily due to capital expenditures of $86.6 million related to capacity expansion and technology improvements at a fabrication facility in anticipation of sales growth in future periods. A significant portion of this capital investment was originally targeted for use by our discontinued Imaging Solutions segment and has since been repurposed for the other segments of our business, allowing us to maintain a relatively low level of capital investment in 2008 and 2009.

Cash Flows from Financing Activities

For the three months ended March 31, 2010, there were no significant financing activities other than quarterly installment repayment of our new term loan. There were no cash flows from financing activities during the three months ended March 29, 2009.

Cash flows provided by financing activities totaled $2.0 million in the combined twelve-month period ended December 31, 2009, compared to $14.7 million in 2008. There were no significant financing activities in 2009 other than the repayment of short-term borrowings and the issuance of common units as part of our reorganization in 2009.

During the year ended December 31, 2007, we borrowed $130.1 million under our senior secured credit facility which offset repayments under the same facility of $50.1 million during the same period. At December 31, 2007, we had borrowed $80.0 million under our senior secured credit facility and had additional letters of credit of $15.5 million issued under the facility.

Capital Expenditures

We routinely make capital expenditures to enhance our existing facilities and reinforce our global research and development capability.

For the three months ended March 31, 2010, capital expenditures were $1.0 million, a $0.4 million, or 29.8%, decrease from $1.5 million in the three months ended March 29, 2009.

For the combined twelve-month period ended December 31, 2009, capital expenditures were $9.2 million, a $20.5 million, or 69.0%, decrease from $29.7 million in 2008.

For the year ended December 31, 2008, capital expenditures were $29.7 million, a $56.9 million, or 65.7%, decrease from $86.6 million in 2007. Significant capital expenditures in 2007 were used to support capacity expansion and technology improvements at our fabrication facilities in anticipation of sales growth in future periods. Since then, these expenditures have been reduced. This year-over-year decrease was a result of managing our capital expenditure timing in order to better support the growth of our business from new customers and to optimize asset utilization and return on capital investments.

Seasonality

Our net sales and number of distinct products sold are affected by market variations from quarter to quarter due to business cycles, and resulting product demand, of our customers. Our Display Solutions business typically experiences demand increases in the third and fourth calendar quarters due to increased holiday demand for the consumer products that serve as the end markets for our products. During the first quarter, by contrast, consumer products manufacturers generally reduce orders in order to reduce excess inventory remaining from the holiday season. In our Semiconductor Manufacturing Services business, the supply-demand cycle is usually one quarter ahead of the broader semiconductor market due to lead time from wafer input to shipment to our customers, so the demand for these products tends to peak in the third quarter and is slower in the fourth and first quarters.

Contractual Obligations

The following summarizes our contractual obligations as of March 31, 2010:

	Payments Due by Period						
	Total	2010	2011	2012	2013	2014	Thereafter
	(In millions)						
New term loan(1)(2)	$62.9	$62.9	$ —	$ —	$ —	$ —	$ —
Operating lease(3)	51.3	4.9	2.2	1.9	1.9	1.9	38.5
Others(4)	10.1	2.5	4.5	2.6	0.5	—	—

(1) Includes principal as well as interest payments, which were fully repaid in April 2010.

(2) Excludes $250 million aggregate principal amount of senior notes issued in April 2010, which bear interest at a rate of 10.500% per annum and mature in 2018.

(3) Assumes constant currency exchange rate for Korean won to U.S. dollars of 1,130.8:1.

(4) Includes license agreements and other contractual obligations.

New term loan amounts represent the scheduled maturity of debt as of March 31, 2010, assuming that no early optional redemptions occur. The new term loan was repaid in full in April 2010 with a portion of the proceeds from our $250 million senior notes offering. Of the remaining net proceeds of our senior notes offering, $130.7 million was used to make a distribution to our unitholders and $46.1 million was used to fund working capital and for general corporate purposes. The senior notes bear interest at a fixed rate of 10.500% as compared to our new term loan which bore interest at a rate of six-month LIBOR plus 12%, which equaled 12.4% at March 31, 2010.

The indenture relating to our $250 million senior notes contains covenants that limit our ability and the ability of our restricted subsidiaries to: (i) declare or pay any dividend or make any payment or distribution on account of or purchase or redeem our capital stock or equity interests of our restricted subsidiaries; (ii) make any principal payment on, or redeem or repurchase, prior to any scheduled repayment, sinking fund payment or maturity, any subordinated indebtedness; (iii) make certain investments, including capital expenditures; (iv) incur additional indebtedness and issue certain types of capital stock; (v) create or incur any lien (except for permitted liens) that secures obligations under any indebtedness or related guarantee; (vi) merge with or into or sell all or substantially all of our assets to other companies; (vii) enter into certain types of transactions with affiliates; (viii) guarantee the payment of any indebtedness; (ix) enter into sale-leaseback transactions; (x) enter into agreements that would restrict the ability of the restricted subsidiaries to make distributions with respect to their equity, to make loans to us or other restricted subsidiaries or to transfer assets to us or other restricted subsidiaries; and (xi) designate unrestricted subsidiaries.

We follow ASC guidance on uncertain tax positions. Our unrecognized tax benefits totaled $0.3 million as of March 31, 2010. These unrecognized tax benefits have been excluded from the above table because we cannot estimate the period of cash settlement with the respective taxing authorities.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to the market risk that the value of a financial instrument will fluctuate due to changes in market conditions, primarily from changes in foreign currency exchange rates and interest rates. In the normal course of our business, we are subject to market risks associated with interest rate movements and currency movements on our assets and liabilities.

Foreign Currency Exposures

We have exposure to foreign currency exchange rate fluctuations on net income from our subsidiaries denominated in currencies other than U.S. dollars, as our foreign subsidiaries in Korea, Taiwan, China, Japan and Hong Kong use local currency as their functional currency. From time to time these subsidiaries have cash and financial instruments in local currency. The amounts held in Japan, Taiwan, Hong Kong and China are not material in regards to foreign currency movements. However, based on the cash and financial instruments balance at March 31, 2010 for our Korean subsidiary, a 10% devaluation of the Korean won against the U.S. dollar would have resulted in a decrease of $1.5 million in our U.S. dollar financial instruments and cash balances. Based on the Japanese yen cash balance at March 31, 2010, a 10% devaluation of the Japanese yen against the U.S. dollar would have resulted in a decrease of $0.3 million in our U.S. dollar cash balance.

Interest Rate Exposures

On April 9, 2010, we completed the sale of $250 million in aggregate principal amount of 10.500% senior notes due 2018. The $61.6 million of total outstanding borrowings under our term loan was repaid on the same date. The $250 million 10.500% senior notes due 2018 are subject to changes in fair value due to interest rate changes. If the market interest rate increases by 10% and all other variables were held constant from their levels at April 9, 2010, we estimate that the fair value of this fixed rate note would decrease by $13.6 million and we would have additional interest expense costs over the market rate of $1.0 million (on a 360-day basis). If the market interest rate decreased by 10% and all other variables were held constant from their levels at April 9, 2010, we estimate that the fair value of this fixed rate note would increase by $14.6 million and we would have a reduction in interest expense costs over the market rate of $1.2 million (on a 360-day basis).

Critical Accounting Policies and Estimates

Preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in our consolidated financial statements and accompanying notes.

We believe that our significant accounting policies, which are described in notes 3 and 4 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus, are critical due to the fact that they involve a high degree of judgment and estimates about the effects of matters that are inherently uncertain. We base these estimates and judgments on historical experience, knowledge of current conditions and other assumptions and information that we believe to be reasonable. Estimates and assumptions about future events and their effects cannot be determined with certainty. Accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the business environment in which we operate changes.

Revenue Recognition and Accounts Receivable Valuation

Our revenue is primarily derived from the sale of semiconductor products that we design and the manufacture of semiconductor wafers for third parties. We recognize revenue when persuasive evidence of an arrangement exists, the product has been delivered and title and risk of loss have transferred, the price is fixed and determinable and collection of resulting receivables is reasonably assured.

We recognize revenue upon shipment, upon delivery of the product at the customer's location or upon customer acceptance depending on terms of the arrangements, when the risks and rewards of ownership have passed to the customer. Certain sale arrangements include customer acceptance provisions that require written notification of acceptance within the pre-determined period from the date of delivery of the product. If the pre-determined period has ended without written notification, customer acceptance is deemed to have occurred pursuant to the underlying sales arrangements. In such cases, we recognize revenue the earlier of the written notification or the pre-determined period from date of delivery. Specialty semiconductor manufacturing services are performed pursuant to manufacturing agreements and purchase orders. Standard products are shipped and sold based upon purchase orders from customers. Our revenue recognition policy is consistent across our product lines, marketing venues and all geographic areas. All amounts billed to a customer related to shipping and handling are classified as sales, while all costs incurred by us for shipping and handling are classified as expenses. We currently manufacture a substantial portion of our products internally at our wafer fabrication facilities. In the future, we expect to rely, to some extent, on outside wafer foundries for additional capacity and advanced technologies.

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make payment. If the financial condition of our customers were to deteriorate, additional allowances may be required. The establishment of reserves for sales discounts is based on management judgments that require significant estimates of a variety of factors, including forecasted demand, returns and industry pricing assumptions.

Accrual of Warranty Cost

We record warranty liabilities for the estimated costs that may be incurred under limited warranties. Our warranties generally cover product defects based on compliance with our specifications and is normally applicable for twelve months from the date of product delivery. These liabilities are accrued when revenues are recognized. Warranty costs include the costs to replace the defective products. Factors that affect our warranty liability include historical and anticipated rates of warranty claims on those repairs and the cost per claim to satisfy our warranty obligations. As these factors are impacted by actual experience and future expectations, we periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

Inventory Valuation

Inventories are valued at the lower of cost or market, using the average method, which approximates the first in, first out method. Because of the cyclical nature of the semiconductor industry, changes in inventory levels, obsolescence of technology and product life cycles, we write down inventories to net realizable value. When there is a difference in the carrying value and the net realizable value the difference is recognized as a loss on valuation of inventories within cost of sales. We estimate the net realizable value for such finished goods and work-in-progress based primarily upon the latest invoice prices and current market conditions.

We employ a variety of methodologies to determine the amount of inventory reserves necessary. While a portion of the reserve is determined based upon the age of inventory and lower of cost or market calculations, an element of the reserve is subject to significant judgments made by us about future demand for our inventory. For example, reserves are established for excess inventory based on inventory levels in excess of six months of projected demand, as judged by management, for each specific product. If actual demand for our products is less than our estimates, additional reserves for existing inventories may need to be recorded in future periods.

In addition, as prescribed in ASC guidance on inventory costs, the cost of inventories is determined based on the normal capacity of each fabrication facility. If the capacity utilization is lower than a level that management believes to be normal, the fixed overhead costs per production unit which exceed those which would be incurred when the fabrication facilities are running under normal capacity are charged to cost of sales rather than capitalized as inventories.

Long-Lived Assets

We assess long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of the assets or the asset group may not be recoverable. Factors that we consider in deciding when to perform an impairment review include significant under-performance of a business or product line in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in our use of the assets. Recoverability of assets that will continue to be used in our operations is measured by comparing the carrying value of the asset group to our estimate of the related total future undiscounted net cash flows. If an asset group's carrying value is not recoverable through the related undiscounted cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the asset group's carrying value and its fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique.

Impairments of long-lived assets are determined for groups of assets related to the lowest level of identifiable independent cash flows. We must make subjective judgments in determining the independent cash flows that can be related to specific asset groupings. Additionally, an evaluation of impairment of long-lived assets requires estimates of future operating results that are used in the preparation of the expected future undiscounted cash flows. Actual future operating results and the remaining economic lives of our long-lived assets could differ from the estimates used in assessing the recoverability of these assets.

Intangible Assets

The fair value of our intangible assets was recorded in connection with fresh-start reporting on October 25, 2009 and was determined based on the present value of each research project's projected cash flows using an income approach. Future cash flows are predominately based on the net income forecast of each project, consistent with historical pricing, margins and expense levels of similar products. Revenues are estimated based on relevant market size and growth factors, expected industry trends and individual project life cycles. The resulting cash flows are then discounted at a rate approximating our weighted average cost of capital.

In-process research and development, or IPR&D, is considered an indefinite-lived intangible asset and is not subject to amortization. IPR&D assets must be tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. The impairment test consists of a comparison of the fair value of the IPR&D asset with its carrying amount. If the carrying amount of the IPR&D asset exceeds its fair value, an impairment loss must be recognized in an amount equal to that excess. After an impairment loss is recognized, the adjusted carrying amount of the IPR&D asset will be its new accounting basis. Subsequent reversal of a previously recognized impairment loss is prohibited. The initial determination and subsequent evaluation for impairment of the IPR&D asset requires management to make significant judgments and estimates. Once the IPR&D projects have been completed or abandoned, the useful life of the IPR&D asset is determined and amortized accordingly.

Technology, customer relationships and intellectual property assets are considered definite-lived assets and are amortized on a straight-line basis over their respective useful lives, ranging from 4 to 10 years.

Income Taxes

We account for income taxes in accordance with ASC guidance addressing accounting for income taxes. The guidance requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying values and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities.

We regularly review our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and expiration of tax credits and net operating loss carry-forwards. We established valuation allowances for deferred tax assets at most of our subsidiaries since, other than with respect to one particular subsidiary, it is not probable that a majority of the deferred tax assets will be realizable. The valuation allowance at this particular subsidiary was not established since it is more likely than not that the deferred tax assets at this subsidiary will be realizable based on the current prospects for its future taxable income.

Changes in our evaluation of our deferred income tax assets from period to period could have a significant effect on our net operating results and financial condition.

In addition, beginning January 1, 2007, we account for uncertainties related to income taxes in compliance with ASC guidance on uncertain tax positions. Under this guidance, we evaluate our tax positions taken or expected to be taken in a tax return for recognition and measurement on our consolidated financial statements. Only those tax positions that meet the "more likely than not" threshold are recognized on the consolidated financial statements at the largest amount of benefit that has a greater than 50 percent likelihood of ultimately being realized. Assumptions, judgment and the use of estimates are required in determining if the "more likely than not" standard has been met when developing the provision for income taxes. A change in the assessment of the "more likely than not" standard could materially impact our consolidated financial statements.

Accounting for Unit-Based Compensation

In 2006, we adopted ASC guidance addressing accounting for unit-based compensation based on a fair value method. Under this guidance, unit-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period of the award. We use the Black-Scholes option pricing model to value unit options. In developing assumptions for fair value calculation under the guidance, we use estimates based on historical data and market information. A small change in the assumptions used in the estimate can cause a relatively significant change in the fair value calculation.

The determination of the fair value of our common units on each grant date was a two-step process. First, management estimated our enterprise value in consultation with such advisers as we deemed appropriate. Second, this business enterprise value was allocated to all sources of capital invested in us based on each type of security's respective rights and claims to our total business enterprise value. This allocation included a calculation of the fair value of our common units on a non-marketable basis. The business enterprise value was determined based on an income approach and a market approach using the revenue multiples of comparable companies, giving appropriate weight to each approach. The income approach was based on the discounted cash flow method and an estimated weighted average cost of capital.

Determination of the fair value of our common units involves complex and subjective judgments regarding projected financial and operating results, our unique business risks, the liquidity of our units and our operating history and prospects at the time of grant. If we make different judgments or adopt different assumptions, material differences could result in the amount of the unit-based compensation expenses recorded because the estimated fair value of the underlying units for the options granted would be different.

Fresh-Start Reporting

As required by GAAP, in connection with emergence from Chapter 11 reorganization proceedings, we adopted the fresh-start accounting provisions of ASC 852 effective October 25, 2009. Under ASC 852, the reorganization value represents the fair value of the entity before considering liabilities and approximates the amount a willing buyer would pay for our assets immediately after restructuring. The reorganization value is allocated to the respective assets. Liabilities, other than deferred taxes and severance benefits, are stated at present values of amounts expected to be paid.

Fair values of assets and liabilities represent our best estimates based on our appraisals and valuations which incorporated industry data and trends and relevant market rates and transactions. These estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond our reasonable control.

Cash Flow Hedges

We are exposed to non-functional currency denominated cash flow fluctuations in connection with third party sales. We use foreign currency forward and option contracts to hedge certain of these risks. Throughout the term of the designated cash flow hedge relationship, but at least quarterly, a retrospective evaluation and prospective assessment of hedge effectiveness is performed. Designated components of our derivative instruments' gains or losses are included in the assessment of hedge effectiveness. In conjunction with our effectiveness testing, we also evaluate ineffectiveness associated with the hedge relationship. Resulting ineffectiveness, if any, is recognized immediately in our consolidated statements of operations.

We record the fair value of our foreign currency derivative contracts qualifying for cash flow hedge accounting treatment in our consolidated balance sheet with the effective portion of the related gain or loss on those contracts deferred in unitholders' equity as a component of accumulated other comprehensive income. These deferred gains or losses are recognized in our consolidated statements of operations in the same period in which the underlying hedged sales transactions are recognized and on the same line item as the underlying hedged items. However, in the event the relationship is no longer effective, we recognize the change in the fair value of the hedging derivative instrument from the date the hedging derivative instrument becomes no longer effective immediately in the consolidated statements of operations.

Controls and Procedures

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and is effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. As a private company we have designed our internal control over financial reporting to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of financial statements. Beginning with our fiscal year ending December 31, 2011, we will be subject to rules adopted by the Securities Exchange Commission, or SEC, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, which require us to include in our Annual Report on Form 10-K our management's report on, and assessment of the effectiveness of, our internal controls over financial reporting. In the event we complete the MagnaChip Corporation IPO, we may also in the future become subject to the requirement that our independent auditors will be required to attest to and report on the effectiveness of our internal control over financial reporting.. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In connection with audits of our consolidated financial statements for the ten-month period ended October 25, 2009 and two-month period ended December 31, 2009, our independent registered public accounting firm has reported two control deficiencies which represent a material weakness in our internal control over financial reporting. The two control deficiencies which represent a material weakness that our independent registered public accounting firm reported to our board of directors (as we then did not have a separate audit committee), are that we do not have a sufficient number of financial personnel with the requisite financial accounting experience and our controls over non-routine transactions are not effective to ensure that accounting considerations are identified and appropriately recorded.

Our management and our board of directors agree that the control deficiencies identified by our independent registered public accounting firm represent a material weakness. We have identified and taken steps intended to remediate this material weakness. Upon being notified of the material weakness, we retained the services of an international accounting firm to temporarily supplement our internal resources. We are also in the process of recruiting a new director of financial reporting to increase the number of our financial personnel with the requisite financial accounting expertise. These actions are subject to ongoing senior management review, as well as audit committee oversight. We do not know the specific timeframe needed to remediate this material weakness. We may incur significant incremental costs associated with this remediation.

BUSINESS

Our Business

We are a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. We believe we have one of the broadest and deepest analog and mixed-signal semiconductor technology platforms in the industry, supported by our 30-year operating history, large portfolio of approximately 2,620 registered novel patents and 950 pending novel patent applications and extensive engineering and manufacturing process expertise. Our business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our Display Solutions products include display drivers that cover a wide range of flat panel displays and mobile multimedia devices. Our Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. Our Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

Our wide variety of analog and mixed-signal semiconductor products and manufacturing services combined with our deep technology platform allows us to address multiple high-growth end markets and to rapidly develop and introduce new products and services in response to market demands. Our substantial manufacturing operations in Korea and design centers in Korea and Japan place us at the core of the global consumer electronics supply chain. We believe this enables us to quickly and efficiently respond to our customers' needs and allows us to better service and capture additional demand from existing and new customers.

We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. As a result, we have been able to strengthen our technology platform and develop products and services that are in high demand by our customers and end consumers. We sold over 1,400 and 2,300 distinct products to over 210 and 185 customers for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, with a substantial portion of our revenues derived from a concentrated number of customers. Our largest semiconductor manufacturing services customers include some of the fastest growing and leading semiconductor companies that design analog and mixed-signal products for the consumer, computing, and wireless end markets.

For the three months ended March 31, 2010, on a pro forma basis, we generated net sales of $179.5 million, income from continuing operations of $27.1 million, Adjusted EBITDA of $28.7 million and Adjusted Net Income of $15.0 million. For 2009, on an a combined pro forma basis, we generated net sales of $560.1 million, income from continuing operations of $46.6 million, Adjusted EBITDA of $98.7 million and Adjusted Net Income of $33.7 million. On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code and our plan of reorganization became effective on November 9, 2009. For 2008, we generated net sales of $601.7 million, losses from continuing operations of $325.8 million, Adjusted EBITDA of $59.8 million and Adjusted Net Loss of $71.7 million. See "Unaudited Pro Forma Consolidated Financial Information" beginning on page 59 for an explanation regarding our pro forma presentation and "Prospectus Summary — Summary Historical and Unaudited Pro Forma Consolidated Financial Data," beginning on page 16 for an explanation of our use of Adjusted EBITDA and Adjusted Net Income.

Market Opportunity

The consumer electronics market is large and growing rapidly. Growth in this market is being driven by consumers seeking to enjoy a wide variety of available rich media content, such as high definition audio and video, mobile television and games. Consumer electronics manufacturers recognize that the consumer entertainment experience plays a critical role in differentiating their products. To address and further stimulate consumer demand, electronics manufacturers have been driving rapid advances in the technology, functionality, form factor, cost, quality, reliability and power consumption of their products. Electronics manufacturers are continuously implementing advanced technologies in new generations of electronic devices using analog and mixed-signal semiconductor components, such as display drivers that enable display of high resolution images, encoding and decoding devices that allow playback of high definition audio and video, and power management semiconductors that increase power efficiency, thereby reducing heat dissipation and extending battery life. These advanced generations of consumer devices are growing faster than the overall consumer electronics market. For example, according to Gartner, production of LCD televisions, smartphones, mobile PCs, and mini-notebooks is expected to grow from 2009 to 2013 by a compound annual growth rate of 12%, 36%, 24%, and 20%, respectively.

The user experience delivered by a consumer electronic device is substantially driven by the quality of the display, audio and video processing capabilities and power efficiency of the device. Analog and mixed-signal semiconductors enable and enhance these capabilities. Examples of these analog and mixed-signal semiconductors include display drivers, timing controllers, audio encoding and decoding devices, or codecs, and interface circuits, as well as power management semiconductors such as voltage regulators, converters, and switches. According to iSuppli, in 2009, the display driver semiconductor market was $6.0 billion and the power management semiconductor market was $21.9 billion.

Requirements of Leading Consumer Electronics Manufacturers

We believe our target customers view the following characteristics and capabilities as key differentiating factors among available analog and mixed-signal semiconductor suppliers and manufacturing service providers:

- ***Broad Offering of Differentiated Products with Advanced System-Level Features and Functions.*** Leading consumer electronics manufacturers seek to differentiate their products by incorporating innovative semiconductor products that enable unique system-level functionality and enhance performance. These consumer electronics manufacturers seek to closely collaborate with semiconductor solutions providers that continuously develop new and advanced products, technologies, and manufacturing processes that enable state of the art features and functions, such as bright and thin displays, small form factor and energy efficiency.
- ***Fast Time to Market with New Products.*** As a result of rapid technological advancements and short product lifecycles, our target customers typically prefer suppliers who have a compelling pipeline of new products and can leverage a substantial intellectual property and technology base to accelerate product design and manufacturing when needed.
- ***Nimble, Stable and Reliable Manufacturing Services.*** Fabless semiconductor providers who rely on external manufacturing services often face rapidly changing product cycles. If these fabless companies are unable to meet the demand for their products due to issues with their manufacturing services providers, their profitability and market share can be significantly impacted. As a result, they prefer semiconductor manufacturing services providers who can increase production quickly and meet demand consistently through periods of constrained industry capacity. Furthermore, many fabless semiconductor providers serving the consumer electronics and industrial sectors need specialized analog and mixed-signal manufacturing capabilities to address their product performance and cost requirements.
- ***Ability to Deliver Cost Competitive Solutions.*** Electronics manufacturers are under constant pressure to deliver cost competitive solutions. To accomplish this objective, they need strategic semiconductor suppliers that have the ability to provide system-level solutions, highly integrated products, a broad product offering at a range of price points and have the design and manufacturing infrastructure and logistical support to deliver cost competitive products.

- ***Focus on Delivering Highly Energy Efficient Products.*** Consumers increasingly seek longer run time, environmentally friendly and energy efficient consumer electronic products. In addition, there is increasing regulatory focus on reducing energy consumption of consumer electronic products. For instance, the California Energy Commission recently adopted standards that require televisions sold in California to consume 33% less energy by 2011 and 49% less energy by 2013. As a result of global focus on more environmentally friendly products, our customers are seeking analog and mixed-signal semiconductor suppliers that have the technological expertise to deliver solutions that satisfy these ever increasing regulatory and consumer power efficiency demands.

Our Competitive Strengths

Designing and manufacturing analog and mixed-signal semiconductors capable of meeting the evolving functionality requirements for consumer electronics devices is challenging. In order to grow and succeed in the industry, we believe semiconductor suppliers must have a broad, advanced intellectual property portfolio, product design expertise, comprehensive product offerings and specialized manufacturing process technologies and capabilities. Our competitive strengths enable us to offer our customers solutions to solve their key challenges. We believe our strengths include:

- ***Advanced Analog and Mixed-Signal Semiconductor Technology and Intellectual Property Platform.*** We believe we have one of the broadest and deepest analog and mixed-signal semiconductor technology platforms in the industry. Our long operating history, large patent portfolio, extensive engineering and manufacturing process expertise and wide selection of analog and mixed-signal intellectual property libraries allow us to leverage our technology and develop new products across multiple end markets. Our product development efforts are supported by a team of approximately 391 engineers. Our platform allows us to develop and introduce new products quickly as well as to integrate numerous functions into a single product. For example, we were one of the first companies to introduce a commercial AMOLED display driver for mobile phones.
- ***Established Relationships and Close Collaboration with Leading Global Electronics Companies.*** We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. Our close customer relationships have been built based on many years of close collaborative product development which provides us with deep system level knowledge and key insights into our customers' needs. As a result, we are able to continuously strengthen our technology platform in areas of strategic interest for our customers and focus on those products and services that our customers and end consumers demand the most.
- ***Longstanding Presence in Asia and Proximity to Global Consumer Electronics Supply Chain.*** Our presence in Asia facilitates close contact with our customers, fast response to their needs and enhances our visibility into new product opportunities, markets and technology trends. According to Gartner, semiconductor consumption in Asia, excluding Japan, has increased from 49% of global production in 2004 to 60% in 2009 and is projected to grow to 65% by 2013. Our substantial manufacturing operations in Korea and design centers in Korea and Japan place us close to many of our largest customers and to the core of the global consumer electronics supply chain. We have active applications, engineering, product design, and customer support resources, as well as senior management and marketing resources, in geographic locations close to our customers. This allows us to strengthen our relationship with customers through better service, faster turnaround time and improved product design collaboration. We believe this also helps our customers to deliver products faster than their competitors and to solve problems more efficiently than would be possible with other suppliers.
- ***Broad Portfolio of Product and Service Offerings Targeting Large, High-Growth Markets.*** We continue to develop a wide variety of analog and mixed-signal semiconductor solutions for

multiple high-growth consumer electronics end markets. We believe our expanding product and service offerings allow us to provide additional products to new and existing customers and to cross-sell our products and services to our established customers. For example, we have leveraged our technology expertise and customer relationships to develop and grow a new business offering power management solutions to customers. Our power management solutions enable our customers to increase system stability and reduce heat dissipation and energy use, resulting in cost savings for our customers, as well as environmental benefits. We have been able to sell these new products to our existing customers as well as expand our customer base.

- ***Distinctive Analog and Mixed-Signal Process Technology Expertise and Manufacturing Capabilities.*** We have developed specialty analog and mixed-signal manufacturing processes such as high voltage CMOS, power and embedded memory. These processes enable us to flexibly ramp mass production of display, power and mixed-signal products, and shorten the duration from design to delivery of highly integrated, high-performance analog and mixed-signal semiconductors. As a result of the depth of our process technology, captive manufacturing facilities and customer support capabilities, we believe the majority of our top twenty manufacturing services customers by revenue currently use us as their primary manufacturing source for the products that we manufacture for them.
- ***Highly Efficient Manufacturing Capabilities.*** Our manufacturing strategy is focused on maintaining the price competitiveness of our products and services through our low-cost operating structure. We believe the location of our primary manufacturing and research and development facilities in Asia and relatively low required ongoing capital expenditures provide us with a number of cost advantages. We offer specialty analog process technologies that do not require substantial investment in leading edge, smaller geometry process equipment. We are able to utilize our manufacturing base over an extended period of time and thereby minimize our capital expenditure requirements. Our internal manufacturing facilities serve both our solutions products and manufacturing services customers, allowing us to optimize our asset utilization and improve our operational efficiency.
- ***Strong Financial Model with a Low-Cost Structure.*** We have executed a significant restructuring over the last 18 months, which combined with our relatively low capital investment requirements, has improved our cash flow and profitability. By closing our Imaging Solutions business, restructuring our balance sheet, and refining our business processes and strategy, we believe we have made significant structural improvements to our operating model and have enabled better flexibility to manage the fluctuations in the economy and our markets. In addition, the long lifecycles of our manufacturing processes, equipment and facilities allow us to keep our new capital requirements relatively low. We believe that our low-cost but highly skilled design and support engineers and manufacturing base position us favorably to compete in the marketplace and provide operating leverage in our operating model.

Our Strategy

Our objective is to grow our business, our cash flow and profitability and to establish our position as a leading provider of analog and mixed-signal semiconductor products and services for high-volume markets. Our business strategy emphasizes the following key elements:

- ***Leverage Our Advanced Analog and Mixed-Signal Technology Platform to Innovate and Deliver New Products and Services.*** We intend to continue to utilize our extensive patent and technology portfolio, analog and mixed-signal design and manufacturing expertise and specific end-market applications and system-level design expertise to deliver products with high levels of performance by utilizing our systems expertise and leveraging our deep knowledge of our customers' needs. For example, we have recently utilized our extensive patent portfolio, process technologies and analog and mixed-signal technology platform to develop cost-effective Super Junction MOSFETs as well as low power integrated power solutions for AC-DC offline switchers to address more of our customers' needs. In Display Solutions, we continue to invest in research and development to introduce new technologies to support our customers' technology roadmaps such as their transition to 240Hz 3D LED televisions. In Semiconductor Manufacturing Services, we are developing cost-effective processes that substantially reduce die size using deep trench isolation.

- ***Increase Business with Existing Customers.*** We have a global customer base consisting of leading consumer electronics OEMs who sell into multiple end markets. We intend to continue to strengthen our relationships with our customers by collaborating on critical design and product development in order to improve our design win rates. We will seek to increase our customer penetration by more closely aligning our product roadmap with those of our key customers and by taking advantage of our broad product portfolio, our deep knowledge of customer needs and existing relationships to sell more existing and new products. For example, two of our largest display driver customers have display modules in production using our power management products. These power management products have been purchased and evaluated via their key subcontractors for LCD backlight units and LCD integrated power supplies.
- ***Broaden Our Customer Base.*** We expect to continue to expand our global design centers, local application engineering support and sales presence, particularly in China, Hong Kong, Taiwan and Macau, or collectively, Greater China, and other high-growth geographies, to penetrate new accounts. In addition, we intend to introduce new products and variations of existing products to address a broader customer base. In order to broaden our market penetration, we are complementing our direct customer relationships and sales with an expanded base of distributors, especially to aid the growth of our power management business. We expect to continue to expand our distribution channels as we broaden our power management penetration beyond existing customers.
- ***Aggressively Grow the Power Business.*** We have utilized our extensive patent portfolio, process technologies, captive manufacturing facilities and analog and mixed-signal technology platform to develop power management solutions that expand our market opportunity and address more of our customers' needs. We intend to increase the pace of our new power product introductions by continuing to collaborate closely with our industry-leading customers. For example, we recently began mass production of our first integrated power solution for LCD televisions at one of our major Korean customers. We also intend to capitalize on the market needs and regulatory requirements for power management products that reduce energy consumption of consumer electronic products by introducing products that are more energy efficient than those of competitors. We believe our integrated designs, unique low-cost process technologies and deep customer relationships will enable us to increase sales of our power solutions to our current power solutions customers, and as an extension of our other product offerings, to our other customers.
- ***Drive Execution Excellence.*** We have significantly improved our execution through a number of management initiatives implemented under the direction of our Chief Executive Officer and Chairman, Sang Park. As an example, we have introduced new processes for product development, customer service and personnel development. We expect these ongoing initiatives will continue to improve our new product development and customer service as well as enhance our commitment to a culture of quick action and execution by our workforce. In addition, we have focused on and continually improved our manufacturing efficiency during the past several years. As a result of our focus on execution excellence, we have also meaningfully reduced our time from new product definition to development completion. For example, we have improved our average development turnaround time by over 40% over the last three years for semiconductor manufacturing services by implementing continuous

business process improvement initiatives and we improved our manufacturing productivity per operator by 22% from the fourth quarter of 2008 to the fourth quarter of 2009.

- ***Optimize Asset Utilization, Return on Capital Investments and Cash Flow Generation.*** We intend to keep our capital expenditures relatively low by maintaining our focus on specialty process technologies that do not require substantial investment in frequent upgrades to the latest manufacturing equipment. We also believe our power management business should increase our utilization and return on capital as the manufacturing of these products primarily relies on our 0.35mum geometry and low-cost equipment. By utilizing our manufacturing facilities for both our display solutions and power solutions products and our semiconductor manufacturing services customers, we will seek to maximize return on our capital investments and our cash flow generation.

Our Technology

We continuously strengthen our advanced analog and mixed-signal semiconductor technology platform by developing innovative technologies and integrated circuit building blocks that enhance the functionality of consumer electronics products through brighter displays, enhanced image quality, smaller form factor and longer battery life. We seek to further build our technology platform through proprietary research and development and selective licensing and acquisition of complementary technologies, as well as disciplined process improvements in our manufacturing operations. Our goal is to leverage our experience and development initiatives across multiple end markets and utilize our understanding of system-level issues our customers face to introduce new technologies that enable our customers to develop more advanced, higher performance products.

Our display technology portfolio includes building blocks for display drivers and timing controllers, processor and interface technologies, as well as sophisticated production techniques, such as chip-on-glass, or COG, which enables the manufacture of thinner displays. Our advanced display drivers incorporate LTPS and AMOLED panel technologies that enable the highest resolution displays. Furthermore, we are developing a broad intellectual property portfolio to improve the power efficiency of displays, including the development of our smart mobile luminance control, or SMLC, algorithm.

We have a long history of specialized process technology development and have a number of distinctive process implementations. We have approximately 200 process flows we can utilize for our products and offer to our semiconductor manufacturing services customers. Our process technologies include standard CMOS, high voltage CMOS, ultra-low leakage high voltage CMOS and BCDMOS. Our manufacturing processes incorporate embedded memory solutions such as static random access memory, or SRAM, one-time programmable, or OTP, memory, multiple-time programmable, or MTP, memory, electronically erasable programmable read only memory, or EEPROM, and single-transistor random access memory, or 1TRAM. More broadly, we focus extensively on processes that reduce die size across all of the products we manufacture, in order to deliver cost-effective solutions to our customers.

Expertise in high voltage and deep trench BCDMOS process technologies, low power analog and mixed-signal design capabilities and packaging know-how are key requirements in the power management market. We are currently leveraging our capabilities in these areas with products such as DC-DC converters, linear regulators, including LDO, regulators and analog switches, and power MOSFETs. We believe our system level understanding of applications such as LCD televisions and mobile phones will allow us to more quickly develop and customize power management solutions for our customers in these markets.

Our Products and Services

Our broad portfolio of products and services addresses multiple high-growth, consumer-focused end markets. A key component of our product strategy is to supply multiple related product and service offerings to each of the end markets that we serve.

Display Solutions

Display Driver Characteristics. Display drivers deliver defined analog voltages and currents that activate pixels to exhibit images on displays. The following key characteristics determine display driver performance and end-market application:

- ***Resolution and Number of Channels.*** Resolution determines the level of detail displayed within an image and is defined by the number of pixels per line multiplied by the number of lines on a display. For large displays, higher resolution typically requires more display drivers for each panel. Display drivers that have a greater number of channels, however, generally require fewer display drivers for each panel and command a higher selling price per unit. Mobile displays, conversely, are typically single chip solutions designed to deliver a specific resolution. We cover resolutions ranging from QVGA (240RGB x 320) to QHD (960RGB x 540).
- ***Color Depth.*** Color depth is the number of colors that can be displayed on a panel. For example, for TFT-LCD panels, 262 thousand colors are supported by 6-bit source drivers; 16 million colors are supported by 8-bit source drivers; and 1 billion colors are supported by 10-bit and 12-bit source drivers.
- ***Operational Voltage.*** Display drivers are characterized by input and output voltages. Source drivers typically operate at input voltages from 2.0 to 3.6 volts and output voltages between 4.5 and 18 volts. Gate drivers typically operate at input voltages from 2.0 to 3.6 volts and output voltages of up to 40 volts. Lower input voltage results in lower power consumption and electromagnetic interference, or EMI.
- ***Gamma Curve.*** The relationship between the light passing through a pixel and the voltage applied to the pixel by the source driver is referred to as the gamma curve. The gamma curve of the source driver can correct some imperfections in picture quality in a process generally known as gamma correction. Some advanced display drivers feature up to three independent gamma curves to facilitate this correction.
- ***Driver Interface.*** Driver interface refers to the connection between the timing controller and the display drivers. Display drivers increasingly require higher bandwidth interface technology to address the larger data transfer rate necessary for higher definition images. The principal types of interface technologies are transistor-to-transistor logic, or TTL, reduced swing differential signaling, or RSDS, advance intra panel I/F, or AIPI, and mini-low voltage differential signaling, or m-LVDS.
- ***Package Type.*** The assembly of display drivers typically uses chip-on-film, or COF, tape carrier package, or TCP, and COG package types.

Large Display Solutions. We provide display solutions for a wide range of flat panel display sizes used in LCD televisions, including high definition televisions, or HDTVs, LED TVs, LCD monitors and mobile PCs.

Our large display solutions include source and gate drivers and timing controllers with a variety of interfaces, voltages, frequencies and packages to meet customers' needs. These products include advanced technologies such as high channel count, with products under development to provide up to 960 channels. We also offer a distinctive interface technology known as LCDS, which supports thinner displays for mobile PCs. Our large display solutions are designed to allow customers to cost-effectively meet the increasing demand for high resolution displays. We focus extensively on reducing the die size of our large display drivers and other solutions products to reduce costs without having to migrate to smaller geometries. For example, we have implemented several solutions to reduce die size in large display drivers, such as optimizing design schemes and design rules and applying specific technologies that we have developed internally. We have recently introduced a number of new large display drivers with reduced die size.

The table below sets forth the features of our products, both in mass production and in customer qualification, which is the final stage of product development, for large-sized displays:

Product	Key Features	Applications
TFT-LCD Source Drivers	• 480 to 960 output channels • 6-bit (262 thousand colors), 8-bit (16 million colors), 10-bit (1 billion colors) • Output voltage ranging from 3.3V to 18V • Low power consumption and low EMI • Supports COF package types • Supports RSDS, m-LVDS, AiPi* interface technologies • Geometries of 0.18mum to 0.22mum	• LCD monitors, including widescreens • Mobile PCs, including netbooks • Digital televisions, including LED TVs
TFT-LCD Gate Drivers	• 272 to 768 output channels • Output voltage ranging up to 40V • Supports COF and COG package types • Geometries of 0.35mum	• LCD monitors, including widescreens • Mobile PCs, including netbooks • Digital televisions, including LED TVs
Timing Controllers	• Product portfolio supports a wide range of resolutions • Supports m-LVDS interface technologies • Input voltage ranging from 2.3V to 3.6V • Geometries of 0.18mum	• LCD monitors, including widescreens • Mobile PCs, including netbooks

* In customer qualification stage

Mobile Display Solutions. Our mobile display solutions incorporate the industry's most advanced display technologies, such as LTPS and AMOLED, as well as high-volume technologies such as a-Si (amorphous silicon) TFT. Our mobile display products offer specialized capabilities, including high speed serial interfaces, such as mobile display digital interface, or MDDI, and mobile industry processor interface, or MIPI, as well as multi-time programmable, or MTP, memories, using EEPROM and logic-based OTP memory. We focus extensively on reducing the die size of our mobile display drivers and other solutions products to reduce costs without having to migrate to smaller geometries. For example, we have implemented several solutions to reduce die size in mobile display drivers, such as optimizing design schemes and design rules and applying specific technologies that we have developed internally. Further, we are building a distinctive intellectual property portfolio that allows us to provide features that reduce power consumption, such as SMLC, ambient light-based brightness control, or LABC, automatic brightness control, or ABC, and automatic current limit, or ACL. This intellectual property portfolio will also support our power management product development initiatives, as we leverage our system level understanding of power efficiency.

The following table summarizes the features of our products, both in mass production and in customer qualification, which is the final stage of product development, for mobile displays:

Product	Key Features	Applications
LTPS	• Resolutions of QVGA, WQVGA, VGA, NHD*, SVGA • Color depth ranging from 262 thousand to 16 million • MDDI, MIPI interface • EEPROM and logic-based OTP, separated gamma control	• Mobile phones • Digital still cameras
AMOLED	• Resolutions of WQVGA, HVGA, NHD*, WVGA, QHD • Color depth ranging from 262 thousand to 16 million • Geometries of 0.11mum to 0.15mum • MDDI, MIPI interface • EEPROM and logic-based OTP • ABC, ACL, Pentile	• Mobile phones • Game consoles • Digital still cameras • Personal digital assistants • Portable media players
a-Si TFT	• Resolutions of QVGA, WQVGA, HVGA, WVGA, WSVGA, HD • Color depth ranging from 262 thousand to 16 million • MDDI, MIPI interface • Content adaptive brightness control, or CABC • LVDS, I(2)C*, DCDC* • Separated gamma control	• Mobile phones • Game consoles • Netbooks • Portable navigation devices

* In customer qualification stage

Power Solutions

We develop, manufacture and market power management solutions for a wide range of end market customers. The products include MOSFETs, LED Drivers, DC-DC converters, analog switches and linear regulators, such as LDOs.

- ***MOSFET.*** Our MOSFETs include low-voltage Trench MOSFETs, 20V to 100V, and high-voltage Planar MOSFETs, 400V through 600V. MOSFETs are used in applications to switch, shape or transfer electricity under varying power requirements. The key application segments are mobile phones, LCD televisions, desktop computers and power supplies for consumer electronics and industrial equipment. MOSFETs allow electronics manufacturers to achieve specific design goals of high efficiency and low standby power consumption. For example, computing solutions focus on delivering efficient controllers and MOSFETs for power management in VCORE, DDR and chipsets for audio, video and graphics processing systems.

- ***LED Drivers.*** LED driver solutions serve the fast-growing LCD panel backlighting market for LCD televisions and mobile PCs. Our products are designed to provide high efficiency and wide input voltage range as well as PWM dimming for accurate white LED dimming control.
- ***DC-DC Converters.*** We plan to release DC-DC converters targeting mobile applications and high power applications like LCD televisions, set-top boxes, DVD/Blu-ray players and display modules. We expect our DC-DC converters will meet customer green power requirements by featuring wide input voltage ranges, high efficiency and small size.
- ***Analog Switches and Linear Regulators.*** We also provide analog switches and linear regulators for mobile applications. Our products are designed for high efficiency and low power consumption in mobile applications.

Our power management solutions enable customers to increase system stability and reduce heat dissipation and energy use, resulting in cost savings for our customers and consumers, as well as environmental benefits. Our in-house process technology capabilities and eight-inch wafer production lines increase efficiency and contribute to the competitiveness of our products.

The following table summarizes the features of our products, both in mass production and in customer qualification, which is the final stage of product development:

Product	Key Features	Applications
Low Voltage MOSFET	• V(ds)(V) options of 20V — 100V • R(ds)(on) options of Max 5m Ω–50m Ω at 10V • Advanced 0.35mum Trench MOSFET Process • High cell density of 268Mcell/inch(2) • Advanced packages to enable reduction of PCB mounting area	• Mobile phones • Desktop computers • Mobile PCs • Digital TVs
High Voltage MOSFET	• Voltage options of 400, 500, and 600V • Drain current options of 1A — 18A. • R(ds)(on) options of 0.22~8.0* Ω (typical) • R(2)FET (rapid recovery) option to shorten reverse diode recovery time • Zenor FET option for MOSFET protection for abnormal input • Advanced 0.50mum Planar MOSFET Process	• Power supplies for consumer electronics • Industrial charger and adaptors • Lighting (ballast, HID, LED) • Industrial equipment

Product	Key Features	Applications
LED Drivers	• High efficiency, wide input voltage range • Proven 0.35mum BCDMOS process • 40V modular BCDMOS • OCP, SCP, OVP and UVLO protections • Accurate LED current control and multi-channel matching • Programmable current limit, boost up frequency	• LED backlights
DC-DC Converters*	• High efficiency, wide input voltage range • Proven 0.35mum BCDMOS process • 30V modular BCDMOS • Fast load and line regulation • Accurate output voltage • OCP, SCP and thermal protections	• LCD TVs • Set-top boxes • DVD/Blu-ray players
Analog Switches	*USB Switches* • Low C(on), 7.0pF (typical) limits signal distortion • Low R(on), 4.0 Ω (typical) • 0.35mum CMOS process *Audio Switches* • Negative Swing Support • Low R(on), 0.4 Ω (typical) • High ESD protection, 13kV • 0.35mum CMOS process	• Mobile phones
Linear Regulators	• Single and dual* LDOs • Low Noise Output Linear muCap LDO Regulator • 2.3V to 5.5V input voltage and 150mA, 300mA* output current • Small package size of DFN type • 0.35mum CMOS process	• Mobile phones

* In customer qualification stage

Semiconductor Manufacturing Services

We provide semiconductor manufacturing services to analog and mixed-signal semiconductor companies. We have approximately 200 process flows we offer to our semiconductor manufacturing services customers. We also often partner with key customers to jointly develop or customize specialized processes that enable our customers to improve their products and allow us to develop unique manufacturing expertise.

Our semiconductor manufacturing services offering is targeted at customers who require differentiated, specialty analog and mixed-signal process technologies such as high voltage CMOS, embedded memory and power. We refer to our approach of delivering specialized services to our customers as our application-specific technology, or AS Tech, strategy. We differentiate ourselves through the depth of our intellectual property portfolio, ability to customize process technology to meet the customers' requirements effectively, long history in this business and reputation for excellence.

Our semiconductor manufacturing services customers typically serve high-growth and high-volume applications in the consumer, computing and wireless end markets. We strive to be the primary manufacturing source for our semiconductor manufacturing services customers.

Process Technology Overview

- ***Mixed-Signal.*** Mixed-signal process technology is used in devices that require conversion of light and sound into electrical signals for processing and display. Our mixed-signal processes include advanced technologies such as low noise process using triple gate, which uses less power at any given performance level. MEMS process technology allows the manufacture of components that use electrical energy to generate a mechanical response. For example, MEMS devices are used in the accelerometers and gyroscopes of mobile phones.
- ***Power.*** Power process technology, such as BCD, includes high voltage capabilities as well as the ability to integrate functionality such as self-regulation, internal protection, and other intelligent features. The unique process features such as deep trench isolation are suited for chip shrink and device performance enhancement.
- ***High Voltage CMOS.*** High voltage CMOS process technology facilitates the use of high voltage levels in conjunction with smaller transistor sizes. This process technology includes several variations, such as bipolar processes, which use transistors with qualities well suited for amplifying and switching applications, mixed mode processes, which incorporate denser, more power efficient FETs, and thick metal processes.
- ***Non-Volatile Memory.*** Non-volatile memory, or NVM, process technology enables the integration of non-volatile memory cells that allow retention of the stored information even when power is removed from the circuit. This type of memory is typically used for long-term persistent storage.

The table below sets forth the key process technologies in Semiconductor Manufacturing Services currently in mass production:

Process	Technology	Device	End Markets
Mixed-signal	• 0.13-0.8mum • Multipurpose • Low noise • Ultra low power • Triple gate	• Analog to digital converter • Digital to analog converter • Audio codec • Chipset	• Consumer • Wireless • Computing
Power	• 0.18-0.35mum • aBCD • Deep Trench Isolation • Trench MOSFET • Planar MOSFET • Schottky Diode • Zener Diode	• Power management • Mobile PMIC • LED drivers	• Consumer • Wireless • Computing
High Voltage CMOS	• 0.13-2.0mum • 5V-250V • Bipolar, Thick Metal	• Display drivers • CSTN drivers	• Consumer • Wireless • Computing
NVM	• 0.18-0.5mum • EEPROM • eFlash • OTP	• Microcontroller • Touch screen controller • Electronic tag • Hearing aid	• Consumer • Medical • Automotive

Manufacturing and Facilities

Our manufacturing operations consist of three fabrication facilities located at two sites in Cheongju and Gumi in Korea. These sites have a combined capacity of approximately 131,000 eight-inch equivalent wafers per month. We manufacture wafers utilizing geometries ranging from 0.11 to 2.0 micron. The Cheongju facilities have three main buildings totaling 164,058 square meters devoted to manufacturing and development. The Gumi facilities have one main building with 41,022 square meters devoted to manufacturing, testing and packaging.

In addition to our fabrication facilities, we lease facilities in Seoul, Korea, Cupertino, California, and Osaka, Japan. Each of these facilities includes administration, sales and marketing and research and development functions. We lease sales and marketing offices at our subsidiaries in several other countries.

The ownership of our wafer manufacturing assets is an important component of our business strategy. Maintaining manufacturing control enables us to develop proprietary, differentiated products and results in higher production yields, as well as shortened design and production cycles. We believe our facilities are suitable and adequate for the conduct of our business for the foreseeable future and that we have sufficient production capacity to service our business as currently contemplated without significant capital investment.

A substantial majority of our assembly, test and packaging services for our Display Solutions business and all of such services for our Power Solutions business are outsourced with the balance handled in-house. Our independent providers of these services are located in Korea, China, Taiwan, Malaysia and Thailand. The relative cost of outsourced services, as compared to in-house services, depends upon many factors specific to each product and circumstance. However, we generally incur higher costs for outsourced services, which can result in lower margins.

We use processes that require specialized raw materials that are generally available from a limited number of suppliers. Tape is one of the process materials required for our display drivers. We continue to attempt to qualify additional suppliers for our raw materials.

Although we own our manufacturing facilities, we are party to a land lease and easement agreement with Hynix pursuant to which we lease the land for our facilities in Cheongju, Korea from Hynix for an indefinite term. Because we share certain facilities with Hynix, several services that are essential to our business are provided to us by or through Hynix under our general service supply agreement with Hynix. These services include electricity, bulk gases and de-ionized water, campus facilities and housing, wastewater and sewage management, environmental safety and certain utilities and infrastructure support services. The services agreement continues for an indefinite term subject to each party having a right to terminate in the event of an uncured breach by the other party.

Sales and Marketing

We focus our sales and marketing strategy on creating and strengthening our relationships with leading consumer electronics OEMs, as well as analog and mixed-signal semiconductor companies. We believe our close collaboration with customers allows us to align our product and process technology development with our customers' existing and future needs. Because our customers often service multiple end markets, our product sales teams are organized by customers within the major geographies. We believe this facilitates the sale of products that address multiple end-market applications to each of our customers. Our semiconductor manufacturing services sales teams focus on marketing our services to analog and mixed-signal semiconductor companies that require specialty manufacturing processes.

We sell our products through a direct sales force and a network of authorized agents and distributors. We have strategically located our sales and technical support offices near our customers. Our direct sales force consists primarily of representatives co-located with our design centers in Korea and Japan, as well as our local sales and support offices in Greater China and Europe. We have a network of agents and distributors in Korea, Japan, Europe and Greater China. With the expansion of the Power Solutions division portfolio, we expect to expand our sales agents and distributor franchises into Europe and the United States in 2010. For the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, we derived 79% and 82% of net sales through our direct sales force, respectively, and 21% and 18% of net sales through our network of authorized agents and distributors, respectively.

Research and Development

Our research and development efforts focus on intellectual property, design methodology and process technology for our complex analog and mixed-signal semiconductor products and services. Research and development expenses for the three months ended March 31, 2010, the combined twelve-month period ended December 31, 2009 and the years ended December 31, 2008 and 2007 were $20.5 million, $70.9 million, $89.5 million and $90.8 million, respectively, representing 11.4%, 12.7%, 14.9% and 12.8% of net sales, respectively.

Customers

We sell our display solutions and power solutions products to consumer electronics OEMs as well as subsystem designers and contract manufacturers. We sell our semiconductor manufacturing services to analog and mixed-signal semiconductor companies. For the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, our ten largest customers accounted for 64% and 69% of our net sales, respectively, and we had one customer, LG Display, representing 20% and 26% of our consolidated net sales, for the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, respectively. Substantially all of our sales to LG Display are in our Display Solutions segment and sales to LG Display represented 46% and 51% of net sales in our Display Solutions segment in the three months ended March 31, 2010 and the combined twelve-month period ended December 31, 2009, respectively. Our relationships with some of our ten largest customers were and may continue to be adversely impacted by our reorganization proceedings. Some of these customers did not offer us the opportunity to compete for new design wins during the pendency of our reorganization proceedings. However, subsequent to our emergence from our reorganization proceedings we have again been provided an opportunity to compete for these projects. For the three months ended March 31, 2010, we received revenues of $20.4 million from customers in the United States and $159.1 million from all foreign countries, of which 61.4% was from Korea, 21.8% from Taiwan, 6.4% from Japan and 8.4% from China, Hong Kong and Macau. For the combined twelve-month period ended December 31, 2009, we received revenues of $59.0 million from customers in the United States and $501.1 million from all foreign countries, of which 61.2% was from Korea, 18.5% from Taiwan, 7.6% from Japan and 9.6% from China, Hong Kong and Macau.

Intellectual Property

As of June 30, 2010, our portfolio of intellectual property assets included approximately 3,350 registered patents and 1,200 pending patent applications. Approximately 2,620 and 950 of our patents and pending patents are novel in that they are not a foreign counterpart of an existing patent or patent application. Because we file patents in multiple jurisdictions, we additionally have approximately 980 registered and pending patents that relate to identical technical claims in our base patent portfolio. Our patents expire at various times over the next 18 years. While these patents are in the aggregate important to our competitive position, we do not believe that any single registered or pending patent is material to us.

We have entered into exclusive and non-exclusive licenses and development agreements with third parties relating to the use of intellectual property of the third parties in our products and our design processes, including licenses related to embedded memory technology, design tools, process simulation tools, circuit designs and processor cores. Some of these licenses, including our agreements with Silicon Works Co., Ltd. and ARM Limited, are material to our business and may be terminated prior to the expiration of these licenses by the licensors should we fail to cure any breach under such licenses. Our license with Silicon Works Co., Ltd. relates to our large display drivers and our license from ARM Limited primarily relates to product lines in our Semiconductor Manufacturing Services business. The loss of either license could have a material adverse impact on our results of operations. Additionally, in connection with the Original Acquisition, Hynix retained a perpetual license to use the intellectual property that we acquired from Hynix in the Original Acquisition. Under this license, Hynix and its subsidiaries are free to develop products that may incorporate or embody intellectual property developed by us prior to October 2004.

Competition

We operate in highly competitive markets characterized by rapid technological change and continually advancing customer requirements. Although no one company competes with us in all of our product lines, we face significant competition in each of our market segments. Our competitors include other independent and captive manufacturers and designers of analog and mixed-signal integrated circuits including display driver and power management semiconductor devices, as well as companies providing specialty manufacturing services.

We compete based on design experience, manufacturing capabilities, the ability to service customer needs from the design phase through the shipping of a completed product, length of design cycle and quality of technical support and sales personnel. Our ability to compete successfully will depend on internal and external variables, both within and outside of our control. These variables include the timeliness with which we can develop new products and technologies, product performance and quality, manufacturing yields, capacity availability, customer service, pricing, industry trends and general economic trends.

Employees

Our worldwide workforce consisted of 3,313 employees (full- and part-time) as of June 30, 2010, of which 386 were involved in sales, marketing, general and administrative, 394 were in research and development (including 206 with advanced degrees), 97 were in quality, reliability and assurance and 2,436 were in manufacturing (comprised of 345 in engineering and 2,091 in operations). As of June 30, 2010, 2,165 employees, or approximately 65.3% of our workforce, were represented by the MagnaChip Semiconductor Labor Union, which is a member of the Federation of Korean Metal Workers Trade Unions. We believe our labor relations are good.

Environmental

Our operations are subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate, governing, among other things, air emissions, wastewater discharges, the generation, use, handling, storage and disposal of, and exposure to, hazardous substances (including asbestos) and waste, soil and groundwater contamination and employee health and safety. These laws and regulations are complex, constantly changing and have tended to become more stringent over time. For example, the Korean government recently adopted the Enforcement Decree to the Framework Act on Low Carbon Growth which we expect will result in additional compliance obligations and costs. There can be no assurance that we have been or will be in compliance with all these laws and regulations, or that we will not incur material costs or liabilities in connection with these laws and regulations in the future. The adoption of new environmental, health and safety laws, any failure to comply with new or existing laws or issues relating to hazardous substances could subject us to material liability (including substantial fines or penalties), impose the need for additional capital equipment or other process requirements upon us, curtail our operations or restrict our ability to expand operations.

Legal Proceedings

We are subject to lawsuits and claims that arise in the ordinary course of business and intellectual property litigation and infringement claims. Intellectual property litigation and infringement claims, in particular, could cause us to incur significant expenses or prevent us from selling our products. We are currently not involved in any legal proceedings the outcome of which we believe would have a material adverse effect on our business, financial condition or results of operations.

Segments

For a description of our business and the distribution of our assets by geographic regions and reporting segments, see note 23 to the consolidated financial statements of MagnaChip Semiconductor LLC for the ten-month period ended October 25, 2009 and the two-month period ended December 31, 2009 included elsewhere in this prospectus.

MANAGEMENT

Directors and Executive Officers and Corporate Governance.

The following table is a list of the current directors and executive officers of MagnaChip and their respective ages as of June 30, 2010:

Name	Age	Position
Sang Park	63	Chairman of the Board of Directors and Chief Executive Officer
Tae Young Hwang	54	Chief Operating Officer and President
Brent Rowe	49	Senior Vice President, Worldwide Sales
Margaret Sakai	53	Senior Vice President and Chief Financial Officer
Heung Kyu Kim	46	Senior Vice President and General Manager, Power Solutions Division
Tae Jong Lee	47	Senior Vice President and General Manager, Corporate Engineering
John McFarland	43	Senior Vice President, General Counsel and Secretary
Michael Elkins	42	Director
Randal Klein	45	Director
R. Douglas Norby	74	Director
Gidu Shroff	64	Director
Steven Tan	34	Director
Nader Tavakoli	52	Director

Sang Park, Chairman of the Board of Directors and Chief Executive Officer. Mr. Park became our Chairman of the board of directors and Chief Executive Officer on January 1, 2007, after serving as President, Chief Executive Officer and director since May 2006. Mr. Park served as an executive fellow for iSuppli Corporation from January 2005 to May 2006. Prior to joining iSuppli, he was founder and president of SP Associates, a consulting services provider for technology companies, from September 2003 to December 2004. Mr. Park served as Chief Executive Officer of Hynix from May 2002 to March 2003, and as Chief Operating Officer and President of the Semiconductor Division of Hynix from July 1999 to April 2002. Prior to his service at Hynix, Mr. Park was Vice President of Procurement Engineering at IBM in New York from 1995 to 1999, and he held various positions in procurement and operations at Hewlett Packard in California from 1979 to 1995. Our board of directors has concluded that Mr. Park should serve as a director and as chairman of the board of directors based on his extensive experience as an executive, investor and director in our industry and his experience and insight as our Chief Executive Officer.

Tae Young Hwang, Chief Operating Officer and President. Mr. Hwang became our Chief Operating Officer and President in November 2009. He previously served as our Executive Vice President, Manufacturing Division, and General Manager, Display Solutions from January 2007, and our Executive Vice President of Manufacturing Operations from October 2004. Prior to that time, Mr. Hwang served as Hynix's Senior Vice President of Manufacturing Operations, System IC, from 2002 to 2003. From 1999 to 2001, he was Vice President of Cheongju Operations for Hynix. Mr. Hwang holds a B.S. degree in Mechanical Engineering from Pusan National University and an M.B.A. from Cheongju University.

Brent Rowe, Senior Vice President, Worldwide Sales. Mr. Rowe became our Senior Vice President, Worldwide Sales in April 2006. Prior to joining our company, Mr. Rowe served at Fairchild Semiconductor International, Inc., a semiconductor manufacturer, as Vice President, Americas Sales and Marketing from August 2003 to October 2005; Vice President, Europe Sales and Marketing from

August 2002 to August 2003; and Vice President, Japan Sales and Marketing from April 2002 to August 2002. Mr. Rowe holds a B.S. degree in Chemical Engineering from the University of Illinois.

Margaret Sakai, Senior Vice President and Chief Financial Officer. Ms. Sakai became our Senior Vice President, Finance, on November 1, 2006 and our Chief Financial Officer on April 10, 2009. Prior to joining our company, she served as Chief Financial Officer of Asia Finance and Vice President of Photronics, Inc., a manufacturer of reticles and photomasks for semiconductor and microelectronic applications, since November 2003. From June 1999 to October 2003, Ms. Sakai was Executive Vice President and Chief Financial Officer of PKL Corporation, a photomask manufacturer. From October 1995 to May 1999, Ms. Sakai served as Director of Finance of Acqutek International Limited, a lead-frame manufacturer, and from March 1992 to September 1995, Ms. Sakai served as Financial Manager at National Semiconductor Corporation. Ms. Sakai worked as an Audit Supervisor at Coopers & Lybrand from January 1988 to March 1992. Ms. Sakai is a Certified Public Accountant in the State of California and holds a B.A. degree in Accounting from Babson College.

Heung Kyu Kim, Senior Vice President and General Manager, Power Solutions Division. Mr. Kim became our Senior Vice President and General Manager, Power Solutions Division, in July 2007. Prior to joining our company, Mr. Kim served at Fairchild Semiconductor International, Inc., a semiconductor manufacturer, as Vice President of the Power Conversion Product Line from July 2003 to June 2007, and as Director of Korea Sales and Marketing from April 1999 to June 2003. Mr. Kim holds a B.S. degree in Metallurgical Engineering from Korea University.

Tae Jong Lee, Senior Vice President and General Manager, Corporate Engineering. Mr. Lee became our Senior Vice President and General Manager, Corporate Engineering, in August 2009. He previously served as our Vice President, Corporate Engineering from September 2007. Prior to joining our company, Mr. Lee served as Director of the Technology Development Division, Chartered Semiconductor Manufacturing, in Singapore from 1999 to August 2007. Mr. Lee holds B.S. and M.S. degrees from Seoul National University, and a Ph.D in Physics from the University of Texas at Dallas.

John McFarland, Senior Vice President, General Counsel and Secretary. Mr. McFarland became our Senior Vice President, General Counsel and Secretary in April 2006, after serving as Vice President, General Counsel and Secretary since November 2004. Prior to joining our company, Mr. McFarland served as a foreign legal consultant at Bae, Kim & Lee, a law firm, from August 2003 to November 2004 and an associate at Wilson Sonsini Goodrich & Rosati, P.C., a law firm, from August 2000 to July 2003. Mr. McFarland holds a B.A. degree in Asian Studies, conferred with highest distinction from the University of Michigan, and a J.D. degree from the University of California, Los Angeles, School of Law.

Michael Elkins, Director. Mr. Elkins became our director in November 2009. Mr. Elkins joined Avenue in 2004 and is currently a Portfolio Manager of the Avenue U.S. Funds. In such capacity, Mr. Elkins is responsible for assisting with the direction of the investment activities of the Avenue U.S. strategy. Due to the percentage of our equity owned or controlled by Avenue, Avenue is considered our affiliate. Prior to joining Avenue, Mr. Elkins was a Portfolio Manager and Trader with ABP Investments US, Inc. While at ABP, he was responsible for actively managing high yield investments using a total return-special situations overlay strategy. Prior to ABP, Mr. Elkins served as a Portfolio Manager and Trader for UBK Asset Management, after joining the company as a High Yield Credit Analyst. Previously, Mr. Elkins was a Credit Analyst for both Oppenheimer & Co., Inc. and Smith Barney, Inc. Mr. Elkins has served on the board of directors of Vertis Communication, an advertising services company, since October 2008, and Milacron LLC, a plastics-processing technologies and industrial fluids supplier, since April 2009. Mr. Elkins serves on the board of directors of each of these companies, both of which are private companies, in connection with a reorganization or refinancing involving affiliates of Avenue and serves as a result of his position with Avenue. Mr. Elkins holds a B.A. in Marketing from George Washington University and an M.B.A. in Finance from the Goizueta Business School at Emory University. Mr. Elkins was appointed to our board of directors by Avenue pursuant to our plan of reorganization and pursuant to our Fifth Amended and Restated Limited Liability Company Operating Agreement, which we refer to as our Operating Agreement. Our board of directors has concluded that Mr. Elkins should serve on the board based upon his 15 years of investment portfolio management experience, including 10 years investing in technology companies, including the semiconductor sector.

Randal Klein, Director. Mr. Klein became our director in November 2009. Mr. Klein joined Avenue, our affiliate, in 2004 and is currently a Portfolio Manager at Avenue focused on investments in trade claims and vendor financing. Previously, he was a Senior Vice President of the Avenue U.S. Funds. In such capacity, Mr. Klein was responsible for managing restructuring activities and identifying, analyzing and modeling investment opportunities for the Avenue U.S. strategy. Prior to joining Avenue, Mr. Klein was a Senior Vice President at Lehman Brothers, where his responsibilities included restructuring advisory work, financial sponsors coverage, mergers and acquisitions and corporate finance. Prior to Lehman, Mr. Klein worked in sales, marketing and engineering as an aerospace engineer for The Boeing Company. Mr. Klein holds a B.S. in Aerospace Engineering, conferred with Highest Distinction from the University of Virginia, and an M.B.A. in Finance from the Wharton School of the University of Pennsylvania. Mr. Klein was appointed to our board of directors by Avenue pursuant to our plan of reorganization and pursuant to our Operating Agreement. Our board of directors has concluded that Mr. Klein should serve on the board based upon his 15 years of experience as a financial advisor and investment manager.

R. Douglas Norby, Director and Chairman of the Audit Committee. Mr. Norby became our director and Chairman of the Audit Committee in March 2010. Mr. Norby retired from full time employment in July 2006. Mr. Norby previously served as our director and Chairman of the Audit Committee from May 2006 until October 2008. Mr. Norby served as Senior Vice President and Chief Financial Officer of Tessera Technologies, Inc., a public semiconductor intellectual property company, from July 2003 to January 2006. Mr. Norby worked as a management consultant with Tessera from May 2003 until July 2003 and from January 2006 to July 2006. Mr. Norby served as Chief Financial Officer of Zambeel, Inc., a data storage systems company, from March 2002 until February 2003, and as Senior Vice President and Chief Financial Officer of Novalux, Inc., an optoelectronics company, from December 2000 to March 2002. Prior to his tenure with Novalux, Inc., Mr. Norby served as Executive Vice President and Chief Financial Officer of LSI Logic Corporation from November 1996 to December 2000. Mr. Norby is a director of Alexion Pharmaceuticals, Inc. and STATS ChipPAC Ltd. Mr. Norby received a B.A. degree in Economics from Harvard University and an M.B.A. from Harvard Business School. Our board of directors has concluded that Mr. Norby should serve on our board based upon his extensive experience as a chief financial officer, his extensive experience in accounting and his experience as a public company director and audit committee chair.

Gidu Shroff, Director. Mr. Shroff became our director in March 2010. Mr. Shroff retired from full time employment in July 2009. Mr. Shroff served in various positions at Intel Corporation from 1980 to July 2009. He served as a Corporate Vice President from January 2002 to July 2009, as Vice President of Materials from December 1997 to January 2002, and as General Manager of Outsourcing from January 1990 until December 1997. Mr. Shroff holds a B.S. in Metallurgy from Poona Engineering University in India, an M.S. in Materials Science from Stanford University and an M.B.A. from Santa Clara University. Our board of directors has concluded that Mr. Shroff should serve on the board based upon his extensive experience in the semiconductor industry.

Steven Tan, Director. Mr. Tan became our director in November 2009. Mr. Tan joined Avenue, our affiliate, in 2005 and is currently a Vice President of the Avenue U.S. Funds. In such capacity, Mr. Tan is responsible for identifying and analyzing investment opportunities in the technology and telecommunications sectors for the Avenue U.S. strategy. Previously, Mr. Tan was a research analyst in the Avenue Event Driven Group where he was responsible for investments related to long/short equity, special situations and risk arbitrage. Prior to Avenue, Mr. Tan worked at Wasserstein Perella & Co., an investment and merchant bank, where he was a Mergers & Acquisitions analyst with the Industrial Group focusing on the automotive and industrial sectors. Mr. Tan holds a B.A. in

Mathematics and Economics from Wesleyan University and an M.B.A. from the Harvard Business School. Mr. Tan was appointed to our board of directors by Avenue pursuant to our plan of reorganization and pursuant to our Operating Agreement. Our board of directors has concluded that Mr. Tan should serve on the board based on his five years of experience as an analyst and investment manager.

Nader Tavakoli, Director. Mr. Tavakoli became our director in November 2009. Mr. Tavakoli has been Chairman and Chief Executive Officer of EagleRock Capital Management, a private investment firm based in New York City since January 2002. Prior to founding EagleRock, Mr. Tavakoli was a portfolio manager at Odyssey Partners, Highbridge Capital and Cowen and Co. Mr. Tavakoli holds a B.A. in History from Montclair State University and a J.D. from Rutgers School of Law. Our board of directors has concluded that Mr. Tavakoli should serve on the board based upon his extensive investing experience.

Involvement in Certain Legal Proceedings

Sang Park was the Chairman of our board of directors and Chief Executive Officer and Tae Young Hwang, Brent Rowe, Margaret Sakai, Heung Kyu Kim, Tae Jong Lee and John McFarland were each officers during our Chapter 11 reorganization proceedings. R. Douglas Norby was one of our directors until September 2008. Mr. Norby was also an officer of Novalux, Inc., a private company, which filed a voluntary petition for reorganization under Chapter 11 in March 2003, approximately one year after Mr. Norby's departure from Novalux, Inc.

Board Composition

Our board of directors currently consists of seven directors and if and when we consummate the MagnaChip Corporation IPO, our bylaws will provide that our board of directors consists of seven members. Mr. Park, our Chief Executive Officer, is the Chairman of our board of directors. Messrs. Elkins, Klein, and Tan were designated to serve on our board by our largest equity holder, which consists of funds affiliated with Avenue Capital Management II, L.P., which has the right to appoint a majority of our board pursuant to the Operating Agreement of MagnaChip Semiconductor LLC which will terminate upon the completion of the corporate conversion. Messrs. Norby, Shroff and Tavakoli serve as independent directors elected by a majority vote of the directors then in office at the time of their election in accordance with our Operating Agreement. A majority of our board is not currently independent as defined under SEC and NYSE rules. In accordance with applicable rules of the NYSE (assuming the consummation of the MagnaChip Corporation IPO), we will rely upon an exception that does not require us to satisfy the requirement that a majority of our board be independent until one year following initial listing. We expect that prior to the one year anniversary of our initial NYSE listing, the composition of our board will be changed such that a majority of our directors will be independent. If we fail to comply with the NYSE listing rules, our common stock could be delisted from the NYSE.

If and when we complete the MagnaChip Corporation IPO, our board of directors will be divided into three classes with staggered three-year terms as follows:

- ***Class I Directors will be Messrs.*** Norby and Shroff, and their terms will expire at the annual general meeting of stockholders to be held in 2011;
- ***Class II Directors will be Messrs.*** Klein and Tavakoli, and their terms will expire at the annual general meeting of stockholders to be held in 2012; and
- ***Class III Directors will be Mssrs.*** Elkins, Park and Tan, and their terms will expire at the annual general meeting of stockholders to be held in 2013.

Audit Committee

Our audit committee consists of Mr. Norby as Chairman and Messrs. Klein and Tavakoli. Our board of directors has determined that Mr. Norby is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities Act. Our board has also determined that Messrs. Norby and Tavakoli are "independent" as that term is defined in both Rule 303A of the NYSE rules and Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, upon the closing of the MagnaChip Corporation IPO, will each be an "independent director" as that term is defined in Rule 303A of the NYSE rules. In making this determination, our board of directors considered the relationships that Messrs. Norby and Tavakoli have with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including any beneficial ownership of our equity. The board has determined that Mr. Klein is not an independent director. In accordance with applicable rules of the NYSE (assuming the consummation of the MagnaChip Corporation IPO), we are relying upon an exception that allows us to phase in our compliance with the independent audit committee requirement as follows, (i) one independent member at the time of listing; (ii) a majority of independent members within 90 days of listing; and (iii) all independent members within one year of listing. We expect that prior to the one year anniversary of our initial NYSE listing, Mr. Klein will resign from the audit committee and at least one new independent director will be appointed. If we fail to comply with the NYSE listing rules after the completion of the MagnaChip Corporation IPO, our common stock could be delisted from the NYSE.

Compensation Committee

The compensation committee of the board 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. We expect that our compensation committee will consist of Messrs. Elkins, Klein and Tavakoli upon the consummation of the MagnaChip Corporation IPO. Our board has determined that Mr. Tavakoli is "independent" under NYSE and SEC rules. In making this determination, our board of directors considered the relationships that Mr. Tavakoli has with our company and all other facts and circumstances our board of directors deemed relevant in determining his independence, including any beneficial ownership of our equity. The board has determined that Messrs. Elkins and Klein are not independent directors. In accordance with applicable rules of the NYSE (assuming the consummation of the MagnaChip Corporation IPO), we are relying upon an exception that allows us to phase in our compliance with the independent compensation committee requirement as follows, (i) one independent member at the time of listing; (ii) a majority of independent members within 90 days of listing; and (iii) all independent members within one year of listing. We expect that prior to the applicable dates, the composition of our compensation committee will be changed such that we will be in compliance with the independent compensation committee requirement.

Nominating and Governance Committee

The nominating and governance committee has the responsibility to identify qualified individuals to become members of the board, to oversee an annual evaluation of the board of directors and its committees, to periodically review and recommend to the board any proposed changes to our corporate governance guidelines and to monitor our corporate governance structure. We expect that our nominating and corporate governance committee will consist of Messrs. Elkins, Shroff and Tan upon consummation of the MagnaChip Corporation IPO. Our board has determined that Mr. Shroff is "independent" under NYSE and SEC rules. In making this determination, our board of directors considered the relationships that Mr. Shroff has with our company and all other facts and circumstances our board of directors deemed relevant in determining his independence, including any beneficial ownership of our equity. The board has determined that Messrs. Elkins and Tan are not independent directors. In accordance with applicable rules of the NYSE (assuming the consummation of the MagnaChip Corporation IPO), we are relying upon an exception that allows us to phase in our compliance with the independent nominating and corporate governance committee requirement as follows, (i) one independent member at the time of listing; (ii) a majority of independent members within 90 days of listing; and (iii) all independent members within one year of listing. We expect that prior to the applicable dates, the composition of our nominating and corporate governance committee will be changed such that we will be in compliance with the independent nominating and corporate governance committee requirement.

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 Senior Vice President, General Counsel and Secretary at c/o MagnaChip Semiconductor, Ltd., 891 Daechi-dong, Gangnam-gu, Seoul, 135-738, Korea. Our Code of Business Conduct and Ethics is also available on our website at www.magnachip.com.

Assessment of Risk

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

Compensation Discussion and Analysis

Executive Compensation

Compensation Philosophy and Objectives

The compensation committee of our board of directors, or the Committee, has overall responsibility for administering our compensation program for our “named executive officers.” The Committee’s responsibilities consist of evaluating, approving and monitoring our executive officer and director compensation plans, policies and programs, as well as each of our equity-based compensation plans and policies. Prior to 2010, compensation decisions were made by the entire board of directors and for the discussion that follows, references to the Committee during such period refer to the entire board. For 2009, our named executive officers who continue to serve as executive officers were:

- Sang Park, Chairman of the Board of Directors and Chief Executive Officer;
- Tae Young Hwang, Chief Operating Officer and President;
- Brent Rowe, Senior Vice President, Worldwide Sales;
- Margaret Sakai, Senior Vice President and Chief Financial Officer; and
- John McFarland, Senior Vice President, General Counsel and Secretary.

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

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

- our executives are incentivized and rewarded for aggressive 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 unitholders by rewarding performance that exceeds specific annual, long-term and strategic goals that are intended to improve unitholder value. These objectives include the achievement of financial performance goals and progress on projects that our board of directors anticipates will lead to future growth, as discussed more fully below.

The information set forth below in this Compensation Discussion and Analysis describes the Committee's general philosophy and historical approach. However, given our financial challenges, in the beginning of 2009, the Committee determined to continue the arrangements from the prior year and did not perform any in depth analysis.

Until April 2009, Robert J. Krakauer served as our President, Chief Financial Officer, and director. In April 2009, we entered into a Senior Advisor Agreement with Mr. Krakauer pursuant to which he resigned from his employment and as a director but remains available to consult with us in a limited capacity until April 2010 to one year thereafter. Although Mr. Krakauer is no longer one our executive officers, his 2009 compensation is reported herein in accordance with SEC rules.

Role of Executive Officers in Compensation Decisions

For named executive officers other than our chief executive officer, we have historically sought and considered input from our chief executive officer in making determinations regarding executive compensation. Our chief executive officer annually reviews the performance of our other named executive officers. Our chief executive officer subsequently presents conclusions and recommendations regarding such officers, including proposed salary adjustments and incentive amounts, to the Committee. The Committee then takes this information into account when it makes final decisions regarding any adjustments or awards.

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

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

Role of Compensation Consultants

The Committee has the authority to retain the services of third-party executive compensation specialists in connection with the establishment of cash and equity compensation and related policies. Historically, we have engaged compensation consultants to provide information and recommendations relating to executive pay and equity compensation or otherwise obtained third party compensation surveys. In light of the financial challenges we were facing, we did not use a compensation consultant, or review any formal industry data, in connection with setting 2009 executive compensation. The Committee has not retained a compensation consultant for 2010.

Timing of Compensation Decisions

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

In connection with this process, our Committee generally establishes the elements of its performance-based cash bonus plan for the upcoming year. 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. For example, in December 2009, our executive officers were granted restricted unit bonuses and nonstatutory options for common units, as further described below.

Elements of Compensation

In making decisions regarding the pay of the named executive officers, the Committee looks to set a total compensation package for each officer that will retain high-quality talent and motivate executives to achieve the goals set by our board of directors. Our 2009 compensation package was composed of the following elements:

- annual base salary;
- short-term cash incentives;
- long-term equity incentives;
- a benefits package that is generally available to all of our employees; and
- expatriate and other executive benefits.

Determination of Amount of Each Element of Compensation

General Background

Historically, the Committee has taken a variety of factors into consideration when determining changes to overall compensation levels and levels of individual annual compensation elements, as further described below. In the beginning of 2009, however, the Committee assessed the overall functioning of our compensation plans against our goals, and, due to our financial condition and impending reorganization proceedings, determined no changes from the prior year to the allocation of compensation elements, or the structure or level of any particular compensation element, were warranted for 2009. Subsequently, in connection with our emergence from our reorganization proceedings, the Committee made certain determinations with respect to executive compensation. Accordingly, unless otherwise referenced in the context of our emergence from our reorganization proceedings and the Committee's compensation decisions made thereafter, the below disclosure is a general discussion of the manner in which the Committee has made decisions regarding compensation levels in prior years, and the underlying reasons for those decisions.

The Committee seeks to establish a total cash compensation package for our named executive officers that is competitive with the compensation reflected in compensation data for similarly-situated executives in the peer group reviewed by the Committee, subject to adjustments based on each executive's experience and performance. Historically, based on the recommendations provided by outside advisors, our review of industry specific survey data and the professional and market experience of our Committee members, we measured total cash compensation for our named executive officers against cash compensation paid to executives at similarly situated companies which we determined to be our select peer group. Base salaries for our named executive officers were benchmarked to median levels for companies in the select peer group, and were adjusted upward or downward for performance, and short-term cash incentives were put in place to provide for opportunities that may result in higher than median levels of cash compensation as compared to our select peer group if, and depending upon the extent to which, our performance and that of our named executive officers exceeded expectations and the goals established by the Committee for the year in question.

Historically, our select peer group has included other major Korean based semiconductor companies, including Fairchild Korea, Dongbu Hitek, ChipPac Korea and Hynix Semiconductor. In addition, we also reviewed compensation data from TowersPerrin Korea, an independent compensation consultant, which surveyed the companies listed below, to assess how compensation for our select peer group related to compensation paid to executives in a broader range of technology companies.

- Accenture
- Advanced Micro Devices
- Applied Materials
- ASML
- Blizzard
- Cisco Systems
- CJ Internet
- CommVerge
- CSR
- Dell
- Electronic Arts
- GCT Semiconductor
- Gravity
- JCEntertainment
- KLA-Tencor
- Lam Research
- Lexmark International
- Microsoft
- NCsoft
- Neowiz Games
- NHN Games
- Npluto
- NXP Semiconductors
- Orange Business Services
- Sony Computer Entertainment
- Tokyo Electron
- Toshiba Group
- Verizon Business

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

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

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

Base Salary

Base salary is the guaranteed element of an employee's annual cash compensation. Changes in base salary may be approved by the Committee for an executive if the median levels of base salary compensation for similarly-situated executives in our select peer group have changed, and may be further adjusted based upon the employee's long-term performance, skill set and the value of that skill. The Committee evaluates the performance of each named executive officer on an annual basis based on the accomplishment of performance objectives that were established at the beginning of the prior fiscal year as well as its own subjective evaluation of the officer's performance. In making its evaluation, the Committee makes a subjective qualitative assessment of the officer's contribution to our performance during the preceding year, including leadership, success in attaining particular goals of a division for which that officer has responsibility, our overall financial performance and such other criteria as the Committee may deem relevant, including input from our Chief Executive Officer. The Committee then makes a subjective decision regarding any changes in base salary based on these factors and the data from our select peer group. The Committee does not systematically assign weights to any of the factors it considers, and may, in its discretion, ignore any factors or deem any one factor to have greater importance for a particular executive officer.

Based upon our financial condition at the time, the Committee determined not to change compensation arrangements at the beginning of 2009. The current base salaries of the Company's named executive officers compare to the median of the Company's select peer group as follows: Mr. Park is at or slightly above, Mr. Hwang is slightly below, Ms. Sakai is slightly above, Mr. Rowe is slightly below and Mr. McFarland is generally in line. Our employees, including our executive officers, voluntarily accepted a 20% reduction in base salary from 2008 levels from January to June 2009, as part of austerity measures implemented to assist in our recovery. Mr. Park voluntarily accepted a 40% reduction in base salary from January to March 2009, and a 20% reduction from April to June 2009. In June 2009, our board of directors approved a one-time payment of 10% of base salary paid from April to June 2009 to all employees who voluntarily accepted pay reductions earlier in the year, which group included all of our named executive officers. This amount is reported as salary in the Summary Compensation Table below. We restored salaries to 2008 levels in July 2009. In December 2009, as a reward for the successful completion of our reorganization proceedings, our board of directors approved a one-time payment of 30% of then monthly base salary to all employees who voluntarily accepted pay reductions earlier in the year, which group included all of our named executive officers. The amount paid to named executive officers are reported as bonus in the Summary Compensation Table below. The Committee also granted additional special discretionary incentives to Mr. Hwang, Mr. Rowe, Ms. Sakai and Mr. McFarland, as described in more detail below.

Cash Incentives

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

Given our financial position at the beginning of 2009, we did not modify the annual targets for our cash incentive plans for 2009. As a result, our short-term cash incentive plan was effectively suspended for the year. In December 2009, our board of directors implemented a cash incentive plan effective as of January 1, 2010, which we call the Profit Sharing Plan. Each of our employees is eligible to participate in the Profit Sharing Plan, and our board of directors intends for the Profit Sharing Plan to incentivize our named executive officers, officers and employees to exceed expectations throughout our entire fiscal year. Our board of directors has empowered the Committee to administer the Profit Sharing Plan.

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

The Base Target is calculated as a percentage of our forecasted gross annual revenue for the upcoming fiscal year. We determine our revenue forecast by looking at several factors, including existing orders from our customers, quarterly and annual forecasts from our customers, our product roadmap and how it corresponds with our projected customer needs, and the overall industry forecasts for the semiconductor market. The Committee's goal is to set a Base Target that is difficult but not unreasonable to achieve. To determine the percentage of gross annual revenue for purposes of setting the Base Target, the Committee, in consultation with our board of directors, first determines a range of Adjusted EBITDA growth and gross margin that is competitive based upon the select peer group and will ensure that we build unitholder value, then sets a percentage such that the forecasted Adjusted EBITDA growth and gross margin is within that range. See "Prospectus Summary — Summary Historical and Unaudited Pro Forma Consolidated Financial Data" for a discussion of how we define and why we use Adjusted EBITDA.

Each named executive officer receives as a Profit Share a set percentage of their annual base salary once the Base Target is achieved. For 2010, our Chief Executive Officer is eligible to receive 40% of annual base salary, our President is eligible to receive 33.3% of annual base salary, our General Managers are eligible to receive 26.7% of annual base salary, our Senior Vice Presidents are eligible to receive 23.3% of annual base salary and our Vice Presidents are eligible to receive 20% of annual base salary. In the event we exceed the Base Target, we will pay to our executive officers and employees an additional Profit Share of 25% of our annual consolidated Adjusted EBITDA in excess of the Base Target.

We pay the Profit Share during the normal pay period in the January following the conclusion of each fiscal year for which the Profit Share is calculated, and the Profit Share is only payable to those executives who have been employed by us during the entire fiscal year for which the Profit Share is calculated and who are employed by us on the Profit Share payment date, provided that the Profit Share is payable pro rata to any named executive officers who begin their employment during the fiscal year for which the Profit Share is calculated.

The Committee retains the sole discretion to (i) authorize the payment of the Profit Share in December of the relevant fiscal year when the Committee believes the Base Target will be achieved, (ii) pay Profit Shares when we achieve slightly less than the Base Target, and (iii) make interim Profit Share payments during the fiscal year. In addition to the Profit Sharing Plan, the Committee retains the right to grant discretionary incentives to our named executive officers as a reward for extraordinary performance. For example, Mr. Hwang, Ms. Sakai and Mr. McFarland were paid a discretionary incentive in December 2009 in recognition of their role in our successful reorganization proceedings. These amounts were not based upon any numerical or formulaic factors, but rather were determined by the Committee based upon a subjective assessment of their respective individual contributions and are reported in the Summary Compensation Table in the column labeled "Bonus." In addition, Messrs. Park and Rowe were each entitled to fixed bonuses pursuant to their employment agreements subject to continued employment. In the case of Mr. Park, he elected to forego $298,000 of the bonus otherwise payable to him in order for such amounts to be available for bonuses to other executives, including discretionary bonuses paid to Mr. Hwang, Ms. Sakai and Mr. McFarland.

For 2010, the implementation of the Profit Sharing Plan has been modified to provide our employees with an opportunity to share in our success earlier in the fiscal year than under the existing Profit Sharing Plan. In addition to setting the Base Target, two interim targets for our first and second fiscal quarters have been set. We will make Profit Share payments in the first normal pay period following the conclusion of each of the first two fiscal quarters in which we reach the corresponding quarterly target. The total Profit Share payable for meeting the Base Target for 2010 is capped for each employee at his or her respective percentage of annual base salary, such that the amount of any Profit Share payable for 2010 performance after the end of 2010 will be offset by any portion of the Profit Share paid during 2010 for reaching either or both of the quarterly targets. In addition, for 2010, if we exceed the Base Target our employees will not be eligible to earn the additional Profit Share of 25% of our annual consolidated Adjusted EBITDA in excess of the Base Target. As a result, our executive officers and employees will only be entitled to receive a cash incentive equal to the percentage of their salary disclosed above. Under the Profit Sharing Plan, we recognized bonuses for our named executive officers in our consolidated statement of operations for the three months ended March 31, 2010 in an aggregate amount of $35,116, ranging individually from $4,835 to $11,211. The bonuses were paid in April 2010.

Equity Compensation

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

Under our 2010 Equity Incentive Plan, which will replace the 2009 Common Unit Plan following our corporation conversion, the Committee may grant participants stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units, and other stock-based and cash-based awards. In granting equity awards, the Committee may establish any conditions or restrictions it deems appropriate. Stock options and stock appreciation rights must have exercise prices at least equal to the fair market value of the stock at the time of their grant pursuant to the 2010 Equity Incentive Plan. Following the completion of the MagnaChip Corporation IPO, the fair market value of the stock at the time of grant will generally be the closing price of a share of stock as quoted on the national or regional securities exchange or quotation system constituting the primary market for the stock on the date any grant is made. Prior to the exercise of a stock option or stock appreciation or settlement of an award denominated in units, the holder has no rights as a stockholder with respect to the stock subject to the award, including voting rights and the right to receive dividends. Participants receiving restricted stock awards are stockholders and have both voting rights and the right to receive dividends, except that dividends paid on unvested shares may remain subject to forfeiture until vested. Award vesting ceases upon termination of employment, and vested options and stock appreciation rights remain exercisable only for a limited period following such termination.

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

As a result of our reorganization proceedings, all previously outstanding common and preferred units and options held by our named executive officers were cancelled. In December 2009, we granted new options to our executives with the option award amounts generally determined based upon the median levels of our select peer group. Thirty-four percent of the common units subject to the options will vest and become exercisable on the first anniversary of grant date, with 8 or 9% of the common units subject to the options vesting on completion of each three-month period thereafter through December 2012. In December 2009, in recognition of services provided in guiding us through our reorganization proceedings, our board of directors also granted each of our current named executive officers a restricted unit bonus in addition to an option. The amount of the restricted unit bonuses were not based upon any numerical or formulaic factors, nor based upon any comparative peer group, data or the number of options granted, but rather were determined based upon our board of directors' subjective assessment of individual contributions to the successful completion of the reorganization proceedings. We granted restricted unit bonuses in order to provide our executives with an equity incentive with a built-in gain equal to the value of the units as of the date of grant while still incentivizing them to contribute toward increasing our enterprise value. See "Grant of Plan-Based Awards" below for information regarding the number and value of units granted to each named executive officer. Thirty-four percent of each restricted unit bonus vested upon grant, with the remaining portion vesting in equal installments on the first and second anniversary of the grant date.

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

Perquisites and Other Benefits

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

Mr. Park, Ms. Sakai and Mr. McFarland were expatriates during all or part of 2009 and received expatriate benefits commensurate with market practice in Korea. These perquisites, which were determined on an individual basis, included housing allowances, relocation allowances, insurance premiums, reimbursement for the use of a car, home leave flights, living expenses, tax equalization payments and tax advisory services, each as we deemed appropriate.

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

Summary Compensation Table

The following table sets forth certain information concerning the compensation earned during the years ended December 31, 2007, 2008 and 2009, of our named executive officers:

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Unit Awards ($)(2)	Option Awards ($)(2)	Change in Pension Value and Non-qualified Deferred Compen-sation Earnings ($)(3)	All Other Compen-sation ($)	Total ($)
Sang Park	2009	979,611(4)	11,262	1,769,600	488,070		314,785(5)	3,563,328
Chairman and	2008	442,128					351,897(6)	794,025
Chief Executive Officer	2007	450,148	309,330				244,468(7)	1,003,946
Tae Young Hwang,	2009	189,748	106,544	663,600	305,044	119,541	10,884(8)	1,395,361
Chief Operating	2008	212,307				99,095	20,293(9)	331,695
Officer and President	2007	236,830	119,339			19,735	11,476(10)	387,380
Brent Rowe	2009	398,554(11)	70,500	442,400	183,026		12,231(12)	1,106,711
Senior Vice President,	2008	226,308	176,000(13)				25,673(14)	427,981
Worldwide Sales	2007	220,846	176,000(15)				142,191(16)	539,037
Margaret Sakai	2009	238,347	46,549	265,440	73,211	12,143	163,668(17)	799,358
Senior Vice President,	2008	250,934				37,683	180,025(18)	468,642
Chief Financial Officer	2007	250,082	21,569			24,086	167,791(19)	463,528
John McFarland,	2009	172,229	44,764	265,440	48,807	14,369	99,615(20)	645,224
Senior Vice President,	2008	191,147				21,492	79,790(21)	292,429
General Counsel and Secretary	2007	201,839	75,930		23,195	22,802	97,334(22)	421,100
Robert J. Krakauer,	2009	467,265					176,554(23)	643,819
Former President and	2008	468,426					820,236(24)	1,288,662
Chief Financial Officer	2007	375,123	270,903				707,831(25)	1,353,857

Note: Amounts set forth in the above table that were originally paid in Korean won from January 1 to October 25, 2009 and during the fiscal years ended December 31, 2008 and 2007 have been converted into U.S. dollars using average exchange rates during the respective periods. After October 25, 2009, a monthly average exchange rate was used.

Footnotes:

(1) Includes one-time payment of 10% of base salary paid from April to June 2009 to all employees that voluntarily accepted pay reductions earlier in the year, including $22,204, $4,897, $6,000 and $6,415 paid to Mr. Park, Mr. Hwang, Mr. Rowe and Ms. Sakai, respectively.

(2) Represents grant date fair value with respect to the fiscal year determined in accordance with FASB ASC 718. See "Note 4 Summary of Significant Accounting Policies — Unit-Based Compensation," and "Note 19 Equity Incentive Plans," to the MagnaChip Semiconductor LLC audited consolidated financial statements for the two months ended December 31, 2009, the ten months ended October 25, 2009 and the years ended 2008 and 2007.

(3) Consists of statutory severance accrued during the two months ended December 31, 2009, ten months ended October 25, 2009 and the years ended December 31, 2008 and 2007, as applicable. See the section subtitled "Compensation Discussion and Analysis" for a description of the statutory severance benefit.

(4) Includes a fixed one-time bonus payment of $602,631 made in December 2009 pursuant to Mr. Park's Amended and Restated Service Agreement. Mr. Park elected to forego $298,000 of

the bonus payable pursuant to his service agreement in order for such amounts to be available for bonuses to other executives.

(5) Includes the following personal benefits paid to Mr. Park: (a) $125,073, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. Park's housing lease; (b) $28,386 for insurance premiums; (c) $48,319 for other personal benefits (including reimbursement of the use of a car, home leave flights, living expenses and personal tax advisory expenses); and (d) $89,252 of reimbursement for the difference between the actual tax Mr. Park already paid and the hypothetical tax he had to pay for the fiscal year 2008; and (e) $23,755 for reimbursement of Korean tax.

(6) Includes the following personal benefits paid to Mr. Park: (a) $70,838, which is the aggregate monthly pro rata amount of prepaid housing expenses for Mr. Park's housing lease for six months, $82,828, which is the total monthly rental payments for seven months' rent for Mr. Park's housing, and $8,192, which is the imputed benefit to Mr. Park from a refundable deposit held by the lessor of Mr. Park's housing during the lease term; (b) $27,290 for insurance premiums; (c) $35,787 for other personal benefits (including reimbursement of the use of a car, home leave flights and personal tax advisory expenses); (d) $78,913 of reimbursement for the difference between the actual tax Mr. Park already paid and the hypothetical tax he had to pay for the fiscal year 2006 and 2007; (e) $24,962 for Mr. Park's living expenses; and (f) $23,087 for reimbursement of Korean tax and employee fringe benefits.

(7) Includes the following personal benefits paid to Mr. Park: (a) $154,798 which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. Park's housing lease; (b) $42,684 for insurance premiums (c) $31,750 for other personal benefits (including personal tax advisory expenses); (d) $1,188 of reimbursement in relation to a Korean tax payment in 2006; and (e) $14,048 for reimbursement of Korean tax, the employee contribution portion of the Korean national health insurance program and employee fringe benefits.

(8) Includes the following personal benefits paid to Mr. Hwang: (a) $7,832 for reimbursement of the use of a car; and (b) $3,052 for insurance premiums.

(9) Includes the following personal benefits paid to Mr. Hwang: (a) $9,541 for reimbursement of the use of a car; (b) $9,070 for insurance premiums; and (c) $1,682 for employee fringe benefits.

(10) Includes the following personal benefits paid to Mr. Hwang: (a) $11,056 for reimbursement of the use of a car; and (b) $420 for employee fringe benefits.

(11) Includes a $176,000 fixed non-discretionary payment under Mr. Rowe's offer letter (as supplemented), pursuant to which in 2007 Mr. Rowe elected to receive a $528,000 advance on his first three years of potential annual bonus payments at a rate of 80% of base pay. Effective as of April 2009, the right to receive the bonus became fixed and was no longer discretionary.

(12) Includes the following personal benefits paid to Mr. Rowe: (a) $1,597 for reimbursement of the use of a car; and (b) $10,634 for insurance premiums.

(13) Under Mr. Rowe's offer letter (as supplemented), in 2007, Mr. Rowe elected to receive a $528,000 advance on his first three years of potential annual bonus payments at a rate of 80% of base pay. One-third of this amount ($176,000) was earned in 2008.

(14) Includes the following personal benefits paid to Mr. Rowe: (a) $1,983 for reimbursement of the use of a car; (b) $13,027 for insurance premiums; and (c) $10,663 for personal tax advisory expenses.

(15) Under Mr. Rowe's offer letter (as supplemented), in 2007, Mr. Rowe elected to receive a $528,000 advance on his first three years of potential annual bonus payments at a rate of 80% of base pay. One-third of this amount ($176,000) was earned in 2007.

(16) Includes the following personal benefits paid to Mr. Rowe: (a) $121,826 of Mr. Rowe's relocation allowance when he returned to the U.S. from an expatriate assignment in Korea; (b) $3,000 for contributions to a pension plan; (c) $4,967 for personal tax advisory expenses; (d) $12,130 for insurance premiums; and (e) $268 for reimbursement of the use of a car.

(17) Includes the following personal benefits paid to Ms. Sakai: (a) $25,590, which is the total monthly rental payments for four months rent for MS. Sakai's housing, and $32,650, which is the imputed benefit to Ms. Sakai from a refundable deposit held by the lessor of Ms. Sakai's housing during the lease term; (b) $33,735 for reimbursement of tuition expenses for Ms. Sakai's children; (c) $21,352 for Ms. Sakai's home leave flights; (d) $28,238 for insurance premiums; (e) $8,568 for other personal benefits (including reimbursement of the use of a car, personal tax advisory expenses, and communication expenses); and (f) $13,535 for reimbursement of Korean tax.

(18) Includes the following personal benefits paid to Ms. Sakai: (a) $61,438, which is the imputed benefit to Ms. Sakai from a refundable deposit held by the lessor of Ms. Sakai's housing during the lease term; (b) $38,046 for reimbursement of tuition expenses for Ms. Sakai's children; (c) $23,420 for Ms. Sakai's home leave flights; (d) $27,211 for insurance premiums; (e) $21,460 for other personal benefits (including reimbursement of the use of a car, personal tax advisory expenses, and communication expenses); and (f) $8,450 for reimbursement of Korean tax and employee fringe benefits.

(19) Includes the following personal benefits paid to Ms. Sakai: (a) $72,661, which is the imputed benefit to Ms. Sakai from a refundable deposit held by the lessor of Ms. Sakai's housing during the lease term; (b) $30,649 for reimbursement of tuition expenses for Ms. Sakai's children; (c) $18,709 for Ms. Sakai's home leave flights; (d) $28,140 for insurance premiums; (e) $13,673 for other personal benefits (including reimbursement of the use of a car, personal tax advisory expenses, and communication expenses); and (f) $3,959 for reimbursement of the employee contribution portion of the Korean national health insurance program and employee fringe benefits.

(20) Includes the following personal benefits paid to Mr. McFarland: (a) $23,351 for reimbursement of tuition expenses for Mr. McFarland's child; (b) $19,978 of reimbursement for the difference between the actual tax Mr. McFarland already paid and the hypothetical tax he had to pay for the fiscal year 2008; (c) $20,227 for insurance premiums; (d) $1,089 for other personal benefits (including reimbursement of the use of a car and personal tax advisory expenses); and (e) $34,970 for reimbursement of Korean tax.

(21) Includes the following personal benefits paid to Mr. McFarland: (a) $21,334 for reimbursement of tuition expenses for Mr. McFarland's child; (b) $13,382 of reimbursement for the difference between the actual tax Mr. McFarland already paid and the hypothetical tax he had to pay for the fiscal year 2007; (c) $19,736 for insurance premiums paid; (d) $12,296 for other personal benefits (including reimbursement of the use of a car and personal tax advisory expenses); and (e) $13,042 for reimbursement of Korean tax and employee fringe benefits.

(22) Includes the following personal benefits paid to Mr. McFarland: (a) $35,837 for reimbursement of tuition expenses for Mr. McFarland's child; (b) $20,292 of reimbursement for the difference between the actual tax Mr. McFarland already paid and the hypothetical tax he had to pay for the fiscal year 2006; (c) $23,534 for insurance premiums; (d) $5,050 for other personal benefits (including reimbursement of the use of a car and personal tax advisory expenses); and (e) $12,621 for reimbursement of Korean tax, the employee contribution portion of the Korean national health insurance program and employee fringe benefits.

(23) Includes the following personal benefits paid to Mr. Krakauer: (a) $145,460 for Mr. Krakauer's housing expenses; (b) $24,329 for insurance premiums; and (c) $6,765 for other personal benefits (including reimbursement of the use of a car and living expenses).

(24) Includes the following personal benefits paid to Mr. Krakauer: (a) $225,940 for Mr. Krakauer's housing expenses; (b) $97,827 for reimbursement of living expenses; (c) $29,246 for reimbursement of tuition expenses for Mr. Krakauer's children; (d) $23,860 for Mr. Krakauer's home leave flights; (e) $22,842 for insurance premiums; (f) $22,404 for reimbursement of the use of two cars; (g) $49,789 for personal tax advisory expenses; (h) $248,302 of reimbursement for the difference between the actual tax Mr. Krakauer already paid and the hypothetical tax he had to pay for the fiscal year 2006, 2007 and 2008; (i) $29,604 for repatriation allowance paid to Mr. Krakauer; and (j) $70,422 for reimbursement of Korean tax and employee fringe benefits.

(25) Includes the following personal benefits paid to Mr. Krakauer: (a) $208,962, which is the annual aggregate monthly pro rata amount of prepaid housing expenses for Mr. Krakauer's housing lease; (b) $30,643 for reimbursement of living expenses; (c) $71,683 for reimbursement of tuition expenses for Mr. Krakauer's children; (d) $20,242 for Mr. Krakauer's home leave flights; (e) $43,823 for insurance premiums; (f) $63,791 of reimbursement for all commission and closing costs for the sale of Mr. Krakauer's house in the United States; (g) $12,581 for personal tax advisory expenses; (h) $21,748 for reimbursement of the use of two cars; (i) $147,490 of reimbursement for the difference between the actual tax Mr. Krakauer already paid and the hypothetical tax he had to pay for the fiscal year 2006; and (j) $86,868 for reimbursement of Korean tax, the employee contribution portion of the Korean national health insurance program and employee fringe benefits.

Grants of Plan-Based Awards

The following table sets forth certain information with respect to unit and option awards and other plan-based awards granted during the year ended December 31, 2009 to our named executive officers:

Name	Grant Date	All Other Unit Awards: Number of Units (#)(1)	All Other Option Awards: Number of Securities Underlying Options (#)(1)	Exercise or Base Price of Option Awards ($/unit)(2)	Grant Date Fair Value of Unit and Option Awards ($)(3)
Sang Park	12/08/2009	2,240,000			$ 1,769,600
	12/08/2009		2,240,000	1.16	$ 488,070
Tae Young Hwang	12/08/2009	840,000			$ 663,600
	12/08/2009		1,400,000	1.16	$ 305,044
Brent Rowe	12/08/2009	560,000			$ 442,400
	12/08/2009		840,000	1.16	$ 183,026
Margaret Sakai	12/08/2009	336,000			$ 265,440
	12/08/2009		336,000	1.16	$ 73,211
John McFarland	12/08/2009	336,000			$ 265,440
	12/08/2009		224,000	1.16	$ 48,807

(1) The vesting schedule applicable to each award is set forth below in the section entitled "Outstanding Equity Awards at Fiscal Year End 2009."

(2) Exceeds the per unit fair market value of our common units on the grant date ($0.79), as determined by our board of directors based on various factors.

(3) Represents ASC 718 grant date fair value. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Accounting for Unit-based Compensation" for a description of how we valued our units as a private company.

Outstanding Equity Awards at Fiscal Year End 2009(1)

	Option Awards				Unit Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(2)	Option Exercise Price ($)	Option Expiration Date	Number of Units That Have Not Vested (#)(3)	Market Value of Units That Have Not Vested ($)(4)
Sang Park	—	2,240,000	1.16	12/8/2019	1,478,400	1,167,936
Tae Young Hwang	—	1,400,000	1.16	12/8/2019	554,400	437,976
Brent Rowe	—	840,000	1.16	12/8/2019	369,600	291,984
Margaret Sakai	—	336,000	1.16	12/8/2019	221,760	175,190
John McFarland	—	224,000	1.16	12/8/2019	221,760	175,190

(1) All of our outstanding common and preferred units and outstanding options as of November 9, 2009 were terminated as of November 9, 2009 pursuant to our reorganization proceedings.

(2) An installment of 34% of the common units subject to the options will vest and become exercisable on December 8, 2010, 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-month periods, an additional 9% of the options vest upon the completion of the next quarter, and an additional 8% of the options vest upon the completion of each of the next three quarters.

(3) The restrictions on the common units lapse on December 8, 2010 as to 33% of the total amount of restricted common units originally awarded and on December 8, 2011 as to 33% of the total amount of restricted common units originally awarded.

(4) During fiscal year 2009, there was no established public trading market for our outstanding common equity. The reported value represents the product of multiplying the number of unvested restricted units by the value of our common units of $0.79 as of December 31, 2009, the last day of our fiscal year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Accounting for Unit-based Compensation" for a description of how we valued our common units while as a private company.

Option Exercises and Unit Vested at Fiscal Year End 2009(1)

Name	Number of Units Acquired on Vesting (#)(2)	Value Realized on Vesting ($)(3)
Sang Park	761,600	601,664
Tae Young Hwang	285,600	225,624
Brent Rowe	190,400	150,416
John McFarland	114,240	90,250
Margaret Sakai	114,240	90,250

(1) All of our outstanding common and preferred units and outstanding options as of November 9, 2009 were terminated as of November 9, 2009 pursuant to our reorganization proceedings.

(2) The restrictions on the awards lapsed on December 8, 2009 as to 34% of the total number of restricted common units originally awarded.

(3) During fiscal year 2009, there was no established public trading market for our outstanding common equity. The reported value represents the product of multiplying the number of vested units by the value of our units of $0.79 as of the date of vesting.

MagnaChip Semiconductor LLC 2009 Common Unit Plan

All of our outstanding common and preferred units and options and related plans were terminated as of November 9, 2009 pursuant to our reorganization proceedings. Following our emergence from our reorganization proceedings, in December 2009, our board of directors adopted, and our equityholders approved, the MagnaChip Semiconductor LLC 2009 Common Unit Plan, which we refer to as the 2009 Plan. The 2009 Plan provides for the grant of nonstatutory options, restricted unit bonus and purchase right awards, and deferred unit awards to employees and consultants of our company and our subsidiaries and to members of our board of directors. However, only options and restricted unit bonus awards have been granted under the 2009 Plan. Subject to adjustment in the event of certain changes in capital structure, the maximum aggregate number of MagnaChip Semiconductor LLC common units that are available for grant under the 2009 Plan is 30,000,000. Units subject to awards that expire, are forfeited or otherwise terminate will again be available for grant under the 2009 Plan.

In connection with our corporate conversion, MagnaChip Corporation will assume the rights and obligations of MagnaChip Semiconductor LLC under the 2009 Plan and convert 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 to be determined on substantially equivalent terms and conditions. As of June 30, 2010, there were outstanding under the 2009 Plan options to purchase 15,879,000 common units, at a weighted average exercise price of $0.79 per unit. The 2009 Plan will terminate immediately following our corporate conversion, and no additional options or other equity awards may be granted under the 2009 Plan following its termination. 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 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 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 the successor corporation or to cancel the outstanding awards in exchange for a payment in cash or other property equal to the fair market value of restricted units or the excess, if any, of the fair market value of the units subject to an option over the exercise price per unit of such option.

2010 Equity Incentive Plan

Our 2010 Equity Incentive Plan, or the 2010 Plan, was approved by our board of directors in March 2010 and will be effective upon our corporate conversion, subject to its approval by our equityholders, which is expected prior to the closing of the MagnaChip Corporation IPO.

A number of shares of our common stock equal to the total number of shares of common stock (as adjusted by the conversion ratio in the corporate conversion) remaining available for grant under the 2009 Plan upon its termination immediately following the corporate conversion will be initially authorized and reserved for issuance under the 2010 Plan. As of June 30, 2010, 6,887,000 common units were reserved for future issuance under the 2009 Plan. This reserve will automatically increase on January 1, 2011 and each subsequent anniversary through 2020, by an amount equal to the smaller of 2% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or an amount determined by our board of directors. The number of shares authorized for issuance under the 2010 Plan will also be increased from time to time by up to that number of shares of common stock (as adjusted by the conversion ratio in corporate conversion) 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 2010 Plan. Appropriate adjustments will be made in the number of authorized shares and other numerical limits in the 2010 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 2010 Plan which expire, are repurchased, or are cancelled or forfeited will again become available for issuance under the 2010 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 2010 Plan.

Awards may be granted under the 2010 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 2010 Plan is administered by the Committee. Subject to the provisions of the 2010 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 2010 Plan and awards granted under it.

In the event of a change in control as described in the 2010 Plan, the acquiring or successor entity may assume or continue all or any awards outstanding under the 2010 Plan or substitute substantially equivalent awards. Any awards which are not assumed or continued in connection with a change in control or are not exercised or settled prior to the change in control will terminate effective as of the time of the change in control. The Committee may provide for the acceleration of vesting of any or all outstanding awards upon such terms and to such extent as it determines, except that the vesting of all awards held by members of our board of directors who are not employees will automatically be accelerated in full. The 2010 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.

2010 Employee Stock Purchase Plan

Our 2010 Employee Stock Purchase Plan, or the Purchase Plan, was approved by our board of directors in March 2010 and, subject to its approval by our equityholders, will become effective upon the closing of the MagnaChip Corporation IPO.

A number of shares of our common stock equal to 2% of the number of shares of common stock estimated to be outstanding immediately after completion of the MagnaChip Corporation IPO, including the exercise of the underwriters' option to purchase additional shares will be initially authorized and reserved for sale under the Purchase Plan. In addition, the Purchase Plan provides for an automatic annual increase in the number of shares available for issuance under the plan on January 1 of each year beginning in 2011 and continuing through and including January 1, 2020 equal to the lesser of (i) 1% of our then issued and outstanding shares of common stock on the immediately preceding December 31, (ii) a number of shares of our common stock equal to 2% of the number of shares of common stock estimated to be outstanding immediately after completion of the MagnaChip Corporation IPO, including the exercise of the underwriters' option to purchase additional 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.

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. However, the Committee may establish an offering period to commence on the effective date of the Purchase Plan that will end on a date determined by the Committee. The Committee is authorized to establish additional or alternative concurrent, sequential or overlapping offering periods and offering periods having a different duration or different starting or ending dates, provided that no offering period may have a duration exceeding 27 months.

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

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

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

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

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

Sang Park. We are party to an Amended and Restated Services Agreement, dated as of May 8, 2008, with Mr. Park pursuant to which he serves as our Chairman and Chief Executive Officer. Under the agreement, Mr. Park was to receive an initial base salary of $450,000 and a one-time performance bonus payment of $900,000. Mr. Park is also entitled to an annual incentive award of 100% of his annual salary based upon the achievement of performance goals, provided that the actual bonus paid may be higher or lower dependent on over- or under-achievement of his performance goals, as determined by the Committee. Mr. Park is entitled to customary employee benefits and certain expatriate, repatriation and international service benefits, including relocation benefits, tax equalization benefits, the cost of housing accommodations and expenses, transportation benefits and repatriation benefits. Pursuant to the agreement Mr. Park was granted options to purchase restricted common units but they were subsequently terminated in connection with our reorganization proceedings. The restated service 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.

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

If such termination occurs within nine months of a change in control, Mr. Park is entitled to receive (i) payment of all salary and benefits accrued and unpaid up to the date of termination, (ii) payment of his then-current base salary for twenty-four months, (iii) the annual incentive award to which Mr. Park would have been entitled for the year in which his employment terminates, (iv) two years' accelerated vesting on outstanding equity awards, other than awards granted pursuant to the 2009 Plan, which accelerate in full, (v) a twelve-month post-termination equity award exercise period, and (vi) continued participation for Mr. Park and his eligible dependents in our benefit plans for two years, including certain international service benefits.

The severance described above payable to Mr. Park upon his termination without Cause or in connection with a change in control shall be reduced to the extent that we pay any statutory severance payments to Mr. Park pursuant to the Korean Commercial Code or any other statute.

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

In the event we terminate Mr. Park's employment due to Disability, Mr. Park 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) the prorated amount of any cash incentive to which Mr. Park would have been entitled, and (iv) other benefits due to Mr. Park through his termination date. As used in the agreement, the term "Disability" means that the we determine that due to physical or mental illness or incapacity, whether total or partial, Mr. Park is substantially unable to perform his duties for a period of 180 consecutive days or shorter periods aggregating 180 days during any period of 365 consecutive days.

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

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

If Mr. Hwang's employment is terminated for any reason, he is entitled to statutory severance payments pursuant to the Korean Commercial Code.

Brent Rowe. We entered into an Offer Letter with Mr. Rowe, dated as of March 7, 2006, pursuant to which Mr. Rowe serves as our Senior Vice President, Worldwide Sales, with an initial base salary of $220,000 per year, a sign on bonus of $50,000 and with a target annual incentive bonus opportunity of 80% of his base salary. Mr. Rowe is entitled to customary employee benefits. Pursuant to the Offer Letter, Mr. Rowe received an initial grant of options to purchase our common units, but the grant was subsequently terminated in connection with our reorganization proceedings.

If Mr. Rowe's employment is terminated without cause, he is entitled to a severance payment equal to six months' salary.

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

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

John McFarland. We are party to a Service Agreement, dated as of April 1, 2006, with Mr. McFarland pursuant to which he serves as our Senior Vice President, General Counsel and Secretary. Under the agreement, Mr. McFarland was eligible to receive an initial base salary of 175 million Korean won per year, with a target annual incentive bonus opportunity of 50% of his base salary. Mr. McFarland is entitled to customary employee benefits and certain expatriate, repatriation and international service benefits. Mr. McFarland received an initial grant of options to purchase our common units, but the grant was subsequently terminated in connection with our reorganization proceedings. The agreement also contains customary non-competition and non-solicitation covenants lasting one and two years, respectively, from the date of termination of employment and confidentiality covenants of unlimited duration.

Pursuant to the agreement, if Mr. McFarland's employment is terminated for any reason other than Disability, death or Cause, he shall be entitled to (i) payment of all salary and benefits accrued up to the date of termination, (ii) a severance payment, consisting of the continuation of his then current salary for a period of six months, (iii) six months of paid benefits for Mr. McFarland and his eligible dependents and (iv) the prorated amount of any cash incentive to which Mr. McFarland would have been entitled. The severance payable to Mr. McFarland under his agreement will be reduced to the extent we make any statutory severance payments to Mr. McFarland pursuant to the Korean Commercial Code or any other statute.

In the event we terminate Mr. McFarland's employment due to Disability, Mr. McFarland shall be entitled to (i) payment of his then current salary up to and including the date of termination, (ii) the dollar value of all accrued and unused vacation benefits based upon Mr. McFarland's most recent level of salary, (iii) any cash incentive amount actually earned but not previously paid to Mr. McFarland, (iv) payment of any unpaid expense reimbursements, and (v) the prorated amount of any cash incentive to which Mr. McFarland would have been entitled. As used in the agreement, the term "Disability" means that we reasonably determine that due to physical or mental illness or incapacity, whether total or partial, Mr. McFarland is substantially unable to perform his duties for a period of 180 consecutive days or shorter periods aggregating 180 days during any period of 365 consecutive days.

In the event of Mr. McFarland's death while employed by us, Mr. McFarland's estate or named beneficiary shall be entitled to (i) payment of Mr. McFarland's then current salary up to and including the date of termination, (ii) the dollar value of all accrued and unused vacation benefits based upon Mr. McFarland's then current salary, (iii) any cash incentive amount actually earned but not previously paid to Mr. McFarland, (iv) payment of any unpaid expense reimbursements, and (v) the prorated amount of any cash incentive to which Mr. McFarland would have been entitled.

If Mr. McFarland's employment is terminated for Cause, he will be entitled to receive payment of all salary and benefits and unreimbursed expenses accrued up to the date of termination and will not be entitled to any other compensation. As used in the agreement, the term "Cause" has substantially the same definition as that in Mr. Park's agreement.

Robert J. Krakauer. Until April 10, 2009, Robert J. Krakauer served as our President, Chief Financial Officer and director. In April 2009, we entered into a Senior Advisor Agreement with Mr. Krakauer. Under this agreement, Mr. Krakauer resigned from employment and as a director with us but remains available to consult with us on a limited capacity until April 10, 2010. Pursuant to the Senior Advisor Agreement, Mr. Krakauer is entitled to payments in the aggregate amount of $375,000, payable over a one-year period, plus the re-payment of amounts of reduced salary for the first three months of 2009, in addition to the continuation of certain benefits and perquisites, including health insurance benefits, and the continuation of auto lease payments for a certain number of months. In addition, we waived any right we had to repurchase any restricted units held by Mr. Krakauer at the time of his resignation. All common units held by Mr. Krakauer were terminated in connection with our reorganization proceedings.

Potential Payments upon Termination or Change in Control.

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

Change in Control. Mr. Park is entitled to receive certain payments and benefits in connection with a change in control of our company pursuant to our employment agreement with him, as further described under the section entitled "Agreements with Executives and Potential Payments Upon Termination or Change in Control." In addition, in the event of a change in control of our company, the vesting of all outstanding awards issued under the 2009 Plan 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 the successor corporation or to cancel the outstanding awards in exchange for a payment in cash or other property equal to the fair market value of restricted units or the excess, if any, of the fair market value of the units subject to an option over the exercise price per unit of such option. For purposes of the foregoing, a "change in control" is generally defined as the acquisition by a person or entity of more than 51% of the combined voting power of our then outstanding voting securities or a sale or transfer of all or substantially all of our consolidated assets to a person or entity that is not our affiliate. The MagnaChip Corporation IPO will not constitute a change of control for the purposes of these provisions.

The following table presents our estimate of the dollar value of the payments and benefits payable to our named executive officers upon the occurrence of the following events, assuming that each such event occurred on December 31, 2009. The disclosure in the following table does not include:

- any accrued benefits that were earned and payable as of December 31, 2009, including any short-term cash incentive amounts earned by, or any discretionary bonus amounts payable to, the executive officer for 2009 performance; or
- payments and benefits to the extent they are provided generally to all salaried employees and do not discriminate in scope, terms or operation in favor of the named executive officers.

Name	Event	Cash Severance Payment ($)(1)	Continuation of Benefits ($)(2)	Value of Equity Award Acceleration ($)(3)	Total ($)
Sang Park	(a)(4)	450,000	314,785(5)	583,968	1,348,753
	(b)(4)	900,000	629,570(6)	1,167,936	2,697,506
	(c)	—	—	1,167,936	1,167,936
Tae Young Hwang	(c)	—	—	437,976	437,976
Brent Rowe	(a)	110,000	—	—	110,000
	(c)	—	—	291,984	291,984
Margaret Sakai	(a)	130,000	81,834(7)	—	211,834
	(c)	—	—	175,190	175,190
John McFarland	(a)	94,210	49,808(8)	—	144,018
	(c)	—	—	175,190	175,190

(a) Termination without cause in absence of change in control

(b) Termination without cause within 9 months following a change in control

(c) Change in control

(1) Represents cash severance payments payable to our named executive officers pursuant to our employment agreements with them, prior to giving effect to the terms thereof relating to the Employee Retirement Benefit Security Act of Korea. Other than Mr. Rowe, who is entitled to a lump sum cash severance payment, cash severance payments are paid monthly in accordance with our regular payroll procedures.

Pursuant to the Employee Retirement Benefit Security Act, Mr. Hwang, Ms. Sakai and Mr. McFarland are entitled to certain statutory severance benefits from us upon the termination of their employment with us for any reason. See "Management — Compensation Discussion and Analysis — Perquisites and Other Benefits" for additional information. For these executives, the amounts reflected in this column would be reduced to the extent we are obligated to make these statutory severance payments.

(2) Calculated assuming the continuation of benefits for the applicable period at the same dollar value of 2009 benefits.

(3) Reflects the aggregate value of the accelerated vesting of the named executive officer's unvested options and restricted common units, as applicable.

Because all of our options outstanding as of December 31, 2009 have an exercise price greater than the fair market value of our common units of $0.79 as of December 31, 2009, no additional value is represented by the acceleration of outstanding unvested common units subject to such awards and therefore, the value of accelerated vesting of unvested options is $0.00.

Because all of our restricted common units issued under the 2009 Plan outstanding as of December 31, 2009 were issued without any required monetary payment, the amounts were calculated by multiplying (i) the number of outstanding restricted common units subject to award vesting on December 31, 2009 by (ii) the fair market value of our common units of $0.79 as of December 31, 2009.

(4) Reflected benefits are also payable in connection with Mr. Park's resignation for good reason. See "Management — Agreements with Executives and Potential Payments Upon Termination or Change in Control — Sang Park."

(5) Represents the aggregate value of the continuation of health insurance benefits for Mr. Park and his eligible dependents for twelve months following the date of termination. Mr. Park is also entitled to tax equalization benefits, tax preparation services, the reimbursement of costs associated with one home leave flight and, for a period of twelve months post-termination, international health insurance benefits, paid housing and the use of a car and a driver.

(6) Represents the aggregate value of the continuation of health insurance benefits for Mr. Park and his eligible dependents for twenty-four months following the date of termination. Mr. Park is also entitled to tax equalization benefits, tax preparation services, the reimbursement of costs associated with two home leave flights and, for a period of twenty-four months post-termination, international health insurance benefits, paid housing and the use of a car and a driver.

(7) Represents the aggregate value of the continuation of health insurance benefits for Ms. Sakai and her eligible dependents for six months following the date of termination. Ms. Sakai is also entitled to tax equalization benefits, tax preparation services, reimbursement of costs associated with one home leave flight and, for a period of six months post-termination, paid housing, the use of a car and a driver and child tuition benefits.

(8) Represents the aggregate value of continuation of health insurance benefits for Mr. McFarland and his eligible dependents for six months following the date of termination. Mr. McFarland is also entitled to tax equalization, tax preparation services and, for a period of six months post-termination, child tuition benefits.

Pension Benefits for the Fiscal Year Ended December 31, 2009

Pursuant to the Employee Retirement Benefit Security Act, certain executive officers resident in Korea with one or more years of service are entitled to severance benefits upon the termination of their employment for any reason. The base statutory severance accrues at the rate of approximately one month of base salary per year of service and is calculated on a monthly basis based upon the officer's salary for the prior three-month period. Accordingly, if the named executive officers in the following table had retired on the last day of our fiscal year ended December 31, 2009, they would have been entitled to the statutory severance payments described below. Assuming no change in the applicable law, each of these executives will continue to accrue additional statutory severance benefits at the rate described above until his or her service with us terminates.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During the Last Fiscal Year
Tae Young Hwang	Statutory Severance with Multiplier for Partial Period	14(1)	686,058	—
Margaret Sakai	Statutory Severance	3	68,155	—
John McFarland	Statutory Severance	5	81,129	—

Footnote:

(1) Mr. Hwang accrued severance for his fourteen years of service at MagnaChip and its predecessor corporation. Although the minimum legal severance accrual is one month of base salary per year of service, Mr. Hwang was eligible for accrual of a multiple of two to three months of base salary per year of service during approximately the first ten of his fourteen years of service, or $389,867 in aggregate.

Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

Director Compensation for the Fiscal Year Ended December 31, 2009

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	All Other Compensation ($)	Total ($)
Jerry M. Baker(2)(3)	50,000	—	25,751(4)	75,751
Armando Geday(2)(3)	50,000	—	—	50,000
Michael Elkins(5)	—	—	—	—
Randal Klein(5)	—	—	—	—
Steven Tan(5)	—	—	—	—
Nader Tavakoli(5)	—	—	—	—

Note: Amounts set forth in the above table that were originally paid in Korean won have been converted into U.S. dollars at the exchange rate as of each payment date during the two-month period ended December 31, 2009 and the ten-month period ended October 25, 2009.

Footnotes:

(1) All of our common and preferred units and outstanding options, including grants made to our directors outstanding prior to the effective date of our Chapter 11 reorganization of November 9, 2009, were terminated as of such date pursuant to our reorganization proceedings.

(2) Resigned as a director effective November 9, 2009.

(3) Consists of annual retainer of $50,000 paid to non-employee directors prior to our reorganization proceedings.

(4) Represents payments for insurance premiums.

(5) Each of our non-employee directors appointed to our board of directors subsequent to the effective date of our Chapter 11 reorganization did not receive any compensation in 2009.

Further Information Regarding Director Compensation Table

In March 2010, we issued to our director Nader Tavakoli a restricted unit bonus for 150,000 common units pursuant to the 2009 Plan for service as a director to date. In March 2010, we also adopted a new director compensation policy. Under the new policy, each of our non-employee directors is entitled to receive an annual fee of $50,000. In addition, the chairman of our audit committee is entitled to an additional fee of $5,000. We expect to issue each non-employee director an option to purchase 200,000 common units of MagnaChip Semiconductor LLC, which after giving effect to the corporate conversion, will be automatically converted into shares of our common stock, which shall vest on the same terms as option grants to our other grantees. In March 2010, pursuant to this policy, we issued options to purchase 200,000 common units to each of our directors R. Douglas Norby, Gidu Shroff and Nader Tavakoli pursuant to the 2009 Plan at an exercise price of $2.12 per unit.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee will be appointed prior to the completion of our proposed MagnaChip Corporation IPO. We do not anticipate that any of the members of the Compensation Committee will have been an officer or employee of our company during the last fiscal year. During 2009, decisions regarding executive officer compensation were made by our full board of directors. Mr. Sang Park, Chairman of our board of directors and our Chief Executive Officer, participated in deliberations of our board of directors regarding the determination of compensation of our executive officers other than himself. None of our executive officers currently serves, or in the past has served, as a member of the board of directors or the compensation committee of any entity that has one or more executive officers serving on our board of directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of the outstanding common units of MagnaChip Semiconductor LLC as of June 30, 2010 by: (1) each person or entity known to us to beneficially own more than 5% of any class of our outstanding securities; (2) each member of our board of directors; (3) each of our named executive officers; and (4) all of the members of our board of directors and executive officers, as a group. As of June 30, 2010, our outstanding securities consisted of 307,233,996 common units, options to purchase 15,879,000 common units and warrants to purchase 15,000,000 common units.

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

Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all common units 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., 1 Hyang jeong-dong, Hungduk-gu, Cheongju-si, 361-725, Korea.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(1)
Principal Unitholders		
Funds managed by Avenue Capital Management II, L.P(2)	218,927,386	70.2%
Funds and accounts managed by Southpaw Asset Management LP(3)	23,555,229	7.7%
Tennenbaum Multi-Strategy Fund SPV (Cayman) Ltd.(4)	20,710,045	6.7%
Directors and Executive Officers		
Sang Park(5)	2,240,000	*
Tae Young Hwang(6)	840,000	*
Brent Rowe(7)	560,000	*
Margaret Sakai(8)	336,000	*
John McFarland(9)	336,000	*
Michael Elkins(10)	—	—
Randal Klein(10)	—	—
Steven Tan(10)	—	—
Nader Tavakoli(11)	150,000	*
R. Douglas Norby	—	—
Gidu Shroff	—	—
Robert Krakauer(12)	—	—
Directors and executive officers as a group (13 persons)(13)	4,910,000	1.6%

* Less than one percent.

(1) Includes any outstanding common units held and, to the extent applicable, units issuable upon the exercise or conversion of any securities that are exercisable or convertible within 60 days of June 30, 2010.

(2) The following entities and person are collectively referred to in this table as the "Avenue Capital Group": (i) Avenue Investments, L.P. ("Avenue Investments"), (ii) Avenue International Master, L.P. ("Avenue International Master"), (iii) Avenue International, Ltd. ("Avenue International"), the sole limited partner of Avenue International Master, (iv) Avenue International Master GenPar, Ltd. ("Avenue International GenPar"), the general partner of Avenue International Master, (v) Avenue Partners, LLC ("Avenue Partners"), the general partner of Avenue Investments and the sole shareholder of Avenue International GenPar, (vi) Avenue-CDP Global Opportunities Fund, L.P. ("CDP Global"), (vii) Avenue Global Opportunities Fund GenPar, LLC ("CDP Global GenPar"), the general partner of CDP Global, (viii) Avenue Special Situations Fund IV, L.P. ("Avenue Fund IV"), (ix) Avenue Capital Partners IV, LLC ("Avenue Capital IV"), the general partner of Avenue Fund IV, (x) GL Partners IV, LLC ("GL IV"), the managing member of Avenue Capital IV, (xi) Avenue Special Situations Fund V, L.P. ("Avenue Fund V"), (xii) Avenue Capital Partners V, LLC ("Avenue Capital V"), the general partner of Avenue Fund V, (xiii) GL Partners V, LLC ("GL V"), the managing member of Avenue Capital V, (xiv) Avenue Capital Management II, L.P. ("Avenue Capital II"), the investment advisor to Avenue Investments, Avenue International Master, CDP Global, Avenue Fund IV and Avenue Fund V (collectively, the "Avenue Funds"), (xv) Avenue Capital Management II GenPar, LLC ("GenPar"), the general partner of Avenue Capital II, and (xvi) Marc Lasry, the managing member of GenPar, GL V, GL IV, CDP Global GenPar and Avenue Partners and a director of Avenue International GenPar.

The Avenue Capital Group beneficially owns 218,927,386 common units, including the 4,447,680 common units the Avenue Capital Group may receive through the exercise of outstanding warrants.

The Avenue Funds have the sole power to vote and dispose of the common units held by them. Avenue International, Avenue International GenPar, Avenue Partners, CDP Global GenPar, Avenue Capital IV, GL IV, Avenue Capital V, GL V, Avenue Capital II, GenPar and Marc Lasry have the shared power to vote and dispose of the common units held by the Avenue Funds, all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. The address for all of the Avenue Funds is 535 Madison Avenue, New York, NY 10022.

Avenue Fund V beneficially owns 88,938,119 common units, or 28.7%, which represents 86,756,399 common units and 2,181,720 common units issuable upon the exercise of warrants held by Avenue Fund V. The securities owned by Avenue Fund V may also be deemed to be beneficially owned by Avenue Capital V, its general partner; GL V, the managing member of Avenue Capital V; Avenue Capital II, its investment adviser; GenPar, the general partner of Avenue Capital II; and Mr. Lasry, the managing member of GenPar and GL V; all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue Fund V, please see above.

Avenue Fund IV beneficially owns 70,458,255 common units, or 22.8%, which represents 69,186,975 common units and 1,271,280 common units issuable upon the exercise of warrants held by Avenue Fund IV. The securities owned by Avenue Fund IV may also be deemed to be beneficially owned by Avenue Capital IV, its general partner; GL IV, the managing member of Avenue Capital IV; Avenue Capital II, its investment adviser; GenPar, the general partner of Avenue Capital II; and Mr. Lasry, the managing member of GenPar and GL IV; all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue Fund IV, please see above.

Avenue International Master beneficially owns 35,568,286 common units, or 11.6%, which represents 35,004,706 common units and 563,580 common units issuable upon the exercise of warrants held by Avenue International Master. The securities owned by Avenue International Master may also be deemed to be beneficially owned by Avenue International, its sole limited partner; Avenue International GenPar, its general partner; Avenue Partners, the sole shareholder of Avenue International GenPar; Avenue Capital II, its investment adviser; GenPar, the general partner of Avenue Capital II; and Mr. Lasry, the managing member of GenPar and Avenue Partners and a director of Avenue International GenPar; all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue International Master, please see above.

CDP Global beneficially owns 12,104,679 common units, or 3.9%, which represents 11,862,159 common units and 242,520 common units issuable upon the exercise of warrants held by CDP Global. The securities owned by CDP Global may also be deemed to be beneficially owned by CDP Global GenPar, its general partner; Avenue Capital II, its investment adviser; GenPar, the general partner of Avenue Capital II; and Mr. Lasry, the managing member of GenPar and CDP Global GenPar; all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding CDP Global, please see above.

Avenue Investments beneficially owns 11,858,047 common units, or 3.9%, which represents 11,669,467 common units and 188,580 common units issuable upon the exercise of warrants held by Avenue Investments. The securities owned by Avenue Investments may also be deemed to be beneficially owned by Avenue Partners, its general partner; Avenue Capital II, its investment adviser; GenPar, the general partner of Avenue Capital II; and Mr. Lasry, the managing member of GenPar and Avenue Partners; all of whom disclaim any beneficial ownership except to the extent of their respective pecuniary interest. For further information regarding Avenue Investments, please see above.

(3) Represents 23,555,229 common units that may be deemed to be beneficially owned by Southpaw Asset Management LP ("Southpaw Management") as it serves as the discretionary investment manager for several funds and accounts (the "Managed Accounts"). The securities beneficially owned by Southpaw Management may be deemed beneficially owned by Southpaw Holdings LLC ("Southpaw Holdings"), which is the general partner of Southpaw Management, and by each of Kevin Wyman and Howard Golden, who are principals of Southpaw Holdings.

Southpaw Credit Opportunity Master Fund, L.P ("Southpaw Master Fund") beneficially owns 22,885,269 common units. The securities owned by Southpaw Master Fund may also be deemed beneficially owned by Southpaw Management, in its capacity as the investment manager of Southpaw Master Fund, and Southpaw GP LLC ("Southpaw GP"), in its capacity as general partner of Southpaw Master Fund. The securities deemed beneficially owned by Southpaw Management may also be deemed beneficially owned by Southpaw Holdings, which is the general partner of Southpaw Management, and by each of Kevin Wyman and Howard Golden, who are principals of Southpaw Holdings and Southpaw GP.

The business address of each of Southpaw Master Fund, Southpaw Management, Southpaw GP, Southpaw Holdings, and Messrs. Wyman and Golden is 2 Greenwich Office Park, 1st floor, Greenwich, CT 06831. For the avoidance of doubt, none of Southpaw Management, Southpaw GP, Southpaw Holdings, or Messrs. Wyman and Golden hold common units for their personal accounts, and each reports beneficial ownership of the securities held by Southpaw Master Fund and the Managed Accounts due solely to the fact that such persons have the ability to vote and/or dispose of the securities held by Southpaw Master Fund and the Managed Accounts.

(4) Represents 20,710,045 common units held by Tennenbaum Multi-Strategy Fund SPV (Cayman) Ltd. ("Tennenbaum Cayman SPV"). Tennenbaum Capital Partners, LLC is the investment manager of Tennenbaum Cayman SPV, and may be deemed to be the beneficial owner of the securities held by such principal unitholder. Tennenbaum Capital Partners, LLC, however, disclaims beneficial ownership of these securities, except to the extent of its pecuniary interest therein. The address for Tennenbaum Cayman SPV is 2951 28th Street, Suite 1000, Santa Monica, CA 90405.

(5) Represents 2,240,000 common units, of which 1,478,400 are subject to a right of repurchase by MagnaChip.

(6) Represents 840,000 common units, of which 554,400 are subject to a right of repurchase by MagnaChip.

(7) Represents 560,000 common units, of which 369,600 are subject to a right of repurchase by MagnaChip.

(8) Represents 336,000 common units, of which 221,760 are subject to a right of repurchase by MagnaChip.

(9) Represents 336,000 common units, of which 221,760 are subject to a right of repurchase by MagnaChip.

(10) The address for Messrs. Elkins, Klein and Tan is 535 Madison Avenue, New York, NY 10022.

(11) Represents 150,000 common units.

(12) Mr. Krakauer resigned as our President, Chief Financial Officer and director on April 10, 2009.

(13) Represents 4,910,000 common units, of which 3,141,600 are subject to a right of repurchase by MagnaChip.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Code of Business Conduct and Ethics

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

Senior Debt

Avenue Investments, L.P. (one of the Funds affiliated with Avenue Capital Management II, L.P., which is, together with other affiliates, our majority unitholder, and an affiliate of our directors Messrs. Elkins, Klein and Tan) was a lender under our senior secured credit facility. On November 6, 2009, in connection with the reorganization proceedings, our senior secured credit agreement was amended and restated to, among other things, reduce the outstanding principal amount from \$95 million to \$61.8 million, pursuant to which we repaid \$33.2 million in principal, \$22.6 million of which was paid to Avenue Investments, L.P. As of December 31, 2009, the outstanding indebtedness under our senior secured credit facility was \$61.8 million, of which \$42.1 million was held by Avenue Investments, L.P. As of December 31, 2009, the interest rate for all borrowings under the senior secured credit facility was 6 month LIBOR plus 12% per annum and we accrued \$1.2 million in interest under the senior secured credit facility as of December 31, 2009, of which \$0.8 million was accrued for Avenue Investments, L.P. Other Funds affiliated with Avenue Capital Management II, L.P. participate in the loan from Avenue Investments, L.P. under our senior secured credit agreement pursuant to a master participation agreement. Our senior secured credit agreement was repaid in April 2010 with a portion of the proceeds from our \$250 million senior notes offering, \$42.8 million of which was paid to Avenue Investments, L.P., including \$0.9 million of accrued interest. Avenue purchased \$35 million in principal amount our \$250 million senior notes. See “Description of New Notes” for additional information.

Issuance of Common Units

In connection with our plan of reorganization, Avenue received an aggregate of 8,348,338 common units and warrants to purchase up to an aggregate of 4,447,680 common units in exchange for the release of claims relating to outstanding indebtedness in an aggregate principal amount of approximately \$322.6 million. Avenue also acquired 176,131,368 common units at \$0.14 per unit pursuant to a \$35 million rights offering that we completed in November 2009 and an additional 30,000,000 common units for providing a backstop service in agreeing to purchase any unsubscribed units in the offering.

In connection with our plan of reorganization, Tennenbaum Multi-Strategy Fund SPV (Cayman) Ltd., or Tennenbaum, received 1,169,965 common units in exchange for the release of claims relating to approximately the principal amount of \$38.8 million of outstanding indebtedness. Tennenbaum also acquired 19,540,080 common units in the rights offering.

In connection with our plan of reorganization, Southpaw Credit Opportunity Master Fund LP, or Southpaw Master Fund, received 1,272,237 common units in exchange for the release of their claims relating to approximately the principal amount of \$42.9 million of outstanding indebtedness. Southpaw Master Fund also acquired 21,613,032 common units in the rights offering. Wilshire Institutional

Master Fund SPC — Wilshire Southpaw Opportunity Segregated Portfolio, or Wilshire Institutional, received 32,189 common units in exchange for the release of their claims relating to approximately the principal amount of $1.1 million of outstanding indebtedness. Wilshire Institutional also acquired 546,840 common units in the rights offering. Lastly, GPC 76, LLC received 90,931 common units in exchange for the release of their claims relating to approximately the principal amount of $3.1 million of outstanding indebtedness.

Operating Agreement

Pursuant to the terms of our Operating Agreement, so long as Avenue and its affiliates own at least 25% of our outstanding common units, Avenue has the right to appoint a majority of the directors on our board of directors. In addition, pursuant to the terms of our Operating Agreement, Avenue has the right to effect a drag-along sale in which Avenue, in its sole discretion, may require all of our members to sell such number of their respective common units on a pro-rata basis as Avenue desires to any person to whom Avenue sells its units so long as such person is not affiliated with Avenue and such sale is made upon the same terms and conditions as apply to Avenue.

The foregoing summary of certain provisions of the Operating Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Operating Agreement, which is listed as an exhibit to the registration statement of which this prospectus forms a part. See "Where You Can Find More Information."

Equity Registration Rights Agreement

On November 9, 2009, we entered into a registration rights agreement, which we refer to in this prospectus as the equity registration rights agreement, with the holders of MagnaChip Semiconductor LLC's common units issued in our reorganization proceedings, including Avenue, where we granted them registration rights with respect to our common units. See "Description of Our Common Units — Equity Registration Rights."

Warrant Agreement

On November 9, 2009, we entered into a warrant agreement with American Stock Transfer & Trust Company, LLC whereby we issued warrants to purchase an aggregate of 15,000,000 common units pursuant to the reorganization proceedings to certain former creditors, which included Avenue.

Senior Advisor Agreement

In April 2009, we entered into a Senior Advisor Agreement with Mr. Krakauer, who formerly served as our President, Chief Financial Officer and director, pursuant to which he remained available to consult with us through April 10, 2010. Under this agreement, Mr. Krakauer was entitled to payments in the aggregate amount of $375,000 payable over a one-year period, plus the repayment of amounts of reduced salary for the first three months of 2009, in addition to the continuation of certain benefits and perquisites, including health insurance benefits, and the continuation of auto lease payments for a certain number of months. In addition, we waived any right we had to repurchase any restricted units held by Mr. Krakauer at the time of his resignation. All common units held by Mr. Krakauer were terminated in connection with our reorganization proceedings.

Notes Registration Rights Agreement

In connection with the original issuance and sale of the old notes, we entered into an exchange and registration rights agreement, which we refer to as the notes registration rights agreement, dated as of April 9, 2010 with the initial purchasers of the old notes, including Avenue, pursuant to which we agreed to file with the SEC a registration statement covering the exchange by us of the new notes for the old notes and a shelf registration statement covering resales of old notes by certain holders, including Avenue. See "— Purpose of the Exchange Offer — Notes Registration Rights Agreement."

DESCRIPTION OF OUR COMMON UNITS

The following description of our common units and provisions of our limited liability company operating agreement are summaries and are qualified by reference to the limited liability company operating agreement, a copy of which has been filed with the SEC as an exhibit to our registration statement of which this prospectus forms a part.

General

Our limited liability company operating agreement, as amended and restated, authorizes one class of limited liability company interests in us, i.e. common units. We are authorized to issue 375,000,000 common units. As of June 30, 2010, MagnaChip Semiconductor LLC had issued and outstanding 307,233,996 common units held by 134 holders of record.

As of June 30, 2010, MagnaChip Semiconductor LLC also had outstanding options to purchase 15,879,000 common units at a weighted average exercise price of $0.79 per unit and warrants to purchase 15,000,000 common units at an exercise price of $1.97 per unit. MagnaChip Semiconductor LLC has reserved an aggregate of 30,000,000 common units for issuance to current and future directors, employees and consultants of MagnaChip Semiconductor LLC and its subsidiaries pursuant to the MagnaChip Semiconductor LLC 2009 Common Unit Plan. Of this amount, at June 30, 2010, 15,879,000 common units were subject to outstanding options, 6,887,000 were available for future issuance and no common units have been purchased in connection with the exercise of previously issued options. MagnaChip Semiconductor LLC issued warrants to purchase an aggregate of 15,000,000 common units pursuant to the reorganization proceedings, which are subject to a warrant agreement dated November 9, 2009 between us and American Stock Transfer & Trust Company, LLC, our warrant agent. At June 30, 2010, 15,000,000 common units were subject to outstanding warrants and no common units had been purchased in connection with the exercise of previously issued warrants.

Voting Rights

The holders of our common units have the general right to vote for all purposes, including the election of our board of directors. Each holder of common units is entitled to one vote for each unit thereof held. To the extent prohibited by Section 1123(a)(6) of the United States Bankruptcy Code, we will not issue non-voting equity securities.

No Additional Capital Contribution

No holder of our common units is required to make any additional capital contributions to us or to restore any deficit in such holder's capital account.

Distributions

Distributions to the holders of our common units of our cash or other assets will be made only at such times and in such amounts as authorized by our board of directors. Distributions, if any, will be made to the holders of our common units in proportion to their percentage interests. Our board of directors will, however, to the extent of available funds, make certain tax distributions to the holders of our common units if the board determines that such distribution does not violate or breach any agreement or obligation of us.

Equity Registration Rights

As of the date hereof, holders of approximately 299,993,948 of our common units will be entitled to certain rights with respect to the registration of their units under the Securities Act.

Demand Registration Rights. Commencing 90 days following the completion of a firm commitment underwritten public offering of our securities pursuant to an effective registration statement filed by us under the Securities Act resulting in gross proceeds of at least $75.0 million to us, any holder who is a party to the equity registration rights agreement and who holds a minimum of 20% of the common units covered by the equity registration rights agreement, has the right to demand that we file a registration statement covering the resale of its common units, subject to a maximum of four such demands in the aggregate for all holders and to other specified exceptions. After we become eligible for the use of SEC Form S-3, any holder who is a party to the equity registration rights agreement, has the right to demand that we file with the SEC a registration statement under SEC Form S-3 or any similar short-form registration statement covering the common units held by these unitholders to be offered to the public, subject to specified exceptions. At the request of the holders, a demand registration may be a shelf registration pursuant to Rule 415 of the Securities Act. The underwriters of any such offerings will have the right to limit the number of units to be offered except that if a limit is imposed, then only units held by holders who are parties to the equity registration rights agreement will be included in such offering and the number of units to be included in such offering will be allocated pro rata among those same parties. In any event, we will not include any securities of any other person (including us) in any demand registration statement without the prior written consent of the holders of a majority of the common units covered by such demand registration statement.

In no event will we be required to effect more than one demand registration under the equity registration rights agreement within any three-month period (or within a given one-month period, in the case of any registration under Form S-3 or any similar short-form registration statement), and we will not be obligated to effect any demand registration unless the aggregate gross proceeds to be received from the sale of common units equals or exceeds $10.0 million (or $1.0 million, in the case of any registration under Form S-3 or any similar short-form registration statement).

Piggyback Registration Rights. If we register any equity securities for our own account for public sale, unitholders with registration rights will, with specified exceptions, have the right to include their units in the registration statement. The underwriters of any underwritten offering will have the right to limit the number of such units to be included in the registration statement if the inclusion of all common units of the holders who are a party to the equity registration rights agreement proposed to be included in such offering would materially and adversely interfere with the successful marketing of our securities. Priority of inclusion in the registration shall be given first to us, second to unitholders with registration rights, *pro rata* on the basis of the relative number of securities requested to be registered by such unitholder, and third to any other participating person on such basis as we determine.

Expenses of Registration. Other than underwriting fees, discounts, commissions, stock transfer taxes and fees and disbursements of legal counsel to participating holders (excluding the fees of one firm of legal counsel to all of the participating holders participating in an underwritten public offering), we will pay all expenses relating to demand registrations and all expenses relating to piggyback registrations.

Indemnification and Contribution. The equity registration rights agreement contains indemnification and contribution arrangements between us and unitholders who are a party to the equity registration rights agreement with respect to each registration statement.

Listing

Our common units are not listed on any stock exchange.

Transfer Agent and Registrar; Warrant Agent

The transfer agent and registrar for our common units and the warrant agent for our warrants is American Stock Transfer & Trust Company, LLC and its telephone number is (800) 937-5449.

DESCRIPTION OF NEW NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "*MagnaChip*" refers only to MagnaChip Semiconductor S.A., a société anonyme organized and existing under the laws of the Grand Duchy of Luxembourg, and not to any of its Subsidiaries. "Parent" refers to MagnaChip Semiconductor LLC and not to any of its Subsidiaries.

The term "Issuers" refers collectively to MagnaChip and MagnaChip Semiconductor Finance Company ("FinanceCo"), which is a wholly owned Subsidiary of MagnaChip. Parent, directly and through its Subsidiary MagnaChip Semiconductor S.A. Holdings LLC, owns all of the equity interests in MagnaChip. MagnaChip, directly and through its Subsidiaries, owns all of our operating businesses, including our primary operating subsidiary, MagnaChip Semiconductor, Ltd. ("MagnaChip Korea").

The old notes were issued, and the new notes will be issued, by the Issuers under an indenture dated as of April 9, 2010 among themselves, the Guarantors and Wilmington Trust FSB, as trustee. The terms of the notes will include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, define your rights as holders of the notes. A copy of the indenture is available as set forth below under "Where You Can Find More Information." Certain defined terms used in this description but not defined below under "— Certain Definitions" have the meanings assigned to them in the indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The notes:

- will be general unsecured obligations of the Issuers;
- will be *pari passu* in right of payment with all existing and future unsecured Indebtedness and other liabilities (including trade payables) of the Issuers;
- will be senior in right of payment to any future subordinated Indebtedness of the Issuers (if any); and
- will be unconditionally guaranteed by the Guarantors.

However, the notes will be effectively subordinated in right of payment to all future secured Indebtedness of the Issuers, to the extent of the value of the collateral securing such Indebtedness. The notes will also be effectively subordinated in right of payment to all existing and future Indebtedness and other liabilities (including trade payables) of our Subsidiaries that are not Guarantors. See "Risk Factors — The notes and the guarantees will be effectively subordinated to all borrowing under our future secured credit facilities and to all indebtedness and other liabilities of our non-guarantor subsidiaries."

The Note Guarantees

The notes will be guaranteed by Parent and all of its Restricted Subsidiaries, other than the Issuers, Immaterial Subsidiaries, MagnaChip Korea and the MagnaChip China Subsidiaries.

Each guarantee of the notes:

- will be a general unsecured obligation of the Guarantor;
- will be *pari passu* in right of payment with all existing and future unsecured Indebtedness and other liabilities (including trade payables) of that Guarantor;
- will be senior in right of payment to any future subordinated Indebtedness of that Guarantor (if any); and
- will be effectively subordinated in right of payment to all future secured Indebtedness of that Guarantor (if any) to the extent of the value of the collateral securing such Indebtedness.

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

FinanceCo

FinanceCo is a Delaware corporation and a wholly owned Subsidiary of MagnaChip that exists for the purpose of facilitating the offering of the notes by acting as a co-issuer. FinanceCo is nominally capitalized and will not have any operations or revenues. As a result, prospective purchasers of the notes should not expect FinanceCo to participate in servicing the interest and principal obligations on the notes. See "— Certain Covenants — Restrictions on Activities of FinanceCo."

Principal, Maturity and Interest

The Issuers initially issued $250 million in aggregate principal amount of notes. The Issuers may issue additional notes under the indenture from time to time after the initial notes offering. Any issuance of additional notes is subject to all of the covenants in the indenture, including the covenant described below under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock." The notes are, and any additional notes subsequently issued under the indenture will be, treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Issuers will issue notes in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. The notes will mature on April 15, 2018.

Interest on the notes will accrue at the rate of 10.500% per annum and will be payable semiannually in arrears on April 15 and October 15, commencing on October 15, 2010. Interest on overdue principal and interest and Special Interest, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the notes. MagnaChip will make each interest payment to the holders of record on the immediately preceding April 1 and October 1.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of notes has given wire transfer instructions to MagnaChip, MagnaChip will pay all principal of, premium on, if any, interest and Special Interest, if any, on, that holder's notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar unless MagnaChip elects to make interest payments by check mailed to the noteholders at their addresses set forth in the register of holders.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. MagnaChip may change the paying agent or registrar without prior notice to the holders of the notes, and the Issuers or any of their Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. The Issuers will not be required to transfer or exchange any note selected for redemption. Also, the Issuers will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Additional Amounts

All payments made under or with respect to the notes (whether or not in the form of Certificated Notes) or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (collectively, "Taxes") unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any jurisdiction in which either of the Issuers or any Guarantor (including any successor entity), is then incorporated, engaged in business or resident for tax purposes or any jurisdiction from or through which payment is made by or on behalf of either of the Issuers or any Guarantor (including any successor entity), including, without limitation, the jurisdiction of any paying agent, or in each case any political subdivision thereof or therein (each, a "Tax Jurisdiction"), will at any time be required to be made from any payments made under or with respect to the notes or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest, Special Interest or premium, the relevant Issuer, the relevant Guarantor or other payor, as applicable, will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments (including Additional Amounts) by each holder after such withholding, deduction or imposition will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the holder or the beneficial owner of the notes being a citizen or resident or national of, incorporated in or carrying on a business in the relevant Tax Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction other than the mere acquisition, holding, enforcement or receipt of payment in respect of the notes or with respect to any Note Guarantee;

(2) any Taxes that are imposed or withheld as a result of the failure of the holder of the note or beneficial owner of the note to comply with any reasonable written request, made to that holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable, by either of the Issuers or any of the Guarantors to provide timely and accurate information concerning the nationality, residence or identity of such holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, in each case which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to any exemption from or reduction in all or part of such Taxes to which such holder or beneficial owner is entitled;

(3) any Taxes that are imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such notes for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficial owner or holder thereof would have been entitled to Additional Amounts had the notes been presented for payment on any date during such 30-day period;

(4) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(5) any Taxes withheld, deducted or imposed on a payment to an individual, which withholding, deduction or imposition is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such Directive;

(6) any note presented for payment by or on behalf of a holder of notes who would have been able to avoid such withholding or deduction by presenting the relevant note to another paying agent in a member state of the European Union; or

(7) any combination of items (1) through (6) above.

In addition to the foregoing, the Issuers and the Guarantors will also pay and indemnify each holder of notes for any present or future stamp, issue, registration, court, documentary, excise, property and any other similar Taxes which are levied by any Tax Jurisdiction on the execution, issuance, delivery, registration or enforcement of any of the notes, the indenture, any Note Guarantee, or any other document or instrument referred to therein or the receipt of any payment with respect to the notes, the indenture or any Note Guarantee.

At least 30 calendar days prior to each date on which any payment under or with respect to the notes or a Note Guarantee is due and payable, if either of the Issuers or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the notes or a Note Guarantee is due and payable, in which case it will be promptly thereafter), the relevant Issuer or the relevant Guarantor, as the case may be, will deliver to the trustee an officers' certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officers' certificate must also set forth any other information reasonably necessary to enable the paying agents to pay Additional Amounts to holders on the relevant payment date. The trustee shall be entitled to rely solely on such officers' certificate as conclusive proof that such payments are necessary. The relevant Issuer or the relevant Guarantor will provide the trustee with documentation evidencing the payment of Additional Amounts.

The relevant Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The relevant Issuer or the relevant Guarantor will provide to the trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the trustee evidencing the payment of any Taxes so deducted or withheld. The relevant Issuer or the relevant Guarantor will attach to each certified copy or other document a certificate stating the amount of such Taxes paid per $1,000 in principal amount of notes then outstanding. Upon request, copies of those receipts or other documentation, as the case may be, will be made available by the Issuers to the holders of the notes.

Whenever in the indenture or in this "Description of New Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the notes or of principal, interest, Special Interest or of any other amount payable under, or with respect to, any note or Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Note Guarantees

The notes will be guaranteed by Parent and each of Parent's current and future Restricted Subsidiaries, other than the Issuers, Immaterial Subsidiaries, MagnaChip Korea and the MagnaChip China Subsidiaries. These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors — A court could void the guarantees of the notes under fraudulent transfer or similar laws, which could limit your ability to seek repayment from the guarantors."

A Restricted Subsidiary of Parent that is a Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than Parent, an Issuer or a Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger unconditionally assumes all the obligations of that Guarantor under its Note Guarantee, the indenture, and the notes registration rights agreement pursuant to a supplemental indenture satisfactory to the trustee; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Note Guarantee of any Guarantor other than Parent will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor, by way of merger, consolidation or otherwise, to a Person that is not (either before or after giving effect to such transaction) Parent or a Restricted Subsidiary of Parent, if the sale or other disposition does not violate the "Asset Sale" and other provisions of the indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) Parent or a Restricted Subsidiary of Parent, if the sale or other disposition does not violate the "Asset Sale" and other provisions of the indenture and the Guarantor ceases to be a Restricted Subsidiary of Parent as a result of the sale or other disposition;

(3) if MagnaChip designates any Restricted Subsidiary of Parent that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the indenture as provided below under the captions "— Legal Defeasance and Covenant Defeasance" and "— Satisfaction and Discharge."

See "— Repurchase at the Option of Holders — Asset Sales."

Optional Redemption

At any time prior to April 15, 2013, MagnaChip may on any one or more occasions redeem up to 35% of the aggregate principal amount of notes issued under the indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 110.500% of the principal amount of the notes redeemed, plus accrued and unpaid interest and Special Interest, if any, to the date of redemption (subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of a Qualifying Equity Offering by Parent; *provided* that:

(1) at least 65% of the aggregate principal amount of notes originally issued under the indenture (excluding notes held by Parent and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Qualifying Equity Offering.

At any time prior to April 15, 2014, MagnaChip may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Special Interest, if any, to the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding paragraphs and the paragraphs below under the heading "Redemption Upon Changes in Withholding Taxes," the notes will not be redeemable at MagnaChip's option prior to April 15, 2014.

On or after April 15, 2014, MagnaChip may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Special Interest, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on April 15 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2014	105.250%
2015	102.625%
2016 and thereafter	100.000%

Unless MagnaChip defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

Redemption Upon Changes in Withholding Taxes

MagnaChip may redeem the notes, in whole but not in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest and Special Interest, if any, to the date of redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and that will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the notes on the relevant record date to receive interest (including Special Interest) due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the notes, MagnaChip is or would be required to pay Additional Amounts, and MagnaChip cannot avoid any such payment obligation taking reasonable measures available, and the requirement arises as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of the relevant Tax Jurisdiction (as defined above) affecting taxation; or

(2) any change in, or amendment to, the existing official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice),

which change or amendment is publicly announced as formally proposed after and becomes effective after the Issue Date (or, if the relevant Tax Jurisdiction was not a Tax Jurisdiction on the Issue Date, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the indenture). MagnaChip shall not have the right to redeem the notes under this paragraph based on Additional Amounts being due as a result of a merger or consolidation of MagnaChip in which MagnaChip is not the surviving Person in such merger or consolidation.

MagnaChip will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the relevant Issuer would be obligated to make such payment or withholding if a payment in respect of the notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in effect. Prior to the publication or, where relevant, mailing of any notice of redemption of the notes pursuant to the foregoing, the Issuers will deliver to the trustee a written opinion of independent tax counsel to the effect that there has been a change or amendment that would entitle MagnaChip to redeem the notes under this provision. In addition, before the Issuers publish or mail notice of redemption of the notes as described above, they will deliver to the trustee an officers' certificate to the effect that the relevant Issuer cannot avoid its obligation to pay Additional Amounts by the relevant Issuer taking reasonable measures available to it.

The trustee shall rely on such officers' certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the note holders.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to such directive will not be a change or amendment for such purposes.

Mandatory Redemption

The Issuers are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of notes will have the right to require MagnaChip to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder's notes pursuant to a Change of Control Offer on the terms set forth in the indenture. In the Change of Control Offer, MagnaChip will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest and Special Interest, if any, on the notes repurchased to the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, MagnaChip will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than ten business days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. MagnaChip will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, MagnaChip will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such compliance.

On the Change of Control Payment Date, MagnaChip will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by MagnaChip.

The paying agent will promptly mail to each holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each such new note will be in a denomination of $2,000 or an integral multiple of $1,000 in excess thereof. MagnaChip will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require MagnaChip to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that MagnaChip repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

MagnaChip will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by MagnaChip and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the indenture as described above under the caption "— Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Parent and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require MagnaChip to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Parent and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Sales

Parent will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Parent (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by Parent or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities of Parent or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases Parent or such Restricted Subsidiary from or indemnifies against further liability;

(b) any securities, notes or other obligations received by Parent or any such Restricted Subsidiary from such transferee that are converted by Parent or such Restricted Subsidiary into cash or Cash Equivalents within 60 days of consummation of such Asset Sale, to the extent of the cash and Cash Equivalents received in that conversion;

(c) any Designated Non-cash Consideration received by Parent or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together will all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value; and

(d) any stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Parent (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(1) to repay (a) Obligations under a Credit Facility that are secured by a Lien permitted by the indenture; or (b) other Indebtedness (other than Subordinated Indebtedness) of Parent or any Restricted Subsidiary that is secured by a Lien permitted by the indenture;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of Parent;

(3) to make a capital expenditure;

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business; or

(5) any combination of (1) — (4) of this paragraph.

In the case of clauses (2) and (4), Parent will be deemed to have complied with its obligations above if it enters into a binding commitment to acquire such assets or Capital Stock within the required time frame above, provided that such binding commitment shall be subject only to customary conditions and such acquisition shall be consummated within six months from the date of signing such binding commitment.

Pending the final application of any Net Proceeds, Parent (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds $20.0 million, within 30 days thereof, MagnaChip will make an offer (an “Asset Sale Offer”) to all holders of notes and all holders of other Indebtedness that is *pari passu* with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Special Interest, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, MagnaChip may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other *pari passu* Indebtedness tendered in (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee will select the notes and the agent or trustee for such *pari passu* Indebtedness shall select such other *pari passu* Indebtedness to be purchased on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by MagnaChip so that only notes in denominations of $2,000, or an integral multiple of $1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

MagnaChip will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, MagnaChip will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such compliance.

The agreements governing future Indebtedness of Parent and its Restricted Subsidiaries may contain prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale and including repurchases of or other prepayments in respect of the notes. The exercise by the holders of notes of their right to require MagnaChip to repurchase the notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on Parent and its Restricted Subsidiaries. In the event a Change of Control or an Asset Sale occurs at a time when MagnaChip is prohibited from purchasing notes, Parent could seek the consent of its lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If Parent does not obtain a consent or repay those borrowings, MagnaChip will remain prohibited from purchasing notes. In that case, MagnaChip's failure to purchase tendered notes would constitute an Event of Default under the indenture which could, in turn, constitute a default under the other Indebtedness. Finally, MagnaChip's ability to pay cash to the holders of notes upon a repurchase may be limited by MagnaChip's then existing financial resources. See "Risk Factors — We may not be able to fulfill our repurchase obligations with respect to the notes upon a change of control or an asset sale."

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption on a *pro rata* basis (or, in the case of notes issued in global form as discussed under "— Book-Entry, Delivery and Form," based on a method that most nearly approximates a *pro rata* selection as the trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depositary requirements.

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption.

Certain Covenants

Changes in Covenants When Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the notes are rated Baa3 or better by Moody's and BBB- or better by S&P (or, if either such entity ceases to rate the notes for reasons outside of the control of Parent, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by Parent as a replacement agency); and

(2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this prospectus will be suspended:

(1) "— Repurchase at the Option of Holders — Asset Sales;"

(2) "— Restricted Payments;"

(3) "— Incurrence of Indebtedness and Issuance of Preferred Stock;"

(4) "— Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;"

(5) "— Designation of Restricted and Unrestricted Subsidiaries;"

(6) "— Transactions with Affiliates;"

(7) clause (4) of the covenant described below under the caption "— Merger, Consolidation or Sale of Assets — Parent;"

(8) clause (4) of the covenant described below under the caption "— Merger, Consolidation or Sale of Assets — MagnaChip;" and

(9) clauses (1)(a) and (3) of the covenant described below under the caption "— Limitation on Sale and Leaseback Transactions."

During any period that the foregoing covenants have been suspended, Parent's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption "— Designation of Restricted and Unrestricted Subsidiaries" or the second paragraph of the definition of "Unrestricted Subsidiary."

Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below Baa3 or BBB-, respectively, the foregoing covenants will be reinstated as of and from the date of such rating decline. Calculations under the reinstated "Restricted Payments" covenant will be made as if the "Restricted Payments" covenant had been in effect since the date of the indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the notes will achieve an investment grade rating or that any such rating will be maintained.

Restricted Payments

Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Parent and other than dividends or distributions payable to Parent or a Restricted Subsidiary of Parent);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Parent) any Equity Interests of Parent or any direct or indirect parent of Parent;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuers or any Guarantor that is contractually subordinated to the notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among Parent and any of its Restricted Subsidiaries) (collectively, "Subordinated Debt"), except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) Parent would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Parent and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2) through (12) of the next succeeding paragraph), is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of Parent for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of Parent's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(2) 100% of the aggregate cash proceeds, including cash and Cash Equivalents, and the Fair Market Value of assets (as to which an opinion or appraisal issued by an accounting, appraisal or investment bank firm of national standing shall be required if the Fair Market Value exceeds $15.0 million), received by Parent since the Issue Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests of Parent or from the issue or sale of convertible or exchangeable Disqualified Stock of Parent or convertible or exchangeable debt securities of Parent, in each case that have been converted into or exchanged for Qualifying Equity Interests of Parent (other than

Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities (a) sold to a Subsidiary of Parent or (b) sold in the Initial Public Offering); plus

(3) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold for cash or otherwise cancelled, liquidated or repaid for cash, or (b) made in an entity that subsequently becomes a Restricted Subsidiary of Parent, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); *plus*

(4) to the extent that any Unrestricted Subsidiary of Parent designated as such after the Issue Date is redesignated as a Restricted Subsidiary after the Issue Date, the lesser of (i) the Fair Market Value of Parent's Restricted Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date; *plus*

(5) 100% of any dividends received in cash by Parent or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends were not otherwise included in the Consolidated Net Income of Parent for such period;

provided, however, that the aggregate amount of Restricted Payments of the type described in clauses (1) and (2) of the definition of "Restricted Payments" pursuant to this clause (c) shall not exceed 50% of the aggregate amount of Restricted Payments otherwise permitted by this clause (c).

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Parent) of, Equity Interests of Parent (other than Disqualified Stock or Equity Interests sold in the Initial Public Offering) or from the substantially concurrent contribution of common equity capital to Parent; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (c)(2) of the preceding paragraph;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests on a *pro rata* basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of either Issuer or any Guarantor that is contractually subordinated to the notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(5) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Parent or any Restricted Subsidiary of Parent held by any current or former officer, director or employee of Parent or any of its Restricted Subsidiaries pursuant to any employment agreement, equity subscription agreement, stock option agreement, stockholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $5.0 million in any twelve-month period plus the amount of cash proceeds from any key man life insurance received during such twelve-month period; *provided*, *further*, that such amount may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of Parent to current or former members of

management, directors, managers or consultants of Parent or any of its Subsidiaries that occurs after the Issue Date, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the making of Restricted Payments by virtue of clause (c)(2) of the preceding paragraph;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options, and repurchases of Equity Interests deemed to occur upon the withholding of a portion of the Equity Interests granted or awarded to a current or former officer, director, employee or consultant to pay for the taxes payable by such Person upon such grant or award (or upon vesting thereof);

(7) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of Parent or any preferred stock of any Restricted Subsidiary of Parent issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock;"

(8) payments of cash, dividends, distributions, advances or other Restricted Payments by Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

(9) Permitted Tax Payments;

(10) upon the occurrence of a Change of Control and within 60 days after the completion of the offer to repurchase the notes pursuant to the covenant described under "Change of Control" above, any purchase or redemption of Subordinated Debt required pursuant to the terms thereof as a result of such Change of Control; *provided*, *however*, that at the time of such purchase or redemption no Event of Default shall have occurred and be continuing (or would result therefrom);

(11) any purchase or redemption of Subordinated Debt using any remaining Excess Proceeds of an Asset Sale within 60 days after completion of an Asset Sale Offer; *provided*, *however*, that at the time of such purchase or redemption no Event of Default shall have occurred and be continuing (or would result therefrom);

(12) the application of the proceeds of this offering of notes as described above under the caption "Use of Proceeds;" and

(13) other Restricted Payments in an aggregate amount not to exceed $25.0 million since the Issue Date; *provided*, *however*, that the aggregate amount of Restricted Payments of the type described in clauses (1) and (2) of the definition of "Restricted Payments" permitted by this clause (13) shall not exceed $12.5 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Parent or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the Board of Directors of Parent, whose resolution with respect thereto will be delivered to the trustee.

Incurrence of Indebtedness and Issuance of Preferred Stock

Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and

Parent will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that Parent may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Issuers and the Guarantors (other than Parent) may incur Indebtedness (including Acquired Debt) or issue preferred stock, if:

(a) the Fixed Charge Coverage Ratio for Parent's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least (a) at any time prior to the completion of the Initial Public Offering, 2.25 to 1.0, and (b) at any time on or after completion of the Initial Public Offering, 2.0 to 1.0, in each case determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; and

(b) in the case of any such Indebtedness that is *Pari Passu* Indebtedness, the sum of the aggregate principal amount of *Pari Passu* Indebtedness incurred pursuant to this paragraph since the Issue Date that is outstanding on the date of such incurrence plus the aggregate principal amount of notes outstanding on the date of such incurrence (in each case, after giving pro forma effect to the incurrence of such *Pari Passu* Indebtedness and application of the net proceeds therefrom) does not exceed (a) at any time prior to the completion of the Initial Public Offering, $350.0 million, or (b) at any time on or after completion of the Initial Public Offering, $500.0 million.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by Parent and any of its Restricted Subsidiaries of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1)(with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Parent and its Restricted Subsidiaries thereunder) not to exceed the greater of (a) $75.0 million or (b) the Borrowing Base as of the date of incurrence;

(2) the incurrence by Parent and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by Issuers and the Guarantors of Indebtedness represented by the notes and the related Note Guarantees to be issued under the indenture and the exchange notes and the related Note Guarantees to be issued pursuant to the notes registration rights agreement;

(4) the incurrence by Parent or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price, taxes or cost of design, construction, installation or improvement of property, plant or equipment (including software) used in the business of Parent or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (a) $25.0 million or (b) 5% of Total Assets as of any date of incurrence;

(5) the incurrence by Parent or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5) or (16) of this paragraph;

(6) the incurrence by Parent or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Parent and any of its Restricted Subsidiaries; *provided*, *however*, that:

(a) if either Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not an Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the notes, in the case of the Issuers, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Parent or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Parent or a Restricted Subsidiary of Parent,

will be deemed, in each case, to constitute an incurrence of such Indebtedness by Parent or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of Parent's Restricted Subsidiaries to Parent or to any of its Restricted Subsidiaries of shares of preferred stock; *provided*, *however*, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than Parent or a Restricted Subsidiary of Parent; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either Parent or a Restricted Subsidiary of Parent, will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by Parent or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business;

(9) the guarantee by the Issuers or any of the Guarantors of Indebtedness of Parent or a Restricted Subsidiary of Parent to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by Parent or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, self-insurance obligations and bankers' acceptances in the ordinary course of business;

(11) the incurrence by Parent or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five business days;

(12) the incurrence of Indebtedness by Parent or any of its Restricted Subsidiaries in the form of performance bonds, completion guarantees and surety or appeal bonds and similar obligations entered into by Parent or any of its Restricted Subsidiaries in the ordinary course of their business;

(13) Indebtedness of Parent or any Restricted Subsidiary issued to any of its directors, employees, officers or consultants or to a Restricted Subsidiary in connection with the redemption or purchase of Capital Stock that, by its terms or by operation of law, is subordinated to the notes, is not secured by any of the assets of Parent or the Restricted Subsidiaries and does not require cash payments prior to the Stated Maturity of the notes, in an aggregate

principal amount which, when added with the amount of Indebtedness incurred under this clause (13) and then outstanding, does not exceed $5.0 million at any one time outstanding;

(14) the incurrence of Indebtedness by Parent or any of the Restricted Subsidiaries arising from agreements of Parent or any of the Restricted Subsidiaries providing for adjustment of purchase price or other similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Restricted Subsidiary of Parent;

(15) Indebtedness incurred by Parent or any of the Restricted Subsidiaries constituting reimbursement obligations under letters of credit issued in the ordinary course of business, including, without limitation, letters of credit to procure raw materials or relating to workers' compensation claims or self-insurance, or other Indebtedness relating to reimbursement-type obligations regarding workers' compensation claims; and

(16) the incurrence by the Issuers or any of the Guarantors of additional Indebtedness or Disqualified Stock in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (16), not to exceed $25.0 million.

Parent will not, and will not permit any Guarantor to, incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuers or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the notes and the applicable Note Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuers or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, MagnaChip will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount thereof is included in Fixed Charges of Parent as accrued. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that Parent or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the Fair Market Value of such assets at the date of determination; and

(b) the amount of the Indebtedness of the other Person.

Liens

Parent will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness, Attributable Debt or trade payables upon any of its or their property or assets, now owned or hereafter acquired, unless all payments due under the indenture and the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to Parent or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Parent or any of its Restricted Subsidiaries;

(2) make loans or advances to Parent or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to Parent or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the indenture, the notes and the Note Guarantees;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the Board of Directors of Parent determines in good faith that the encumbrances and restrictions in the agreements governing such Indebtedness (or any such amendment, restatement, modification, renewal, supplement, refunding, replacement or refinancing) will not materially adversely affect the ability of MagnaChip to make payments on the notes when due;

(4) applicable law, rule, regulation or order;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by Parent or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or

assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

(6) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (4) of the definition of Permitted Debt;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary or all or substantially all of the assets thereof that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "— Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment) entered into with the approval of Parent's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(13) restrictions under customary provisions in partnership agreements, limited liability company organizational or governance documents, joint venture agreements, corporate charters, stockholders' agreements and other similar agreements and documents on the transfer of ownership interests in such partnership, limited liability company, joint venture or similar Person.

Merger, Consolidation or Sale of Assets

PARENT

Parent will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Parent is the surviving corporation), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Parent and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) Parent is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than Parent) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia; and, if such entity is not a corporation, a co-obligor of the notes is a corporation organized or existing under any such laws;

(2) the Person formed by or surviving any such consolidation or merger (if other than Parent) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of Parent under the notes, its Note Guarantee, the indenture and the notes registration rights agreement pursuant to agreements as required under the terms of the indenture and the notes registration rights agreement;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) Parent or the Person formed by or surviving any such consolidation or merger (if other than Parent), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, Parent will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Parent and its Restricted Subsidiaries. Clauses (3) and (4) of the first paragraph of this covenant will not apply to (1) any merger or consolidation of Parent with or into (A) one of its Restricted Subsidiaries for any purpose or (B) an Affiliate solely for the purpose of reincorporating Parent in another jurisdiction, or (2) the corporate conversion at any time prior to the consummation of the Initial Public Offering.

MAGNACHIP

MagnaChip will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not MagnaChip is the surviving corporation), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of MagnaChip and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) MagnaChip is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than MagnaChip) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of South Korea, Luxembourg, the Netherlands, Bermuda, the United States, any state of the United States or the District of Columbia; and, if such entity is not a corporation, a co-obligor of the notes is a corporation organized or existing under any such laws;

(2) the Person formed by or surviving any such consolidation or merger (if other than MagnaChip) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of MagnaChip under the notes, the indenture and the notes registration rights agreement pursuant to agreements necessary under the terms of the indenture and notes registration rights agreement;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) MagnaChip or the Person formed by or surviving any such consolidation or merger (if other than MagnaChip), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock," and

(5) if MagnaChip is not the surviving Person in such consolidation or merger, MagnaChip shall have delivered to the trustee an opinion of counsel from Luxembourg and any other jurisdiction as necessary that no Taxes on income, including capital gains, other than Taxes to the extent that Additional Amounts are required to be paid with respect thereto, will be payable by holders of the notes under the laws of any jurisdiction where the Person formed by or

surviving any such consolidation or merger is or becomes organized, resident or engaged in business for tax purposes relating to the acquisition, ownership or disposition of the notes, including the receipt of interest or principal thereon; *provided* that the holder does not use or hold, and for relevant tax purposes is not deemed to use or hold, the notes in carrying on a business in the jurisdiction where the Person formed by or surviving any such consolidation or merger is or becomes organized, resident or engaged in business for tax purposes.

In addition, MagnaChip will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Parent and its Restricted Subsidiaries. Clauses (3) and (4) of the first paragraph of this covenant will not apply to any merger or consolidation of MagnaChip with or into (1) one of its Restricted Subsidiaries for any purpose or (2) an Affiliate solely for the purpose of reincorporating MagnaChip in another jurisdiction.

FINANCECO

FinanceCo may not, directly or indirectly, consolidate or merge with or into (whether or not FinanceCo is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of FinanceCo's properties or assets, in one or more related transactions, to any Person unless:

(1) concurrently therewith, a corporate wholly-owned Restricted Subsidiary of MagnaChip organized and validly existing under the laws of the United States, any state of the United States or the District of Columbia (which may be the successor Person as a result of such transaction) expressly assumes all the obligations of FinanceCo under the under the notes, the indenture and the notes registration rights agreement pursuant to agreements as required under the terms of the indenture and the notes registration rights agreement; and

(2) immediately after such transaction, no Default or Event of Default exists.

Transactions with Affiliates

Parent will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of MagnaChip (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of $2.5 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to Parent or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Parent or such Restricted Subsidiary with an unrelated Person; and

(2) MagnaChip delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors of Parent set forth in an officers' certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of Parent; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $20.0 million, an opinion by (A) a nationally recognized investment banking firm or (B) an accounting or appraisal firm nationally recognized in making determinations of this kind that such Affiliate Transaction is fair, from a financial standpoint, to Parent or the applicable Restricted Subsidiary.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, employee compensation or benefit plan, officer or director indemnification agreement or any similar arrangement entered into by Parent or any of its Restricted Subsidiaries, and payments made pursuant thereto, in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among Parent and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of Parent) that is an Affiliate of MagnaChip solely because Parent owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of Parent or any of its Restricted Subsidiaries;

(5) the grant of equity incentives or similar rights to employees and directors of Parent or MagnaChip Korea pursuant to plans approved by the Board of Directors of Parent or MagnaChip Korea or a committee thereof comprised solely of independent directors;

(6) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by Parent's Board of Directors or a committee thereof comprised solely of independent directors;

(7) any issuance of Equity Interests (other than Disqualified Stock) of Parent to Affiliates of MagnaChip;

(8) Restricted Payments that do not violate the provisions of the indenture described above under the caption "— Restricted Payments;"

(9) transactions pursuant to any contract or agreement with Parent or any of the Restricted Subsidiaries in effect on the Issue Date, as the same may be amended, modified or replaced from time to time so long as any such amendment, modification or replacement is not more disadvantageous to the holders of the notes in any material respect than the terms contained in such contract or agreement as in effect on the Issue Date;

(10) transactions pursuant to or under the 2009 Registration Rights Agreement, the 2009 Warrant Agreement, the Director Indemnification Agreements and the Credit Agreement as in effect on the Issue Date or any similar agreement or any amendment, modification or replacement of the 2009 Registration Rights Agreement, the 2009 Warrant Agreement, the Director Indemnification Agreements or the Credit Agreement or similar agreement; provided that the terms of such amendment, modification or replacement are not more disadvantageous to the holders of the notes in any material respect than the terms contained in the 2009 Registration Rights Agreement, the 2009 Warrant Agreement, the Director Indemnification Agreements or the Credit Agreement, as the case may be, as in effect on the Issue Date, and the repayment of the obligations outstanding under the Credit Agreement;

(11) the payment of management, consulting and advisory fees and related expenses made pursuant to the Advisory Agreements and the payment of other customary management, consulting and advisory fees and related expenses to the Principals and any of their respective Affiliates in connection with transactions of Parent or its Subsidiaries or pursuant to any management, consulting, financial advisory, financing, underwriting or placement agreement or in respect of other investment banking activities, including in connection with acquisitions or

divestitures, which fees and expenses are made pursuant to arrangements approved by the Board of Directors of Parent or such Subsidiary in good faith;

(12) the provision by an Affiliate of commercial banking or lending services or other similar services on terms that are no less favorable to Parent or the relevant Restricted Subsidiary than those that would have been obtained by an unaffiliated party and that are approved in good faith by the Board of Directors of Parent; and

(13) loans or advances to employees in the ordinary course of business not to exceed $5.0 million in the aggregate at any one time outstanding.

Additional Note Guarantees

If Parent or any of its Restricted Subsidiaries acquires or creates another Subsidiary after the Issue Date, then that newly acquired or created Subsidiary will become a Guarantor and execute a supplemental indenture and deliver an opinion of counsel satisfactory to the trustee within 10 business days of the date on which it was acquired or created; provided that

(1) any Subsidiary that constitutes an Immaterial Subsidiary need not become a Guarantor until such time as it ceases to be an Immaterial Subsidiary;

(2) in the event Parent or a Restricted Subsidiary forms or otherwise acquires, directly or indirectly, a Restricted Subsidiary organized under the laws of a jurisdiction other than the United States and such jurisdiction prohibits by law, regulation or order such Restricted Subsidiary from becoming a Guarantor, Parent shall use all commercially reasonable efforts (including pursuing required waivers) over a period up to one year, to have such Subsidiary become a Restricted Subsidiary; *provided*, *however*, that Parent shall not be required to use such commercially reasonable efforts with respect to such Restricted Subsidiaries for more than a one-year period or such shorter period as it shall determine in good faith that it has used all commercially reasonable efforts and if Parent or such Restricted Subsidiary is unable during such period to obtain an enforceable Guarantee in such jurisdiction, then such Restricted Subsidiary will not be required to provide a Guarantee of the notes pursuant to the Note Guarantee so long as such Restricted Subsidiary does not Guarantee any other Indebtedness of Parent and its Restricted Subsidiaries and no Default or Event of Default shall be deemed to exist during the period that Parent uses its commercially reasonable efforts to have such Restricted Subsidiary enter into a Note Guarantee; and

(3) neither MagnaChip Korea nor any of its Subsidiaries nor any of the MagnaChip China Subsidiaries will be required to become a Guarantor under any circumstances.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of Parent may designate any Restricted Subsidiary of Parent (other than the Issuers) to be an Unrestricted Subsidiary if that designation would not cause a Default; *provided* that in no event will the business currently operated by MagnaChip Korea be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Parent and its Restricted Subsidiaries in the Subsidiary designated as Unrestricted will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "— Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by MagnaChip. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of Parent as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of a resolution of the Board of Directors of Parent giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "— Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Parent as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock," MagnaChip will be in default of such covenant. The Board of Directors of Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Restrictions on Activities of FinanceCo.

FinanceCo will not hold any material assets, become liable for any material obligations or engage in any significant business activities; provided that FinanceCo may be a co-obligor or guarantor with respect to Indebtedness if MagnaChip is an obligor on such Indebtedness and the net proceeds of such Indebtedness are received by MagnaChip, FinanceCo or one or more Guarantors.

Limitation on Sale and Leaseback Transactions

Parent will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; *provided* that Parent or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(1) Parent or that Restricted Subsidiary, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "— Liens;"

(2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors of Parent and set forth in an officers' certificate delivered to the trustee, of the property that is the subject of that sale and leaseback transaction; and

(3) the transfer of assets in that sale and leaseback transaction is permitted by, and Parent applies the proceeds of such transaction in compliance with, the covenant described above under the caption "— Repurchase at the Option of Holders— Asset Sales."

Reports

Whether or not required by the rules and regulations of the SEC, so long as any notes are outstanding, Parent will furnish to the holders of notes or cause the trustee to furnish to the holders of notes (or file with the SEC for public availability), not later than 30 days after expiration of the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if Parent were required to file such reports, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations;" and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if Parent were required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports. In addition, following the consummation of the exchange offer contemplated by the notes registration rights agreement, Parent will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such a filing) and will post the reports on its website within those time periods. Parent will at all times comply with § 314(a) of the Trust Indenture Act.

If, at any time after the consummation of the exchange offer contemplated by the notes registration rights agreement, Parent is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, Parent will nevertheless continue filing the reports specified in the preceding paragraphs of this covenant with the SEC within the time periods specified above unless the SEC will not accept such a filing. Parent will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept Parent's filings for any reason, Parent will post the reports referred to in the preceding paragraphs on its website within the time periods that would apply if Parent were required to file those reports with the SEC.

If Parent has designated any of its Subsidiaries as Unrestricted Subsidiaries, then Parent will disclose in Management's Discussion and Analysis of Financial Condition and Results of Operations, the revenues for the applicable period and assets as of the end of the applicable period attributable to Unrestricted Subsidiaries of Parent.

In addition, the Issuers and the Guarantors agree that, for so long as any notes remain outstanding, if at any time they are not required to file with the SEC the reports required by the preceding paragraphs, they will furnish to the holders of notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Notwithstanding the foregoing, Parent will be deemed to have furnished the reports referred to above to the trustee and the holders on the date Parent files such reports with the SEC via the EDGAR filing system (or any successor thereto, including Interactive Data Electronic Applications) and such reports become publicly available.

Events of Default and Remedies

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest and Special Interest, if any, on the notes;

(2) default in the payment when due (at maturity, upon redemption, repurchase or otherwise) of the principal of, or premium, if any, on, the notes;

(3) failure by Parent or any of its Restricted Subsidiaries to comply with the provisions described under the caption "— Certain Covenants — Merger, Consolidation or Sale of Assets;"

(4) failure by Parent or any of its Restricted Subsidiaries for 30 days after notice to MagnaChip by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, voting as a single class, to comply with the provisions described under the captions "— Repurchase at the Option of Holders— Change of Control;" or "— Repurchase at the Option of Holders — Asset Sales;"

(5) failure by Parent or any of its Restricted Subsidiaries for 60 days after notice to MagnaChip by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, voting as a single class, to comply with any of the other agreements in the indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Parent or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by Parent or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal of, premium on, if any, or interest, if any, on, such Indebtedness in an aggregate amount in excess of $250,000, prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “Payment Default”); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(7) failure by Parent or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of $25.0 million (excluding amounts covered by insurance provided by a carrier that has acknowledged coverage in writing and has the ability to perform), which judgments are not paid, bonded, discharged, stayed, annulled or rescinded for a period of 60 days;

(8) except as permitted by the indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee; and

(9) certain events of bankruptcy or insolvency described in the indenture with respect to Parent, either Issuer or any of the other Restricted Subsidiaries of Parent that is a Significant Subsidiary or any group of its Restricted Subsidiaries of Parent at the same or similar time that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Parent, either Issuer or any of the other Restricted Subsidiaries of Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries of Parent that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding notes may declare all the notes to be due and payable immediately; *provided* that no such declaration will be permitted with respect to an Event of Default of the type referred to in clause (6) above if the underlying Payment Default has been cured or waived or the underlying acceleration has been waived or rescinded, as the case may be.

Notwithstanding the foregoing, the indenture will provide that, to the extent that the Issuers elect, the sole remedy for an Event of Default relating to the reporting obligations in the indenture, as set forth under “Certain Covenants— Reports,” will, for the 180 days after the occurrence of such Event of Default, consist exclusively of the right to receive additional interest on the notes at a rate equal to 0.50% per annum of the principal amount of the notes. This additional interest will be payable in the same manner and on the same dates as the stated interest payable on the notes. The additional interest will accrue on all outstanding notes from, and including, the date on which an Event of Default relating to a failure to comply with the reporting obligations in the indenture first occurs to, but not including, the 180th day thereafter (or such earlier date on which the Event of Default relating to the reporting obligations shall have been cured or waived). On such 180th day, such additional interest shall cease to accrue and the notes will be subject to acceleration as provided above. If the Issuers do not elect to pay the additional interest during the continuance of such an Event of Default in accordance with this paragraph, the notes will be subject to acceleration as provided above.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal of, premium on, if any, interest and Special Interest, if any.

Subject to the provisions of the indenture relating to the duties of the trustee, in case an Event of Default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any holders of notes unless such holders have offered to the trustee indemnity or security satisfactory to the trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, interest or Special Interest, if any, when due, no holder of a note may pursue any remedy with respect to the indenture or the notes unless:

(1) such holder has previously given the trustee written notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding notes make a written request to the trustee to pursue the remedy;

(3) such holder or holders offer and, if requested, provide to the trustee security or indemnity reasonably satisfactory to the trustee against any loss, liability or expense;

(4) the trustee does not comply with such request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) during such 60-day period, holders of a majority in aggregate principal amount of the then outstanding notes do not give the trustee a direction inconsistent with such request.

The holders of a majority in aggregate principal amount of the then outstanding notes by written notice to the trustee may, on behalf of the holders of all of the notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of principal of, premium on, if any, interest or Special Interest, if any, on, the notes.

MagnaChip is required to deliver to the trustee annually a statement regarding compliance with the indenture. Upon becoming aware of any Default or Event of Default, MagnaChip is required to deliver to the trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee, incorporator or stockholder of the Issuers or any Guarantor, as such, will have any liability for any obligations of the Issuers or the Guarantors under the notes, the indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

MagnaChip may at any time, at the option of the Board of Directors of MagnaChip evidenced by a resolution set forth in an officers' certificate, elect to have all of the obligations of the Issuers discharged with respect to the outstanding notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding notes to receive payments in respect of the principal of, premium on, if any, interest or Special Interest, if any, on, such notes when such payments are due from the trust referred to below;

(2) the Issuers' obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee under the indenture, and the Issuers' and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the indenture.

In addition, MagnaChip may, at its option and at any time, elect to have the obligations of the Issuers and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, all Events of Default described under "— Events of Default and Remedies" (except those relating to payments on the notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) MagnaChip must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium on, if any, interest and Special Interest, if any, on, the outstanding notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and MagnaChip must specify whether the notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, MagnaChip must deliver to the trustee an opinion of counsel confirming that (a) MagnaChip has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding notes will not recognize income, gain, deduction or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, MagnaChip must deliver to the trustee an opinion of counsel confirming that the holders of the outstanding notes will not recognize income, gain, deduction or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which any of the Issuers or any of the Guarantors is a party or by which any of the Issuers or any of the Guarantors is bound;

(6) MagnaChip must deliver to the trustee an officers' certificate stating that the deposit was not made by MagnaChip with the intent of preferring the holders of notes over the other

creditors of MagnaChip with the intent of defeating, hindering, delaying or defrauding any creditors of MagnaChip or others; and

(7) MagnaChip must deliver to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the indenture or the notes or the Note Guarantees may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding notes (including, without limitation, additional notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, if any, interest or Special Interest, if any, on, the notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the indenture or the notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding notes (including, without limitation, additional notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each holder of notes affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any note or alter or waive any of the provisions with respect to the redemption of the notes (except those provisions relating to the covenants described above under the caption "— Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any note;

(4) waive a Default or Event of Default in the payment of principal of, premium on, if any, interest or Special Interest, if any, on, the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration);

(5) make any note payable in money other than that stated in the notes;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of, premium on, if any, interest or Special Interest, if any, on, the notes;

(7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption "— Repurchase at the Option of Holders");

(8) release any Guarantor from any of its obligations under its Note Guarantee or the indenture, except in accordance with the terms of the indenture; or

(9) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of notes, the Issuers, the Guarantors and the trustee may amend or supplement the indenture, the notes or the Note Guarantees:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of an Issuer's or a Guarantor's obligations to holders of notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of such Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights under the indenture of any holder;

(5) to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;

(6) to conform the text of the indenture, the notes, the Note Guarantees to any provision of this Description of New Notes to the extent that such provision in this Description of New Notes was intended to be a verbatim recitation of a provision of the indenture, the notes, the Note Guarantees, which intent may be evidenced by an officers' certificate to that effect;

(7) to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture as of the Issue Date; or

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the notes.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to MagnaChip, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and MagnaChip or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the notes not delivered to the trustee for cancellation for principal of, premium on, if any, interest and Special Interest, if any, on, the notes to the date of maturity or redemption;

(2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which either Issuer or any Guarantor is a party or by which either Issuer or any Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) an Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and

(4) an Issuer has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or on the redemption date, as the case may be.

In addition, Parent must deliver an officers' certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the trustee becomes a creditor of either Issuer or any Guarantor, the indenture limits the right of the trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if the indenture has been qualified under the Trust Indenture Act) or resign.

The holders of a majority in aggregate principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default has occurred and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder has offered to the trustee reasonable indemnity or security satisfactory to it against any loss, liability or expense.

Governing Law

The internal law of the state of New York will govern and be used to construe the indenture, the notes and the note guarantees without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby. For the avoidance of doubt, the indenture, the notes and the note guarantees are not subject to Article 86 to 94-8 of the Luxembourg law of 10 August 1915 on commercial companies, as amended.

Additional Information

Anyone who receives this prospectus may obtain a copy of the indenture and the notes registration rights agreement without charge by writing to c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, Attention: General Counsel.

Book-Entry, Delivery and Form

Except as set forth below, the new notes will be issued in registered, global form in minimum denominations of $2,000 and integral multiples of $1,000. The new notes will be issued at the closing of the exchange offer only against surrender of corresponding old notes. The new notes will be in the form of one or more registered global notes without interest coupons (collectively, the "Global Notes"). The Global Notes will be deposited upon issuance with the trustee as custodian for The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. See "— Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuers take no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Issuers that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Issuers that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, premium on, if any, interest and Special Interest, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Issuers and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes.

Consequently, neither the Issuers, the trustee nor any agent of the Issuers or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuers that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or the Issuers. Neither the Issuers nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and the Issuers and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuers that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Issuers, the trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

(1) DTC (a) notifies the Issuers that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuers fail to appoint a successor depositary;

(2) the Issuers, at their option, notify the trustee in writing that they elect to cause the issuance of the Certificated Notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

Same Day Settlement and Payment

MagnaChip will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, interest and Special Interest, if any, by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. MagnaChip will make all payments of principal, premium, if any, interest and Special Interest, if any, with respect to Certificated Notes) by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. MagnaChip expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised MagnaChip that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"2009 Registration Rights Agreement" means the Registration Rights Agreement, dated as of November 9, 2009, among Parent and each of the securityholders party thereto.

"2009 Warrant Agreement" means the Warrant Agreement, dated as of November 9, 2009, between Parent and American Stock Transfer & Trust Company, as warrant agent.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Applicable Premium" means, with respect to any note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the note at April 15, 2014 (such redemption price being set forth in the table appearing above under the caption "— Optional Redemption"), plus (ii) all required interest payments due on the note through April 15, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the note.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights by Parent or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Parent and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption "— Repurchase at the Option of Holders — Change of Control" and/or the provisions described above under the caption "— Certain Covenants — Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of Parent's Restricted Subsidiaries or the sale by Parent or any of its Restricted Subsidiaries of Equity Interests in any of Parent's Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $5.0 million;

(2) a transfer of assets between or among Parent and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of Parent to Parent or to a Restricted Subsidiary of Parent;

(4) the sale, lease or other transfer of products, services or accounts receivable in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of MagnaChip, no longer economically practicable to maintain or useful in the conduct of the business of Parent and its Restricted Subsidiaries taken as whole);

(5) licenses and sublicenses by Parent or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "— Liens;"

(8) the sale or other disposition of cash or Cash Equivalents;

(9) any exchange of like property pursuant to Section 1031 of the Internal Revenue Code for use in a Permitted Business; and

(10) a Restricted Payment that does not violate the covenant described above under the caption "— Certain Covenants — Restricted Payments" or a Permitted Investment.

"Asset Sale Offer" has the meaning assigned to that term in the indenture governing the notes.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided*, *however*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"Borrowing Base" means, as of any date, an amount equal to:

(1) 85% of the face amount of all accounts receivable owned by Parent and its Restricted Subsidiaries as of the end of the most recent fiscal quarter preceding such date that were not more than 180 days past due; *plus*

(2) 50% of the book value of all inventory, net of reserves owned by Parent and its Restricted Subsidiaries as of the end of the most recent fiscal quarter preceding such date.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents" means:

(1) United States dollars, South Korean Won, Pound Sterling, Hong Kong dollars, New Taiwan dollars, Euros and Japanese yen;

(2) securities issued or directly and fully guaranteed or insured by the United States government, South Korean government, governments of EU member states with a S&P sovereign credit rating of A or better, the Japanese government, the Taiwan government, the Hong Kong government, or any agency or instrumentality of any such government (*provided* that the full faith and credit of any such government is pledged in support of those securities) having maturities of not more than one year from the date of acquisition;

(3) United States dollar denominated and South Korean Won denominated certificates of deposit, eurodollar time deposits and similar instruments in the United States, Hong Kong, Taiwan and Japan with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better or a comparable rating by a comparable rating agency in the relevant jurisdiction if such Thomson Bank Watch Rating is not available;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and

(7) in the case of a Foreign Subsidiary, (a) currency of the countries in which such Foreign Subsidiary conducts business, and (b) investments of the type and maturity described in clause (3) above of foreign obligors, which investments or obligors have the rating described in such clause.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Parent and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than one or more of its Restricted Subsidiaries or a Principal or a Related Party of a Principal;

(2) the formal adoption of a plan relating to the liquidation or dissolution of Parent (Parent's statutory conversion into a corporation at any time prior to the consummation of the Initial Public Offering shall not be deemed a liquidation or dissolution);

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Parent, measured by voting power rather than number of shares;

(4) the first day on which a majority of the members of the Board of Directors of Parent are not Continuing Directors; or

(5) the first day on which Parent ceases to own, directly or indirectly, 100% of the outstanding Equity Interests of MagnaChip (excluding for purposes of such calculation all director qualifying shares, if any, that are outstanding).

"Change of Control Offer" has the meaning assigned to that term in the indenture governing the notes.

"Consolidated EBITDA" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(2) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(3) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were taken into account in computing such Consolidated Net Income; *plus*

(4) all depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; *plus*

(5) all unusual or non-recurring charges or expenses of such Person and its Restricted Subsidiaries for such period, to the extent the same were deducted in computing such Consolidated Net Income; *plus*

(6) all restructuring and impairment charges or expenses of such Person and its Restricted Subsidiaries for such period, to the extent the same were deducted in computing such Consolidated Net Income; *plus*

(7) any increase to cost of goods sold of such Person and its Restricted Subsidiaries for such period arising out of the "fresh start" accounting treatment of the Reorganization; *minus*

(8) any foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent such gains were taken into account in computing such Consolidated Net Income; *minus*

(9) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; *provided* that:

(1) all extraordinary gains (and losses) and all gains (and losses) realized in connection with any Asset Sale or the disposition of securities or the early extinguishment of Indebtedness, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (but not loss) of any Person that is not a Restricted Subsidiary of the specified Person or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(3) for purposes of clauses (c)(1) through (c)(5) of the first paragraph of the covenant described above under the caption "— Restricted Payments," the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, except to the extent that a dividend or similar distribution is actually and lawfully made to such Person or to another Restricted Subsidiary of such Person that is not subject to any such restriction on dividends or similar distributions; *provided* that restrictions under the laws of South Korea or restrictions in any Credit Facilities that were permitted by the terms of the indenture to be incurred will be disregarded for purposes of this clause (3);

(4) the cumulative effect of a change in accounting principles will be excluded; and

(5) non-cash gains and losses attributable to movement in the mark-to-market valuation of Hedging Obligations pursuant to ASC 815, "*Derivatives and Hedging,*" formerly SFAS No. 133 will be excluded.

"Continuing" means, with respect to any default, Default or Event of Default, that such default, Default or Event of Default has not been cured or waived. In the case of an Event of Default under clause (6) of the Event of Default definition, such Event of Default shall no longer be continuing upon the cure or waiver of the default of the Indebtedness described therein that causes such Event of Default to occur or the rescission of the declaration of acceleration of such Indebtedness.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Parent who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"Credit Agreement" means the Amended and Restated Credit Agreement, dated as of November 6, 2009, among MagnaChip, FinanceCo, Parent, the guarantors party thereto, the lenders party thereto and Wilmington Trust FSB, as Administrative Agent.

"Credit Facilities" means one or more indentures, purchase agreements, debt facilities or commercial paper facilities providing for the issuance of debt securities, revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Designated Non-cash Consideration" means the Fair Market Value of non-cash consideration received by Parent or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an officers' certificate, setting forth the basis of such valuation, executed by Parent's chief financial officer, less the amount of cash or Cash Equivalents received in a subsequent sale of or collection on such Designated Non-cash Consideration.

"Director Indemnification Agreements" means indemnification agreements between Parent and the members of Parent's Board of Directors.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Parent to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Parent may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "— Certain Covenants — Restricted Payments." The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the indenture will be the maximum amount that Parent and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Existing Indebtedness" means all Indebtedness of Parent and its Restricted Subsidiaries in existence on the Issue Date, until such amounts are repaid.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of Parent (unless otherwise provided in the indenture).

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, including all Pro Forma Cost Savings, as if the same had been realized at the beginning of such four-quarter period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months); and

(7) in the case of any four-quarter reference period that includes any period of time prior to the consummation of the Reorganization, pro forma effect shall be given to the Reorganization as if the same had occurred at the beginning of such four-quarter period.

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of Parent (other than Disqualified Stock) or to Parent or a Restricted Subsidiary of Parent, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP.

"Foreign Subsidiary" means any Restricted Subsidiary that is not formed under the laws of the United States or any state of the United States or the District of Columbia.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession in the United States, which are in effect from time to time.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America (including any agency or instrumentality thereof) for the payment of which obligations or guarantees the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"Guarantors" means Parent and any Restricted Subsidiary of Parent (other than the Issuers) that executes a Note Guarantee in accordance with the provisions of the indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the indenture.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"Immaterial Subsidiary" means, as of any date, any Restricted Subsidiary whose total assets, as of that date, are less than $500,000 and whose total revenues for the most recent twelve-month period do not exceed $500,000; *provided* that a Restricted Subsidiary will not be considered to be an Immaterial Subsidiary if it, directly or indirectly, Guarantees any Indebtedness of Parent.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"Initial Public Offering" means the first public sale of Qualifying Equity Interests of Parent in an offering that is registered under the Securities Act that is consummated after the Issue Date.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Parent or any Restricted Subsidiary of Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Parent such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Parent, Parent will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of Parent's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments." The acquisition by Parent or any Restricted Subsidiary of Parent of a Person that holds an Investment in a third Person will be deemed to be an Investment by Parent or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the

Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments." Except as otherwise provided in the indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"Issue Date" means April 9, 2010.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"MagnaChip China Subsidiaries" means MagnaChip Semiconductor (Shanghai) Company Limited and all other Subsidiaries of Parent at any time organized under the laws of the People's Republic of China.

"MagnaChip Korea" means MagnaChip Semiconductor, Ltd.

"Moody's" means Moody's Investors Service, Inc.

"Net Proceeds" means the aggregate cash proceeds and Cash Equivalents received by Parent or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither Parent nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise; and

(2) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Parent or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

"Note Guarantee" means the Guarantee by each Guarantor of the Issuers' obligations under the indenture and the notes, executed pursuant to the provisions of the indenture.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Parent" means MagnaChip Semiconductor LLC, the direct parent company of MagnaChip, and any successor thereto.

"Pari Passu Indebtedness" means any Indebtedness of either Issuer or any Guarantor other than unsecured Indebtedness that:

(1) is contractually subordinated to the prior payment in full in cash of the notes, the guarantees and all related Obligations under the Indenture (including interest accruing after the commencement of a bankruptcy or insolvency proceeding, whether or not such interest constitutes an allowable claim) on terms customary for "high yield" securities as of the date of incurrence of such Indebtedness; and

(2) has a longer Weighted Average Life to Maturity than the remaining Weighted Average Life to Maturity of the notes as of the date of such incurrence.

"Permitted Business" means the businesses of MagnaChip, its direct and indirect parents, and their respective subsidiaries as of the Issue Date and any other business ancillary, supplementary or complementary to the semiconductor business, as determined in good faith by Parent's Board of Directors.

"Permitted Group" means any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act); *provided* that at least a majority of the shares of Voting Stock Beneficially Owned by such group of investors are Beneficially Owned by the Principals and their Related Parties. For purposes of this definition, shares Beneficially Owned by one person will not be attributed to any other Person solely by virtue of being part of the same group of investors for purposes of Section 13(d)(3).

"Permitted Investments" means:

(1) any Investment in Parent or in a Restricted Subsidiary of Parent;

(2) any Investment in Cash Equivalents;

(3) any Investment by Parent or any Restricted Subsidiary of Parent in a Person that is not a Restricted Subsidiary, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Parent; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Parent or a Restricted Subsidiary of Parent;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "— Repurchase at the Option of Holders — Asset Sales;"

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Parent;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of Parent or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to employees made in the ordinary course of business of Parent or any Restricted Subsidiary of Parent in an aggregate principal amount not to exceed $5.0 million at any one time outstanding;

(9) repurchases of the notes;

(10) (a) advances to customers in the ordinary course of business that are recorded as accounts receivable on the consolidated balance sheet of such Person and (b) payroll, travel and similar advances to cover matters that are expected at the time of the advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(11) any guarantee of Indebtedness permitted to be incurred by the covenant entitled "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" other than a guarantee of Indebtedness of an Affiliate of Parent that is not a Restricted Subsidiary of Parent;

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the indenture;

(13) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by Parent or any Restricted Subsidiary;

(14) Investments acquired after the Issue Date as a result of the acquisition by Parent or any Restricted Subsidiary of Parent of another Person, including by way of a merger, amalgamation or consolidation with or into Parent or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "— Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation; and

(15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of (a) $25.0 million or (b) 5% of Total Assets as of the date of such Investment.

"Permitted Liens" means:

(1) Liens on assets of Parent or any of its Restricted Subsidiaries securing Indebtedness and other Obligations under Credit Facilities that was permitted by the terms of the indenture to be incurred pursuant to clauses (1) or (16) of the definition of Permitted Debt and/or securing Hedging Obligations and/or Obligations with regard to Treasury Management Arrangements;

(2) Liens in favor of the Issuers or the Guarantors;

(3) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of Parent or is merged with or into or consolidated with Parent or any Restricted Subsidiary of Parent; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary of Parent or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of Parent or is merged with or into or consolidated with Parent or any Restricted Subsidiary of Parent;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by Parent or any Restricted Subsidiary of Parent; *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of, such acquisition;

(5) Liens or deposits made in the ordinary course of business to secure the performance of tenders, bids, leases, contracts (except those related to borrowed money), statutory obligations, insurance, surety or appeal bonds, workers compensation obligations, performance bonds or other obligations of a like nature (including Liens to secure letters of credit issued to assure payment of such obligations) or arising as a result of progress payments under government contracts;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(7) Liens existing on the Issue Date;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens imposed by law, such as carriers', warehousemen's, landlord's, mechanics', materialmen's, repairmen's, suppliers' or similar Liens, in each case, incurred in the ordinary course of business;

(10) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) Liens created for the benefit of (or to secure) the notes (or the Note Guarantees);

(12) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(14) filing of Uniform Commercial Code financing statements as a precautionary measure in connection with operating leases;

(15) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(16) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) grants of software and other technology licenses in the ordinary course of business;

(19) leases or subleases granted in the ordinary course of business to third Persons not materially interfering with the business of Parent and its Restricted Subsidiaries taken as a whole;

(20) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(21) Liens in favor of customs and revenue authorities to secure payment of customs duties in connection with the importation of goods in the ordinary course of business and other similar Liens arising in the ordinary course of business;

(22) Liens in connection with escrow deposits made in connection with any acquisition of assets; and

(23) Liens incurred in the ordinary course of business of Parent or any Restricted Subsidiary of Parent with respect to obligations that do not exceed $10.0 million at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of Parent or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of Parent or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity that is (a) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged or (b) more than 90 days after the final maturity date of the notes;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the notes on terms at least as favorable to the holders of notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is incurred either by Parent or by the Restricted Subsidiary of Parent that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged and is guaranteed only by Persons who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"Permitted Tax Payments" means, for so long as Parent is treated as a partnership for U.S. federal income tax purposes, payments by Parent to direct owners of Parent's equity interests in respect of tax liabilities of Parent's investors arising from direct or indirect ownership of Parent's equity interests under Section 951 of the Code. Permitted Tax Payments shall be calculated by reference to the amount of Parent's and its Subsidiaries' income determined to be an amount required to be included in income under section 951 of the Code times .35. A nationally recognized accounting firm chosen by Parent shall determine the amount of Permitted Tax Payments.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Principals" means Avenue International Master, L.P., Avenue Investments, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P. and Avenue CDP-Global Opportunities Fund, L.P.

"Pro Forma Cost Savings" means, with respect to any four-quarter period, the reduction in net costs and expenses that:

(1) were directly attributable to an acquisition, Investment, disposition, merger, consolidation or discontinued operation or other specified action that occurred during the four-quarter period or after the end of the four-quarter period and on or prior to the Calculation Date and that would properly be reflected in a pro forma income statement prepared in accordance with Regulation S-X under the Securities Act, as then in effect;

(2) were actually implemented prior to the Calculation Date in connection with or as a result of an acquisition, Investment, disposition, merger, consolidation or discontinued operation or other specified action and that are supportable and quantifiable by the underlying accounting records; or

(3) relate to an acquisition, Investment, disposition, merger, consolidation or discontinued operation or other specified action and that Parent reasonably determines are probable based upon specifically identifiable actions to be taken within six months of the date of the closing of the acquisition, Investment, disposition, merger, consolidation or discontinued operation or specified action;

provided that in each case contemplated by clause (3), to the extent such reductions in cost and expense are described in an officers' certificate signed by the chief financial officer of Parent and delivered to the trustee, which officers' certificate outlines the specific actions taken or to be taken, the net reductions in cost and expenses achieved or to be achieved from each such action and states that Parent's chief financial officers has determined that such cost and expense savings are probable.

"Qualifying Equity Interests" means Equity Interests of Parent other than Disqualified Stock.

"Qualifying Equity Offering" means a public sale either (1) of Equity Interests of Parent by Parent (other than Disqualified Stock and other than to a Subsidiary of Parent and other than Equity Interests sold in the Initial Public Offering) or (2) of Equity Interests of a direct or indirect parent entity of Parent (other than to Parent or a Subsidiary of Parent) to the extent that the net proceeds therefrom are contributed to the common equity capital of Parent.

"Related Party" means:

(1) any controlling person, limited partner, majority owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a majority (and controlling) interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"Reorganization" means the plan of reorganization that was adopted and became effective on November 9, 2009 in the bankruptcy proceeding under Chapter 11 of the U.S. Bankruptcy Code in which Parent and certain of its Subsidiaries were debtors.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless otherwise indicated in this "Description of New Notes," all references to Restricted Subsidiaries shall mean Restricted Subsidiaries of Parent, including the Issuers.

"S&P" means Standard & Poor's Ratings Group.

"Securities Act" means the Securities Act of 1933, as amended.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"Special Interest" has the meaning assigned to that term pursuant to the notes registration rights agreement.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Total Assets" means, as of any date, the total consolidated assets of Parent and its Subsidiaries as of the most recent date for which internal financial statements are available as of that date, calculated in accordance with GAAP.

"Treasury Management Arrangement" means any agreement or other arrangement governing the provision of treasury or cash management services, including deposit accounts, overdraft, credit or debit card, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to April 15, 2014; *provided*, *however*, that if the period from the redemption date to April 15, 2014, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Unrestricted Subsidiary" means any Subsidiary of Parent that is designated by the Board of Directors of Parent as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors of Parent, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "— Certain Covenants — Transactions with Affiliates," is not party to any agreement, contract, arrangement

or understanding with Parent or any Restricted Subsidiary of Parent unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent;

(3) is a Person with respect to which neither Parent nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Parent or any of its Restricted Subsidiaries; *provided*, *however*, that Parent and its Restricted Subsidiaries may Guarantee the performance of Unrestricted Subsidiaries in the ordinary course of business except for Guarantees of Indebtedness.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

EXCHANGE OFFER

Purpose of the Exchange Offer

The exchange offer is designed to provide holders of old notes with an opportunity to acquire new notes which, unlike the old notes, generally will be freely transferable at all times, subject to any restrictions on transfer imposed by federal and state securities laws, so long as the holder is acquiring the new notes in the ordinary course of its business, has no arrangement or understanding with any person to participate in a distribution of the new notes, and is not our affiliate within the meaning of the Securities Act.

Issuance of Original Notes. The outstanding old 10.500% Senior Notes due 2018 in the aggregate principal amount of $250,000,000 were originally issued and sold on April 9, 2010, the issue date, to certain initial purchasers, pursuant to a purchase agreement dated as of April 6, 2010. The old notes were issued and sold in a transaction not registered under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act. The concurrent resale of the old notes by the initial purchasers to investors was effected in reliance upon exemptions from the registration requirements of the Securities Act pursuant to Rule 144A and Regulation S under the Securities Act. The old notes may not be offered for resale, resold or otherwise transferred other than pursuant to a registration statement filed pursuant to the Securities Act or unless an exemption from the registration requirements of the Securities Act is available.

Notes Registration Rights Agreement. In connection with the original issuance and sale of the old notes, we entered into an exchange and registration rights agreement, which we refer to as the notes registration rights agreement, dated as of April 9, 2010 with the initial purchasers of the old notes, pursuant to which we agreed to file with the SEC a registration statement covering the exchange by us of the new notes for the old notes. The notes registration rights agreement obligates us to file with the SEC an exchange offer registration statement on an appropriate form under the Securities Act with respect to an offer to the holders of the old notes to exchange their old notes for the new notes. We have filed the registration statement of which this prospectus forms a part, and are conducting the exchange offer, in compliance with the notes registration rights agreement.

In accordance with the notes registration rights agreement, each holder of old notes is required to make specified representations and comply with the undertakings summarized below under the caption "Terms of the Exchange Offer — Resales of New Notes."

If for any of the reasons specified in the notes registration rights agreement we become obligated to file with the SEC a shelf registration statement covering resales of old notes by the holders, we will be required to use our commercially reasonable efforts to file the shelf registration statement on or prior to 30 days after such filing obligation arises and to cause the shelf registration statement to be declared effective by the SEC on or prior to 90 days after the obligation arises. A holder of old notes that sells its old notes pursuant to the shelf registration statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the notes registration rights agreement that are applicable to such holder (including certain indemnification and contribution obligations).

Pursuant to the notes registration rights agreement, we will be required to pay special interest if a registration default exists. A registration default will exist if:

- we fail to file any of the registration statements required by the notes registration rights agreement on or before the date specified for such filing;
- any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness;

- we fail to consummate the exchange offer within 30 business days of the commencement of the exchange offer with respect to the exchange offer registration statement; or
- the shelf registration statement or the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable in connection with resales of transfer restricted securities during the periods specified in the notes registration rights agreement.

With respect to the first 90-day period immediately following the occurrence of the first registration default, special interest will be paid in an amount equal to 0.25% per annum of the principal amount of transfer restricted securities outstanding. The amount of the special interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all registration defaults have been cured, up to a maximum amount of special interest for all registration defaults of 1.0% per annum of the principal amount of the transfer restricted securities outstanding. Upon the cure of all registration defaults, the accrual of special interest will cease.

We have agreed to pay all expenses incident to our performance of or compliance with the notes registration rights agreement (other than commissions and concessions of any broker-dealer). Generally, the notes registration rights agreement requires that we indemnify holders of the notes who exchange their old notes under a registration statement filed by us against certain liabilities, including liabilities arising under the Securities Act. In addition, each holder whose old notes are included in a registration statement may be required to indemnify us for the resale of their old notes against certain liabilities related to the information provided by such holder with respect to such registration statement. The notes registration rights agreement also provides for the indemnitors to reimburse the indemnified persons for legal or other expenses reasonably incurred by such persons in connection with investigating or defending claims for which they are entitled to indemnification under the agreement.

The foregoing summary of certain provisions of the notes registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the notes registration rights agreement, which is listed as an exhibit to the registration statement of which this prospectus forms a part. See “Where You Can Find More Information.”

The following summary of certain provisions of the form of the letter of transmittal used in the exchange offer does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the form of the letter of transmittal.

Terms of the Exchange Offer

General. Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, which together constitute the exchange offer, we will accept any and all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. Subject to the minimum denomination requirements of the new notes, the new notes are being offered in exchange for a like principal amount of old notes. Old notes may be exchanged only in denominations of $2,000 and integral multiples of $1,000 in excess thereof. As of the date of this prospectus, $250,000,000 in aggregate principal amount of old notes were outstanding.

The terms of the new notes will be substantially identical to the terms of the old notes, except that the new notes are registered under the Securities Act, the new notes will bear a separate CUSIP number, and the transfer restrictions, registration rights and related additional interest terms applicable to the old notes will not apply to the new notes. The new notes will evidence the same indebtedness as the old notes and will be entitled to the benefits of the indenture. The new notes will be treated as a single class under the indenture with any old notes that remain outstanding. Interest will accrue on the new notes from and including the last date on which interest was paid in respect of the old notes or, if interest has not been paid thereon, from and including the date of original issuance of the old notes.

Holders may tender some or all of their old notes pursuant to the exchange offer, except that if any old notes are tendered for exchange in part, the untendered amount of such old notes must be in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered for exchange.

This prospectus, the letter of transmittal and the notice of guaranteed delivery are first being mailed to all registered holders of old notes as of , 2010.

Resales of New Notes. Based on interpretations by the staff of the SEC as set forth in no-action letters issued to third parties with respect to other transactions, the new notes issued in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery requirements of the Securities Act by holders who satisfy the conditions described in the following paragraph. If a holder does not satisfy such conditions, in the absence of an exemption, it must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the new notes. If a holder fails to comply with these requirements, it may incur liabilities under the Securities Act, and we will not indemnify the holder for such liabilities.

Each holder of old notes that wishes to exchange such old notes for new notes in the exchange offer will be required to make certain representations to us, including representations that:

- it is not our affiliate as defined in Rule 405 of the Securities Act, or if it is such an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;
- it is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the new notes;
- it is acquiring the new notes in its ordinary course of business;
- if it is a broker-dealer that holds old notes that were acquired for its own account as a result of market-making activities or other trading activities (other than old notes acquired directly from the us or our affiliates), it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the new notes;
- if it is a broker-dealer, it did not purchase the old notes to be exchanged in the exchange offer from us or our affiliates;
- it is not acting on behalf of any person who could not truthfully and completely make the representations contained in the foregoing clauses.

Any broker-dealer that holds old notes acquired for its own account as a result of market-making activities or other trading activities, and that receives new notes pursuant to the exchange offer, must deliver a prospectus in connection with any resale of such new notes, and must agree in the letter of transmittal that it will do so. By making this acknowledgement and by delivering a prospectus, any such broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. We have agreed in the notes registration rights agreement that, for a period beginning on the date the exchange offer is consummated and ending on the earlier of 180 days after the date of this prospectus and the date on which a broker-dealer no longer owns the notes, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. A broker-dealer that delivers such a prospectus to purchasers in connection with such resales will be subject to certain of the civil liability provisions under the Securities Act. For additional information, see “Plan of Distribution.”

Each broker-dealer that acquired old notes for its own account as a result of market-making activities or other trading activities, by tendering such old notes, will agree that, upon receipt of notice from us of the occurrence of any event or the discovery of any fact that makes any statement included or incorporated by reference in this prospectus untrue in any material respect or that causes this prospectus to omit to state a material fact necessary to make the statements included or incorporated by reference therein, in light of the circumstances under which they were made, not misleading or of the occurrence of certain other events specified in the notes registration rights agreement, such broker-dealer will suspend the sale of new notes pursuant to this prospectus until we have amended or supplemented the prospectus to correct such misstatement or omission and have furnished copies of the amended or supplemented prospectus to such broker-dealer or have given notice that the sale of the new notes may be resumed. If we give such a notice to suspend the sale of the new notes, we will extend the 180-day period referred to above during which such broker-dealers are entitled to use this prospectus in connection with the resale of new notes by the number of days during the period from and including the date on which we gave such notice to and including the date on which such broker-dealer received copies of the supplemented or amended prospectus necessary to permit resales of the new notes, or to and including the date on which we gave notice that the sale of new notes may be resumed.

A broker-dealer that intends to use this prospectus in connection with resales of new notes must so notify us on or prior to the expiration date. The notice may be given in the space provided for this notice in the letter of transmittal or may be delivered to the exchange agent at the address set forth below under the caption “Exchange Agent.”

Expiration Date; Extension; Termination

The exchange offer will expire at 5:00 p.m., New York City time, on , 2010, unless extended by us. We reserve the right to extend the exchange offer at our discretion, in which event the term “expiration date” will mean the time and date on which the exchange offer as so extended will expire. We will notify the exchange agent of any extension by oral or written notice and will make an announcement thereof by press release over a national news service, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting any notes, to extend the exchange offer or, if any of the conditions set forth under “Conditions to the Exchange Offer” shall not have been satisfied, to terminate the exchange offer, by giving oral or written notice of that delay, extension or termination to the exchange agent;
- to extend the exchange offer or, if any of the conditions set forth under “Conditions to the Exchange Offer” shall not have been satisfied, to terminate the exchange offer, by giving oral or written notice of that extension or termination to the exchange agent; or
- to amend the terms of the exchange offer in any manner; however, in the event of a material change in the offer, including the waiver of a material condition, we will extend the offer so that at least five business days remain in the offer following notice of the material change.

In the event that we make a fundamental change to the terms of the exchange offer, we will file a post-effective amendment to the registration statement.

If we provide oral notice of any delay, extension or termination of the exchange offer, we will do so by press release or other public announcement in a manner compliant with Rule 14e-1(d) of the Exchange Act.

Procedures for Tendering

The tender to us of old notes by a holder pursuant to one of the procedures set forth below and the acceptance thereof by us will constitute a binding agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

Except as set forth below, a holder that wishes to tender old notes for exchange must transmit, on or prior to the expiration date, a properly completed and duly executed letter of transmittal, or an "agent's message" in lieu of a letter of transmittal, and all other documents required by the letter of transmittal to the exchange agent at the address set forth below under the caption "Exchange Agent." In addition, either:

- the exchange agent must receive certificates for such old notes along with the letter of transmittal; or
- the exchange agent must receive, on or prior to the expiration date, a timely confirmation of a book-entry transfer, which we refer to as a "book-entry confirmation," of such old notes into the exchange agent's account at DTC pursuant to the book-entry transfer procedure described below under the caption "Book-Entry Transfer;" or
- the holder must comply with the guaranteed delivery procedures described below.

Letters of transmittal, certificates for old notes and other documents should be sent to the exchange agent and not to us.

The term "agent's message" means a message, transmitted by DTC to and received by the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgement from the tendering participant that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce such letter of transmittal against such participant.

The method of delivery of old notes, the letter of transmittal and other required documents to the exchange agent is at the option and sole risk of the holder, and delivery will be deemed made only when these items are actually received by the exchange agent. If delivery is to be made other than by hand or facsimile transmission, registered mail with return receipt requested, properly insured, or overnight delivery service is recommended. In all cases, sufficient time should be allowed to ensure timely delivery to the exchange agent.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company, or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on the beneficial owner's behalf. If the beneficial owner wishes to tender on the record owner's own behalf, the record owner must, prior to completing and executing the letter of transmittal and delivering the record owner's old notes, either make appropriate arrangements to register ownership of the old notes in the beneficial owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal must be guaranteed unless the old notes tendered pursuant thereto are tendered (1) by the registered holder(s) of such old notes and the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal has not been completed or (2) for the account of any firm that is an "eligible institution." An eligible institution includes, among others, a commercial bank, broker, dealer, credit union and national securities exchange. In all other cases, an eligible institution must guarantee signatures on a letter of transmittal.

If the letter of transmittal is signed by a person other than a registered holder (or less than all registered holders) of any old notes tendered therewith, the certificates for such old notes must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name of the registered holder(s) appears on the old notes, and such signatures must be guaranteed by an eligible institution.

If the letter of transmittal or any certificates for old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and must submit proper evidence satisfactory to us of their authority to act in such a capacity.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tendered old notes will be resolved by us, and our determination of such questions will be final and binding on all parties. We reserve the absolute right to reject any or all tenders that are not in proper form or the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any irregularities or conditions in any tender of particular old notes, whether or not we waive similar irregularities or conditions in tenders of other old notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Neither we or our affiliates or assigns nor the exchange agent or any other person will be under any duty to give notification of any irregularities in tenders or will incur any liability for any failure to give such notification. Tenders of old notes will not be deemed to have been made until all irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the irregularities have not been cured or waived will be promptly returned by the exchange agent to the tendering holder, unless otherwise provided in the letter of transmittal.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the old notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in DTC's book-entry transfer facility systems may make book-entry delivery of old notes by causing DTC to transfer those old notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Although delivery of old notes may be effected through book-entry transfer into the exchange agent's account at DTC, an agent's message or a duly executed letter of transmittal, including all other documents required by such letter of transmittal, must in any case be transmitted to and received by the exchange agent at the address set forth below under the caption "Exchange Agent" on or prior to the expiration date, or the guaranteed delivery procedures described below must be complied with.

The Depository Trust Company's Automated Tender Offer Program, or "ATOP," is the only method of processing exchange offers through The Depository Trust Company. To accept the exchange offer through ATOP, participants in The Depository Trust Company must send electronic instructions to The Depository Trust Company through The Depository Trust Company's communication system instead of sending a signed, hard copy letter of transmittal. The Depository Trust Company is obligated to communicate those electronic instructions to the exchange agent. To tender outstanding notes through ATOP, the electronic instructions sent to The Depository Trust Company and transmitted by The Depository Trust Company to the exchange agent must contain the character by which the participant acknowledges its receipt of and agrees to be bound by the letter of transmittal.

Delivery of documents to DTC in accordance with DTC's procedures does not constitute delivery to the exchange agent.

Guaranteed Delivery Procedures

Holders who wish to tender their old notes and (1) whose old notes are not immediately available or (2) who cannot deliver their old notes, the letter of transmittal or any other required documents to the exchange agent on or prior to the expiration date, or comply with the procedures for book-entry transfer, may effect a tender if:

- the tender is made by or through an eligible institution;
- a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by us, is received by the exchange agent on or prior to the expiration date and such documents set forth the name and address of the holder of old notes and the amount of old notes tendered and stating that the tender is being made by guaranteed delivery and guaranteeing that within three New York Stock Exchange trading days after the date of

execution of the notice of guaranteed delivery, the certificates for all physically tendered old notes, in proper form for transfer, or a book-entry confirmation, as the case may be, will be deposited by the eligible institution with the exchange agent; and

- the certificates (or a book-entry confirmation) representing all tendered old notes, in proper form for transfer, together with a letter of transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an agent's message in lieu thereof, and any other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of such notice of guaranteed delivery.

The notice of guaranteed delivery may be delivered by hand or transmitted by facsimile or mail to the exchange agent, and must include a guarantee by an eligible institution in the form set forth in such notice of guaranteed delivery. For old notes to be properly tendered pursuant to the guaranteed delivery procedure, the exchange agent must receive a notice of guaranteed delivery on or prior to the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provisions of the exchange offer, or any extension of the exchange offer, we will not be required to accept for exchange, or to issue new notes in exchange for, any old notes and may terminate the exchange offer (whether or not any old notes have been accepted for exchange) or may waive any conditions to or amend the exchange offer, if any of the following conditions has occurred or exists or has not been satisfied:

- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission:

(1) seeking to restrain or prohibit the making or completion of the exchange offer or any other transaction contemplated by the exchange offer, or assessing or seeking any damages as a result of the exchange offer or any such transaction; or

(2) resulting in a material delay in our ability to accept for exchange or exchange some or all of the old notes in the exchange offer; or

(3) any statute, rule, regulation, order or injunction has been sought, proposed, introduced, enacted, promulgated or deemed applicable to the exchange offer or any of the transactions contemplated by the exchange offer by any governmental authority, domestic or foreign; or

- any action has been taken, proposed or threatened by any governmental authority, domestic or foreign, that in our sole judgment might directly or indirectly result in any of the consequences referred to in clause (1), (2) or (3) above or, in our sole judgment, might result in the holders of new notes having obligations with respect to resales and transfers of new notes which are greater than those described in the interpretations by the staff of the SEC discussed above, or would otherwise make it inadvisable to proceed with the exchange offer; or
- there has occurred:

(1) any general suspension of or general limitation on prices for, or trading in, securities on any national securities exchange or in the over-the-counter market; or

(2) any limitation by a governmental authority which may adversely affect our ability to complete the transactions contemplated by the exchange offer; or

(3) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit; or

(4) a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the preceding events existing at the time of the commencement of the exchange offer, a material acceleration or worsening of these calamities; or

- any change, or any development involving a prospective change, has occurred or been threatened in our business, financial condition, operations or prospects and those of our subsidiaries taken as a whole that is or may be adverse to us, or we have become aware of facts that have or may have an adverse impact on the value of the old notes or the new notes, which, in our sole judgment, in any case makes it inadvisable to proceed with the exchange offer or with acceptance for exchange or exchange of some or all of the old notes; or
- there has occurred a change in the interpretations by the staff of the SEC which permits the new notes issued pursuant to the exchange offer in exchange for old notes to be offered for resale, resold and otherwise transferred by holders thereof (other than broker-dealers and any such holder which is our affiliate within the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such new notes are acquired in the ordinary course of such holders' business and such holders have no arrangement or understanding with any person to participate in the distribution of such new notes; or
- any law, statute, rule or regulation has been adopted or enacted which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer; or
- a stop order has been issued by the SEC or any state securities authority suspending the effectiveness of the registration statement of which this prospectus forms a part, or proceedings have been initiated or, to our knowledge, threatened for that purpose, or any governmental approval has not been obtained, which approval we shall, in our sole discretion, deem necessary for the consummation of the exchange offer as contemplated hereby (we are required to use commercially reasonable efforts to obtain the withdrawal of any stop order); or
- we have received an opinion of counsel experienced in such matters to the effect that there exists any actual or threatened legal impediment (including a default or prospective default under an agreement, indenture or other instrument or obligation to which we are a party or by which we are bound) to the consummation of the transactions contemplated by the exchange offer.

In addition, notwithstanding any other provision of the exchange offer, we will not be required to accept for exchange, or to issue new notes in exchange for, any old notes and may terminate or amend the exchange offer if at any time before the acceptance of those old notes for exchange or the exchange of the new notes for those old notes, we determine that the exchange offer violates any applicable law or applicable interpretation of the Staff of the SEC.

If we determine, in our sole discretion, that any of the foregoing events or conditions has occurred or exists or has not been satisfied, we may, subject to applicable law, terminate the exchange offer (whether or not any old notes have been accepted for exchange) or may waive any such condition or otherwise amend the terms of the exchange offer in any respect. If any such waiver or amendment constitutes a material change to the exchange offer, we will promptly disclose such waiver or amendment by means of a prospectus supplement that will be distributed to the registered holders of the old notes and will extend the exchange offer to the extent required by Rule 14e-1 under the Exchange Act.

These conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to any of these conditions, or we may waive them, in whole or in part, in our sole discretion. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of those rights and each of those rights shall be deemed an ongoing right which may be asserted at any time and from time to time prior to the expiration of the exchange offer.

Any determination made by us concerning an event, development or circumstance described or referred to above will be final and binding on all parties.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Upon the terms and subject to the conditions of the exchange offer, we will accept all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue new notes in exchange for such old notes promptly following the expiration date.

Subject to the conditions set forth above under the caption “Conditions to the Exchange Offer,” issuance of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the exchange agent’s account at DTC, a completed letter of transmittal, or, in the case of a book-entry transfer, an agent’s message in lieu of the letter of transmittal, and any other documents required by the letter of transmittal. Accordingly, the time of delivery of new notes will depend upon when certificates for old notes, book-entry confirmations with respect to old notes and other required documents are received by the exchange agent, and such delivery might not be made to all tendering holders at the same time.

Subject to the terms and conditions of the exchange offer, we will be deemed to have accepted for exchange, and thereby to have exchanged, old notes validly tendered and not withdrawn as, if and when we give oral or written notice to the exchange agent of our acceptance of such old notes for exchange pursuant to the exchange offer. The exchange agent will act as agent for us for the purpose of receiving tenders of old notes, letters of transmittal and related documents, and as agent for tendering holders for the purpose of receiving old notes, letters of transmittal and related documents and transmitting new notes that will not be held in global form by DTC or a nominee of DTC to validly tendered holders. Such exchange will be made promptly after the expiration date. If for any reason whatsoever, acceptance for exchange or the exchange of any old notes tendered pursuant to the exchange offer is delayed (whether before or after our acceptance for exchange of old notes) or we extend the exchange offer or are unable to accept for exchange or exchange any old notes tendered pursuant to the exchange offer, then, without prejudice to our rights set forth herein, the exchange agent may, nevertheless, on our behalf and subject to Rule 14e-l under the Exchange Act, retain tendered old notes and such old notes may not be withdrawn except to the extent tendering holders are entitled to withdrawal rights as described under the caption “Withdrawal Rights.”

Pursuant to the letter of transmittal or an agent’s message in lieu thereof, a holder of tendered old notes will represent and warrant to us that it has full power and authority to tender, exchange, sell, assign and transfer such old notes, that we will acquire good, marketable and unencumbered title to such old notes, free and clear of all liens, restrictions, charges and encumbrances, and that such old notes are not subject to any adverse claims or proxies. The holder also will warrant and agree with us that, upon request, it will execute and deliver any additional documents deemed by us or the exchange agent to be necessary or desirable to complete the exchange, assignment and transfer of the old notes tendered pursuant to the exchange offer.

Any old notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or in the case of old notes tendered by book-entry transfer into the exchange agent’s account at DTC pursuant to the book-entry transfer procedures described above, such old notes will be credited to an account maintained with DTC for the old notes) promptly after withdrawal, rejection of tender or termination or expiration of the exchange offer.

Withdrawal Rights

Tenders of old notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date. Any old notes that are properly withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer.

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address, or in the case of eligible institutions, at the facsimile number, set forth below under the caption "Exchange Agent" before 5:00 p.m., New York City time, on the expiration date. Any notice of withdrawal must specify the name of the person that tendered the old notes to be withdrawn, identify the old notes to be withdrawn (including the principal amount of the old notes), and (where certificates for old notes have been transmitted) specify the name in which such old notes are registered, if different from that of the withdrawing holder. If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder also must submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless such holder is an eligible institution. If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of such facility.

All questions as to the validity, form and eligibility (including time of receipt) of withdrawal notices will be determined by us, in our sole discretion, and our determination will be final and binding on all parties. Neither we or our affiliates or assigns nor the exchange agent or any other person will be under any duty to give notification of any irregularities in any notice of withdrawal or will incur any liability for any failure to give such notification.

Properly withdrawn old notes may be retendered by following one of the procedures described above under the caption "Procedures for Tendering" at any time on or prior to the expiration date.

Exchange Agent

We have appointed Wilmington Trust FSB as the exchange agent for the exchange offer. You should direct all executed letters of transmittal and other required documents to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

By registered mail or certified mail:	**By regular mail or overnight courier:**	**By hand:**
Wilmington Trust FSB	Wilmington Trust FSB	Wilmington Trust FSB
c/o Wilmington Trust Company	c/o Wilmington Trust Company	c/o Wilmington Trust Company
Rodney Square North	Rodney Square North	Rodney Square North
1100 North Market Street	1100 North Market Street	1100 North Market Street
Wilmington, DE 19890-1626	Wilmington, DE 19890-1626	Wilmington, DE 19890-1626
Attention: Sam Hamed	Attention: Sam Hamed	Attention: Sam Hamed

Facsimile (eligible institutions only): (302) 636-4139, Attention: Sam Hamed Telephone Inquiries: (302) 636-6181

If you deliver the letter of transmittal and other required documents to an address other than any address indicated above or transmit instructions by facsimile to a facsimile number other than any facsimile number indicated above, your delivery or transmission will not constitute a valid delivery of the letter of transmittal or such other documents.

Payment of Expenses

We have not retained any dealer-manager or similar agent in connection with the exchange offer. We will not make any payment to brokers, dealers or others for soliciting acceptances of the exchange offer. However, we will pay the reasonable and customary fees and reasonable out-of-pocket expenses to the exchange agent for its services. We also will pay the cash expenses to be incurred in connection with the exchange offer, including accounting, legal, printing and other related fees and expenses.

Tendering holders will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of old notes pursuant to the exchange offer. If new notes are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the old notes tendered, or if a transfer tax is imposed for any reason other than the exchange of old notes in connection with the exchange offer, the amount of any such transfer tax, whether imposed on the registered holder or any other person, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

Accounting Treatment

The new notes will be recorded at the same carrying value as the old notes, as reflected in our accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized.

Consequences of Failure to Exchange

Any old notes not exchanged in the exchange offer will remain entitled to the rights and subject to the limitations contained in the indenture. Following the exchange offer, however, all outstanding old notes will continue to be subject to the same restrictions on transfer. Until termination of the transfer restrictions applicable to such old notes under the Securities Act and applicable state securities laws, such old notes generally could be resold only:

- to us or our subsidiaries;
- pursuant to an effective registration statement under the Securities Act;
- to a qualified institutional buyer in compliance with Rule 144A under the Securities Act;
- pursuant to offers or sales to non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act;
- to an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that, prior to such transfer, furnishes to the Trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of the old notes (the form of which letter may be obtained from the Trustee) and, if the aggregate principal amount of such old notes at the time of transfer is less than $250,000, an opinion of counsel acceptable to us that such transfer is in compliance with the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act.

The liquidity of the old notes could be adversely affected by the exchange offer.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain U.S. federal income tax considerations relevant to the exchange of old notes for new notes (collectively, the "notes") pursuant to the exchange offer and the ownership and disposition of the notes by a U.S. holder (defined below), but does not purport to be a complete analysis of all potential tax effects. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the Internal Revenue Service ("IRS") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax considerations that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities (or investors in such entities), persons liable for alternative minimum tax and persons holding the notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchased the notes for cash at original issue and at their issue price (the first price at which a substantial amount of the notes were sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the notes as capital assets within the meaning of section 1221 of the Code.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of a note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person. If any entity treated as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the exchange of old notes for new notes, and the ownership and disposition of the old notes or new notes.

Note holders considering the exchange of the old notes for the publicly registered new notes pursuant to the exchange offer should consult their tax advisors concerning the tax consequences of the exchange of old notes for new notes, and the ownership and disposition of the old notes or new notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local, foreign or other tax laws.

Exchange of Notes

The exchange of the old notes for new notes pursuant to the exchange offer will not constitute a taxable exchange for U.S. federal income tax purposes. As a result, (1) a U.S. holder will not recognize a taxable gain or loss as a result of exchanging old notes for new notes; (2) the holding period of the new notes received by a U.S. holder will include the holding period of the old notes exchanged for the new notes; and (3) a U.S. holder's adjusted tax basis of the new notes received in the exchange initially will be the same as the U.S. holder's adjusted tax basis of the old notes surrendered in the exchange, determined immediately before the registered exchange.

Characterization of the Notes

In certain circumstances (see "Description of New Notes — Optional Redemption," "Description of New Notes — Repurchase at the Option of Holders — Change of Control," and "Description of New Notes — Additional Amounts") we may be obligated to make payments on the notes in excess of stated principal and interest. We intend to take the position that the foregoing contingencies should not cause the notes to be treated as contingent payment debt instruments. Assuming such position is respected, a U.S. holder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes. Our position is binding on a holder, unless the holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged this position, and the notes were treated as contingent payment debt instruments, U.S. holders could be required to accrue interest income at a rate higher than their yield to maturity and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement or redemption of a note. This disclosure assumes that the notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their tax advisors regarding the potential application to the notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of Interest

Payments of stated interest and Additional Amounts on the notes generally will be taxable to a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

Foreign Tax Credit

Interest income on a note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. holders, "general category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Withholding taxes, if any, may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations.

Sale, Exchange, Redemption, Retirement or other Taxable Disposition of Notes

Generally, upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the disposition (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such U.S. holder's adjusted tax basis in the note. A U.S. holder's adjusted tax basis in a note will generally equal the cost of such note to such U.S. holder. Gain or loss recognized upon the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be U.S. source gain or loss and generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption, retirement or other disposition the note has been held by such U.S. holder for more than one year. Long-term capital gain realized by a non-corporate U.S. holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation.

Information Reporting and Backup Withholding

In general, payments of interest and the proceeds from sales or other dispositions (including retirements or redemptions) of notes held by a U.S. holder may be required to be reported to the IRS unless the U.S. holder is a corporation or other exempt recipient and, when required, demonstrates this fact. In addition, a U.S. holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Surtax on Certain Net Investment Income.

On March 30, 2010, new legislation was enacted that requires certain U.S. holders who are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, interest on and capital gains from the sale or other disposition of notes for taxable years beginning after December 31, 2012. In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. holders who are individuals to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the notes.

CERTAIN GENERAL LUXEMBOURG TAX CONSIDERATIONS

The following is a general discussion of the material Luxembourg tax consequences for your investment in and ownership and disposition of the notes. The discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to your decision to purchase the notes. In particular, this discussion does not consider any specific facts or circumstances which may apply to a particular purchaser. This summary is based on the current laws or treaties (or any regulations promulgated thereunder) of Luxembourg affecting taxation and on the existing official position regarding the application, administration or interpretation of such laws, treaties or regulations (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice). These laws or treaties (or any regulations promulgated thereunder) of Luxembourg affecting taxation and the existing official position regarding the application, administration or interpretation of such laws, treaties or regulations are subject to change, possibly with retroactive effect.

Prospective purchasers of notes are advised to consult their own tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of notes, including, but not limited to, the consequence of receipt of payments under the notes and their disposal, redemption or exchange.

Tax Residency

A note holder will not become resident, or be deemed to be resident under the tax laws of Luxembourg by reason only of the holding of the notes, or the execution, performance, delivery and/or enforcement of the notes.

Withholding Tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual note holders and to certain entities (under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive and transposing the bilateral saving taxation agreements concluded between Luxembourg and the dependent or associated territories of the European Union ("EU") and the provisions of the Law of December 23, 2005 as amended), there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest).

There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual note holders and to certain entities (under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive and the provisions of the Law of December 23, 2005 as amended), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the notes.

Taxation of Luxembourg Non-residents

Under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive and transposing the bilateral saving taxation agreements concluded between Luxembourg and the dependent or associated territories of the EU, a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an alternative procedure to savings withholding tax, which could be exchange of information or the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not

UCITS recognized in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognized in accordance with the Council Directive 85/611/EEC).

The savings withholding tax rate is 20% increasing to 35% as from July 1, 2011. The savings withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

On November 13, 2008 the European Commission published a proposal for amendments to the Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. An updated draft version of the amended Savings Directive was rendered public in November 2009. If this draft would be approved in the course of 2010, the amended Savings Directive would become applicable as from January 1, 2013. Investors who are in any doubt as to their position should consult their professional advisers.

Taxation of Luxembourg residents

Interest payments made by Luxembourg paying agents (defined in a similar way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognized in accordance with the Council Directive 85/611/EC or for the exchange of information regime) are subject to a 10% final withholding tax (the "10% Luxembourg Withholding Tax").

Taxation of the Note Holders

Taxation of Luxembourg Non-Residents

Notes holders who are non-residents under the tax laws of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg with which the ownership of the notes is connected are not liable to Luxembourg income tax, corporate income tax, municipal business tax or net wealth tax, whether they receive payments under the notes (including interest and principal) or realize capital gains on the disposal, redemption or exchange of the notes.

Taxation of Luxembourg Residents

Companies

Companies Benefiting from a Special Tax Regime

A Luxembourg resident note holder subject to the law of July 31,1929 as repealed on pure holding companies or to the law of February 13, 2007 on specialized investment fund or to the law of December 20, 2002 on undertakings for collective investment or to the law of May 11, 2007 on family estate management companies would not be subject to any Luxembourg corporate income tax, municipal business tax or net wealth tax in respect of payments under the notes (including interest and principal) or capital gains realized on the disposal, redemption or exchange of the notes.

Companies not Benefiting from a Special Tax Regime

A Luxembourg resident note holder subject to Article 159 of the Income Tax Law ("Corporate Income Tax") and to § 2 of the *Gewebesteurgesetz* (Municipal Business Tax) and a foreign entity maintaining a permanent establishment or a permanent representative in Luxembourg would be subject to Luxembourg Corporate Income Tax and Municipal Business Tax on their worldwide income, including interest (whether accrued or paid) and capital gains realized on the disposal, redemption or exchange of the notes, unless certain items can benefit from an exemption under domestic law or tax treaties for the avoidance of double taxation. The current global effective corporate income tax rate amounts to 28.59% including corporate income tax of 21.84% and municipal business tax of 6.75% in Luxembourg-City.

A Luxembourg resident note holder subject to § 1 of the *Vermögensteuergesetz* (Net Wealth Tax) and a foreign entity maintaining a permanent establishment or a permanent representative in Luxembourg would be subject to an annual Luxembourg net wealth tax at a rate of 0.5%. The net wealth is determined on January 1st of each year, based on the market value of all the assets as of December 31st each year less the market value of the liabilities at the same date unless certain assets can benefit from an exemption under domestic law or tax treaties for the avoidance of double taxation.

Individuals

Pursuant to the Luxembourg law of December 23, 2005 as amended by the law of July 17, 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10% tax (the "10% Tax") on interest payments made after December 31, 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the Savings Directive. The 10% Luxembourg Withholding Tax or the 10% Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg. Individual Luxembourg resident note holders receiving the interest as business income must include this interest in their taxable basis; if applicable, the 10% Luxembourg Withholding Tax levied will be credited against their final income tax liability.

Luxembourg resident individual note holders are generally not subject to taxation on capital gains upon the disposal of the notes, unless the notes are disposed of within six months of the date of acquisition of the notes. Upon the sale, redemption or exchange of the notes, accrued but unpaid interest will be subject to the 10% Luxembourg Withholding Tax if the paying agent is a Luxembourg resident or to the 10% Tax if the paying agent is located outside Luxembourg but in the EU, in the European Economic Area or in the dependent and associated territory and the Luxembourg resident individuals opt for the 10% Tax. Individual Luxembourg resident note holders receiving the interest as business income must include the portion of the price corresponding to this interest in their taxable income; the 10% Luxembourg Withholding Tax levied will be credited against their final income tax liability.

Inheritance and Gift Tax

No gift, estate or inheritance tax is levied on the transfer of the notes upon death of a note holder where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Registration Duty, Stamp Duty

When the agreement is not submitted to a notary, there is no Luxembourg registration tax, stamp duty payable in Luxembourg by note holders as a consequence of the issuance of the notes, nor will any of these tax and duty be payable as a consequence of a subsequent transfer, repurchase, redemption or exchange of notes.

Value Added Tax

The purchase of income generating notes qualifies as a financing activity from a Luxembourg VAT perspective. Such financing activities are exempt from VAT in Luxembourg. Non-Luxembourg VAT consequences of the purchase of notes should be verified in consultation with a professional adviser.

If the purchaser of notes is established in Luxembourg, then such activity gives him the status of VAT taxpayer in Luxembourg.

To the extent that this financing activity with the issuer is the only activity of the purchaser, no Luxembourg VAT registration is required for this Luxembourg purchaser, unless he receives services from foreign suppliers for which he is liable to declare and pay Luxembourg VAT. In this case, the purchaser must register for VAT in Luxembourg under the simplified VAT regime, account for the Luxembourg VAT if due and has no VAT deduction right.

PLAN OF DISTRIBUTION

The exchange offer is not being made to, nor will we accept surrenders of old notes for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

The distribution of this prospectus and the offer and sale of the new notes may be restricted by law in certain jurisdictions. Persons who come into possession of this prospectus or any of the new notes must inform themselves about and observe any such restrictions. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the new notes or possess or distribute this prospectus and, in connection with any purchase, offer or sale by you of the new notes, must obtain any consent, approval or permission required under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchase, offer or sale.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with the resale of the new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired as a result of market-making activities or other trading activities. We have agreed in the notes registration rights agreement that, for a period beginning on the date the exchange offer is consummated and ending on the earlier of 180 days after the date of this prospectus and the date on which a broker-dealer no longer owns the notes, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

- We will not receive any proceeds from any sale of new notes by broker-dealers.
- New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the new notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices, or at negotiated prices.
- Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any of the new notes.
- Any broker-dealer that resells new notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of the new notes may be deemed to be an “underwriter” within the meaning of the Securities Act, and any profit on any such resale of new notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act.
- The letter of transmittal states that, by acknowledging that it will deliver a prospectus and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For the period described above, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents. Any such requests should be made in the letter of transmittal where indicated or otherwise should be directed to MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, California 95014, Attention: John McFarland, Senior Vice President, General Counsel and Secretary, telephone (408) 625-5999, fax (408) 625-5990. For additional information about the obligations of participating broker-dealers in connection with the exchange offer and the resale of new notes, see “Exchange Offer — Terms of the Exchange Offer — Resales of New Notes.”

We have agreed in the notes registration rights agreement to pay all expenses incident to the exchange offer (other than commissions and concessions of any broker-dealer) and to indemnify the holders of the old notes (including any broker-dealer) against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Certain legal matters with regard to the validity of the new notes and related guarantees will be passed upon for us and the guarantors by Jones Day, Palo Alto, California; Dechert Luxembourg, Luxembourg; NautaDutilh N.V., Amsterdam, The Netherlands; DLA Piper Tokyo Partnership, Tokyo, Japan; DLA Piper Hong Kong, Hong Kong; Lee, Tsai & Partners, Taipei, Taiwan; DLA Piper UK LLP, London, England; and Harney Westwood & Riegels, British Virgin Islands.

EXPERTS

Our consolidated financial statements as of and for the two-month period ended December 31, 2009, and consolidated financial statements as of December 31, 2008 and for the ten-month period ended October 25, 2009 and for each of the two years in the period ended December 31, 2008 included in this prospectus have been so included in reliance on the reports of Samil PricewaterhouseCoopers, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing. The address of Samil PricewaterhouseCoopers is LS Yongsan Tower, 191 Hangangro 2ga, Yongsan-gu, Seoul 140-702, Korea. Samil PricewaterhouseCoopers is a member of the Korean Institute of Certified Public Accountants.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 under the Securities Act of 1933, as amended , as amended (Registration No. 333-). This prospectus, which is a part of the registration statement, does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is not necessarily complete. For further information regarding MagnaChip and the exchange offer, please refer to the registration statement, including its exhibits. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the documents or matters involved.

As a result of the exchange offer, we will become subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended. You may read and copy any reports or other information filed by us at the SEC's public reference room at 100 F Street N.E., Washington, DC 20549. Copies of this material can be obtained from the Public Reference Section of the SEC upon payment of fees prescribed by the SEC. You may call the SEC at 800-SEC-0350 for further information on the operation of the public reference room. Our filings will also be available to the public from commercial document retrieval services and at the SEC website at "www.sec.gov." In addition, you may request a copy of any of these filings, at no cost, by writing or telephoning us at the following address or phone number: c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370 Cupertino, CA 95014, Attention: Senior Vice President, General Counsel and Secretary; the telephone number at that address is 408-625-5999.

Under the terms of the indenture, we have agreed that, whether or not we are required to do so by the rules and regulations of the SEC, after the exchange offer is completed and for so long as any of the notes remain outstanding, we will furnish to the trustee and the holders of the notes, file with the SEC (unless the SEC will not accept such a filing) and post on our website (i) all quarterly reports on Form 10-Q and annual reports on Form 10-K that would be required to be filed with the SEC if we were required to file such reports, and, with respect to the annual report on Form 10-K only, a report thereon by our independent registered public accounting firm and (ii) all current reports that would be required to be filed with the SEC on Form 8-K if we were required to file such reports, in each case within the time periods specified in the rules and regulations of the SEC. In addition, for so long as any of the notes remain outstanding, at any time when we are not required to file reports with the SEC, we have agreed to make available to any holder of the notes, securities analysts and prospective investors, at their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated financial statements (unaudited)

Consolidated financial statements (audited)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Successor		
	March 31, 2010		December 31, 2009
	Historical	Pro Forma (Note 20)	Historical
	(Unaudited; in thousands of US dollars, except unit data)		
ASSETS			
Current assets			
Cash and cash equivalents	$ 82,688	$ 82,688	$ 64,925
Accounts receivable, net	104,514	104,514	74,233
Inventories, net	58,233	58,233	63,407
Other receivables	4,507	4,507	3,433
Prepaid expenses	13,013	13,013	12,625
Other current assets	7,769	7,769	3,433
Total current assets	270,724	270,724	222,056
Property, plant and equipment, net	154,719	154,719	156,337
Intangible assets, net	43,525	43,525	50,158
Long-term prepaid expenses	9,797	9,797	10,542
Other non-current assets	13,266	13,266	14,238
Total assets	$ 492,031	$ 492,031	$ 453,331
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 77,871	$ 77,871	$ 59,705
Other accounts payable	7,551	7,551	7,190
Payable to unitholders	—	130,697	—
Accrued expenses	25,267	25,267	22,114
Current portion of long-term debt	618	618	618
Other current liabilities	4,552	4,552	3,937
Total current liabilities	115,859	246,556	93,564
Long-term borrowings	60,978	60,978	61,132
Accrued severance benefits, net	76,843	76,843	72,409
Other non-current liabilities	6,906	6,906	10,536
Total liabilities	260,586	391,283	237,641
Unitholders' equity			
Common units, no par value, 375,000,000 units authorized, 307,233,996 and 307,083,996 units issued and outstanding at March 31, 2010 and December 31, 2009, respectively	55,453	55,453	55,135
Additional paid-in capital	169,265	38,568	168,700
Retained earnings	29,138	29,138	(1,963)
Accumulated other comprehensive loss	(22,411)	(22,411)	(6,182)
Total unitholders' equity	231,445	100,748	215,690
Total liabilities and unitholders' equity	$ 492,031	$ 492,031	$ 453,331

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	Successor	Predecessor
	March 31, 2010	March 29, 2009
	(Unaudited; in thousands of US dollars, except unit data)	
Net sales	$ 179,485	$ 101,459
Cost of sales	130,127	80,560
Gross profit	49,358	20,899
Selling, general and administrative expenses	17,908	15,283
Research and development expenses	20,531	16,986
Restructuring and impairment charges	336	54
Operating income (loss) from continuing operations	10,583	(11,424)
Other income (expenses)		
Interest expense, net	(2,049)	(14,654)
Foreign currency gain (loss), net	21,616	(40,211)
Others	(52)	—
	19,515	(54,865)
Income (loss) from continuing operations before income taxes	30,098	(66,289)
Income tax expenses (benefits)	(1,003)	2,618
Income (loss) from continuing operations	31,101	(68,907)
Loss from discontinued operations, net of taxes	—	(785)
Net income (loss)	$ 31,101	$ (69,692)
Dividends accrued on preferred units	—	3,369
Income (loss) from continuing operations attributable to common units	$ 31,101	$ (72,276)
Net income (loss) attributable to common units	$ 31,101	$ (73,061)
Earnings (loss) per common unit from continuing operations — Basic and diluted	$ 0.10	$ (1.37)
Loss per common unit from discontinued operations — Basic and diluted	$ —	$ (0.01)
Earnings (loss) per common unit — Basic and diluted	$ 0.10	$ (1.38)
Weighted average number of units — Basic	302,443,556	52,923,483
Weighted average number of units — Diluted	307,535,928	52,923,483

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

	Common Units		Additional Paid-In	Retained Earnings (Accumulated	Accumulated Other Comprehensive	
	Units	Amount	Capital	Deficit)	Income (Loss)	Total
	(Unaudited; in thousands of US dollars, except unit data)					
Three Months Ended March 31, 2010						
Balance at January 1, 2010	307,083,996	$ 55,135	$ 168,700	$ (1,963)	$ (6,182)	$ 215,690
(Successor Company)						
Unit-based compensation	150,000	318	565	—	—	883
Comprehensive income:						
Net income	—	—	—	31,101	—	31,101
Fair valuation of derivatives	—	—	—	—	(1,434)	(1,434)
Foreign currency translation adjustments	—	—	—	—	(14,907)	(14,907)
Unrealized gains on investments	—	—	—	—	112	112
Total comprehensive income						14,872
Balance at March 31, 2010	307,233,996	$ 55,453	$ 169,265	$ 29,138	$ (22,411)	$ 231,445
Three Months Ended March 29, 2009						
Balance at January 1, 2009	52,923,483	52,923	3,150	(995,007)	151,135	(787,799)
(Predecessor Company)						
Unit-based compensation	—	—	111	—	—	111
Dividends accrued on preferred units	—	—	—	(3,369)	—	(3,369)
Comprehensive loss:						
Net loss	—	—	—	(69,692)	—	(69,692)
Foreign currency translation adjustments	—	—	—	—	25,679	25,679
Total comprehensive loss						(44,013)
Balance at March 29, 2009	52,923,483	$ 52,923	$ 3,261	$ (1,068,068)	$ 176,814	$ (835,070)
(Predecessor Company)						

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	Successor March 31, 2010	Predecessor March 29, 2009
	(Unaudited; in thousands of US dollars)	
Cash flows from operating activities		
Net income (loss)	$ 31,101	$ (69,692)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	15,477	10,413
Provision for severance benefits	3,166	989
Amortization of debt issuance costs	25	243
Loss (gain) on foreign currency translation, net	(23,478)	41,433
Loss (gain) on disposal of property, plant and equipment, net	(9)	314
Loss on disposal of intangible assets, net	2	44
Restructuring and impairment charges	336	—
Unit-based compensation	1,473	111
Cash used for reorganization items	1,579	—
Other	393	530
Changes in operating assets and liabilities		
Accounts receivable	(29,684)	(10,682)
Inventories	7,206	11,805
Other receivables	(1,238)	1,135
Deferred tax assets	264	398
Accounts payable	18,088	2,118
Other accounts payable	(1,612)	(901)
Accrued expenses	3,196	15,575
Long term other payable	(2,136)	406
Other current assets	(3,659)	(2,011)
Other current liabilities	(2,107)	(112)
Payment of severance benefits	(1,092)	(1,686)
Other	(788)	(151)
Net cash provided by operating activities before reorganization items	16,503	279
Cash used for reorganization items	(1,579)	—
Net cash provided by operating activities	14,924	279
Cash flows from investing activities		
Proceeds from disposal of plant, property and equipment	4	19
Proceeds from disposal of intangible assets	27	—
Purchase of plant, property and equipment	(891)	(1,396)
Payment for intellectual property registration	(152)	(90)
Decrease in restricted cash	—	4,137
Decrease in short-term financial instruments	329	—
Decrease in guarantee deposits	972	469
Other	(50)	(3)
Net cash provided by investing activities	239	3,136
Cash flows from financing activities		
Repayment of current portion of long-term debt	(154)	—
Net cash used in financing activities	(154)	—
Effect of exchange rates on cash and cash equivalents	2,754	(365)
Net increase in cash and cash equivalents	17,763	3,050
Cash and cash equivalents		
Beginning of the period	64,925	4,037
End of the period	$ 82,688	$ 7,087
Supplemental cash flow information		
Cash paid for interest	$ 2,035	$ 407
Cash paid for income taxes	$ 1,513	$ 2,900

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

1. General

The Company

MagnaChip Semiconductor LLC (together with its subsidiaries, the "Company") is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. The Company's business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. The Company's Display Solutions products include display drivers for use in a wide range of flat panel displays and mobile multimedia devices. The Company's Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. The Company's Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

2. Voluntary Reorganization under Chapter 11

On June 12, 2009, MagnaChip Semiconductor LLC (the "Parent"), MagnaChip Semiconductor B.V., MagnaChip Semiconductor S.A. and certain other subsidiaries of the Parent in the U.S. (the "Debtors"), filed a voluntary petition for relief in the U.S. Bankruptcy Court for the District of Delaware under Chapter 11 of the U.S. Bankruptcy Code. The court approved a plan of reorganization proposed by the Creditors' Committee on September 25, 2009 (the "Plan of Reorganization"), and the Plan of Reorganization became effective and the Debtors emerged from Chapter 11 reorganization proceedings (the "Reorganization Proceedings") on November 9, 2009 (the "Reorganization Effective Date"). On the Reorganization Effective Date, the Company implemented fresh-start reporting in accordance with Accounting Standards Codification ("ASC") 852, "*Reorganizations*," ("ASC 852").

All conditions required for the adoption of fresh-start reporting were met upon emergence from the Reorganization Proceedings on the Reorganization Effective Date. The Company is permitted to select an accounting convenience date ("the Fresh-Start Adoption Date") proximate to the emergence date for purposes of fresh-start reporting, provided that an analysis of the activity between the date of emergence and an accounting convenience date does not result in a material difference in the fresh-start reporting results. The Company evaluated transaction activity between October 25, 2009 and the Reorganization Effective Date and concluded an accounting convenience date of October 25, 2009 which was the Company's October accounting period end was appropriate. As a result, the fair value of the Predecessor Company's assets became the new basis for the Successor Company's consolidated statement of financial position as of the Fresh-Start Adoption Date, and all operations beginning on or after October 26, 2009 are related to the Successor Company.

As a result of the application of fresh-start reporting in accordance with ASC 852, the financial statements prior to and including October 25, 2009 represent the operations of the Predecessor Company and are not comparable with the financial statements for periods on or after October 25, 2009. References to the "Successor Company" refer to the Company on or after October 25, 2009, after giving effect to the application of fresh-start reporting. References to the "Predecessor Company" refer to the Company prior to and including October 25, 2009.

3. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of MagnaChip Semiconductor LLC and its subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). These interim financial statements include all adjustments consisting only of normal recurring adjustments and the elimination of all intercompany accounts and transactions which are, in the opinion of management, necessary to provide a fair presentation of financial condition and results of operations for the periods presented. These interim financial statements are presented in accordance with ASC 270, *"Interim Reporting,"* ("ASC 270") and, accordingly, do not include all of the information and note disclosures required by US GAAP for complete financial statements. The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for a full year or for any other periods.

The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06 (ASU 2010-06), which amends the disclosure requirements of ASC 820, *"Fair Value Measurements and Disclosures,"* ("ASC 820") as of January 1, 2010. ASU 2010-06 requires new disclosures for any transfers of fair value into and out of Level 1 and 2 fair value measurements and separate presentation of purchases, sales, issuances and settlements within the reconciliation of Level 3 unobservable inputs. The Company previously adopted ASC 820 on January 1, 2008 and January 1, 2009 for financial assets and liabilities and for nonfinancial assets and liabilities, respectively. ASU 2010-06 is effective for annual and interim periods beginning after December 15, 2009, except for the Level 3 reconciliation which is effective for annual and interim periods beginning after December 15, 2010. The adoption of ASU 2010-06 as of January 1, 2010 did not have a material effect on the Company's financial condition or results of operations. The Company does not expect the adoption of ASU 2010-06 in relation to the Level 3 reconciliation to have a material impact on the Company's financial condition or results of operations.

In June 2009, the FASB issued ASC 810, *"Consolidation,"* ("ASC 810"), which (1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative, (2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and (3) requires additional disclosures about an enterprise's involvement in variable interest entities. The Company was required to adopt ASC 810 as of the beginning of 2010. The adoption of ASC 810 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Table of Contents

4. Inventories

Inventories as of March 31, 2010 and December 31, 2009 consist of the following:

	Successor	
	March 31, 2010	December 31, 2009
Finished goods	$ 10,818	$ 19,474
Semi-finished goods and work-in-process	44,962	42,604
Raw materials	6,836	5,844
Materials in-transit	385	64
Less: inventory reserve	(4,768)	(4,579)
Inventories, net	$ 58,233	$ 63,407

5. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2010 and December 31, 2009 comprise the following:

	Successor	
	March 31, 2010	December 31, 2009
Buildings and related structures	$ 74,422	$ 72,076
Machinery and equipment	74,551	71,505
Vehicles and others	3,309	3,043
	152,282	146,624
Less: accumulated depreciation	(13,155)	(5,388)
Land	15,592	15,101
Property, plant and equipment, net	$ 154,719	$ 156,337

6. Intangible Assets

Intangible assets as of March 31, 2010 and December 31, 2009 are as follows:

	Successor	
	March 31, 2010	December 31, 2009
Technology	$ 17,236	$ 14,942
Customer relationships	27,309	26,448
Intellectual property assets	5,061	4,779
In-process research and development	8,004	9,829
Less: accumulated amortization	(14,085)	(5,840)
Intangible assets, net	$ 43,525	$ 50,158

(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

7. Derivative Financial Instruments

Effective January 11, 2010, the Company's Korean subsidiary entered into option and forward contracts to hedge the risk of changes in the functional-currency-equivalent cash flows attributable to currency rate changes on U.S. dollar denominated revenues. Total notional amounts for the options and forward contracts were $50,000 thousand and $135,000 thousand, respectively, and monthly settlements for the contracts will be made from February to December 2010.

The option and forward contracts qualify as cash flow hedges under ASC 815, "*Derivatives and Hedging*," ("ASC 815"), since at both the inception of the contracts and on an ongoing basis, the hedging relationship was and is expected to be highly effective in achieving offsetting cash flows attributable to the hedged risk during the terms of the contracts. The Company is utilizing the "hypothetical derivative" method to measure the effectiveness by comparing the changes in value of the actual derivative versus the change in fair value of the "hypothetical derivative."

The fair values of the Company's outstanding option and forward contracts recorded as assets and liabilities are as follows:

Derivatives Designated as Hedging Instruments Under ASC 815:		March 31, 2010
Asset Derivatives:		
Options	Other current assets	$ 256
Liability Derivatives:		
Forwards	Other current liabilities	$ 1,188

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative, representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, are recognized in current earnings.

The following table summarizes the impact of derivative instruments on the consolidated statement of operations for the three months ended March 31, 2010 (Successor Company):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Options	$ (516)	Net sales	$ (17)	Other income (expenses)	$ (33)
Forwards	(918)	Net sales	(603)	Other income (expenses)	(24)
Total	$ (1,434)		$ (620)		$ (57)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The Company's option and forward contracts are subject to termination upon the occurrence of the following events:

(i) On the last day of a fiscal quarter, the sum of qualified and unrestricted cash and cash equivalents held by the Company is less than $12,500 thousand.

(ii) The rating of the Company's debt is B- or lower by Standard & Poor's Ratings Group or any successor rating agency thereof ("S&P") or B3 or lower by Moody's Investor Services, Inc. or any successor rating agency thereof ("Moody's") or the Company's debt ceases to be assigned a rating by either S&P or Moody's.

In addition, the Company is required to deposit cash collateral with Goldman Sachs International Bank, the counterparty to the option and forward contracts, for any exposure in excess of $5,000 thousand.

With respect to the priority of liens and collateral, Goldman Sachs International Bank has equivalent rights with lenders under the new term loan.

8. Fair Value Measurements

ASC 820 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 requires, among other things, the Company's valuation techniques used to measure fair value to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the Company. These two types of inputs create the following fair value hierarchy:

Level 1 Unadjusted quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations for which inputs are observable or for which significant value drivers are observable.

Level 3 Significant inputs to the valuation model are unobservable.

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2010 and the basis for that measurement:

	Carrying Value March 31, 2010	Fair Value Measurement March 31, 2010	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Current derivative assets	$ 256	$ 256	$ —	$ 256	$ —
Available-for-sale securities	712	712	712	—	—
Liabilities:					
Current derivative liabilities	1,188	1,188	—	1,188	—

9. Current Portion of Long-term Debt

The current portion of the new term loan issued in connection with the Company's reorganization in 2009 was $618 thousand as of March 31, 2010, as described in Note 10.

10. Long-term Debt

In connection with the Predecessor Company's reorganization in 2009, in complete satisfaction of the first lien lender claims arising from the senior secured credit facility (included in short-term borrowings) of $95,000 thousand, the Company made a cash payment of $33,250 thousand to the senior secured credit facility lenders and, together with its subsidiaries, including MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, as borrowers, entered into a $61,750 thousand Amended and Restated Credit Agreement (the "Credit Agreement" or the "new term loan") with Avenue Investments, LP, Goldman Sachs Lending Partners LLC and Citicorp North America, Inc.

Long-term borrowings as of March 31, 2010 consisted of Eurodollar loans at an annual interest rate of 6 month LIBOR + 12% to Avenue Investments, LP, Goldman Sachs Lending Partners LLC and Citicorp North America, Inc. in the principal amount of $41,950 thousand, $12,254 thousand and $7,392 thousand, respectively. After deducting the current portion of long-term debt of $618 thousand, long-term borrowings as of March 31, 2010 were $60,978 thousand.

The Company may by written notice to the administrative agent elect to request the establishment of one or more new term loan or revolving loan commitments (the "Incremental Loan Commitments") by an amount not in excess of $23,250 thousand in the aggregate less any incremental loans incurred after the effective date of the new term loan.

The principal amount of the new term loan is to be paid in quarterly installments of approximately $154 thousand with the first installment due on March 31, 2010, and ending with the last installment due on September 30, 2013. In addition, the Credit Agreement has optional and mandatory loan prepayment provisions.

As of March 31, 2010, the Company and all of its subsidiaries except for MagnaChip Semiconductor (Shanghai) Company Limited jointly and severally guaranteed, as a primary obligor, the payment and performance of the borrower's obligations under the Credit Agreement.

Subsequent to the balance sheet date, the new term loan was fully repaid by the Company.

11. Accrued Severance Benefits

The majority of accrued severance benefits is for employees in the Company's Korean subsidiary, MagnaChip Semiconductor Ltd. (Korea). Pursuant to the Employee Retirement Benefit Security Act of Korea, most employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of March 31, 2010, 98.6% of all employees of the Company were eligible for severance benefits.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Changes in accrued severance benefits for each period are as follows:

	Three Months Ended	
	Successor	Predecessor
	March 31, 2010	March 29, 2009
Beginning balance	$ 73,646	$ 63,147
Provisions	3,166	989
Severance payments	(1,092)	(1,686)
Translation adjustments	2,386	(3,904)
	78,106	58,546
Less: cumulative contributions to the National Pension Fund	(540)	(488)
Group severance insurance plan	(723)	(614)
Accrued severance benefits, net	$ 76,843	$ 57,444

The severance benefits are funded approximately 1.62% and 1.88% as of March 31, 2010 and March 29, 2009, respectively, through the Company's National Pension Fund and group severance insurance plan which will be used exclusively for payment of severance benefits to eligible employees. These amounts have been deducted from the accrued severance benefit balance.

The Company is liable to pay the following future benefits to its non-executive employees upon their normal retirement age:

	Severance Benefit
2010	$ 34
2011	—
2012	140
2013	—
2014	284
2015	433
2016 — 2020	11,001

The above amounts were determined based on the non-executive employees' current salary rates and the number of service years that will be accumulated upon their retirement dates. These amounts do not include amounts that might be paid to non-executive employees that will cease working with the Company before their normal retirement ages.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

12. Redeemable Convertible Preferred Units

Predecessor Company

Changes in Series B units for each period are as follows:

	Three Months Ended March 29, 2009	
	Units	Amount
Beginning of the period	93,997	$ 142,669
Accrual of preferred dividends	—	3,369
End of the period	93,997	$ 146,038

The Series B units were retired without consideration as part of the Company's reorganization in 2009.

13. Discontinued Operations

On October 6, 2008, the Company announced the closure of its Imaging Solutions business segment. As of December 31, 2008, Imaging Solutions business segment qualified as a discontinued operation component of the Company under ASC 360, *"Property, Plant and Equipment,"* ("ASC 360"). As a result, the results of operations of the Imaging Solutions business segment were classified as discontinued operations.

The results of operations of the Company's discontinued Imaging Solutions business consist of the following:

	Three Months Ended	
	Successor	Predecessor
	March 31, 2010	March 29, 2009
Net sales	$ —	$ 913
Cost of sales	—	1,306
Selling, general and administrative expenses	—	392
Research and development expenses	—	—
Restructuring and impairment charges	—	—
Income tax expenses	—	—
Income from discontinued operations, net of taxes	$ —	$ (785)

14. Restructuring and Impairment Charges

Successor Company

The Company recognized $336 thousand of impairment charges during the three months ended March 31, 2010 for two abandoned IPR&D projects which were recorded as a result of its fresh-start reporting adoption as of October 25, 2009. There were no restructuring activities during the three months ended March 31, 2010, and no restructuring accrual at March 31, 2010.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Predecessor Company

On March 31, 2009, the Company announced the closure of the Tokyo office of its subsidiary, MagnaChip Semiconductor Inc. (Japan). In connection with this closure, the Company recognized $54 thousand of restructuring charges, which consisted of one-time termination benefits and other related costs under ASC 420, *"Exit or Disposal Cost Obligations,"* ("ASC 420"), for the three months ended March 29, 2009.

15. Uncertainty in Income Taxes

The Company's subsidiaries file income tax returns in Korea, Japan, Taiwan, the U.S. and in various other jurisdictions. The Company is subject to income tax examinations by tax authorities of these jurisdictions for all years since the beginning of its operation as an independent company in October 2004.

As of March 31, 2010 and December 31, 2009, the Company recorded $340 thousand and $1,997 thousand of liabilities for unrecognized tax benefits, respectively. For the three months ended March 31, 2010, the Company reversed $1,640 thousand of liabilities due to the lapse of the applicable statute of limitations.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as income tax expenses. The Company reversed $24 thousand of liabilities for unrecognized tax benefits with the consideration of reductions in estimated interest and penalties during the three months ended March 31, 2010 and recognized $92 thousand of interest and penalties as income tax expenses for the three months ended March 29, 2009. Total interest and penalties accrued as of March 31, 2010 and December 31, 2009 were $107 thousand, $946 thousand, respectively.

16. Segment Information

The following sets forth information relating to the reportable segments:

	Three Months Ended	
	Successor	Predecessor
	March 31, 2010	March 29, 2009
Net Sales		
Display Solutions	$ 76,730	$ 59,620
Semiconductor Manufacturing Services	93,201	40,137
Power Solutions	9,034	933
All other	520	769
Total segment net sales	$ 179,485	$ 101,459
Gross Profit		
Display Solutions	$ 14,431	$ 13,674
Semiconductor Manufacturing Services	32,844	6,177
Power Solutions	1,563	279
All other	520	769
Total segment gross profit	$ 49,358	$ 20,899

Over 99% of the Company's property, plant and equipment are located in Korea as of March 31, 2010.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Net sales from the Company's top ten largest customers accounted for 64.1% and 72.3% for the three months ended March 31, 2010 and March 29, 2009, respectively.

The Company recorded $35,578 thousand and $33,784 thousand of sales to one customer within its Display Solutions segment, which represents greater than 10% of net sales, for the three months ended March 31, 2010 and March 29, 2009, respectively.

17. Commitments and Contingencies

Samsung Fiber Optics has made a claim against the Company for the infringement of the certain patent rights of Caltech in relation to imaging sensor products provided by the Company to Samsung Fiber Optics. The Company believes it is probable that the pending claim will have an unfavorable outcome and further believes the associated loss can be reasonably estimated according to ASC 450 "Contingencies" ("ASC 450"). The Company accrued $718 thousand of estimated liabilities as of March 31, 2010 and December 31, 2009, as the Company believes its accrual is its best estimate if the final outcome is unfavorable. Estimation was based on the most recent communication with Samsung Fiber Optics. Accordingly, the Company cannot provide assurance that the estimated liabilities will be realized, and actual results could vary materially.

18. Earnings (Loss) per Unit

The following table illustrates the computation of basic and diluted earnings (loss) per common unit:

	Three Months Ended	
	Successor March 31, 2010	Predecessor March 29, 2009
Income (loss) from continuing operations	$ 31,101	$ (68,907)
Loss from discontinued operations, net of taxes	—	(785)
Net income (loss)	31,101	(69,692)
Dividends accrued on preferred unitholders	—	(3,369)
Income (loss) from continuing operations attributable to common units	$ 31,101	$ (72,276)
Net income (loss) attributable to common units	$ 31,101	$ (73,061)
Weighted average common units outstanding-basic	302,443,556	52,923,483
Weighted average common units outstanding-diluted	307,535,928	52,923,483
Basic and diluted earnings (loss) per unit from continuing operations	$ 0.10	$ (1.37)
Basic and diluted loss per unit from discontinued operations	$ —	$ (0.01)
Basic and diluted earnings (loss) per unit	$ 0.10	$ (1.38)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The following outstanding redeemable convertible preferred units, unit options and warrants were excluded from the computation of diluted earnings (loss) per unit, as they would have an anti-dilutive effect on the calculation:

	Three Months Ended	
	Successor	Predecessor
	March 31, 2010	March 29, 2009
Redeemable convertible preferred units	NA	93,997
Options	914,000	4,048,413
Warrants	15,000,000	—

19. Subsequent Events

The Company has evaluated subsequent events requiring recognition or disclosure in the consolidated financial statements during the period from April 1, 2010 through August 4, 2010, the date the unaudited interim consolidated financial statements were available to be issued.

A. Issuance of $250 Million of Senior Notes and Applications of Net Proceeds

On April 9, 2010, two of the Company's wholly-owned subsidiaries, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, issued $250,000 thousand aggregate principal amount of 10.500% senior notes due April 15, 2018 at a price of 98.674%. Interest on the notes will accrue at a rate of 10.500% per annum, payable semi-annually on April 15 and October 15 of each year, beginning on October 15, 2010. The obligations under the senior notes are fully and unconditionally guaranteed on an unsecured senior basis by the Company and all of its subsidiaries except for MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor (Shanghai) Company Limited.

Of the $250,000 thousand aggregate principal amount, funds affiliated with Avenue Capital Management II, L.P. purchased $35,000 thousand principal amount.

Of the $238,372 thousand of net proceeds, which represents $250,000 thousand of principal amount net of $3,315 thousand of original issue discount and $8,313 thousand of debt issuance costs, $130,697 thousand was used to make a distribution to the Company's unitholders and $61,596 thousand was used to repay all outstanding borrowings under the new term loan. The remaining proceeds were retained to fund working capital and for general corporate purposes. In connection with the repayment of the new term loan, $210 thousand of relevant debt issuance costs were written off.

B. Cash Flow Hedge Transactions

Effective May 25, 2010, the Company's Korean subsidiary entered into option and forward contracts to hedge the risk of changes in the functional-currency-equivalent cash flows attributable to currency rate changes in U.S. dollar denominated revenues which are expected to occur during the first half of 2011. Total notional amounts for the options and forward contracts were $30,000 thousand and $78,000 thousand, respectively, and such contracts will be settled on a monthly basis from January to June 2011.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

20. Unaudited Pro Forma Balance Sheet as of March 31, 2010

Regarding the distribution made to unitholders subsequent to the balance sheet date, an unaudited pro forma balance sheet has been presented to show the pro forma liability due to unitholders and decrease in additional paid in capital as if the declaration of the distribution to unitholders was made prior to March 31, 2010.

21. Condensed Consolidating Financial Information

The $250 million senior notes are fully and unconditionally, jointly and severally guaranteed by the Company and all of its subsidiaries, except for MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor (Shanghai) Company Limited.

The senior notes are structurally subordinated to the creditors of our principal manufacturing and selling subsidiary, MagnaChip Semiconductor, Ltd. (Korea), which accounts for substantially all of our net sales and assets.

Below are condensed consolidating balance sheets as of March 31, 2010 and December 31, 2009, condensed consolidating statements of operations and of cash flows for the three months ended March 31, 2010 and March 29, 2009 of those entities that guarantee the senior notes, those that do not, MagnaChip Semiconductor LLC, and the co-issuers.

For the purpose of the guarantor financial information, the investments in subsidiaries are accounted for under the equity method.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Balance Sheet
March 31, 2010

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 76	$ 49	$ 72,367	$ 10,196	$ —	$ 82,688
Accounts receivable, net	—	—	141,028	51,836	(88,350)	104,514
Inventories, net	—	—	58,233	162	(162)	58,233
Other receivables	710	718	12,002	3,277	(12,200)	4,507
Prepaid expenses	149	60	15,320	381	(2,897)	13,013
Short-term intercompany loan	—	95,000	—	95,000	(190,000)	—
Other current assets	2,541	86,376	2,643	83,407	(167,198)	7,769
Total current assets	3,476	182,203	301,593	244,259	(460,807)	270,724
Property, plant and equipment, net	—	—	154,354	365	—	154,719
Intangible assets, net	—	—	42,871	654	—	43,525
Long-term prepaid expenses	—	—	21,116	—	(11,319)	9,797
Investment in subsidiaries	(592,868)	(675,542)	—	(514,435)	1,782,845	—
Long-term intercompany loan	824,091	794,597	—	621,000	(2,239,688)	—
Other non-current assets	—	209	5,667	7,390	—	13,266
Total Assets	$ 234,699	$ 301,467	$ 525,601	$ 359,233	$ (928,969)	$ 492,031
Liabilities and Unitholders' Equity						
Current liabilities						
Accounts payable	$ —	$ —	$ 127,771	$ 38,408	$ (88,308)	$ 77,871
Other accounts payable	3,247	6,487	7,672	2,345	(12,200)	7,551
Accrued expenses	7	1,044	104,236	87,221	(167,241)	25,267
Short-term intercompany borrowings	—	—	95,000	95,000	(190,000)	—
Current portion of long-term debt	—	618	—	—	—	618
Other current liabilities	—	—	3,655	3,794	(2,897)	4,552
Total current liabilities	3,254	8,149	338,334	226,768	(460,646)	115,859
Long-term borrowings	—	885,069	621,000	794,597	(2,239,688)	60,978
Accrued severance benefits, net	—	—	75,717	1,126	—	76,843
Other non-current liabilities	—	1	4,933	13,292	(11,320)	6,906
Total liabilities	3,254	893,219	1,039,984	1,035,783	(2,711,654)	260,586
Unitholders' equity						
Common units	55,453	136,229	39,005	51,976	(227,210)	55,453
Additional paid-in capital	169,265	(735,491)	(538,726)	(733,977)	2,008,194	169,265
Retained earnings	29,138	29,923	7,010	27,876	(64,809)	29,138
Accumulated other comprehensive income	(22,411)	(22,413)	(21,672)	(22,425)	66,510	(22,411)
Total unitholders' equity	231,445	(591,752)	(514,383)	(676,550)	1,782,685	231,445
Total liabilities and unitholders' equity	$ 234,699	$ 301,467	$ 525,601	$ 359,233	$ (928,969)	$ 492,031

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Balance Sheet
December 31, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 136	$ 24	$ 45,443	$ 19,322	$ —	$ 64,925
Accounts receivable, net	—	—	122,500	66,872	(115,139)	74,233
Inventories, net	—	—	59,914	4,098	(605)	63,407
Other receivables	710	718	7,061	3,617	(8,673)	3,433
Prepaid expenses	165	85	14,122	1,150	(2,897)	12,625
Short-term intercompany loan	—	95,000	—	95,000	(190,000)	—
Other current assets	16	72,614	776	72,868	(142,841)	3,433
Total current assets	1,027	168,441	249,816	262,927	(460,155)	222,056
Property, plant and equipment, net	—	—	155,951	386	—	156,337
Intangible assets, net	—	—	49,459	699	—	50,158
Long-term prepaid expenses	—	—	22,576	—	(12,034)	10,542
Investment in subsidiaries	(608,843)	(690,259)	—	(517,520)	1,816,622	—
Long-term intercompany loan	824,091	806,355	—	621,000	(2,251,446)	—
Other non-current assets	—	234	5,753	8,251	—	14,238
Total Assets	$ 216,275	$ 284,771	$ 483,555	$ 375,743	$ (907,013)	$ 453,331
Liabilities and Unitholders' Equity						
Current liabilities						
Accounts payable	$ —	$ —	$ 106,792	$ 67,975	$ (115,062)	$ 59,705
Other accounts payable	485	5,551	6,337	3,490	(8,673)	7,190
Accrued expenses	100	1,134	89,045	74,753	(142,918)	22,114
Short-term intercompany borrowings	—	—	95,000	95,000	(190,000)	—
Current portion of long-term debt	—	618	—	—	—	618
Other current liabilities	—	—	2,935	3,899	(2,897)	3,937
Total current liabilities	585	7,303	300,109	245,117	(459,550)	93,564
Long-term borrowings	—	885,224	621,000	806,354	(2,251,446)	61,132
Accrued severance benefits, net	—	—	71,362	1,047	—	72,409
Other non-current liabilities	—	—	8,550	14,020	(12,034)	10,536
Total liabilities	585	892,527	1,001,021	1,066,538	(2,723,030)	237,641
Unitholders' equity						
Common units	55,135	136,229	39,005	51,976	(227,210)	55,135
Additional paid-in capital	168,700	(735,940)	(539,175)	(734,525)	2,009,640	168,700
Accumulated deficit	(1,963)	(1,871)	(11,636)	(2,056)	15,563	(1,963)
Accumulated other comprehensive income	(6,182)	(6,174)	(5,660)	(6,190)	18,024	(6,182)
Total unitholders' equity	215,690	(607,756)	(517,466)	(690,795)	1,816,017	215,690
Total liabilities and unitholders' equity	$ 216,275	$ 284,771	$ 483,555	$ 375,743	$ (907,013)	$ 453,331

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Operations
For the three months ended March 31, 2010

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Net sales	$ —	$ —	$ 174,814	$ 11,682	$ (7,011)	$ 179,485
Cost of sales	—	—	126,504	5,693	(2,070)	130,127
Gross profit	—	—	48,310	5,989	(4,941)	49,358
Selling, general and administrative expenses	563	136	17,264	2,587	(2,642)	17,908
Research and development expenses	—	—	21,400	2,170	(3,039)	20,531
Restructuring and impairment charges	—	—	336	—	—	336
Operating income (loss)	(563)	(136)	9,310	1,232	740	10,583
Other income	—	1,423	7,377	10,715	—	19,515
Income (loss) before income taxes, equity in earnings of related equity investment	(563)	1,287	16,687	11,947	740	30,098
Income tax expenses (benefits)	—	—	(1,959)	956	—	(1,003)
Income (loss) before equity in earnings of related investment	(563)	1,287	18,646	10,991	740	31,101
Earnings of related investment	31,664	30,507	—	18,940	(81,111)	—
Net income	$ 31,101	$ 31,794	$ 18,646	$ 29,931	$ (80,371)	$ 31,101
Net income attributable to common units	$ 31,101	$ 31,794	$ 18,646	$ 29,931	$ (80,371)	$ 31,101

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Operations
For the three months ended March 29, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Net sales	$ —	$ —	$ 95,826	$ 40,391	$ (34,758)	$ 101,459
Cost of sales	—	—	79,119	31,930	(30,489)	80,560
Gross profit	—	—	16,707	8,461	(4,269)	20,899
Selling, general and administrative expenses	483	51	12,009	3,406	(666)	15,283
Research and development expenses	—	—	17,567	3,505	(4,086)	16,986
Restructuring and impairment charges	—	—	—	54	—	54
Operating income (loss) from continuing operations	(483)	(51)	(12,869)	1,496	483	(11,424)
Other income (expenses)	—	(6,272)	(57,086)	8,493	—	(54,865)
Income (loss) from continuing operations before income taxes, equity in loss of related equity investment	(483)	(6,323)	(69,955)	9,989	483	(66,289)
Income tax expenses	—	—	26	2,592	—	2,618
Income (loss) before equity in loss of related investment	(483)	(6,323)	(69,981)	7,397	483	(68,907)
Loss of related investment	(69,209)	(62,842)	—	(70,390)	202,441	—
Loss from continuing operations	(69,692)	(69,165)	(69,981)	(62,993)	202,924	(68,907)
Loss from discontinued operation, net of taxes	—	—	(509)	(226)	(50)	(785)
Net loss	$ (69,692)	$ (69,165)	$ (70,490)	$ (63,219)	$ 202,874	$ (69,692)
Dividends accrued on preferred units	3,369	—	—	—	—	3,369
Loss from continuing operations attributable to common units	(73,061)	(69,165)	(69,981)	(62,993)	202,924	(72,276)
Net loss attributable to common units	$ (73,061)	$ (69,165)	$ (70,490)	$ (63,219)	$ 202,874	$ (73,061)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Cash Flows
For the three months ended March 31, 2010

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net income	$ 31,101	$ 31,794	$ 18,646	$ 29,931	$ (80,371)	$ 31,101
Adjustments to reconcile net income to net cash provided by (used in) operating activities						
Depreciation and amortization	—	—	15,405	72	—	15,477
Provision for severance benefits	—	—	3,081	85	—	3,166
Amortization of debt issuance costs	—	25	—	—	—	25
Loss (gain) on foreign currency translation, net	—	11,757	(23,734)	(11,501)	—	(23,478)
Gain on disposal of property, plant and equipment, net	—	—	(9)	—	—	(9)
Loss on disposal of intangible assets, net	—	—	2	—	—	2
Restructuring and impairment charges	—	—	336	—	—	336
Unit-based compensation	334	—	1,040	99	—	1,473
Cash used for reorganization items	—	—	51	1,528	—	1,579
Earnings of related investment	(31,664)	(30,507)	—	(18,940)	81,111	—
Other	—	1	480	(88)	—	393
Changes in operating assets and liabilities						
Accounts receivable	—	—	(18,065)	15,150	(26,769)	(29,684)
Inventories	—	—	3,661	4,312	(767)	7,206
Other receivables	—	—	(5,039)	274	3,527	(1,238)
Deferred tax assets	—	—	—	264	—	264
Accounts payable	—	—	21,040	(29,705)	26,753	18,088
Other accounts payable	2,771	936	(673)	(1,119)	(3,527)	(1,612)
Accrued expenses	(93)	(90)	15,407	12,353	(24,381)	3,196
Long term other payable	—	—	—	(7)	(2,129)	(2,136)
Other current assets	(2,509)	(13,737)	(1,363)	(10,306)	24,256	(3,659)
Other current liabilities	—	—	(1,262)	(1,015)	170	(2,107)
Payment of severance benefits	—	—	(1,092)	—	—	(1,092)
Other	—	—	(788)	—	—	(788)
Net cash provided by (used in) operating activities before reorganization items	(60)	179	27,124	(8,613)	(2,127)	16,503
Cash used for reorganization items	—	—	(51)	(1,528)	—	(1,579)
Net cash provided by (used in) operating activities	(60)	179	27,073	(10,141)	(2,127)	14,924
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment	—	—	13	—	(9)	4
Proceeds from disposal of intangible assets	—	—	—	—	27	27
Purchases of plant, property and equipment	—	—	(887)	(4)	—	(891)
Payment for intellectual property registration	—	—	(152)	—	—	(152)
Purchase of short-term financial instruments	—	—	—	329	—	329
Decrease in guarantee deposits	—	—	219	753	—	972
Other	—	—	3	(53)	—	(50)
Net cash provided by (used in) investing activities	—	—	(804)	1,025	18	239
Cash flow from financing activities						
Repayment of long-term borrowings	—	(154)	—	—	—	(154)
Net cash used in financing activities	—	(154)	—	—	—	(154)
Effect of exchanges rate on cash and cash equivalents	—	—	655	(10)	2,109	2,754
Net increase (decrease) in cash and cash equivalents	(60)	25	26,924	(9,126)	—	17,763
Cash and cash equivalents						
Beginning of the period	136	24	45,443	19,322	—	64,925
End of the period	$ 76	$ 49	$ 72,367	$ 10,196	$ —	$ 82,688

Table of Contents

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(UNAUDITED; TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Cash Flows
For the three months ended March 29, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net loss	$ (69,692)	$ (69,165)	$ (70,490)	$ (63,219)	$ 202,874	$ (69,692)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization	—	—	9,798	615	—	10,413
Provision for severance benefits	—	—	888	101	—	989
Amortization of debt issuance costs	—	202	41	—	—	243
Loss (gain) on foreign currency translation, net	—	5,009	42,761	(6,337)	—	41,433
Loss (gain) on disposal of property, plant and equipment, net	—	—	(18)	332	—	314
Loss on disposal of intangible assets, net	—	—	44	—	—	44
Unit-based compensation	—	—	99	12	—	111
Loss of related investment	69,209	62,842	—	70,390	(202,441)	—
Other	—	—	248	282	—	530
Changes in operating assets and liabilities						
Accounts receivable	—	—	(13,387)	(8,703)	11,408	(10,682)
Inventories	—	—	11,743	512	(450)	11,805
Other receivables	—	—	874	261	—	1,135
Deferred tax assets	—	—	—	398	—	398
Accounts payable	—	—	4,785	8,741	(11,408)	2,118
Other accounts payable	407	—	(1,379)	71	—	(901)
Accrued expenses	40	13,829	14,864	12,580	(25,738)	15,575
Long term other payable	—	—	(57)	406	57	406
Other current assets	(132)	(12,729)	(1,120)	(13,343)	25,313	(2,011)
Other current liabilities	—	—	430	(992)	450	(112)
Payment of severance benefits	—	—	(1,630)	(56)	—	(1,686)
Other	—	—	(764)	1,785	(1,172)	(151)
Net cash provided by (used in) operating activities	(168)	(12)	(2,270)	3,836	(1,107)	279
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment	—	—	19	—	—	19
Purchases of plant, property and equipment	—	—	(1,396)	—	—	(1,396)
Payment for intellectual property registration	—	—	(90)	—	—	(90)
Decrease in restricted cash	—	—	4,137	—	—	4,137
Decrease in guarantee deposits	—	—	447	22	—	469
Other	—	—	(6)	3	—	(3)
Net cash provided by investing activities	—	—	3,111	25	—	3,136
Cash flow from financing activities						
Net cash provided by (used in) financing activities	—	—	—	—	—	—
Effect of exchanges rate on cash and cash equivalents	—	—	1,080	(2,552)	1,107	(365)
Net increase (decrease) in cash and cash equivalents	(168)	(12)	1,921	1,309	—	3,050
Cash and cash equivalents						
Beginning of the period	216	56	205	3,560	—	4,037
End of the period	$ 48	$ 44	$ 2,126	$ 4,869	$ —	$ 7,087

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Unitholders of
MagnaChip Semiconductor LLC

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in unitholders' equity and of cash flows present fairly, in all material respects, the financial position of MagnaChip Semiconductor LLC and its subsidiaries (the "Company") at December 31, 2009 (Successor Company) and the results of their operations and their cash flows for the two-month period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the United States Bankruptcy Court for the District of Delaware confirmed the Creditors' Committee's reorganization plan (the "Plan") on September 25, 2009. Confirmation of the Plan resulted in the discharge of all claims against the Company that arose before June 12, 2009 and substantially terminates all rights and interests of equity security holders as provided for in the Plan. The Plan was substantially consummated on November 9, 2009 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh-start accounting as of October 25, 2009.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
March 13, 2010 (except for Note 28, as to which the date is August 4, 2010)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Unitholders of MagnaChip Semiconductor LLC

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in unitholders' equity and of cash flows present fairly, in all material respects, the financial position of MagnaChip Semiconductor LLC and its subsidiaries (the "Company") at December 31, 2008 (Predecessor Company), and the results of their operations and their cash flows for the ten-month period ended October 25, 2009 and for each of the two years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company filed a petition on June 12, 2009 with the United States Bankruptcy Court for the District of Delaware for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Company's Creditors' Committee's reorganization plan was substantially consummated on November 9, 2009 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh-start accounting.

As discussed in Note 4 to the consolidated financial statements, the Company changed the manner in which it accounts for business combinations in 2009.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
March 13, 2010 (except for Note 28, as to which the date is August 4, 2010)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Successor December 31, 2009	Predecessor December 31, 2008
	(In thousands of US dollars, except unit data)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 64,925	$ 4,037
Restricted cash	—	11,768
Accounts receivable, net	74,233	76,295
Inventories, net	63,407	47,110
Other receivables	3,433	4,701
Prepaid expenses	12,625	9,268
Other current assets	3,433	4,799
Total current assets	222,056	157,978
Property, plant and equipment, net	156,337	183,955
Intangible assets, net	50,158	34,892
Long-term prepaid expenses	10,542	7,714
Other non-current assets	14,238	14,631
Total assets	$ 453,331	$ 399,170
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 59,705	$ 70,158
Other accounts payable	7,190	15,040
Accrued expenses	22,114	38,554
Short-term borrowings	—	95,000
Current portion of long-term debt	618	750,000
Other current liabilities	3,937	3,735
Total current liabilities	93,564	972,487
Long-term borrowings	61,132	—
Accrued severance benefits, net	72,409	61,939
Other non-current liabilities	10,536	9,874
Total liabilities	237,641	1,044,300
Commitments and contingencies		
Series A redeemable convertible preferred units, $1,000 par value; 60,000 units authorized, 50,091 units issued and 0 unit outstanding at December 31, 2008	—	—
Series B redeemable convertible preferred units, $1,000 par value; 550,000 units authorized, 450,692 units issued, 93,997 units outstanding at December 31, 2008	—	142,669
Total redeemable convertible preferred units	—	142,669
Unitholders' equity		
Successor common units, no par value, 375,000,000 units authorized, 307,083,996 units issued and outstanding at December 31, 2009	55,135	—
Predecessor common units, $1 par value; 65,000,000 units authorized, 52,923,483 units issued and outstanding at December 31, 2008	—	52,923
Additional paid-in capital	168,700	3,150
Accumulated deficit	(1,963)	(995,007)
Accumulated other comprehensive income (loss)	(6,182)	151,135
Total unitholders' equity (deficit)	215,690	(787,799)
Total liabilities, redeemable convertible preferred units and unitholders' equity	$ 453,331	$ 399,170

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
	(In thousands of US dollars, except unit data)			
Net sales	$ 111,082	$ 448,984	$ 601,664	$ 709,508
Cost of sales	90,408	311,139	445,254	578,857
Gross profit	20,674	137,845	156,410	130,651
Selling, general and administrative expenses	14,540	56,288	81,314	82,710
Research and development expenses	14,741	56,148	89,455	90,805
Restructuring and impairment charges	—	439	13,370	12,084
Operating income (loss) from continuing operations	(8,607)	24,970	(27,729)	(54,948)
Other income (expenses)				
Interest expense, net (contractual interest, net of $47,828 for the ten-month period ended October 25, 2009)	(1,258)	(31,165)	(76,119)	(60,311)
Foreign currency gain (loss), net	9,338	43,437	(210,406)	(4,732)
Reorganization items, net	—	804,573	—	—
	8,080	816,845	(286,525)	(65,043)
Income (loss) from continuing operations before income taxes	(527)	841,815	(314,254)	(119,991)
Income tax expenses	1,946	7,295	11,585	8,835
Income (loss) from continuing operations	(2,473)	834,520	(325,839)	(128,826)
Income (loss) from discontinued operations, net of taxes	510	6,586	(91,455)	(51,724)
Net income (loss)	$ (1,963)	$ 841,106	$ (417,294)	$ (180,550)
Dividends accrued on preferred units (contractual dividends of $11,819 for the ten-month period ended October 25, 2009)	—	6,317	13,264	12,031
Income (loss) from continuing operations attributable to common units	$ (2,473)	$ 828,203	$ (339,103)	$ (140,857)
Net income (loss) attributable to common units	$ (1,963)	$ 834,789	$ (430,558)	$ (192,581)
Earnings (loss) per common unit from continuing operations — Basic and diluted	$ (0.01)	$ 15.65	$ (6.43)	$ (2.69)
Earnings (loss) per common unit from discontinued operations — Basic and diluted	$ 0.00	$ 0.12	$ (1.73)	$ (0.99)
Earnings (loss) per common unit — Basic and diluted	$ (0.01)	$ 15.77	$ (8.16)	$ (3.68)
Weighted average number of units — Basic and diluted	300,862,764	52,923,483	52,768,614	52,297,192

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

	Common Units		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	
	Units	Amount	Capital	Deficit	Income (Loss)	Total
	(In thousands of US dollars, except unit data)					
Balance at January 1, 2007	52,720,784	$ 52,721	$ 2,451	$ (370,314)	$ 30,601	$ (284,541)
(Predecessor Company)						
Exercise of unit options	124,938	125	26	—	—	151
Repurchase of common units	(1,500)	(2)	(4)	—	—	(6)
Unit-based compensation	—	—	604	—	—	604
Dividends accrued on preferred units	—	—	—	(12,031)	—	(12,031)
Impact on beginning accumulated deficit upon adoption of FIN 48	—	—	—	(1,554)	—	(1,554)
Comprehensive loss:						
Net loss	—	—	—	(180,550)	—	(180,550)
Fair valuation of derivatives	—	—	—	—	(3,477)	(3,477)
Foreign currency translation adjustments	—	—	—	—	3,925	3,925
Total comprehensive loss						(180,102)
Balance at December 31, 2007	52,844,222	$ 52,844	$ 3,077	$ (564,449)	$ 31,049	$ (477,479)
(Predecessor Company)						
Exercise of unit options	161,460	161	22	—	—	183
Repurchase of common units	(82,199)	(82)	(414)	—	—	(496)
Unit-based compensation	—	—	465	—	—	465
Dividends accrued on preferred units	—	—	—	(13,264)	—	(13,264)
Comprehensive loss:						
Net loss	—	—	—	(417,294)	—	(417,294)
Fair valuation of derivatives	—	—	—	—	(864)	(864)
Foreign currency translation adjustments	—	—	—	—	120,950	120,950
Total comprehensive loss						(297,208)
Balance at December 31, 2008	52,923,483	$ 52,923	$ 3,150	$ (995,007)	$ 151,135	$ (787,799)
(Predecessor Company)						
Unit-based compensation	—	—	233	—	—	233
Cancellation of the Predecessor Company's unit options	—	—	166	—	—	166
Dividends accrued on preferred units	—	—	—	(6,317)	—	(6,317)
Comprehensive income:						
Net income	—	—	—	841,106	—	841,106
Foreign currency translation adjustments	—	—	—	—	(30,395)	(30,395)
Unrealized gains on investments	—	—	—	—	340	340
Total comprehensive income						811,051
Balance at October 25, 2009	52,923,483	$ 52,923	$ 3,549	$ (160,218)	$ 121,080	$ 17,334
(Predecessor Company)						
Fresh-start adjustments:						
Cancellation of the Predecessor Company's common units	(52,923,483)	(52,923)	(3,549)	—	—	(56,472)
Elimination of the Predecessor Company's accumulated deficit and accumulated other comprehensive income	—	—	—	160,218	(121,080)	39,138
Issuance of new equity interests in connection with emergence from Chapter 11	299,999,996	49,539	166,322	—	—	215,861
Issuance of new warrants in connection with emergence from Chapter 11	—	—	2,533	—	—	2,533
Balance at October 25, 2009	299,999,996	$ 49,539	$ 168,855	$ —	$ —	$ 218,394
(Successor Company)						
Unit-based compensation	7,084,000	5,596	(155)	—	—	5,441
Comprehensive income:						
Net loss	—	—	—	(1,963)	—	(1,963)
Foreign currency translation adjustments	—	—	—	—	(6,298)	(6,298)
Unrealized gains on investments	—	—	—	—	116	116
Total comprehensive loss						(8,145)
Balance at December 31, 2009	307,083,996	$ 55,135	$ 168,700	$ (1,963)	$ (6,182)	$ 215,690
(Successor Company)						

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
		(In thousands of US dollars)		
Cash flows from operating activities				
Net income (loss)	$ (1,963)	$ 841,106	$ (417,294)	$ (180,550)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	11,218	38,255	71,960	163,434
Provision for severance benefits	1,851	8,835	14,026	18,834
Amortization of debt issuance costs	—	836	16,290	3,919
Loss (gain) on foreign currency translation, net	(10,077)	(44,224)	215,571	5,398
Loss (gain) on disposal of property, plant and equipment, net	17	95	(3,094)	(68)
Loss (gain) on disposal of intangible assets, net	5	(9,230)	—	(3,630)
Restructuring and impairment charges	—	(1,120)	42,539	10,106
Unit-based compensation	2,199	233	465	604
Cash used for reorganization items	4,263	1,076	—	—
Noncash reorganization items	—	(805,649)	—	—
Other	(667)	2,722	(400)	51
Changes in operating assets and liabilities				
Accounts receivable	16,443	(12,930)	31,025	(46,504)
Inventories	6,739	(1,163)	11,174	(18,398)
Other receivables	1,755	31	1,016	971
Deferred tax assets	678	1,054	1,490	952
Accounts payable	(14,144)	6,316	(5,063)	26,442
Other accounts payable	(12,511)	(11,452)	(19,887)	(6,021)
Accrued expenses	(5,687)	28,295	23,953	(5,504)
Long term other payable	(877)	507	121	114
Other current assets	3,192	5,896	7,401	9,840
Other current liabilities	1,188	39	1,295	5,007
Payment of severance benefits	(1,389)	(4,320)	(6,505)	(7,151)
Other	(125)	(516)	(4,471)	(1,557)
Net cash provided by (used in) operating activities before reorganization items	2,108	44,692	(18,388)	(23,711)
Cash used for reorganization items	(4,263)	(1,076)	—	—
Net cash provided by (used in) operating activities	(2,155)	43,616	(18,388)	(23,711)
Cash flows from investing activities				
Proceeds from disposal of plant, property and equipment	37	329	3,122	364
Proceeds from disposal of intangible assets	—	9,375	—	4,204
Purchase of plant, property and equipment	(1,258)	(7,513)	(28,608)	(85,294)
Payment for intellectual property registration	(70)	(366)	(1,052)	(1,256)
Decrease (increase) in restricted cash	—	11,409	(13,517)	—
Purchase of short-term financial instruments	(329)	—	—	—
Other	23	(96)	484	176
Net cash provided by (used in) investing activities	(1,597)	13,138	(39,571)	(81,806)
Cash flows from financing activities				
Proceeds from short-term borrowings	—	—	180,000	130,100
Issuance of new common units pursuant to the reorganization plan	—	35,280	—	—
Issuance of old common units	—	—	183	151
Repayment of short-term borrowings	—	(33,250)	(165,000)	(50,100)
Repurchase of old common units	—	—	(496)	(6)
Net cash provided by financing activities	—	2,030	14,687	80,145
Effect of exchange rates on cash and cash equivalents	1,098	4,758	(17,036)	544
Net increase (decrease) in cash and cash equivalents	(2,654)	63,542	(60,308)	(24,828)
Cash and cash equivalents				
Beginning of the period	67,579	4,037	64,345	89,173
End of the period	$ 64,925	$ 67,579	$ 4,037	$ 64,345
Supplemental cash flow information				
Cash paid for interest	$ 955	$ 7,962	$ 39,276	$ 57,468
Cash paid for income taxes	$ 669	$ 8,074	$ 13,207	$ 5,680

The accompanying notes are an integral part of these consolidated financial statements

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

1. General

The Company

MagnaChip Semiconductor LLC (together with its subsidiaries, the "Company") is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. The Company's business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. The Company's Display Solutions products include display drivers for use in a wide range of flat panel displays and mobile multimedia devices. The Company's Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. The Company's Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

2. Voluntary Reorganization under Chapter 11

On June 12, 2009, MagnaChip Semiconductor LLC (the "Parent"), MagnaChip Semiconductor B.V., MagnaChip Semiconductor S.A. and certain other subsidiaries of the Parent in the U.S. (the "Debtors"), filed a voluntary petition for relief in the U.S. Bankruptcy Court for the District of Delaware under Chapter 11 of the U.S. Bankruptcy Code. The court approved a plan of reorganization proposed by the Creditors' Committee on September 25, 2009 (the "Plan of Reorganization"), and the Plan of Reorganization became effective and the Debtors emerged from Chapter 11 reorganization proceedings (the "Reorganization Proceedings") on November 9, 2009 (the "Reorganization Effective Date"). On the Reorganization Effective Date, the Company implemented fresh-start reporting in accordance with Accounting Standards Codification ("ASC") 852, "*Reorganizations*," formerly the American Institute of Certified Public Accountants' Statement of Position ("SOP") 90-7, *"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code"* ("ASC 852").

All conditions required for the adoption of fresh-start reporting were met upon emergence from the Reorganization Proceedings on the Reorganization Effective Date. The Company is permitted to select an accounting convenience date ("the Fresh-Start Adoption Date") proximate to the emergence date for purposes of fresh-start reporting, provided that an analysis of the activity between the date of emergence and an accounting convenience date does not result in a material difference in the fresh-start reporting results. The Company evaluated transaction activity between October 25, 2009 and the Reorganization Effective Date and concluded an accounting convenience date of October 25, 2009 which was the Company's October accounting period end was appropriate. As a result, the fair value of the Predecessor Company's assets became the new basis for the Successor Company's consolidated statement of financial position as of the Fresh-Start Adoption Date, and all operations beginning on or after October 26, 2009 are related to the Successor Company.

As a result of the application of fresh-start reporting in accordance with ASC 852, the financial statements prior to and including October 25, 2009 represent the operations of the Predecessor Company and are not comparable with the financial statements for periods on or after October 25, 2009. References to the "Successor Company" refer to the Company on or after October 25, 2009, after giving effect to the application of fresh-start reporting. References to the "Predecessor Company" refer to the Company prior to and including October 25, 2009. See "Note 3 Fresh-Start Reporting" for further details.

The Plan of Reorganization provided for the satisfaction of claims against the Debtors through (i) the issuance of a new term loan in the amount of approximately $61.8 million in complete satisfaction of the first lien lender claims arising from the senior secured credit facility, (ii) the conversion to Parent equity of all claims arising from the Second Priority Senior Secured Notes and Senior Subordinated Notes, (iii) an offering of equity to the holders of the Second Priority Senior Secured Notes and (iv) a cash payment to holders of unsecured claims. On the Reorganization Effective Date, among other events, (i) the liens and guarantees securing the Second Priority Senior Secured Notes and Senior Subordinated Notes were released and extinguished, (ii) funds affiliated with Avenue Capital Management II, L.P. became the majority unitholder of Parent and (iii) the new term loan was evidenced by the Amended and Restated Credit Agreement dated as of November 6, 2009, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, Parent, the Subsidiary Guarantors, the Lenders party thereto, and Wilmington Trust FSB, as administrative agent for the Lenders and collateral agent for the secured parties.

During the period from the date of its Chapter 11 filing to the Fresh-Start Adoption Date (the “Pre-Emergence Period”), the Company recorded interest expense on pre-petition obligations only to the extent it believed the interest would be paid during the Reorganization Proceedings. Had the Company recorded interest expense based on its pre-petition contractual obligations pursuant to its Second Priority Senior Notes and Senior Subordinated Notes, interest expense would have increased by $16,663 thousand during the ten-month period ended October 25, 2009.

In addition, the Company’s Series B redeemable convertible preferred units were also subject to compromise and no dividends were accrued during the Pre-Emergence Period. Had the Company recorded dividends based on pre-petition contractual obligations, dividends accrued on preferred units would have increased by $5,502 thousand during the ten-month period ended October 25, 2009.

3. Fresh-Start Reporting

Upon emergence from the Reorganization Proceedings, the Company adopted fresh-start reporting in accordance with ASC 852. The Company’s emergence from the Reorganization Proceedings resulted in a new reporting entity with no retained earnings or accumulated deficit. Accordingly, the Company’s consolidated financial statements for periods prior to and including October 25, 2009 are not comparable to consolidated financial statements presented on or after October 25, 2009.

Fresh-start reporting reflects the value of the Company as determined in the confirmed Plan of Reorganization. Under fresh-start reporting, the Company’s asset values were remeasured and allocated in conformity with ASC 805, *“Business Combinations,”* formerly Statements of Financial Accounting Standards (“SFAS”) No. 141(R) “*Business Combinations”* (“ASC 805”). Fresh-start reporting required that all liabilities, other than deferred taxes and severance benefits, be stated at fair value or at the present values of the amounts to be paid using appropriate market interest rates. Deferred taxes are determined in conformity with ASC 740, “*Income Taxes*,” formerly SFAS No. 109, “*Accounting for Income Taxes*” (“ASC 740”).

Estimates of fair value represent the Company’s best estimates based on its valuation models, which incorporated industry data and trends and relevant market rates and transactions. The estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond the control of the Company. Accordingly, the Company cannot provide assurance that the estimates, assumptions and values reflected in the valuations will be realized, and actual results could vary materially.

To facilitate the calculation of the enterprise value of the Successor Company, the Company prepared a valuation analysis for the Successor Company's common units as of the Reorganization Effective Date. The enterprise valuation used a discounted cash flow analysis which measures the projected multi-year free cash flows of the Company to arrive at an enterprise value.

In the course of valuation analysis, financial and other information, including prospective financial information obtained from management and from various public, financial and industry sources was relied upon. The basis of the discounted cash flow analysis used in developing the total enterprise value was based on the Company's prepared projections, which included a variety of estimates and assumptions. While the Company considers such estimates and assumptions reasonable, they are inherently subject to significant business, economic and competitive uncertainties, many of which are beyond the Company's control and, therefore, may not be realized. Changes in these estimates and assumptions may have had a significant effect on the determination of the Company's fair value. Assumptions used in our valuation models that have the most significant effect on our estimated fair value include discount rates and future cash flow projections.

Discount Rate — The discount rate is an overall rate based upon the individual rates of return for invested capital components of the Company (such as rate of return on debt capital and rate of return on common equity capital). As the Company is emerging from bankruptcy and, therefore, has some of the characteristics of a distressed company, in determining a discount rate the Company incorporated a risk premium derived from higher risk due to its emergence from bankruptcy which bears uncertainty surrounding its future performance, continued economic viability, and maintenance of its customer relationships, to better reflect the return of an investment with those specific risk characteristics from a market participant's perspective. The resulting discount rate of 46.7% approximates the venture capital rate of return required by investors in companies with similar risk profiles as the Company.

Cash Flow Projections — The Company projected its future cash flow on various assumptions depending on the nature of cash flow components. Some of the major accounts projected were based on the following assumptions.

- ***Revenue*** — The Company based 2009 and 2010 revenue on the historical ten-month period ended October 25, 2009 and the Company's business plan. For the subsequent four years, revenue projections were based on market growth trends and plans for market share growth. Overall, the Company projected a compound revenue growth for this purpose of 12% for the period between 2009 and 2014.
- ***Cost of Sales*** — The Company estimated three sub-components — variable cost, depreciation and other fixed costs. Variable cost was defined as those cost elements directly in proportion to sales and estimated as a certain percentage of projected sales. Depreciation is estimated considering expected depreciation of existing assets and depreciation of assets from the Company's capital expenditure forecast. Other fixed costs are assumed to be increased by a fixed percentage which was implied by the CPI (Consumer Price Index) rate increases during the projection period. The Company projected cost of sales for the periods between 2009 and 2014 to vary between 70.1% and 62.6%.
- ***Working Capital Changes*** — Working capital levels were estimated on the historical levels and benchmarking.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

- ***Capital Expenditures*** — Capital expenditures for 2009 and 2010 was determined based on the Company's capital expenditure forecast. The Company assumed that the capital expenditure level for subsequent years would be determined at 5% of its future projected revenue.

The following fresh-start condensed consolidated balance sheet illustrates the financial effects on the Company resulting from the implementation of the Plan of Reorganization and the adoption of fresh-start reporting. This fresh-start condensed consolidated balance sheet reflects the effect of consummating the transactions contemplated in the Plan of Reorganization, including issuance of certain securities, incurrence of new indebtedness, discharge and repayment of old indebtedness and other cash payments.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The effects of the Plan of Reorganization and fresh-start reporting on the Company's condensed consolidated balance sheet are as follows:

	Predecessor October 25, 2009	Effects of Plan	Fresh-Start Valuation	Successor (*) October 25, 2009
Assets				
Current assets				
Cash and cash equivalents	$ 14,610	$ 52,969(a,b,f,j)	$ —	$ 67,579
Restricted cash	52,015	(52,015)(b)	—	—
Accounts receivable, net	89,314	—	—	89,314
Inventories, net	51,389	—	17,903(n)	69,292
Other receivables	5,189	—	—	5,189
Other current assets	17,477	(179)(c)	(1,233)(o)	16,065
Total current assets	229,994	775	16,670	247,439
Property, plant and equipment, net	172,358	—	(13,940)(p)	158,418
Intangible assets, net	26,886	—	28,314(q)	55,200
Other non-current assets	23,947	235(d)	355(r)	24,537
Total assets	$ 453,185	$ 1,010	$ 31,399	$ 485,594
Liabilities and Unitholders' Equity				
Current liabilities				
Accounts payable	$ 77,395	$ —	$ —	$ 77,395
Other accounts payable	13,515	506(e)	—	14,021
Accrued expenses	22,621	6,383(f)	—	29,004
Short-term borrowings	95,000	(95,000)(a)	—	—
Current portion of long-term debt-new	—	463(a)	—	463
Other current liabilities	3,533	—	—	3,533
Liabilities subject to compromise	798,043	(798,043)(g)	—	—
Total current liabilities	1,010,107	(885,691)	—	124,416
Long-term debt-new	—	61,287(a)	—	61,287
Accrued severance benefits, net	71,029	—	—	71,029
Other non-current liabilities	10,468	—	—	10,468
Total liabilities	1,091,604	(824,404)	—	267,200
Commitments and contingencies				
Series A redeemable convertible preferred units	—	—	—	—
Series B redeemable convertible preferred units subject to compromise	148,986	(148,986)(h)	—	—
Total redeemable convertible preferred units	148,986	(148,986)	—	—
Unitholders' equity				
Common units-old	52,923	(52,923)(i)	—	—
Common units-new	—	49,539(g,j)	—	49,539
Additional paid-in capital	3,383	166(s)	—	—
	—	(3,549)(i)	—	—
	—	2,533(g)	—	—
	—	166,322(m)	—	168,855
Retained earnings (accumulated deficit)	(964,791)	160,218(k)	—	—
	—	773,174(l)	31,399(l)	—
Accumulated other comprehensive income	121,080	(121,080)(k)	—	—
Total unitholders' equity	(787,405)	974,400	31,399	218,394
Total liabilities, redeemable convertible preferred units and unitholders' equity	$ 453,185	$ 1,010	$ 31,399	$ 485,594

(a) To record the issuance of a new term loan in the amount of $61,750 thousand and 35% cash payment of $33,250 thousand in complete satisfaction of the first lien lender claims arising from

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

the senior secured credit facility (short-term borrowings) of $95,000 thousand. The new term loan was accounted for as current portion of long-term debt of $463 thousand and long-term debt of $61,287 thousand.

(b) Cash in Korea Exchange Bank account of $52,015 thousand, restricted under forbearance agreement, was released from restriction according to the debt restructuring by the Plan of Reorganization.

(c) To record impairment of remaining capitalized costs of $166 thousand in connection with entering into the senior secured credit facility, impairment of prepaid agency fee of $14 thousand of the senior secured credit facility and capitalization of costs of $1 thousand in connection with the issuance of the new term loan.

(d) To record capitalization of costs of $235 thousand in connection with the issuance of the new term loan.

(e) To record capitalization of costs incurred in connection with the issuance of the new term loan of $236 thousand and 10% of the general unsecured claims of $270 thousand to be settled in cash.

(f) To record professional fees of $7,459 thousand incurred in relation to the Reorganization Proceeding of which $1,076 thousand was paid in cash with the remainder of $6,383 thousand recorded as accrued expenses.

(g) To record the discharge of liabilities subject to compromise of $798,043 thousand and the issuance of 18,000 thousand new common units and new warrants to purchase 15,000 thousand new common units. The issuances of new common units were recorded as increase in common units by $14,259 thousand and the issuances of new warrants were recorded as increase in additional paid-in capital by $2,533 thousand. Current portion of long-term debt of $750,000 thousand and its accrued interest of $45,341 thousand as of October 25, 2009 were discharged in exchange for new common units representing 6% of the Successor Company's outstanding common units to two classes of creditors of the Company and new warrants representing 5% of the Successor Company's outstanding common units to two classes of creditors of the Company. General unsecured claims of $2,702 thousand were also discharged in exchange for a cash payment equal to 10% of the allowed claims of $270 thousand.

(h) To record the retirement of Series B redeemable convertible preferred units of $148,986 thousand without consideration in accordance with the Plan of Reorganization.

(i) To record the retirement of old equity interests without consideration in accordance with the Plan of Reorganization.

(j) To record the issuance of 282,000 thousand new common units which was recorded as an increase in common units by $35,280 thousand.

(k) To record the elimination of the Predecessor Company's accumulated deficit of $160,218 thousand and accumulated other comprehensive income of $121,080 thousand.

(l) To record reorganization items, net of $804,573 thousand.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

(m) To record $166,322 thousand of additional paid-in capital. Reconciliation of total enterprise value to the reorganization value of the Company, determination of goodwill and additional paid-in capital and allocation of the total enterprise value to common unitholders are as below:

Total value attributable to debt and equity(1)	$ 212,564
Plus: cash and cash equivalents	67,579
Plus: liabilities	205,451
Reorganization value of the Company's total assets	485,594
Fair value of the Company's total assets	485,594
Goodwill	$ —
Reorganization value of the Company's total assets	$ 485,594
Less: liabilities	(205,450)
Less: new term loan	(61,750)
Fair value of new warrants issued	(2,533)
Fair value of new common units issued	(49,539)
Additional paid-in capital	$ 166,322
Enterprise value allocated to common unitholders	$ 215,861

(1) The Plan of Reorganization, which was confirmed by the bankruptcy court, includes an estimated total value attributable to debt and equity of $225.0 million. This amount does not include cash balances and non-financial liabilities as of the Reorganization Effective Date.

(n) To record the fair value of inventories, net, as estimated by the Predecessor Company, fair value of finished goods was estimated by subtracting from average selling prices the sum of costs of disposal and a reasonable profit allowance for the selling effort. Fair value of work-in-process was estimated by subtracting from average selling prices the sum of costs to complete, costs of disposal and a reasonable profit allowance for the completing and selling effort based on profit for similar finished goods. Fair value of raw materials was estimated by current replacement costs.

(o) To record the fair value of advance payments as estimated by the Predecessor Company. For the value of advance payments, the Orderly Liquidation Value ("OLV") was estimated using the cost and market approaches.

(p) To record the fair value of property, plant and equipment, net as estimated by the Predecessor Company. For the value of certain fixed assets, the OLV was estimated using the cost and market approaches. This premise of value was chosen given the fact that the Company was just emerging from bankruptcy proceedings.

(q) To record the fair value of intangible assets, net as estimated by the Predecessor Company. Discrete valuations of each of the reporting units' identified intangible assets related to technology, contracts, trade names, customer-based intangible assets and acquired in-process research and development ("IPR&D") were performed using the excess earnings method or the royalty savings method.

(r) To record the Predecessor Company's other non-current assets at their estimated fair value using observable market data.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

(s) To record the immediately recognized unit-based compensation of $166 thousand, which is attributable to old unit options which were cancelled without consideration in accordance with the Plan of Reorganization.

(*) The following table summarizes the allocation of fair value of the assets and liabilities at emergence as shown in the reorganized consolidated balance sheet as of October 25, 2009:

Cash and cash equivalents	$ 67,579
Accounts receivable, net	89,314
Inventories, net	69,292
Other receivables	5,189
Other current assets	16,065
Property, plant and equipment, net	158,418
Intangible assets, net	55,200
Other non-current assets	24,537
Total assets	485,594
Less: current liabilities (including current portion of long-term debt)	(124,416)
Less: long-term debt	(61,287)
Less: non-current liabilities	(81,497)
Total liabilities assumed	(267,200)
Net assets acquired	$ 218,394

4. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

In preparing the consolidated financial statements for the Predecessor Company and Successor Company, the Company applied ASC 852, which requires that the financial statements for periods subsequent to the Chapter 11 filing distinguish transactions and events that were directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain expenses, realized gains and losses and provisions for losses that were realized or incurred in the Reorganization Proceedings were recorded in reorganization items, net on the accompanying consolidated statements of operations.

Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company including its wholly-owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and disclosures. The most significant estimates and assumptions relate to the fair valuation of acquired assets and assumed liabilities, fair valuation of common units, the useful life of property, plant and equipment, allowance for uncollectible accounts receivable, contingent liabilities, inventory valuation, restructuring accrual and impairment of long-lived assets. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may be different from the estimates.

Foreign Currency Translation

The Company has assessed in accordance with ASC 830, *"Foreign Currency Matters,"* formerly SFAS No. 52, "*Foreign Currency Translation"* ("ASC 830"), the functional currency of each of its subsidiaries in Luxembourg, the Netherlands and the United Kingdom and has designated the U.S. dollar to be their respective functional currencies. The Company and its other subsidiaries are utilizing their local currencies as their functional currencies. The financial statements of the subsidiaries in functional currencies other than the U.S. dollar are translated into the U.S. dollar in accordance with ASC 830. All the assets and liabilities are translated to the U.S. dollar at the end-of-period exchange rates. Capital accounts are determined to be of a permanent nature and are therefore translated using historical exchange rates. Revenues and expenses are translated using average exchange rates for the respective periods. Foreign currency translation adjustments arising from differences in exchange rates from period to period are included in the foreign currency translation adjustment account in accumulated comprehensive income (loss) of unitholders' equity. Gains and losses due to transactions in currencies other than the functional currency are included as a component of other income (expense) in the statement of operations.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an original maturity date of three months or less.

Restricted Cash

Restricted cash of $11,768 thousand as of December 31, 2008 was cash in Korea Exchange Bank account and restricted in use according to the forbearance agreement with secured parties in relation to short-term borrowings of $95,000 thousand. Deposit accounts maintained with Korea Exchange Bank were subject to a perfected lien in the name of the collateral trustee for the benefit of the secured parties and were frozen pursuant to the terms of an acceleration notice.

According to the debt restructuring by the Plan of Reorganization as described in Note 3, cash in Korea Exchange Bank account of $52,015 thousand was released from restriction on the Reorganization Effective Date.

Accounts Receivable Reserves

An allowance for doubtful accounts is provided based on the aggregate estimated uncollectability of the Company's accounts receivable. The Company records an allowance for cash returns, included within accounts receivable, net, based on the historical experience of the amount of goods that will be returned and refunded. In addition, the Company also includes in accounts receivable, an allowance for additional products that may have to be provided, free of charge, to compensate customers for products that do not meet previously agreed yield criteria, the low yield compensative reserve.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Inventories

Inventories are stated at the lower of cost or market, using the average cost method, which approximates the first in, first out method ("FIFO"). If net realizable value is less than cost at the balance sheet date, the carrying amount is reduced to the realizable value, and the difference is recognized as a loss on valuation of inventories within cost of sales. Inventory reserves are established when conditions indicate that the net realizable value is less than costs due to physical deterioration, obsolescence, changes in price levels, or other causes based on individual facts and circumstances. Reserves are also established for excess inventory based on inventory levels in excess of six months of projected demand, as judged by management, for each specific product.

In addition, as prescribed in ASC 330, *"Inventory,"* formerly SFAS No. 151 "*Inventory costs*," the cost of inventories is determined based on the normal capacity of each fabrication facility. In case the capacity utilization is lower than a certain level that management believes to be normal, the fixed overhead costs per production unit which exceeds those under normal capacity are charged to cost of sales rather than capitalized as inventories.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as set forth below.

Buildings	30 - 40 years
Building related structures	10 - 20 years
Machinery and equipment	5 - 10 years
Vehicles and others	5 years

Routine maintenance and repairs are charged to expense as incurred. Expenditures that enhance the value or significantly extend the useful lives of the related assets are capitalized.

Borrowing costs incurred during the construction period of assets are capitalized as part of the related assets.

Impairment of Long-Lived Assets

The Company reviews property, plant and equipment and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with ASC 360, "*Property, Plant and Equipment*," formerly SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*" ("ASC 360"). Recoverability is measured by comparing its carrying amount with the future net cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment is measured as the difference between the carrying amount of the assets and the fair value of assets using the present value of the future net cash flows generated by the respective long-lived assets.

Restructuring Charges

The Company recognizes restructuring charges in accordance with ASC 420, *"Exit or Disposal Cost Obligations,"* formerly SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities"* ("ASC 420"). Certain costs and expenses related to exit or disposal activities are recorded as restructuring charges when liabilities for those costs and expenses are incurred.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Lease Transactions

The Company accounts for lease transactions as either operating leases or capital leases, depending on the terms of the underlying lease agreements. Machinery and equipment acquired under capital lease agreements are recorded at the lower of the present value of future minimum lease payments and estimated fair value of leased property. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. In addition, the aggregate lease payments are recorded as capital lease obligations, net of unaccrued interest. Interest is amortized over the lease period using the effective interest rate method. Leases that do not qualify as capital leases are classified as operating leases, and the related rental payments are expensed on a straight-line basis over the shorter of the estimated useful lives of leased property and lease term.

Software

The Company capitalizes certain external costs that are incurred to purchase and implement internal-use computer software. Direct costs relating to the development of software for internal use are capitalized after technological feasibility has been established, in accordance with ASC 350, "*Intangibles-Goodwill and Other,*" formerly Statements of Position ("SOP") No. 98-1, "*Accounting for the Costs of Computer Software Developed or Obtained for Internal Use"* ("ASC 350"). Depreciation is calculated on a straight-line basis over the software's estimated useful life, which is usually five years.

Intangible Assets

Intangible assets other than intellectual property include technology and customer relationships which are amortized on a straight-line basis over periods ranging from four to eight years. Other intellectual property assets acquired represent rights under patents, trademarks and property use rights and are amortized over the periods of benefit, ranging up to ten years, on a straight-line basis.

Goodwill

Goodwill is evaluated for impairment by comparing the fair value and carrying amount of the reporting unit to which the goodwill relates. Specifically, the Company uses the two-step method for evaluating goodwill for impairment as prescribed in ASC 350, *"Intangibles-Goodwill and Other,"* formerly SFAS No. 142 "*Goodwill and Other Intangible Assets*" ("ASC 350"). In the first step, the fair value of a reporting unit is compared to the carrying amount of such reporting unit. If the carrying amount exceeds the fair value, a potential impairment condition exists. In the second step, impairment is measured as the excess of the carrying amount of reporting unit goodwill over the implied fair value of reporting unit goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and thus the second step of the impairment test is unnecessary.

Fair Value Disclosures of Financial Instruments

The Company has adopted and follows ASC 820, "*Fair Value Measurements and Disclosures*" ("ASC 820") for measurement and disclosures about fair value of its financial instruments. ASC 820 establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by ASC 820 are:

Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Inputs (other than quoted market prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 — Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Valuation of instruments includes unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

As defined by ASC 820, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale, which was further clarified as the price that would be received to sell an asset or paid to transfer a liability ("an exit price") in an orderly transaction between market participants at the measurement date. The carrying amounts of the Company's financial assets and liabilities, such as cash and cash equivalents, accounts receivable, other receivables, accounts payable and other accounts payable approximate their fair values because of the short maturity of these instruments.

The fair value of the Successor Company's available for sale securities is based on the quoted prices in an active market and was $0.7 million as of December 31, 2009. The estimated fair value of the Predecessor Company's debt was $33.5 million as of December 31, 2008. The fair value estimates presented herein were based on market interest rates and other market information available to management as of each balance sheet date presented. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts. Approximate fair values do not take into consideration expenses that could be incurred in an actual settlement. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Accrued Severance Benefits

The majority of accrued severance benefits is for employees in the Company's Korean subsidiary. Pursuant to the Employee Retirement Benefit Security Act of Korea, most employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2009, 98% of all employees of the Company were eligible for severance benefits.

Accrued severance benefits are funded through a group severance insurance plan. The amounts funded under this insurance plan are classified as a reduction of the accrued severance benefits. Subsequent accruals are to be funded at the discretion of the Company.

In accordance with the National Pension Act of the Republic of Korea, a certain portion of accrued severance benefits is deposited with the National Pension Fund and deducted from the accrued severance benefits. The contributed amount is paid to employees from the National Pension Fund upon their retirement.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, the product has been delivered and title and risk of loss have transferred, the price is fixed and determinable, and collection of the resulting receivable is reasonably assured. Utilizing these criteria, product revenue is recognized either upon shipment, upon delivery of the product at the customer's location or upon customer acceptance, depending on the terms of the arrangements, when the risks and rewards of ownership have passed to the customer. Certain sale arrangements include customer acceptance provisions that require written notification of acceptance within the pre-determined period from the date of delivery of the product. If the pre-determined period has ended without written notification, customer acceptance is deemed to have occurred pursuant to the underlying sales arrangements. In such cases, the Company recognizes revenue the earlier of the written notification or the pre-determined period from date of delivery. The Company's revenue recognition policy is consistent across its product lines, marketing venues, and all geographic areas.

In accordance with revenue recognition guidance, any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer is presented in the statements of income on a net basis (excluded from revenues).

The Company's customers can return defective products, including products that do not meet the yield criteria. The Company accrues for the estimated costs that may be incurred for the defective products. In addition, the Company offers discounts to customers who make early payments. The Company estimates the amount to be paid to customers based on historical experience and expected rate of discount. The estimated discount amount is recorded as a deduction from net sales.

Other than product warranty obligations and customer acceptance provisions, sales contracts do not include any other post-shipment obligations that could have an impact on revenue recognition. In addition, the Company does not currently provide any credits, rebates or price protection or similar privileges that could have an impact on revenue recognition.

All amounts billed to a customer related to shipping and handling are classified as sales while all costs incurred by the Company for shipping and handling are classified as selling expenses. The amounts charged to selling expenses were $207 thousand, $752 thousand, $1,295 thousand and $1,407 thousand for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

Derivative Financial instruments

The Company applies the provisions of ASC 815, *"Derivatives and Hedging,"* formerly SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* ("ASC 815"). This Statement requires the recognition of all derivative instruments as either assets or liabilities measured at fair value.

Under the provisions of ASC 815, the Company may designate a derivative instrument as hedging the exposure to variability in expected future cash flows that are attributable to a particular risk (a "cash flow hedge") or hedging the exposure to changes in the fair value of an asset or a liability (a "fair value hedge"). Special accounting for qualifying hedges allows the effective portion of a derivative instrument's gains and losses to offset related results on the hedged item in the consolidated statements of operations and requires that a company formally document, designate and assess the effectiveness of the transactions that receive hedge accounting treatment. Both at the inception of a hedge and on an ongoing basis, a hedge must be expected to be highly effective in achieving offsetting changes in cash flows or fair value attributable to the underlying risk being hedged. If the Company determines that a derivative instrument is no longer highly effective as a hedge, it discontinues hedge accounting prospectively and future changes in the fair value of the derivative are recognized in current earnings. The Company assesses hedge effectiveness at the end of each quarter.

In accordance with ASC 815, changes in the fair value of derivative instruments that are cash flows hedges are recognized in accumulated other comprehensive income (loss) and reclassified into earnings in the period in which the hedged item affects earnings. Ineffective portions of a derivative instrument's change in fair value are immediately recognized in earnings. Derivative instruments that do not qualify, or cease to qualify, as hedges must be adjusted to fair value and the adjustments are recorded through net income (loss).

Advertising

The Company expenses advertising costs as incurred. Advertising expense was approximately $25 thousand, $70 thousand, $165 thousand and $146 thousand for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

Product Warranties

The Company records, in other current liabilities, warranty liabilities for the estimated costs that may be incurred under its basic limited warranty. This warranty covers defective products, and related liabilities are accrued when product revenues are recognized. Factors that affect the Company's warranty liability include historical and anticipated rates of warranty claims and repair costs per claim to satisfy the Company's warranty obligation. As these factors are impacted by actual experience and future expectations, the Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts when necessary.

Research and Development

Research and development costs are expensed as incurred and include wafers, masks, employee expenses, contractor fees, building costs, utilities and administrative expenses. Acquired IPR&D assets are considered indefinite-lived intangible assets and are not subject to amortization. An IPR&D asset must be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the IPR&D asset with its carrying amount. If the carrying amount of the IPR&D asset exceeds its fair value, an impairment loss must be recognized in an amount equal to that excess. After an impairment loss is recognized, the adjusted carrying amount of the IPR&D asset will be its new accounting basis. Subsequent reversal of a previously recognized impairment loss is prohibited. The initial determination and subsequent evaluation for impairment of the IPR&D asset requires management to make significant judgments and estimates. Once the IPR&D projects have been completed or abandoned, the useful life of the IPR&D asset is determined and amortized accordingly.

Licensed Patents and Technologies

The Company has entered into a number of royalty agreements to license patents and technology used in the design of its products. The Company carries two types of royalties, lump-sum or running basis. Lump-sum royalties which require initial payments, usually paid in installments, represent a non-refundable commitment, such that the total present value of these payments is recorded as a liability upon execution of the agreements and the costs are amortized over the contract period using the straight-line method and charged to research and development expenses in the statements of operations.

Running royalty is paid based on the revenue of related products sold by the Company. For example, the Company entered into an agreement with a semiconductor design company, who comprised 88.4%, 94.4%, 92.4% and 88.2% of total running royalty expenses in the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the years ended December 31, 2008 and 2007, respectively. Pursuant to the agreement with the semiconductor design company, royalty rates range from 2.5% to 6% of the related product revenue and payment is made monthly, and is charged to selling, general and administrative expenses in the statements of operations as incurred.

Unit-Based Compensation

The Company follows the provisions of ASC 718, *"Compensation-Stock Compensation,"* formerly SFAS 123(R), "*Share-Based Payment (revised 2004)*" ("ASC 718"). Under ASC 718, unit-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. As permitted under ASC 718, the Company elected to recognize compensation expense for all options with graded vesting based on the graded attribution method.

The Company uses the Black-Scholes option pricing-model to measure the grant-date-fair-value of options. The Black-Scholes model requires certain assumptions to determine an option's fair value, including expected term, risk free interest, expected volatility and fair value of underlying common unit. The expected term of each option grant was based on employees' expected exercises and post-vesting employment termination behavior and the risk free interest rate was based on the U.S. Treasury yield curve for the period corresponding with the expected term at the time of grant. The expected volatility was estimated using historical volatility of share prices of similar public entities. No dividends were assumed for this calculation of option value. The Company estimates the fair value of the underlying common unit because there is no public trading market for its common units.

Earnings per Unit

In accordance with ASC 260, *"Earnings Per Share,"* formerly SFAS No. 128, "*Earnings Per Share*" (ASC 260), the Company computes basic earnings from continuing operations per unit and basic earnings per unit by dividing income from continuing operations available to common unitholders and net income available to common unitholders, respectively, by the weighted average number of common units outstanding during the period which would include, to the extent their effect is dilutive, redeemable convertible preferred units, options to purchase common units and restricted units. Diluted earnings per unit reflect the dilution of potential common units outstanding during the period. In determining the hypothetical units repurchased, the Company uses the average unit price for the period.

Income Taxes

MagnaChip Semiconductor LLC has elected to be treated as a partnership for U.S. federal income tax purposes and therefore is not subject to income taxes on its income. Taxes on its income are the responsibility of the individual equity owners of MagnaChip Semiconductor LLC. The Company operates a number of subsidiaries that are subject to local income taxes in those markets.

The Company accounts for income taxes in accordance with ASC 740, *"Income Taxes,"* formerly SFAS No. 109, "*Accounting for Income Taxes"* ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities.

The Company follows Financial Accounting Standards Board ("FASB") interpretation No. 48, "*Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109,"* codified as ASC 740, which prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The evaluation of a tax position in accordance with this interpretation is a two-step process. In the first step, recognition, the Company determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step addresses measurement of a tax position that meets the more-likely-than-not criteria. The tax position is measured at the largest amount of benefit that has a likelihood of greater than 50 percent of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in (a) an increase in a liability for income taxes payable or a reduction of an income tax refund receivable, (b) a reduction in a deferred tax asset or an increase in a deferred tax liability or (c) both (a) and (b). Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be de-recognized in the first subsequent financial reporting period in which that threshold is no longer met. Use of a valuation allowance as described in ASC 740 is not an appropriate substitute for the de-recognition of a tax position. The requirement to assess the need for a valuation allowance for deferred tax assets based on sufficiency of future taxable income is unchanged by this interpretation.

Segment Information

The Company has determined, based on the nature of its operations and products offered to customers, that its reportable segments are Display Solutions, Semiconductor Manufacturing Services and Power Solutions. The Display Solutions segment's primary products are flat panel display drivers and the Semiconductor Manufacturing Services segment provides for wafer foundry services to clients. The Power Solutions segment's products are designed for applications such as mobile phones, LCD televisions and desktop computers, and allow electronics manufacturers to achieve specific design goals of high efficiency and low standby power consumption. Net sales and gross profit for the "All other" category primarily relate to certain business activities that do not constitute operating or reportable segments.

The Company's chief operating decision maker ("CODM") as defined by ASC 280, *"Segment Reporting,"* formerly SFAS 131, "*Disclosure about Segments of an Enterprise and Related Information*" ("ASC 280"), allocates resources to and assesses the performance of each segment using information about its revenue and gross profit. The Company does not identify or allocate assets by segments, nor does the CODM evaluate operating segments using discrete asset information. In addition, the Company does not allocate operating expenses, interest income or expense, other income or expense, or income tax expenses to the segments. Management does not evaluate segments based on these criteria.

On October 6, 2008, the Company announced the closure of its Imaging Solutions reporting unit. As of December 31, 2008, the Imaging Solutions business segment qualified as a discontinued operation component of the Company under ASC 360, *"Property, Plant and Equipment,"* formerly SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"* ("ASC 360"). Accordingly, the results of operations of the Imaging Solutions business and reportable segment have been classified as discontinued operations. All prior period information has been reclassified to reflect this presentation on the statements of operations. Unless noted otherwise, discussions in these notes pertain to the Company's continuing operations.

Concentration of Credit Risk

The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral for customers on accounts receivable. The Company maintains reserves for potential credit losses, but historically has not experienced significant losses related to individual customers or groups of customers in any particular industry or geographic area. The Company derives a substantial portion of its revenues from export sales through its overseas subsidiaries in Asia, North America and Europe.

Recent Accounting Pronouncements

In June 2009, the FASB issued the Accounting Standards Codification ("ASC") Subtopic 105 "*Generally Accepted Accounting Principles*," which establishes the Accounting Standards Codification as the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the codification. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this guidance did not have a material effect on the Company's consolidated financial position, results of operations or cash flows, since the codification is not intended to change GAAP.

In May 2009, the FASB issued authoritative guidance included in ASC Subtopic 855 "*Subsequent Events*," which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. Specifically, this guidance provides (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This guidance is effective for interim or annual financial periods ending after June 15, 2009, and is to be applied prospectively. The adoption of this guidance did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued ASC 805, *"Business Combinations,"* formerly Statements of Financial Accounting Standards ("SFAS") No. 141 (revised 2007), "*Business Combinations*"

("ASC 805"), which replaces FASB Statement No. 141. ASC 805 establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This guidance also establishes disclosure requirements that enable users to evaluate the nature and financial effects of the business combination. ASC 805 is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008. This guidance requires the fair value of acquired IPR&D to be recorded as indefinite lived intangibles. IPR&D was previously expensed at the time of the acquisition. The adoption of ASC 805 had a material impact on the Company's consolidated financial position and results of operations through the recognition of $9.7 million of IPR&D as intangibles.

In December 2007, the FASB issued ASC 810, *"Consolidation,"* formerly SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statement — amendments of ARB No. 51"* ("ASC 810"). ASC 810 states that accounting and reporting for minority interests will be recharacterized as noncontrolling interests and classified as a component of equity. ASC 810 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. ASC 810 applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. This guidance is effective as of the beginning of an entity's first fiscal year beginning after December 15, 2008. The adoption of ASC 810 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

The Company adopted the provisions of ASC 820, *"Fair Value Measurements and Disclosures,"* formerly SFAS No. 157, "*Fair Value Measurements*" ("ASC 820") on January 1, 2008 and January 1, 2009 for financial assets and liabilities and for nonfinancial assets and liabilities, respectively. ASC 820 defines fair value, establishes a market-based framework or hierarchy for measuring fair value and expands disclosures about fair value measurements. ASC 820 is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value. ASC 820 does not expand or require any new fair value measures, however the application of this guidance may change current practice. The adoption of ASC 820 did not have a material effect on the Company's financial condition or results of operations.

In April 2008, the FASB issued ASC 350, *"Intangibles-Goodwill and Other,"* formerly FSP FAS 142-3, "*Determination of the Useful Life of Intangible Assets*." ASC 350 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "*Goodwill and Other Intangible Assets*." ASC 350 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of ASC 350 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued ASC 810, *"Consolidation,"* formerly SFAS No. 167, "*Amendments to FASB Interpretation No. 46(R)*" ("SFAS No. 167") ("ASC 810"), which (1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative, (2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and (3) requires additional disclosures about an enterprise's involvement in variable interest entities. The Company is required to adopt ASC 810 as of the beginning of 2010. The Company is evaluating the potential impact the adoption of ASC 810 will have on its consolidated financial statements.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

5. Reorganization Related Items

In accordance with ASC 852, the financial statements for the Predecessor Company periods distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the Company. In connection with the bankruptcy proceedings, implementation of the Plan of Reorganization and adoption of fresh-start reporting, the Company recorded the following reorganization income (expense) items:

	Predecessor Ten-Month Period Ended October 25, 2009
Professional fees	$ (7,459)
Revaluation of assets	31,399
Effects of the plan of reorganization	780,981
Write-off of debt issuance costs	(166)
Others	(182)
Total	$ 804,573

Included in reorganization items, net for the ten-month period ended October 25, 2009 was the Predecessor Company's gain recognized from the effects of the Plan of Reorganization. The gain results from the difference between the Predecessor Company's carrying amount of remaining pre-petition liabilities subject to compromise and the amounts to be distributed pursuant to the Plan of Reorganization. The gain from the effects of the Plan of Reorganization is comprised of the following:

	Predecessor Ten-Month Period Ended October 25, 2009
Discharge of liabilities subject to compromise	$ 798,043
Issuance of new common units	(14,259)
Issuance of new warrants	(2,533)
Accrual of amounts to be settled in cash	(270)
Gain from the effects of the Plan of Reorganization	$ 780,981

Liabilities subject to compromise represent the liabilities of the Company incurred prior to the petition date, except those that will not be impaired under the Plan of Reorganization. Liabilities subject to compromise consisted of the following at October 25, 2009.

	Predecessor October 25, 2009
General unsecured claims	$ 2,702
Current portion of long-term debt-old	750,000
Accrued interest on current portion of long-term debt	45,341
Total	$ 798,043

6. Fair Value Measurements

ASC 820 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. The Company adopted ASC 820 on January 1, 2008 for financial assets and liabilities and non-financial assets and liabilities. ASC 820 requires, among other things, the Company's valuation techniques used to measure fair value to maximize the use of observable inputs and minimize the use of unobservable inputs. This guidance was applied prospectively to the valuation of assets and liabilities on and after the effective dates of this guidance.

There are three general valuation techniques that may be used to measure fair value, as described below:

(A) ***Market Approach*** — Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

(B) ***Cost Approach*** — Based on the amount that currently would be required to reproduce or replace the service capacity of an asset (reproduction cost or replacement cost); and

(C) ***Income Approach*** — Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, option-pricing models, the excess earnings method, and the royalty savings method).

I. Net present value method is an income approach where a stream of expected cash flows is discounted at an appropriate discount rate.

II. The excess earnings method is a variation of the income approach where the value of a specific asset is isolated from its contributory assets.

III. The royalty savings method is a variation of the income approach where the underlying premise is that an intangible asset's fair value is equal to the present value of the cost savings (royalties) achieved by owning the asset.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Fair value information for each major category of assets and liabilities measured on a nonrecurring basis as part of fresh-start reporting during the period is listed in the following table. The Company remeasured its assets and liabilities at fair value on the Reorganization Effective Date as required by ASC 852 using the guidance for measurement found in ASC 805. The gains and losses related to these fair value adjustments were recorded by the Predecessor Company. Assets and liabilities measured at fair value on a nonrecurring basis during the period included:

	Successor					
	As of October 25, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)	Valuation Technique
ASSETS						
Other current assets	$ 439			$ 439	$ (1,233)	(B), (C)-I
Inventories						
Finished goods	10,078		$ 10,078		2,557	(A), (C)-I
Semi-finished goods and work-in-process	52,309		52,309		15,346	(A), (B), (C)-I
Property, plant and equipment						
Land	14,902			14,902	5,091	(A), (C)-I
Building	71,007			71,007	(25,113)	(A), (C)-I
Furniture and fixture	1,435			1,435	(4,771)	(B), (C)-I
Machinery and equipment	69,664			69,664	14,867	(B), (C)-I
Structure	119			119	(1,814)	(B), (C)-I
Other tangible assets	1,291			1,291	(2,200)	(B), (C)-I
Intangible assets						
Technology	14,745			14,745	13,095	(C)-I, II, III
Customer relationships	26,100			26,100	3,132	(C)-I, II
Intellectual property assets	4,655			4,655	2,387	(C)-I, III
In-process research and development	9,700			9,700	9,700	(C)-I, II
Other non-current assets	2,270		2,270		355	(A)
					$ 31,399	

Carrying amounts of the other assets and liabilities except those in the above table equal their fair values.

For details of key assumptions and inputs applied by the Company for above fair valuation, see “Note 3 Fresh-Start Reporting.”

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

7. Accounts Receivable

Accounts receivable as of December 31, 2009 and 2008 consisted of the following:

	Successor December 31, 2009	Predecessor December 31, 2008
Accounts receivable	$ 74,516	$ 67,186
Notes receivable	3,260	12,450
Less:		
Allowances for doubtful accounts	(377)	(1,569)
Cash return reserve	(1,729)	(671)
Low yield compensation reserve	(1,437)	(1,101)
Accounts receivable, net	$ 74,233	$ 76,295

Changes in allowance for doubtful accounts for each period are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ —	$ (1,569)	$ (1,367)	$ (1,418)
Bad debt expense	(379)	(723)	(503)	(161)
Write off	—	—	104	208
Translation adjustments	2	(40)	197	4
Ending balance	$ (377)	$ (2,332)	$ (1,569)	$ (1,367)

Changes in cash return reserve for each period are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ (1,545)	$ (671)	$ (914)	$ (1,450)
Addition to reserve	(648)	(4,476)	(3,385)	(2,509)
Payment made	484	3,722	3,393	3,040
Translation adjustments	(20)	(120)	235	5
Ending balance	$ (1,729)	$ (1,545)	$ (671)	$ (914)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Changes in low yield compensation reserve for each period are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ (1,213)	$ (1,101)	$ (1,260)	$ (2,482)
Addition to reserve	(715)	(1,759)	(1,854)	(1,307)
Payment made	507	1,724	1,663	2,523
Translation adjustments	(16)	(77)	350	6
Ending balance	$ (1,437)	$ (1,213)	$ (1,101)	$ (1,260)

8. Inventories

Inventories as of December 31, 2009 and 2008 consist of the following:

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Finished goods	$ 19,474	$ 22,694
Semi-finished goods and work-in-process	42,604	49,814
Raw materials	5,844	7,471
Materials in-transit	64	206
Less: inventory reserve	(4,579)	(33,075)
Inventories, net	$ 63,407	$ 47,110

Changes in inventory reserve for each period are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ —	$ (33,075)	$ (8,620)	$ (11,652)
Change in reserve	(4,952)	8,081	(34,869)	1,101
Write off	391	11,297	4,992	1,888
Translation adjustments	(18)	17	5,422	43
Ending balance	$ (4,579)	$ (13,680)	$ (33,075)	$ (8,620)

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

9. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2009 and 2008 are comprised of the following:

	Successor December 31, 2009	Predecessor December 31, 2008
Buildings and related structures	$ 72,076	$ 111,933
Machinery and equipment	71,505	318,440
Vehicles and others	3,043	40,422
	146,624	470,795
Less: accumulated depreciation	(5,388)	(296,038)
Land	15,101	9,198
Property, plant and equipment, net	$ 156,337	$ 183,955

Aggregate depreciation expenses totaled $5,389 thousand, $28,649 thousand, $47,707 thousand and $129,870 thousand for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

Property, plant and equipment are pledged as collateral for the new term loan of Successor Company and for the senior secured revolving credit facility and Second Priority Senior Secured Notes of Predecessor Company to a maximum of $780 million as of December 31, 2009 and 2008, respectively.

10. Intangible Assets

Intangible assets at December 31, 2009 and 2008 are as follows:

	Successor December 31, 2009	Predecessor December 31, 2008
Technology	$ 14,942	$ 14,156
Customer relationships	26,448	112,167
Intellectual property assets	4,779	6,011
In-process research and development	9,829	—
Less: accumulated amortization	(5,840)	(97,442)
Intangible assets, net	$ 50,158	$ 34,892

Aggregate amortization expenses for intangible assets totaled $5,829 thousand, $9,606 thousand, $24,254 thousand and $33,564 thousand for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively. The estimated aggregate amortization expense of intangible assets for the next five years is $25,182 thousand in 2010, $11,328 thousand in 2011, $6,402 thousand in 2012, $5,554 thousand in 2013 and $1,096 thousand in 2014.

Intangible assets are pledged as collateral for the new term loan of the Successor Company and for the senior secured revolving credit facility and Second Priority Senior Secured Notes of the Predecessor Company as of December 31, 2009 and 2008, respectively.

As part of its application of fresh-start reporting, the Company recognized fair value associated with IPR&D of $9,700 thousand. The Company accounted for IPR&D as an indefinite-lived intangible asset until completion or abandonment of the associated research and development ("R&D") projects. The IPR&D charges incurred by the Company's Semiconductor Manufacturing Services ("SMS") segment related to design of a product to the point that it met specific technical requirements, directly targeted at customers. The Large Display Solution ("LDS") reporting unit incurs IPR&D charges related to the design of possible products. These R&D efforts are intended to incur incremental sales with the Company's existing and new customers. Fair value of IPR&D was based on estimating the future cash flows by the Company's SMS segment and LDS reporting unit using the excess earnings method and discounting the net cash flows back to their present values. The revenues were allocated to IPR&D of the SMS segment on the basis of percentage of projected SMS revenues for 2010, 2011 and thereafter. Selling, general and administrative ("SG&A") expenses as a percentage of revenue were determined to be consistent with the cost structure of SMS. R&D expenses as a percentage of revenue were determined to be a percentage of the projected R&D expenses. This percentage represents the cost to maintain IPR&D. The cost to complete the IPR&D was derived based on the R&D expenses in the subsequent period not used to maintain existing technology. The estimated cash flows attributable to the IPR&D were converted to a present value equivalent.

IPR&D of the LDS reporting unit is expected to generate revenue over a two-year time frame starting with its introduction to the market in 2010. The revenues allocated to IPR&D of the LDS reporting unit were determined to be a percentage of the projected LDS revenues in 2010 and 2011. Costs of revenues and operating expenses were deducted from the revenues based on LDS cost structure as a percentage of revenue. While SG&A expenses as a percentage of revenue were determined to be the same as the whole business, maintenance R&D expenses were determined to be a percentage of the projected R&D expenses. The cost to complete the IPR&D project was estimated based on the R&D budget less the amount of R&D dedicated to maintaining the existing technology. The estimated cash flows attributable to the IPR&D of LDS reporting unit were converted to a present value equivalent.

In the SMS segment, management determined that a small number of in-process projects were behind schedule based on a review of the status of each project as of December 31, 2009. Expected completion term ranges from 0.5 to 3.5 years from a project start date. Incurred costs as of December 31, 2009 totaled $5.6 million and costs to complete the projects are estimated at $1.5 million to be spent over the next one or two years from the year ended December 31, 2009. In the LDS reporting unit, management determined that none of the in-process projects were behind schedule based on a review of the status of each project as of December 31, 2009. All projects are expected to be completed within 2 years from a project start date. Incurred costs as of December 31, 2009 totaled $5.6 million and costs to complete the projects are estimated at $2.3 million to be spent within a year from the year ended December 31, 2009.

The primary risks associated with the above projects include uncertainties in completing development projects on schedule due to technological feasibility and resource capacity, which could lead to lower demand at a lower selling point given the market trends. Such delay in development and production could adversely affect the related customer relationship. Additionally, there can be no assurance that meaningful sales will occur on a continuing basis considering market changes.

The Company periodically evaluates the existence of impairment for its IPR&D assets. If a project is completed, the carrying value of the related intangible asset is amortized over the remaining estimated life of the asset beginning in the period in which the project is completed and sales of related product commenced. If a project becomes impaired or abandoned, the carrying value of the related intangible asset would be written down to its fair value and an impairment charge would be taken in the period in which the impairment occurs.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The Company recorded goodwill as a result from the acquisition of ISRON Corporation on March 6, 2005. On an ongoing basis, the Company evaluates goodwill at the reporting unit level for indications of potential impairment. Goodwill is tested for impairment based on the present value of discounted cash flows, and, if impaired, goodwill is written down to fair value. The Company performs its annual goodwill impairment test during the first quarter of each fiscal year, as well as additional impairment tests, if any, required on an event-driven basis. In the first quarter of each of fiscal year 2008, 2007 and 2006, the Company performed its annual goodwill impairment test and determined that goodwill was not impaired. As of December 31, 2008, the Company performed an additional goodwill impairment test triggered by the significant adverse change in the revenue of the mobile display solutions, or MDS, reporting unit, and determined that goodwill was impaired. At the time of impairment, revenue of the MDS reporting unit was expected to decrease due to the deterioration of the Company's financial credit status and the decline of the semiconductor sector resulting from the world-wide economic slowdown. Accordingly, an impairment charge of $14,245 thousand, which represents the entire balance of goodwill, was recorded for the year ended December 31, 2008.

11. Product Warranties

Changes in accrued warranty liabilities for each period are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ 929	$ 474	$ 211	$ 112
Addition to warranty reserve	(16)	1,928	2,608	586
Payments made	(4)	(1,544)	(2,243)	(486)
Translation adjustments	12	71	(102)	(1)
Ending balance	$ 921	$ 929	$ 474	$ 211

12. Short-Term Borrowings

Predecessor Company

On December 23, 2004, the Company and its subsidiaries, including MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, as borrowers, entered into a senior credit agreement with a syndicate of banks, financial institutions and other entities providing for a $100 million senior secured revolving credit facility. Interest was charged at current rates when drawn upon.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Short-term borrowings under this facility were comprised of the following as of December 31, 2008:

	Maturity	Annual Interest Rate (%)	Amount of Principal
Euro dollar revolving loan	January 15, 2009	3 month LIBOR + 6.75	$ 10,000
Alternate Base Rate (“ABR”) revolving loan	March 31, 2009	ABR + 5.75	85,000
			$ 95,000

As discussed in Note 2, on the Reorganization Effective Date, $61,750 thousand of these short-term borrowings was refinanced with a new term loan and the remainder of $33,250 thousand was repaid in cash as part of the Company’s reorganization.

13. Current Portion of Long-term Debt

Successor Company

The current portion of the new term loan issued in connection with the Company’s reorganization was $618 thousand as of December 31, 2009, as described in Note 14.

Predecessor Company

On December 23, 2004, two of the Company’s subsidiaries, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, issued $500 million aggregate principal amount of Second Priority Senior Secured Notes consisting of $300 million aggregate principal amount of Floating Rate Second Priority Senior Secured Notes and $200 million aggregate principal amount of 6⁷/₈% Second Priority Senior Secured Notes. At the same time, these subsidiaries issued $250 million aggregate principal amount of 8% Senior Subordinated Notes.

Details of the current portion of long-term debt as of December 31, 2008 are presented as below:

	Maturity	Annual Interest Rate (%)	Amount of Principal
Floating Rate Second Priority Senior Secured Notes	2011	3 month LIBOR + 3.250	$ 300,000
6⁷/₈% Second Priority Senior Secured Notes	2011	6.875	200,000
8% Senior Subordinated Notes	2014	8.000	250,000
			$ 750,000

The senior secured revolving credit facility and Second Priority Senior Secured Notes were collateralized by substantially all of the assets of the Company. This indebtedness was initially expected to be paid in full upon maturity.

Each indenture governing the notes contained covenants that limited the ability of the Company and its subsidiaries to (i) incur additional indebtedness, (ii) pay dividends or make other distributions on its capital stock or repurchase, repay or redeem its capital stock, (iii) make certain investments, (iv) incur liens, (v) enter into certain types of transactions with affiliates, (vi) create restrictions on the payment of dividends or other amounts to the Company by its subsidiaries, and (vii) sell all or substantially all of its assets or merge with or into other companies.

As of December 31, 2008, the Company and all of its subsidiaries except for MagnaChip Semiconductor (Shanghai) Company Limited jointly and severally guaranteed each series of the Second Priority Senior Secured Notes on a second priority senior secured basis. As of December 31, 2008, the Company and all of its subsidiaries except for MagnaChip Semiconductor Ltd. (Korea) and MagnaChip Semiconductor (Shanghai) Company Limited jointly and severally guaranteed the Senior Subordinated Notes on an unsecured, senior subordinated basis. In addition, the Company and each of its then current and future direct and indirect subsidiaries (subject to certain exceptions) were required to be guarantors of Second Priority Senior Secured Notes and Senior Subordinated Notes.

During December 2008, the Company failed to make interest payments under its Second Priority Senior Secured Notes and Senior Subordinated Notes. Additionally, as of December 31, 2008, the Company was not in compliance with certain of its financial covenants under the terms of its senior secured credit facility, and the indentures governing the Second Priority Senior Secured Notes and the Senior Subordinated Notes. Accordingly, amounts outstanding under the Second Priority Senior Secured Notes and Senior Subordinated Notes were reclassified as current portion of long-term debt in the Company's accompanying balance sheet as of December 31, 2008.

In connection with the issuance of the notes and entering into the credit facility, the Company capitalized certain costs and fees, which were being amortized using the effective interest method or straight-line method over their respective terms. As a result of not being in compliance with certain of its financial covenants under the terms of its senior secured credit facility and the indentures governing the Second Priority Senior Secured Notes and Senior Subordinated Notes, the remaining capitalized costs of $12,319 thousand in connection with the issuance of the Second Priority Senior Secured Notes and Senior Subordinated Notes as of December 31, 2008 were written off and included in interest expense. Amortization costs, which were included in interest expense in the accompanying consolidated statements of operations, amounted to $836 thousand for the ten-month period ended October 25, 2009, and $16,290 thousand and $3,919 thousand for the years ended December 31, 2008 and 2007, respectively. As of October 25, 2009, the remaining capitalized costs of $166 thousand in connection with the entrance into the credit facility were written off and included in reorganization items, net, in accordance with the Plan of Reorganization as described in Notes 3 and 5. The remaining capitalized costs as of December 31, 2008 and 2007 were $1,004 thousand and $17,917 thousand, respectively.

As of October 25, 2009, the current portion of long-term debt of $750,000 thousand and accrued interest of $45,341 thousand were discharged in exchange for new common units with a fair value of $14,259 thousand and new warrants with a fair value of $2,533 thousand as part of the Company's reorganization as described in Notes 3 and 5.

Interest Rate Swap

Effective June 27, 2005, the Company entered into an interest rate swap agreement (the "Swap") to hedge the effect of the volatility of the 3-month London Inter-Bank Offering Rate ("LIBOR") resulting from the Company's $300 million of Floating Rate Second Priority Senior Secured Notes. Under the terms of the Swap, the Company received a variable interest rate equal to the three-month LIBOR rate plus 3.25%. In exchange, the Company paid interest at a fixed rate of 7.34%. The Swap effectively replaced the variable interest rate on the notes with a fixed interest rate through the expiration date of the Swap on June 15, 2008.

The Swap qualified as a cash flow hedge under ASC 815, since at both the inception of the hedge and on an ongoing basis, the hedging relationship was expected to be highly effective in achieving offsetting cash flows attributable to the hedged risk during the term of the hedge. The Company utilized the "hypothetical derivative method" to measure the effectiveness by comparing the changes in value of the actual derivative versus the change in fair value of the "hypothetical derivative."

14. Long-Term Debt

Successor Company

In connection with the Predecessor Company's reorganization as described in Note 3, in complete satisfaction of the first lien lender claims arising from the senior secured credit facility (included in short-term borrowings) of $95,000 thousand, the Company made a cash payment of $33,250 thousand to the senior secured credit facility lenders and, together with its subsidiaries, including MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, as borrowers, entered into a $61,750 thousand Amended and Restated Credit Agreement (the "Credit Agreement" or the "new term loan") with Avenue Investments, LP, Goldman Sachs Lending Partners LLC and Citicorp North America, Inc.

Long-term borrowings as of December 31, 2009 consisted of Eurodollar loans at an annual interest rate of 6 month LIBOR + 12% to Avenue Investments, LP, Goldman Sachs Lending Partners LLC and Citicorp North America, Inc. in the principal amount of $42,055 thousand, $12,285 thousand and $7,410 thousand, respectively. After deducting the current portion of long-term debt of $618 thousand, long-term borrowings as of December 31, 2009 were $61,132 thousand.

The Company may by written notice to the administrative agent elect to request the establishment of one or more new term loan or revolving loan commitments (the "Incremental Loan Commitments") by an amount not in excess of $23,250 thousand in the aggregate less any incremental loans incurred after the effective date of the new term loan.

The principal balance of the new term loan is to be paid in quarterly installments of approximately $154 thousand with the first installment due on March 31, 2010, and ending with the last installment due on September 30, 2013. In addition, the Credit Agreement has optional and mandatory loan prepayment provisions as follows:

Optional Prepayments. The Company has the right at any time and from time to time to prepay the new term loan, in whole or in part.

Excess Cash Flow Prepayments. Not later than 90 days after the end of each fiscal year (commencing with the fiscal year ending December 31, 2010), the Company shall calculate the amount of Excess Cash Flow (as defined in the Credit Agreement) for such fiscal year, and shall prepay the new loan in an amount equal to the amount by which (A) 50% of such Excess Cash Flow exceeds (B) the sum of (x) the aggregate principal amount of voluntary prepayments of the new term loan during such fiscal year, and (y) in the case of the fiscal year ending December 31, 2010, the aggregate principal amount of any Early Excess Cash Flow Prepayments (as defined in the Credit Agreement), which is equal to the amount of dividends paid and the amount of subordinated indebtedness payments made on or prior to 90 days after the end of such fiscal year, or an Excess Cash Flow Prepayment; provided, that if the amount in clause (B) exceeds the amount in clause (A), no such prepayment of the new term loan is required.

Asset Sales. Not later than three business days following the receipt of any net cash proceeds of any asset sale, the Company shall make (with certain exceptions) prepayments in an aggregate amount equal to 100% of such net cash proceeds from such asset sale.

Dividend or Subordinated Indebtedness Payment. Concurrently with the making of any dividend and any subordinated indebtedness payment, in each case from any Cumulative Credit (as defined in the Credit Agreement) prior to the date that the first Excess Cash Flow Prepayment is required to be made, the Company shall make prepayments of the outstanding term loan in an amount equal to the amount of such dividend or subordinated indebtedness payment, as the case may be.

Casualty Events. Not later than three business days following the receipt by the Company of any net cash proceeds from a casualty event in excess of $3,000 thousand, the Company must use the full amount of such net cash proceeds to: (i) make prepayments of the outstanding term loan, or (ii) so long as no default shall have occurred and be continuing, repair, replace or restore the property in respect of which such net cash proceeds were repaid or reinvested in other fixed or capital assets no later than 360 days following receipt thereof.

The Company is required to pay the balance of the Credit Agreement, if any, on November 6, 2013. The Credit Agreement is collateralized by substantially all of the assets of the Company.

The Credit Agreement contains covenants that limit the ability of the Company and its subsidiaries to (i) incur additional indebtedness, (ii) pay dividends or make other distributions on its capital stock or repurchase, repay or redeem its capital stock, (iii) make certain investments, (iv) incur liens, (v) enter into certain types of transactions with affiliates, (vi) create restrictions on the payment of dividends or other amounts to the Company by its subsidiaries, (vii) sell all or substantially all of its assets or merge with or into other companies, (viii) issue specific equity interests and (ix) establish, create or acquire any additional subsidiaries. It also contains a minimum liquidity financial covenant and compliance with financial ratios.

As of December 31, 2009, the Company and all of its subsidiaries except for MagnaChip Semiconductor (Shanghai) Company Limited jointly and severally guaranteed, as a primary obligor, the payment and performance of the borrower's obligations under the Credit Agreement.

In connection with the entrance into the Credit Agreement, the Company capitalized certain costs and fees, which are being amortized using the straight-line method over the term of loan. Amortization costs, which were included in interest expense in the accompanying consolidated statements of operations, amounted to $0.3 thousand for the two-month period ended December 31, 2009, and total remaining capitalized costs as of December 31, 2009 were $235 thousand.

15. Accrued Severance Benefits

The majority of accrued severance benefits is for employees in the Company's Korean subsidiary, MagnaChip Semiconductor Ltd. (Korea). Pursuant to the Employee Retirement Benefit Security Act of Korea, most employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2009, 98% of all employees of the Company were eligible for severance benefits.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Changes in accrued severance benefits for each period are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ 72,243	$ 63,147	$ 75,869	$ 64,642
Provisions	1,851	8,835	14,026	18,834
Severance payments	(1,389)	(4,320)	(6,505)	(7,151)
Translation adjustments	941	4,581	(20,243)	(456)
	73,646	72,243	63,147	75,869
Less: Cumulative contributions to the National Pension Fund	(530)	(533)	(539)	(784)
Group severance insurance plan	(707)	(681)	(669)	(909)
	$ 72,409	$ 71,029	$ 61,939	$ 74,176

The severance benefits are funded approximately 1.68%, 1.91% and 2.23% as of December 31, 2009, 2008 and 2007, respectively, through the Company's National Pension Fund and group severance insurance plan which will be used exclusively for payment of severance benefits to eligible employees. These amounts have been deducted from the accrued severance benefit balance.

The Company is liable to pay the following future benefits to its employees upon their normal retirement age:

	Severance Benefit
2010	$ 33
2011	69
2012	135
2013	—
2014	279
2015 — 2019	8,332

The above amounts were determined based on the employees' current salary rates and the number of service years that will be accumulated upon their retirement dates. These amounts do not include amounts that might be paid to employees that will cease working with the Company before their normal retirement ages.

16. Redeemable Convertible Preferred Units

Predecessor Company

The Company issued 49,727 units as Series A redeemable convertible preferred units (the "Series A units") and 447,420 units as Series B redeemable convertible preferred units (the "Series B units") on September 23, 2004 and an additional 364 units of Series A units and 3,272 units of Series B units on November 30, 2004, respectively. Each Series A and Series B unit had a stated value of $1,000 per unit. As the Series A and B units were redeemable at the option of the holders, the Company classified the Series A units and B units outside of permanent equity. All Series A units were redeemed by cash on December 27, 2004 and a portion of the Series B units were redeemed by cash on December 15, 2004 and December 27, 2004.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Changes in Series B units for each period are as follows:

	Predecessor					
	Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008		Year Ended December 31, 2007	
	Units	Amount	Units	Amount	Units	Amount
Series B Units						
Beginning of the period	93,997	$ 142,669	93,997	$ 129,405	93,997	$ 117,374
Accrual of preferred dividends	—	6,317	—	13,264	—	12,031
End of the period	93,997	$ 148,986	93,997	$ 142,669	93,997	$ 129,405

The Series B units were issued to the original purchasers of the Company in 2004. Holders of Series B units were entitled to receive cumulative dividends, whether or not earned or declared by the board of directors. The cumulative cash dividends accrued at the rate of 10% per unit per annum on the Series B units' original issue price, compounded semi-annually.

The Series B units, which had a carrying amount of $148,986 thousand, were retired without consideration as part of the Company's reorganization as described in Note 3.

Conversion

The outstanding Series B units were convertible, in whole or in part, into common equity interests upon or concurrently with the first public offering of the common equity interests of the Company at the Company's option or the holder's option based on a formula, represented by the conversion ratio. The conversion ratio for the Series B units was an amount equal to the original issue price per unit plus an amount per unit equal to full cumulative dividends accrued and unpaid to the date of the consummation of the first public offering, divided by the per common equity interest price to the public in the Company's first public offering of equity securities.

Dividends

Holders of Series B units were entitled to receive cumulative dividends, whether or not earned or declared by the board of directors. The cumulative cash dividends accrued at the rate of 10% per unit per annum on the Series B units original issue price, compounded semi-annually. Such dividends were payable in semi-annual installments in arrears commencing March 15, 2005.

Liquidation

In the event of liquidation, the holders of Series B units were entitled to receive after all creditors of the Company have been paid in full but before any amounts were paid to the holders of any units ranking junior to the Series B units with respect to dividends or upon liquidation (including common units), out of the assets of the Company legally available for distribution to its members, whether from capital, surplus or earnings, an amount equal to the Series B units original issue price in cash per unit plus an amount equal to full cumulative dividends accrued and unpaid thereon to the date of final distribution, and no more. If the net assets of the Company were insufficient to pay the holders of all outstanding Series B units and of any units ranking on parity with the Series B units, the full amounts to which they respectively were entitled, such assets, or the proceeds thereof, were to be distributed ratably among the holders of the Series B units and any units ranking on parity with the Series B units in accordance with the amounts which would be payable on such distribution if the amount to which the holders of the Series B units and any units ranking on a parity with the Series B units were entitled to be paid in full.

Voting

As provided in Predecessor Company's operating agreement, the holders of Series B units were not entitled to vote on any matter submitted to a vote of the Predecessor Company's members, and were not entitled to notice of any meeting of members.

Redemption

If any outstanding Series B units had remained outstanding on the 14th anniversary after issuance of the Series B units, then the holders of a majority of the then outstanding Series B units had the right to elect to have the Company redeem all outstanding Series B units from funds legally available, at a price per unit equal to $1,000 plus an amount per unit equal to full cumulative dividends accrued and unpaid thereon to the redemption date.

Also the Series B units were redeemable from funds legally available, in whole or in part, at the election of the Company, expressed by resolution of its board of directors, at any time and from time to time at a price of $1,000 per unit plus any cumulative accrued and unpaid dividends.

17. Warrants

Successor Company

In connection with the Company's reorganization, the Company issued warrants to purchase 15,000 thousand of the Company's new common units. The warrants were issued in partial satisfaction of the claims of the holders of the Company's Senior Subordinated Notes and are exercisable at a price of $1.97 per unit at any time following the issue date of the warrants, so long as the exercise of the warrants is exempt from the registration requirements of the Securities Act of 1933, as amended. The value of each warrant to purchase one common unit is $0.169, which was estimated using the Black-Scholes option pricing model using the following assumptions: fair value of $0.79 per common unit, exercise price of $1.97 per unit, risk free rate of interest of 2.3%, volatility of 50%, dividend rate of 0% and term of 5 years.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)**

18. Common Units

Successor Company

New common units with no par value per unit, was authorized in the amount of 375,000 thousand units, of which 307,084 thousand units were issued and outstanding as of December 31, 2009. Details of new common units as of December 31, 2009 are as follows:

	As of December 31, 2009	
	Units	Amount
Common units at the beginning of the period	299,999,996	$ 49,539
Restricted unit bonuses issued	7,084,000	5,596
Total common units issued and outstanding at the end of the period	307,083,996	$ 55,135

19. Equity Incentive Plans

Successor Company

The Successor Company adopted its 2009 Common Unit Plan effective December 8, 2009, which is administered by the board of directors. Under the plan, employees, consultants and non-employee directors are eligible for equity incentives, including grants of options to purchase the Company’s common units or restricted unit bonuses or restricted unit purchase rights and deferred unit awards, subject to terms and conditions determined by the board of directors. The term of options shall not exceed ten years from the date of grant. Restricted unit purchase rights shall be exercisable within a period established by the board of directors, which shall in no event exceed thirty days from the effective date of the grant. As of December 31, 2009, an aggregate maximum of 30,000 thousand units were authorized and 7,551 thousand units were reserved for all future grants.

Unit options are generally granted with exercise prices of no less than the fair market value of the Company’s common units on the grant date. The requisite service period, or the period during which a grantee is required to provide service in exchange for option grants, coincides with the vesting period.

The purchase price for units issuable under each restricted unit purchase right shall be established by the board of directors in its discretion. No monetary payment (other than applicable tax withholding) shall be required as a condition of receiving units pursuant to a restricted unit bonus, the consideration for which shall be services actually rendered to a participating company or for its benefit. Units issued pursuant to any restricted unit award may (but need not) be made subject to vesting conditions based upon the satisfaction of such service requirements, conditions, restrictions or performance criteria as shall be established by the board of directors and set forth in the award agreement evidencing such award. During any period in which units acquired pursuant to a restricted unit award remain subject to vesting conditions, such units may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than pursuant to an ownership change event or transfer by will or the laws of descent and distribution. The grantee shall have all of the rights of a member of the Company holding units, including the right to vote such units and to receive all dividends and other distributions paid with respect to such units; provided, however, that if so determined by the board of directors and provided by the award agreement, such dividends and distributions shall be subject to the same vesting conditions as the units subject to the restricted unit award with respect to which such dividends or distributions were paid. If a grantee's service terminates for any reason, whether voluntary or involuntary (including the grantee's death or disability), then (a) the Company (or its assignee) has the option to repurchase for the purchase price paid by the grantee any units acquired by the grantee pursuant to a restricted unit purchase right which remain subject to vesting conditions as of the date of the grantee's termination of service and (b) the grantee shall forfeit to the Company any units acquired by the grantee pursuant to a restricted unit bonus which remain subject to vesting conditions as of the date of the grantee's termination of service. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

No monetary payment (other than applicable tax withholding, if any) is required as a condition of receiving a deferred unit award, the consideration for which shall be services actually rendered to a participating company or for its benefit. Deferred unit awards may (but need not) be made subject to vesting conditions based upon the satisfaction of such service requirements, conditions, restrictions or performance criteria as shall be established by the Committee and set forth in the award agreement evidencing such award. Grantees have no voting rights with respect to units represented by deferred unit awards until the date of the issuance of such units (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). If a grantee's service terminates for any reason, whether voluntary or involuntary (including the grantee's death or disability), then the grantee shall forfeit to the Company any deferred units pursuant to the award which remain subject to vesting conditions as of the date of the grantee's termination of service, and, in the event of the grantee's termination for cause, such deferred unit award to the extent not yet settled. The Company shall issue to a grantee on the date on which deferred units subject to the grantee's deferred unit award vest or on such other date determined by the board of directors, in its discretion, and set forth in the award agreement one unit (and/or any other new, substituted or additional securities or other property) for each deferred units then becoming vested or otherwise to be settled on such date, subject to the withholding of applicable taxes, if any.

The following summarizes unit option and restricted unit bonus activities for the two-month period ended December 31, 2009. At the date of grant, all options had an exercise price above the fair value of common units:

	Successor Company				
	Number of Restricted Unit Bonuses	Number of Options	Weighted Average Exercise Price of Unit Options	Aggregate Intrinsic Value of Unit Options	Weighted Average Remaining Contractual Life of Unit Options
Outstanding at October 25, 2009	—	—	—		
Granted	7,084,000	15,365,000	$ 1.16		
Released from restriction	2,408,560	—			
Outstanding at December 31, 2009	4,675,440	15,365,000	1.16	—	9.9 years
Vested and expected to vest at December 31, 2009		13,553,302		—	9.9 years
Exercisable at December 31, 2009		—		—	—

Total compensation expenses recorded for the restricted unit bonuses and unit options pursuant to ASC 718 for the two-month period ended December 31, 2009 was $2,073 thousand and $126 thousand, respectively. As of December 31, 2009, there were $3,243 thousand and $2,811 thousand of total unrecognized compensation cost related to unvested restricted unit bonuses and unit options, which are expected to be recognized over a weighted average future periods of 1.4 years and 1.7 years, respectively. Total fair value of restricted unit bonuses released from restriction for the period from October 25 to December 31, 2009 is $1,903 thousand.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The Company utilizes the Black-Scholes option-pricing model to measure the fair value of each option grant. The following summarizes the grant-date fair value of options granted for the two-month period ended December 31, 2009 and assumptions used in the Black-Scholes option-pricing model on a weighted average basis:

	Two-Month Period Ended December 31, 2009
Grant-date fair value of option (in US dollars)	$ 0.22
Expected term	2.9 Years
Risk-free interest rate	0.6%
Expected volatility	59.1%
Expected dividends	—

The number and weighted average grant-date fair value of the unit options are as follows:

	Two-Month Period Ended December 31, 2009	
	Number	Weighted Average Grant-Date Fair Value
Unvested options at the beginning of the period	—	$ —
Granted options during the period	15,365,000	0.22
Vested options during the period	—	—
Unvested options at the end of the period	15,365,000	0.22

Predecessor Company

The Predecessor Company adopted two equity incentive plans effective October 6, 2004 and March 21, 2005, respectively, which were administered by the compensation committee designated by the board of directors. Employees, consultants and non-employee directors were eligible for the grant of options to purchase the Company’s common units or restricted common units subject to terms and conditions determined by the compensation committee. The term of options could in no event exceed ten years from the date of grant. As of December 31, 2008, an aggregate maximum of 7,890,864 common units were authorized and reserved for all future and outstanding grants of options.

Unit options were generally granted with exercise prices of no less than the fair market value of the Company’s common units on the grant date. Generally, options vested and became exercisable in periodic installments, with 25% of the options vesting on the first anniversary of the grant date and 6.25% of options vesting on the last day of each calendar quarter thereafter. In most cases, the requisite service period, or the period during which a grantee was required to provide service in exchange for option grants, coincided with the vesting period.

Upon the termination of a unit option grantee’s employment prior to a public offering, the Company had the right to repurchase all or any of the common units acquired by the grantee upon exercise of any of his or her options for a cash payment equal to the fair market value of such common units on the date of repurchase. The Company's repurchase right would terminate ninety days after the termination date.

During the three months ended December 31, 2004, restricted units were issued upon the exercise of certain options to purchase restricted common units at the exercise price of $1 per unit. Restricted units issued were subject to restrictions which generally lapsed in installments over a four-year period. Under the terms and conditions of these restricted units, the restricted units were subject to forfeiture upon the termination of the restricted unitholder's employment with the Company. Upon termination, the Company could repurchase all, or any portion of the restricted common units for either $1 per unit (the exercise price) or the fair market value of the restricted common units at the time of repurchase. If the termination was for cause, as defined in the service agreements entered into with each restricted unitholder, the repurchase price per unit would be $1. However, if the termination was for any other reason, then the Company could repurchase all or any portion of the restricted units for which the restricted period had not lapsed as of the date of termination for a repurchase price per unit of $1, and could repurchase all or any portion of the restricted common units for which the restricted period had lapsed as of the date of termination for a repurchase price per unit equal to fair market value. Termination for "cause" was defined in the service agreements to mean a termination of the restricted unitholder's employment with the Company because of (a) a failure by the restricted unitholder to substantially perform the restricted unitholder's customary duties with the Company in the ordinary course (other than in certain specified circumstances); (b) the restricted unitholder's gross negligence, intentional misconduct or fraud in the performance of his or her employment; (c) the restricted unitholder's indictment for a felony or to a crime involving fraud or dishonesty; (d) a judicial determination that the restricted unitholder committed fraud or dishonesty against any person or entity; or (e) the restricted unitholder's material violation of one or more of the Company's policies applicable to the restricted unitholder's employment as may be in effect from time to time.

The Predecessor Company adopted fresh-start reporting (see note 3) as of October 25, 2009, at which time it effectively cancelled all unit options under the Predecessor Company's equity incentive plans.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The following summarizes unit option and restricted unit activities for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008. At the date of grant, all options had an exercise price at or above the fair value of common units:

	Predecessor Company				
	Number of Restricted Units	Number of Options	Weighted Average Exercise Price of Unit Options	Aggregate Intrinsic Value of Unit Options	Weighted Average Remaining Contractual Life of Unit Options
Outstanding at January 1, 2008	268,343	4,916,840	$ 1.9		
Granted	—	315,000	5.8		
Exercised	—	161,460	1.1	$ 787	
Forfeited/Repurchased	—	853,780	3.1		
Released from restriction	268,343	—			
Outstanding at December 31, 2008	—	4,216,600	1.9	15,118	6.9 years
Vested and expected to vest at December 31, 2008		3,973,510	1.9	14,412	6.9 years
Exercisable at December 31, 2008		3,085,038	1.7	11,827	6.6 years
Outstanding at January 1, 2009	—	4,216,600	1.9		
Granted	—	—	—		
Exercised	—	—	—	—	
Forfeited /Repurchased	—	391,500	2.5		
Released from restriction	—	—			
Outstanding at October 25, 2009 (Predecessor Company)	—	3,825,100	1.9	—	6.1 years
Application of fresh-start reporting (Note 4)	—	(3,825,100)			
Outstanding at October 25, 2009 (Successor Company)	—	—			

Total compensation expenses recorded for the restricted units and unit options pursuant to ASC 718 were $0 and $233 thousand for the ten-month period ended October 25, 2009, $16 thousand and $449 thousand for the year ended December 31, 2008 and $328 thousand and $276 thousand for the year ended December 31, 2007, respectively. As of October 25, 2009, total unrecognized compensation cost related to unvested unit options of $166 thousand, which were expected to be recognized over a weighted average future period of 0.7 years, was recognized as reorganization items, net, according to the Company's reorganization. As of December 31, 2008, there was $335 thousand of total unrecognized compensation cost related to unvested unit options, which were expected to be recognized over a weighted average future period of 1.0 years. Total fair value of restricted units released from restriction for the year ended December 31, 2008 was $152 thousand. Total fair value of options vested for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008 was $266 thousand and $408 thousand, respectively.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The Company utilizes the Black-Scholes option-pricing model to measure the fair value of each option grant. The following summarizes the grant-date fair value of options granted during the specified periods and assumptions used in the Black-Scholes option-pricing model on a weighted average basis:

	Predecessor	
	Year Ended December 31, 2008	December 31, Year Ended 2007
Grant-date fair value of option	$ 0.87	$ 0.67
Expected term	2.2 Years	2.1 Years
Risk-free interest rate	2.5%	4.4%
Expected volatility	42.0%	46.6%
Expected dividends	—	—

The total cash received from employees as a result of option exercises was $0, $184 thousand and $151 thousand for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

The number and weighted average grant-date fair value of the unit options are as follows:

	Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008		Year Ended December 31, 2007	
	Number	Weighted Average Grant-Date Fair Value	Number	Weighted Average Grant-Date Fair Value	Number	Weighted Average Grant-Date Fair Value
Unvested options at the beginning of the period	1,131,563	$ 0.65	2,374,896	$ 0.43	3,481,528	$ 0.29
Granted options during the period	—	—	315,000	0.87	710,000	0.67
Vested options during the period	520,969	0.51	1,108,772	0.31	1,339,570	0.23
Forfeited options during the period	391,500	0.17	853,780	0.51	737,750	0.23
Unvested options at the end of the period	547,438	0.88	1,131,563	0.65	2,374,896	0.43

20. Discontinued Operations

On October 6, 2008, the Company announced the closure of its Imaging Solutions business segment. As of December 31, 2008, Imaging Solutions business segment qualified as a discontinued operation component of the Company under ASC 360, *"Property, Plant and Equipment,"* formerly SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"* ("ASC 360"). As a result, the results of operations of the Imaging Solutions business segment were classified as discontinued operations. All prior period information has been reclassified to reflect this presentation on the statements of operations.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The results of operations of the Company's discontinued Imaging Solutions business consist of the following:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales	$ 947	$ 2,728	$ 65,862	$ 82,848
Cost of sales	369	3,617	81,789	75,930
Selling, general and administrative expenses	68	(6,355)	3,491	10,280
Research and development expenses	—	—	37,506	48,058
Restructuring and impairment charges	—	(1,120)	34,158	—
Income tax expenses	—	—	373	304
Income (loss) from discontinued operations, net of taxes	$ 510	$ 6,586	$ (91,455)	$ (51,724)

In prior years the Company had entered into an agreement with a software company to purchase licensed software products (the "Purchase Agreement"), including the licensed CAD software, for the three-year period from January 31, 2008 to January 30, 2011. The licensed CAD software has been used across all lines of the Company's business for purposes of developing products by the Imaging Solutions business and the Display Solution business and verifying the origin of defects in the manufacturing process of the Semiconductor Manufacturing Services.

During the third quarter of 2009, due to the discontinuation of its Imaging Solutions business segment and the related declining usage of the licensed CAD software, the Company was able to renegotiate the Purchase Agreement with a software company. Such renegotiation resulted in a reduction of the total fee, which lowered the Company's future scheduled payments. Therefore, the Company adjusted the previously recorded restructuring charges related to this agreement's non-refundable future scheduled payments in the amount of $1,120 thousand. The Company had considered such payments as a contract termination cost. The adjustment of $1,120 thousand represents the amount by which the non-cancellable future payments that were to be incurred by the Imaging Solutions business segment were reduced as a result of the revised payment terms.

The Company renewed the Purchase Agreement exclusively for the use of other business segments and not for the use of the Imaging Solutions business segment and the Company has no continuing involvement in the Imaging Solutions business.

In connection with the closure of its Imaging Solutions business segment, the Company recorded impairment charges of $26,285 thousand during the third quarter ended September 28, 2008, in accordance with ASC 360. Also, the Company recorded restructuring charges of $7,873 thousand during the fourth quarter ended December 31, 2008, in accordance with ASC 420, *"Exit or Disposal Cost Obligations,"* formerly SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities"* ("ASC 420"), related to one-time employee termination benefits, costs associated with the closing of the facilities and contract terminations. Actual payments of $4,989 thousand were charged against the restructuring accruals and the remaining accrual balance as of December 31, 2008 was $2,584 thousand.

21. Restructuring and Impairment Charges

Predecessor Company

2009 Restructuring and Impairment Charges

On March 31, 2009, the Company announced the closure of the Tokyo office of its subsidiary, MagnaChip Semiconductor Inc. (Japan). In connection with this closure, the Company recognized $439 thousand of restructuring charges, which consisted of one-time termination benefits and other related costs under ASC 420 for the ten-month period ended October 25, 2009. Actual payments of $439 thousand were charged against the restructuring accruals and there were no remaining restructuring accruals as of December 31, 2009.

2008 Restructuring and Impairment Charges

During the three months ended July 1, 2007, the Company recognized $1,978 thousand of restructuring accruals under ASC 420. The restructuring charges were related to the closure of the Company's five-inch wafer fabrication facilities located in Gumi and those charges consisted of one-time termination benefits and other associated costs. Up to the first quarter of 2008, actual payments of $1,103 were charged against the restructuring accruals and the Company believes the restructuring activities were substantially completed as of March 30, 2008. Accordingly, the Company reversed $875 thousand of unused restructuring accruals.

As of December 31, 2008, the Company performed an additional goodwill impairment test triggered by the significant adverse change in the revenue of the MDS reporting unit, and determined that total amount of goodwill was impaired. Revenue of the MDS reporting unit was expected to decrease due to the deterioration of the Company's financial credit status and the recession in the semiconductor industry resulting from the world-wide economic crisis beginning in the third quarter of 2008. Accordingly, an impairment charge of $14,245 thousand was recorded for the year ended December 31, 2008.

2007 Restructuring and Impairment Charges

During the year ended December 31, 2007, the Company recorded restructuring and impairment charges totaling $12,084 thousand, which included $10,106 thousand of impairment charges under ASC 360 and $1,978 thousand of restructuring charges under ASC 420. The impairment charges and restructuring charges that were recorded related to the closure of the Company's five-inch wafer fabrication facilities located in Gumi (the "asset group") that had generated losses and no longer supported the Company's strategic technology roadmap.

ASC 360 requires the Company to evaluate the recoverability of certain long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The net book value of the asset group before the impairment charges as of July 1, 2007 was approximately $10,228 thousand.

The impairment charge was measured as the excess of the carrying amount of the asset group over its fair value. The fair value of the asset group was estimated using a present value technique, where expected future cash flows from the use and eventual disposal of the asset group were discounted by an interest rate commensurate with the risk of the cash flows.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

22. Income Taxes

The Company's income tax expenses are composed of domestic and foreign income taxes depending on the relevant tax jurisdiction. "Domestic" refers to the income before taxes, current income taxes and deferred income taxes generated or incurred in the United States, where the Parent resides.

The components of income tax expense are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Income (loss) from continuing operations before income taxes				
Domestic	$ (4)	$ 774,188	$ 18,442	$ 16,031
Foreign	(523)	67,627	(332,696)	(136,022)
	$ (527)	$ 841,815	$ (314,254)	$ (119,991)
Current income taxes expense (benefits)				
Domestic	$ 16	$ (143)	$ 1,335	$ 230
Foreign	1,244	6,033	8,530	8,103
Uncertain tax position liability (domestic)	9	256	92	—
Uncertain tax position liability (foreign)	23	95	138	163
	1,292	6,241	10,095	8,496
Deferred income taxes expense (benefits)				
Domestic	—	—	—	—
Foreign	654	1,054	1,490	339
	654	1,054	1,490	339
Total income tax expense	$ 1,946	$ 7,295	$ 11,585	$ 8,835

The Parent is a limited liability company and a non-taxable entity for US tax purposes, and thus the applicable statutory income tax rate is zero. MagnaChip Semiconductor, Ltd. (Korea) is the principal operating entity within the consolidated Company. The statutory income tax rate of MagnaChip Semiconductor, Ltd. (Korea), including tax surcharges, applicable to the consolidated Company was approximately 24.2% in 2009 and 27.5% in 2008 and 2007. MagnaChip Semiconductor, Ltd. (Korea) was eligible for a tax exemption for companies qualified as direct foreign investments under the Korean tax code until 2008, and, accordingly, its corporate income tax was reduced by 30% from 2007 to 2008.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The provision for domestic and foreign income taxes incurred is different from the amount calculated by applying the statutory tax rate to the net income before income taxes. The significant items causing this difference are as follows:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Provision computed at statutory rate	$ —	$ —	$ —	$ —
Permanent differences	(693)	(19,500)	(1,076)	4,831
Change in statutory tax rate	(265)	118	8,173	(18,242)
Adjustment for overseas tax rate	3,139	8,192	(52,569)	(27,028)
Change in valuation allowance	(267)	18,134	56,827	49,111
Uncertain tax positions liability	32	351	230	163
Income tax expenses	$ 1,946	$ 7,295	$ 11,585	$ 8,835

A summary of the composition of net deferred income tax assets (liabilities) at December 31, 2009 and 2008 are as follows:

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Deferred tax assets		
Inventories	$ —	$ 9,086
Accrued expenses	2,056	1,419
Product warranties	322	152
Other reserves	530	356
Accumulated severance benefits	12,042	9,908
Property, plant and equipments	15,503	13,981
NOL carry-forwards	146,833	98,745
Tax credit	31,558	23,947
Royalty income	5,985	10,629
Foreign currency translation loss	30,198	40,916
Debt issuance costs	284	397
Others	3,081	1,402
Total deferred tax assets	248,392	210,938
Less: valuation allowance	(225,704)	(196,093)
	22,688	14,845
Deferred tax liabilities		
Inventories	1,721	—
Intangible assets	12,247	—
Others	243	4,450
Total deferred tax liabilities	14,211	4,450
Net deferred tax assets	$ 8,477	$ 10,395

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Changes in valuation allowance for deferred tax assets for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008 are as follows:

	Successor	Predecessor	
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Beginning balance	$ 223,367	$ 196,093	$ 165,977
Charge to expenses	(409)	17,090	79,438
Translation adjustment	2,746	10,184	(49,322)
Ending balance	$ 225,704	$ 223,367	$ 196,093

Deferred income tax assets are recognized only to the extent that realization of the related tax benefit is more likely than not. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the period during which the temporary differences reverse, the outlook for the economic environment in which the Company operates and the overall future industry outlook. Based on the Company's historical accounting and tax losses, management determined that it was more likely than not that the Company would realize benefits related to its deferred tax assets in the amount of $8,477 thousand, $9,238 thousand and $10,395 thousand as of December 31, 2009, October 25, 2009 and December 31, 2008, respectively. Accordingly, the Company recorded a valuation allowance of $225,704 thousand, $223,367 thousand and $196,093 thousand on its net deferred tax assets as of December 31, 2009, October 25, 2009 and December 31, 2008, respectively.

At December 31, 2009, the Company had approximately $625,616 thousand of net operating loss carry-forwards available to offset future taxable income. The majority of net operating loss is related to MagnaChip Korea, which expires in varying amounts starting from 2010 to 2019. The Company also has Korean and Dutch tax credit carry-forwards of approximately $11,446 thousand and $20,103 thousand, respectively, as of December 31, 2009. The Korean tax credits expire at various dates starting from 2010 to 2013, and the Dutch tax credits are carried forward to be used for an indefinite period of time.

Uncertainty in Income Taxes

The Company's subsidiaries file income tax returns in Korea, Japan, Taiwan, the U.S. and in various other jurisdictions. The Company is subject to income tax examinations by tax authorities of these jurisdictions for all years since the beginning of its operation as an independent company in October 2004.

The Company adopted the provisions of ASC 740 guidance on uncertain tax positions on January 1, 2007. As a result of the implementation of ASC 740 guidance on uncertain tax positions, the Company recognized $1,554 thousand of liabilities for unrecognized tax benefits, which are related to the temporary difference arising from the timing of expensing certain inventories. Such liabilities were accounted for as an increase to the January 1, 2007 balance of accumulated deficits. As of December 31, 2009 and 2008, the Company recorded $1,997 thousand and $1,490 thousand of liabilities for unrecognized tax benefits, respectively.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as income tax expenses. The Company recognized $26 thousand, $206 thousand and $155 thousand of interest and penalties as income tax expense for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008, respectively. Total interest and penalties accrued as of December 31, 2009, December 31, 2008 and as of the ASC 740 guidance on uncertain tax positions adoption date were $946 thousand, $652 thousand and $530 thousand, respectively.

A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of each period is as follows:

	Successor	Predecessor	
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Unrecognized tax benefits, balance at the beginning	$ 2,874	$ 2,293	$ 1,593
Additions based on tax positions related to the current year	—	33	—
Additions for tax positions of prior years	123	635	748
Reductions for tax positions of prior years	(18)	(88)	(64)
Settlements	—	—	—
Lapse of statute of limitations	—	—	—
Translation adjustment	—	1	16
Unrecognized tax benefits, balance at the ending	$ 2,979	$ 2,874	$ 2,293

23. Geographic and Segment Information

On October 6, 2008, the Company announced the closure of its Imaging Solutions business segment, subject to support for existing customers. As of December 31, 2008, the Imaging Solutions business segment qualified as a discontinued operation component of the Company under ASC 360. As a result, the results of operations of the Imaging Solutions business and reportable segment have been classified as discontinued operations. Accordingly, the Company has restated prior periods' segment information to conform to the current presentation.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

The following sets forth information relating to the reportable segments:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net Sales				
Display Solutions	$ 51,044	$ 231,894	$ 304,095	$ 331,684
Semiconductor Manufacturing Services	54,759	206,662	287,111	321,034
Power Solutions	4,746	7,627	5,437	—
All other	533	2,801	5,021	56,790
Total segment net sales	$ 111,082	$ 448,984	$ 601,664	$ 709,508
Gross Profit				
Display Solutions	$ 8,747	$ 61,788	$ 57,386	$ 41,524
Semiconductor Manufacturing Services	10,657	71,825	98,411	67,127
Power Solutions	736	1,431	(4,272)	—
All other	534	2,801	4,885	22,000
Total segment gross profit	$ 20,674	$ 137,845	$ 156,410	$ 130,651

The following is a summary of net sales by region, based on the location of the customer:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Korea	$ 62,241	$ 244,309	$ 301,006	$ 404,276
Asia Pacific	25,573	116,920	144,482	155,488
Japan	6,477	31,641	79,892	71,211
North America	14,910	48,458	61,346	58,506
Europe	1,881	7,656	14,938	20,027
	$ 111,082	$ 448,984	$ 601,664	$ 709,508

Over 99% of the Company's property, plant and equipment are located in Korea as of December 31, 2009.

Net sales from the Company's top ten largest customers accounted for 66%, 69%, 63% and 63% for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

The Company recorded $25.3 million, $121.5 million, $152.4 million and $182.6 million of sales to one customer within its Display Solutions segment, which represents greater than 10% of net sales, for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

24. Commitments and Contingencies

Operating Agreements with Hynix

In connection with the acquisition of the non-memory semiconductor business from Hynix on October 4, 2004 (the "Original Acquisition"), the Company entered into several agreements with Hynix, including a non-exclusive cross license that provides the Company with access to certain of Hynix's intellectual property for use in the manufacture and sale of non-memory semiconductor products. The Company also agreed to provide certain utilities and infrastructure support services to Hynix. The obligation to provide certain of these services lasts indefinitely.

Upon the closing of the Original Acquisition, MagnaChip Korea and Hynix also entered into lease agreements under which MagnaChip Korea leases space from Hynix in several buildings, primarily warehouses and utility facilities, in Cheongju, Korea. These leases are generally for an initial term of 20 years plus an indefinite number of renewal terms of 10 years each. Each of the leases is cancelable upon 90 days' notice by the lessee. The Company also leases certain land from Hynix located in Cheongju, Korea. The term of this lease is indefinite unless otherwise agreed by the parties, and as long as the buildings remain on the lease site and are owned and used by the Company for permitted uses.

Operating Leases

The Company leases land, office building and equipment under various operating lease agreements that expire through 2034. Rental expenses were approximately $2,472 thousand, $11,775 thousand, $13,380 thousand and $11,614 thousand for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for the years ended December 31, 2008 and 2007, respectively.

As of December 31, 2009, the minimum aggregate rental payments due under non-cancelable lease contracts are as follows:

2010	6,840
2011	1,883
2012	1,883
2013	1,883
2014	1,883
2015 and thereafter	37,244
	$ 51,616

Payments of Guarantee

As of December 31, 2009 and 2008, the Company has provided guarantees for bank loans that employees borrowed to participate in the issuance of new shares of Hynix in 1999. The outstanding balances of guarantees for payments provided by the Company amounted to approximately $163 thousand and $138 thousand as of December 31, 2009 and 2008, respectively.

Loss Contingency

Samsung Fiber Optics has made a claim against the Company for the infringement of the certain patent rights of Caltech in relation to imaging sensor products provided by the Company to Samsung Fiber Optics. The Company believes it is probable that the pending claim will have an unfavorable outcome and further believes the associated loss can be reasonably estimated according to ASC 450 “Contingencies’’ (“ASC 450”). The Company accrued $718 thousand of estimated liabilities as of October 25 and December 31, 2009 as the Company believes its accrual of $718 thousand is its best estimate if the final outcome is unfavorable. Estimation was based on the Company’s most recent communication with Samsung Fiber Optics. Accordingly, the Company cannot provide assurance that the estimated liabilities will be realized, and actual results could vary materially.

(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

25. Related Party Transactions

Unitholders

Funds affiliated with Avenue Capital Management II, L.P. are the majority unitholders of the Company, owning 69.8% of the common units outstanding at December 31, 2009.

Backstop Commitment Agreement

Funds affiliated with Avenue Capital Management II, L.P. were paid an amount in new common units equal to 10% of the new common units (the “standby commitment fee”), or 30,000 thousand units The standby commitment fee was deemed fully earned and payable upon the Reorganization Effective Date, regardless of whether the offering was fully subscribed by eligible holders of the second lien noteholder claims.

Loans to Employees

Loans to employees as of December 31, 2009 and 2008 were as follows:

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Short-term loans	$ 40	$ 94
Long-term loans	45	46
Total	$ 85	$ 140

New Term Loan

A portion of the new term loan equal to $42,055 thousand was borrowed from Avenue Investments, LP, which is an affiliate of Avenue Capital Management II, L.P., and related interest expense of $822 thousand was recorded in relation to this new term loan and remains as accrued interest as of December 31, 2009.

Warrants

Funds affiliated with Avenue Capital Management II, L.P. own warrants for the purchase of 4,448 thousand common units out of the total warrants for the purchase of 15,000 thousand units outstanding as of December 31, 2009.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

26. Earnings (Loss) per Unit

The following table illustrates the computation of basic and diluted earnings (loss) per common unit:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Income (loss) from continuing operations	$ (2,473)	$ 834,520	$ (325,839)	$ (128,826)
Income (loss) from discontinued operations, net of taxes	510	6,586	(91,455)	(51,724)
Net income (loss)	(1,963)	841,116	(417,294)	(180,550)
Dividends accrued on preferred unitholders	—	(6,317)	(13,264)	(12,031)
Income (loss) from continuing operations attributable to common units	$ (2,473)	$ 828,203	$ (339,103)	$ (140,857)
Net income (loss) attributable to common units	$ (1,963)	$ 834,789	$ (430,558)	$ (192,581)
Weighted average common units outstanding	300,862,764	52,923,483	52,768,614	52,297,192
Basic and diluted earnings (loss) per unit from continuing operations	$ (0.01)	$ 15.65	$ (6.43)	$ (2.69)
Basic and diluted earnings (loss) per unit from discontinued operations	$ 0.00	$ 0.12	$ (1.73)	$ (0.99)
Basic and diluted net earnings (loss) per unit	$ (0.01)	$ 15.77	$ (8.16)	$ (3.68)

The following outstanding redeemable convertible preferred units, unit options, restricted units and warrants were excluded from the computation of diluted earnings (loss) per unit, as they would have an anti-dilutive effect on the calculation:

	Successor	Predecessor		
	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Redeemable convertible preferred units	NA	93,997	93,997	93,997
Options	15,365,000	3,825,100	4,216,600	4,916,840
Restricted Units	4,675,440	—	—	268,343
Warrants	15,000,000	—	—	—

27. Subsequent Events

The Company has evaluated subsequent events requiring recognition or disclosure in the consolidated financial statements during the period from January 1, 2010 through August 4, 2010, the date the consolidated financial statements were available to be issued.

A. Cash Flow Hedge Transactions

Effective January 11, 2010, the Company's Korean subsidiary entered into option and forward contracts to hedge the risk of changes in the functional-currency-equivalent cash flows attributable to currency rate changes on U.S. dollar denominated revenues. Total notional amounts for the options and forward contracts were $50,000 thousand and $135,000 thousand, respectively, and monthly settlements for the contracts will be made from February to December 2010.

B. Issuance of $250 Million of Senior Notes and Applications of Net Proceeds (Unaudited)

On April 9, 2010 the Company's Luxembourg subsidiary and United States finance subsidiary completed the sale of $250 million in aggregate principal amount of 10.500% senior notes due 2018. Of the $238.4 million of net proceeds, $130.7 million was used to make a distribution to the Company's unitholders and $61.6 million was used to repay all outstanding borrowings under the term loan. The remaining proceeds were retained to fund working capital and for general corporate purposes.

28. Condensed Consolidating Financial Information

The $250 million senior notes are fully and unconditionally, jointly and severally guaranteed by the Company and all of its subsidiaries, except for MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor (Shanghai) Company Limited.

The senior notes are structurally subordinated to the creditors of our principal manufacturing and selling subsidiary, MagnaChip Semiconductor, Ltd. (Korea), which accounts for substantially all of our net sales and assets.

Below are condensed consolidating balance sheets as of December 31, 2009 and December 31, 2008, condensed consolidating statements of operations and of cash flows for the two-month period ended December 31, 2009, for the ten-month period ended October 25, 2009 and for each of the two years in the period ended December 31, 2008 of those entities that guarantee the senior notes, those that do not, MagnaChip Semiconductor LLC, and the co-issuers.

For the purpose of the guarantor financial information, the investments in subsidiaries are accounted for under the equity method.

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Balance Sheet
December 31, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 136	$ 24	$ 45,443	$ 19,322	$ —	$ 64,925
Accounts receivable, net	—	—	122,500	66,872	(115,139)	74,233
Inventories, net	—	—	59,914	4,098	(605)	63,407
Other receivables	710	718	7,061	3,617	(8,673)	3,433
Prepaid expenses	165	85	14,122	1,150	(2,897)	12,625
Short-term intercompany loan	—	95,000	—	95,000	(190,000)	—
Other current assets	16	72,614	776	72,868	(142,841)	3,433
Total current assets	1,027	168,441	249,816	262,927	(460,155)	222,056
Property, plant and equipment, net	—	—	155,951	386	—	156,337
Intangible assets, net	—	—	49,459	699	—	50,158
Long-term prepaid expenses	—	—	22,576	—	(12,034)	10,542
Investment in subsidiaries	(608,843)	(690,259)	—	(517,520)	1,816,622	—
Long-term intercompany loan	824,091	806,355	—	621,000	(2,251,446)	—
Other non-current assets	—	234	5,753	8,251	—	14,238
Total Assets	$ 216,275	$ 284,771	$ 483,555	$ 375,743	$ (907,013)	$ 453,331
Liabilities and Unitholders' Equity						
Current liabilities						
Accounts payable	$ —	$ —	$ 106,792	$ 67,975	$ (115,062)	$ 59,705
Other accounts payable	485	5,551	6,337	3,490	(8,673)	7,190
Accrued expenses	100	1,134	89,045	74,753	(142,918)	22,114
Short-term intercompany borrowings	—	—	95,000	95,000	(190,000)	—
Current portion of long-term debt	—	618	—	—	—	618
Other current liabilities	—	—	2,935	3,899	(2,897)	3,937
Total current liabilities	585	7,303	300,109	245,117	(459,550)	93,564
Long-term borrowings	—	885,224	621,000	806,354	(2,251,446)	61,132
Accrued severance benefits, net	—	—	71,362	1,047	—	72,409
Other non-current liabilities	—	—	8,550	14,020	(12,034)	10,536
Total liabilities	585	892,527	1,001,021	1,066,538	(2,723,030)	237,641
Unitholders' equity						
Common units	55,135	136,229	39,005	51,976	(227,210)	55,135
Additional paid-in capital	168,700	(735,940)	(539,175)	(734,525)	2,009,640	168,700
Accumulated deficit	(1,963)	(1,871)	(11,636)	(2,056)	15,563	(1,963)
Accumulated other comprehensive income	(6,182)	(6,174)	(5,660)	(6,190)	18,024	(6,182)
Total unitholders' equity	215,690	(607,756)	(517,466)	(690,795)	1,816,017	215,690
Total liabilities and unitholders' equity	$ 216,275	$ 284,771	$ 483,555	$ 375,743	$ (907,013)	$ 453,331

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Balance Sheet
December 31, 2008

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 216	$ 56	$ 205	$ 3,560	$ —	$ 4,037
Restricted cash	—	—	11,768	—	—	11,768
Accounts receivable, net	—	—	90,318	63,779	(77,802)	76,295
Inventories, net	—	—	44,978	2,657	(525)	47,110
Other receivables	—	718	7,834	6,359	(10,210)	4,701
Prepaid expenses	9	—	12,294	187	(3,222)	9,268
Short-term intercompany loan	—	95,000	—	95,000	(190,000)	—
Other current assets	—	21,487	1,518	24,679	(42,885)	4,799
Total current assets	225	117,261	168,915	196,221	(324,644)	157,978
Property, plant and equipment, net	—	—	181,050	2,905	—	183,955
Intangible assets, net	—	—	32,744	2,148	—	34,892
Long-term prepaid expenses	—	—	24,303	—	(16,589)	7,714
Investment in subsidiaries	(640,996)	(692,842)	—	(528,647)	1,862,485	—
Long-term intercompany loan	—	800,946	—	620,999	(1,421,945)	—
Other non-current assets	(1)	—	4,288	10,344	—	14,631
Total Assets	$ (640,772)	$ 225,365	$ 411,300	$ 303,970	$ 99,307	$ 399,170
Liabilities and Unitholders' Equity						
Current liabilities						
Accounts payable	$ —	$ —	$ 98,767	$ 49,193	$ (77,802)	$ 70,158
Other accounts payable	4,257	5	18,939	2,049	(10,210)	15,040
Accrued expenses	101	23,816	35,699	21,823	(42,885)	38,554
Short-term borrowings	—	95,000	95,000	95,000	(190,000)	95,000
Current portion of long-term debt	—	750,000	—	—	—	750,000
Other current liabilities	—	96	1,577	5,284	(3,222)	3,735
Total current liabilities	4,358	868,917	249,982	173,349	(324,119)	972,487
Long-term borrowings	—	—	621,000	800,945	(1,421,945)	—
Accrued severance benefits, net	—	—	60,897	1,042	—	61,939
Other non-current liabilities	—	—	8,231	18,232	(16,589)	9,874
Total liabilities	4,358	868,917	940,110	993,568	(1,762,653)	1,044,300
Commitments and contingencies						
Series A redeemable convertible preferred units	—	—	—	—	—	—
Series B redeemable convertible preferred units	142,669	—	—	—	—	142,669
Total redeemable convertible preferred units	142,669	—	—	—	—	142,669
Unitholders' equity						
Common units	52,923	136,229	39,005	51,976	(227,210)	52,923
Additional paid-in capital	3,150	2,294	156,264	76,592	(235,150)	3,150
Accumulated deficit	(995,007)	(933,960)	(872,708)	(970,224)	2,776,892	(995,007)
Accumulated other comprehensive income	151,135	151,885	148,629	152,058	(452,572)	151,135
Total unitholders' equity	(787,799)	(643,552)	(528,810)	(689,598)	1,861,960	(787,799)
Total liabilities, redeemable convertible preferred units and unitholders' equity	$ (640,772)	$ 225,365	$ 411,300	$ 303,970	$ 99,307	$ 399,170

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Operations
For the two-month period ended December 31, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Net sales	$ —	$ —	$ 112,693	$ 32,955	$ (34,566)	$ 111,082
Cost of sales	—	—	93,020	27,429	(30,041)	90,408
Gross profit	—	—	19,673	5,526	(4,525)	20,674
Selling, general and administrative expenses	(69)	23	13,659	1,969	(1,042)	14,540
Research and development expenses	—	—	16,048	1,710	(3,017)	14,741
Operating income (loss) from continuing operations	69	(23)	(10,034)	1,847	(466)	(8,607)
Other income (expenses)	—	377	(2,118)	9,821	—	8,080
Income (loss) from continuing operations before income taxes, equity in loss of related equity investment	69	354	(12,152)	11,668	(466)	(527)
Income tax expenses (benefits)	—	—	(6)	1,952	—	1,946
Income (loss) before equity in loss of related investment	69	354	(12,146)	9,716	(466)	(2,473)
Loss of related investment	(2,032)	(2,225)	—	(11,772)	16,029	—
Loss from continuing operations	(1,963)	(1,871)	(12,146)	(2,056)	15,563	(2,473)
Income from discontinued operation, net of taxes	—	—	510	—	—	510
Net loss	$ (1,963)	$ (1,871)	$ (11,636)	$ (2,056)	$ 15,563	$ (1,963)
Loss from continuing operations attributable to common units	(1,963)	(1,871)	(12,146)	(2,056)	15,563	(2,473)
Net loss attributable to common units	$ (1,963)	$ (1,871)	$ (11,636)	$ (2,056)	$ 15,563	$ (1,963)

Table of Contents

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Operations
For the ten-month period ended October 25, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Net sales	$ —	$ —	$ 434,896	$ 156,813	$ (142,725)	$ 448,984
Cost of sales	—	—	309,151	131,162	(129,174)	311,139
Gross profit	—	—	125,745	25,651	(13,551)	137,845
Selling, general and administrative expenses	2,771	333	47,103	10,235	(4,154)	56,288
Research and development expenses	—	—	56,597	9,596	(10,045)	56,148
Restructuring and impairment charges	—	—	—	439	—	439
Operating income (loss) from continuing operations	(2,771)	(333)	22,045	5,381	648	24,970
Other income (expenses)	779,304	33,193	20,978	(16,630)	—	816,845
Income (loss) from continuing operations before income taxes, equity in earnings of related equity investment	776,533	32,860	43,023	(11,249)	648	841,815
Income tax expenses (benefits)	—	—	(8)	7,303	—	7,295
Income (loss) before equity in earnings of related investment	776,533	32,860	43,031	(18,552)	648	834,520
Earnings of related investment	64,573	35,283	—	51,604	(151,460)	—
Income from continuing operations	841,106	68,143	43,031	33,052	(150,812)	834,520
Income (loss) from discontinued operation, net of taxes	—	—	8,586	(1,557)	(443)	6,586
Net income	$ 841,106	$ 68,143	$ 51,617	$ 31,495	$ (151,255)	$ 841,106
Dividends accrued on preferred units	6,317	—	—	—	—	6,317
Income from continuing operations attributable to common units	834,789	68,143	43,031	33,052	(150,812)	828,203
Net income attributable to common units	$ 834,789	$ 68,143	$ 51,617	$ 31,495	$ (151,255)	$ 834,789

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Operations
For the year ended December 31, 2008

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Net sales	$ —	$ —	$ 570,957	$ 331,057	$ (300,350)	$ 601,664
Cost of sales	—	—	442,582	270,578	(267,906)	445,254
Gross profit	—	—	128,375	60,479	(32,444)	156,410
Selling, general and administrative expenses	4,111	1,031	64,968	12,222	(1,018)	81,314
Research and development expenses	—	—	106,182	15,734	(32,461)	89,455
Restructuring and impairment charges	—	—	(875)	14,245	—	13,370
Operating income (loss) from continuing operations	(4,111)	(1,031)	(41,900)	18,278	1,035	(27,729)
Other income (expenses)	—	(29,399)	(269,246)	12,120	—	(286,525)
Income (loss) from continuing operations before income taxes, equity in loss of related equity investment	(4,111)	(30,430)	(311,146)	30,398	1,035	(314,254)
Income tax expenses	—	175	142	11,268	—	11,585
Income (loss) before equity in loss of related investment	(4,111)	(30,605)	(311,288)	19,130	1,035	(325,839)
Loss of related investment	(413,183)	(382,574)	—	(380,731)	1,176,488	—
Loss from continuing operations	(417,294)	(413,179)	(311,288)	(361,601)	1,177,523	(325,839)
Loss from discontinued operation, net of taxes	—	—	(69,475)	(21,250)	(730)	(91,455)
Net loss	$ (417,294)	$ (413,179)	$ (380,763)	$ (382,851)	$ 1,176,793	$ (417,294)
Dividends accrued on preferred units	13,264	—	—	—	—	13,264
Loss from continuing operations attributable to common units	(430,558)	(413,179)	(311,288)	(361,601)	1,177,523	(339,103)
Net loss attributable to common units	$ (430,558)	$ (413,179)	$ (380,763)	$ (382,851)	$ 1,176,793	$ (430,558)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Operations
For the year ended December 31, 2007

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Net sales	$ —	$ —	$ 687,708	$ 320,721	$ (298,921)	$ 709,508
Cost of sales	—	—	574,297	277,864	(273,304)	578,857
Gross profit	—	—	113,411	42,857	(25,617)	130,651
Selling, general and administrative expenses	323	1,299	71,340	9,962	(214)	82,710
Research and development expenses	—	—	102,760	13,473	(25,428)	90,805
Restructuring and impairment charges	—	—	12,084	—	—	12,084
Operating income (loss) from continuing operations	(323)	(1,299)	(72,773)	19,422	25	(54,948)
Other income (expenses)	1	8,708	(57,619)	(16,133)	—	(65,043)
Income (loss) from continuing operations before income taxes, equity in loss of related equity investment	(322)	7,409	(130,392)	3,289	25	(119,991)
Income tax expenses	—	170	156	8,509	—	8,835
Income (loss) before equity in loss of related investment	(322)	7,239	(130,548)	(5,220)	25	(128,826)
Loss of related investment	(180,228)	(188,371)	—	(167,234)	535,833	—
Loss from continuing operations	(180,550)	(181,132)	(130,548)	(172,454)	535,858	(128,826)
Loss from discontinued operation, net of taxes	—	—	(36,485)	(14,424)	(815)	(51,724)
Net loss	$ (180,550)	$ (181,132)	$ (167,033)	$ (186,878)	$ 535,043	$ (180,550)
Dividends accrued on preferred units	12,031	—	—	—	—	12,031
Loss from continuing operations attributable to common units	(192,581)	(181,132)	(130,548)	(172,454)	535,858	(140,857)
Net loss attributable to common units	$ (192,581)	$ (181,132)	$ (167,033)	$ (186,878)	$ 535,043	$ (192,581)

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Cash Flows
For the two-month period ended December 31, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net loss	$ (1,963)	$ (1,871)	$ (11,636)	$ (2,056)	$ 15,563	$ (1,963)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization	—	—	11,168	50	—	11,218
Provision for severance benefits	—	—	1,781	70	—	1,851
Loss (gain) on foreign currency translation, net	—	8,976	(10,293)	(8,760)	—	(10,077)
Loss on disposal of property, plant and equipment, net	—	—	17	—	—	17
Loss on disposal of intangible assets, net	—	—	5	—	—	5
Unit-based compensation	—	—	1,993	206	—	2,199
Cash used for reorganization items	1,500	448	1,406	909	—	4,263
Loss of related investment	2,032	2,225	—	11,772	(16,029)	—
Other	—	—	(815)	148	—	(667)
Changes in operating assets and liabilities						
Accounts receivable	—	—	4,307	6,290	5,846	16,443
Inventories	—	—	9,413	(3,113)	439	6,739
Other receivables	—	—	1,880	(338)	213	1,755
Deferred tax assets	—	—	—	664	14	678
Accounts payable	—	—	(12,074)	3,750	(5,820)	(14,144)
Other accounts payable	(129)	2	(10,860)	(1,311)	(213)	(12,511)
Accrued expenses	(1,847)	337	5,058	9,806	(19,041)	(5,687)
Long term other payable	—	—	—	(48)	(829)	(877)
Other current assets	13	(9,678)	3,787	(9,308)	18,378	3,192
Other current liabilities	—	—	405	(704)	1,487	1,188
Payment of severance benefits	—	—	(1,331)	(58)	—	(1,389)
Other	—	—	(127)	(4)	6	(125)
Net cash provided by (used in) operating activities before reorganization items	(394)	439	(5,916)	7,965	14	2,108
Cash used for reorganization items	(1,500)	(448)	(1,406)	(909)	—	(4,263)
Net cash provided by (used in) operating activities	(1,894)	(9)	(7,322)	7,056	14	(2,155)
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment	—	—	37	—	—	37
Purchases of plant, property and equipment	—	—	(1,254)	(1)	(3)	(1,258)
Payment for intellectual property registration	—	—	(70)	—	—	(70)
Purchase of short-term financial instruments	—	—	—	(329)	—	(329)
Other	—	—	20	3	—	23
Net cash used in investing activities	—	—	(1,267)	(327)	(3)	(1,597)
Cash flow from financing activities						
Net cash provided by (used in) financing activities	—	—	—	—	—	—
Effect of exchanges rate on cash and cash equivalents	—	—	1,261	(152)	(11)	1,098
Net increase (decrease) in cash and cash equivalents	(1,894)	(9)	(7,328)	6,577	—	(2,654)
Cash and cash equivalents						
Beginning of the period	2,030	33	52,771	12,745	—	67,579
End of the period	$ 136	$ 24	$ 45,443	$ 19,322	$ —	$ 64,925

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Cash Flows
For the ten-month period ended October 25, 2009

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net income	$ 841,106	$ 68,143	$ 51,617	$ 31,495	$ (151,255)	$ 841,106
Adjustments to reconcile net income to net cash provided by (used in) operating activities						
Depreciation and amortization	—	—	36,274	1,981	—	38,255
Provision for severance benefits	—	—	8,512	323	—	8,835
Amortization of debt issuance costs	—	685	151	—	—	836
Loss (gain) on foreign currency translation, net	—	(14,384)	(43,701)	13,861	—	(44,224)
Loss (gain) on disposal of property, plant and equipment, net	—	—	(235)	330	—	95
Gain on disposal of intangible assets, net	—	—	(9,230)	—	—	(9,230)
Restructuring and impairment charges	—	—	(1,120)	—	—	(1,120)
Unit-based compensation	—	—	210	23	—	233
Cash used for reorganization items	—	16	—	1,060	—	1,076
Noncash reorganization items	(779,304)	508	(31,026)	4,173	—	(805,649)
Earnings of related investment	(64,573)	(35,283)	—	(51,604)	151,460	—
Other	—	—	1,877	845	—	2,722
Changes in operating assets and liabilities						
Accounts receivable	—	—	(34,658)	(9,735)	31,463	(12,930)
Inventories	—	—	(2,421)	1,479	(221)	(1,163)
Other receivables	—	—	(1,174)	2,894	(1,689)	31
Deferred tax assets	—	—	—	1,054	—	1,054
Accounts payable	—	—	22,745	14,984	(31,413)	6,316
Other accounts payable	2,622	260	(17,303)	1,280	1,689	(11,452)
Accrued expenses	(27)	22,395	45,513	41,324	(80,910)	28,295
Long term other payable	—	—	626	412	(531)	507
Other current assets	(40)	(42,252)	11,842	(39,412)	75,758	5,896
Other current liabilities	—	(95)	725	(6,098)	5,507	39
Payment of severance benefits	—	—	(4,010)	(310)	—	(4,320)
Other	—	—	(520)	1,098	(1,094)	(516)
Net cash provided by (used in) operating activities before reorganization items	(216)	(7)	34,694	11,457	(1,236)	44,692
Cash used for reorganization items	—	(16)	—	(1,060)	—	(1,076)
Net cash provided by (used in) operating activities	(216)	(23)	34,694	10,397	(1,236)	43,616
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment	—	—	290	299	(260)	329
Proceeds from disposal of intangible assets	—	—	9,374	1	—	9,375
Purchases of plant, property and equipment	—	—	(7,753)	(20)	260	(7,513)
Payment for intellectual property registration	—	—	(366)	—	—	(366)
Decrease in restricted cash	—	—	11,409	—	—	11,409
Other	—	—	(282)	1,949	(1,763)	(96)
Net cash provided by investing activities	—	—	12,672	2,229	(1,763)	13,138
Cash flow from financing activities						
Issuance of new common units pursuant to the reorganization plan	35,280	—	—	—	—	35,280
Repayment of short-term borrowings	(33,250)	—	—	—	—	(33,250)
Repayment of long-term borrowings	—	—	—	(1,763)	1,763	—
Net cash provided by (used in) financing activities	2,030	—	—	(1,763)	1,763	2,030
Effect of exchange rates on cash and cash equivalents	—	—	5,200	(1,678)	1,236	4,758
Net increase (decrease) in cash and cash equivalents	1,814	(23)	52,566	9,185	—	63,542
Cash and cash equivalents						
Beginning of the period	216	56	205	3,560	—	4,037
End of the period	$ 2,030	$ 33	$ 52,771	$ 12,745	$ —	$ 67,579

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2008

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net loss	$ (417,294)	$(413,179)	$ (380,763)	$ (382,851)	$ 1,176,793	$ (417,294)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization	—	—	68,698	3,262	—	71,960
Provision for severance benefits	—	—	13,552	474	—	14,026
Amortization of debt issuance costs	—	13,079	3,211	—	—	16,290
Loss (gain) on foreign currency translation, net	—	8,808	212,287	(5,524)	—	215,571
Loss (gain) on disposal of property, plant and equipment, net	—	—	(3,095)	1	—	(3,094)
Restructuring and impairment charges	—	—	25,420	17,119	—	42,539
Unit-based compensation	16	—	375	74	—	465
Loss of related investment	413,183	382,574	—	380,731	(1,176,488)	—
Other	—	1	(773)	372	—	(400)
Changes in operating assets and liabilities						
Accounts receivables	—	—	21,089	7,602	2,334	31,025
Inventories	—	—	9,157	2,169	(152)	11,174
Other receivables	—	—	(2,073)	6,373	(3,284)	1,016
Deferred tax assets	—	—	—	1,462	28	1,490
Accounts payable	—	—	15,478	(18,207)	(2,334)	(5,063)
Other accounts payable	3,238	—	(25,092)	(1,317)	3,284	(19,887)
Accrued expenses	101	20,428	22,857	12,619	(32,052)	23,953
Long term other payable	—	—	(331)	450	2	121
Other current assets	1,122	(12,623)	8,671	(18,870)	29,101	7,401
Other current liabilities	—	(408)	(1,537)	179	3,061	1,295
Payment of severance benefits	—	—	(6,432)	(73)	—	(6,505)
Other	—	128	(4,948)	(8,323)	8,672	(4,471)
Net cash provided by (used in) operating activities	366	(1,192)	(24,249)	(2,278)	8,965	(18,388)
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment	—	—	3,122	—	—	3,122
Purchases of plant, property and equipment	—	—	(26,772)	(1,836)	—	(28,608)
Payment for intellectual property registration	—	—	(791)	(261)	—	(1,052)
Increase in restricted cash	—	—	(13,517)	—	—	(13,517)
Other	—	(45,000)	550	(45,066)	90,000	484
Net cash used in investing activities	—	(45,000)	(37,408)	(47,163)	90,000	(39,571)
Cash flow from financing activities						
Proceeds from short-term borrowings	—	175,000	155,000	150,000	(300,000)	180,000
Issuance of old common units	183	—	—	—	—	183
Repayment of short-term borrowings	—	(160,000)	(110,000)	(105,000)	210,000	(165,000)
Repurchase of old common units	(496)	—	—	—	—	(496)
Net cash provided by (used in) financing activities	(313)	15,000	45,000	45,000	(90,000)	14,687
Effect of exchanges rate on cash and cash equivalents	—	—	(7,439)	(632)	(8,965)	(17,036)
Net increase (decrease) in cash and cash equivalents	53	(31,192)	(24,096)	(5,073)	—	(60,308)
Cash and cash equivalents						
Beginning of the year	163	31,248	24,301	8,633	—	64,345
End of the year	$ 216	$ 56	$ 205	$ 3,560	$ —	$ 4,037

MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT UNIT DATA)

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2007

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non-Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net loss	$ (180,550)	$(181,132)	$ (167,033)	$ (186,878)	$ 535,043	$ (180,550)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization	—	—	158,925	4,509	—	163,434
Provision for severance benefits	—	—	18,672	162	—	18,834
Amortization of debt issuance costs	—	2,931	988	—	—	3,919
Loss (gain) on foreign currency translation, net	—	(18,106)	4,492	19,012	—	5,398
Loss (gain) on disposal of property, plant and equipment, net	—	—	(89)	21	—	(68)
Restructuring and impairment charges	—	—	10,106	—	—	10,106
Unit-based compensation	71	—	474	59	—	604
Loss of related investment	180,228	188,371	—	167,234	(535,833)	—
Gain on disposal of intangible assets, net	—	—	(3,630)	—	—	(3,630)
Other	—	—	(39)	90	—	51
Changes in operating assets and liabilities						
Accounts receivables	—	—	(45,205)	(31,973)	30,674	(46,504)
Inventories	—	—	(16,720)	(2,303)	625	(18,398)
Other receivables	—	—	(651)	15,469	(13,847)	971
Deferred tax assets	—	—	—	952	—	952
Accounts payable	—	—	34,108	23,008	(30,674)	26,442
Other accounts payable	1,020	—	(16,455)	(4,433)	13,847	(6,021)
Accrued expenses	—	254	(5,540)	(7,833)	7,615	(5,504)
Long term other payable	—	—	170	(56)	—	114
Other current assets	(1,072)	7,816	12,673	1,336	(10,913)	9,840
Other current liabilities	—	170	1,891	(354)	3,300	5,007
Payment of severance benefits	—	—	(7,151)	—	—	(7,151)
Other	—	52	(347)	(3,043)	1,781	(1,557)
Net cash provided by (used in) operating activities	(303)	356	(20,361)	(5,021)	1,618	(23,711)
Cash flows from investing activities						
Purchases of plant, property and equipment	—	—	(82,561)	(2,733)	—	(85,294)
Payment for intellectual property registration	—	—	(1,411)	(40)	195	(1,256)
Proceeds from disposal of plant, property and equipment	—	—	791	(427)	—	364
Proceeds from disposal of intangible assets	—	—	4,204	—	—	4,204
Other	—	(50,000)	827	(50,651)	100,000	176
Net cash used in investing activities	—	(50,000)	(78,150)	(53,851)	100,195	(81,806)
Cash flow from financing activities						
Issuance of old common units	151	—	—	—	—	151
Repurchase of old common units	(6)	—	—	—	—	(6)
Proceeds from short-term borrowings	—	120,000	60,100	50,000	(100,000)	130,100
Repayment of short-term borrowings	—	(40,000)	(10,100)	—	—	(50,100)
Net cash provided by financing activities	145	80,000	50,000	50,000	(100,000)	80,145
Effect of exchange rates on cash and cash equivalents	—	—	204	2,153	(1,813)	544
Net increase (decrease) in cash and cash equivalents	(158)	30,356	(48,307)	(6,719)	—	(24,828)
Cash and cash equivalents:						
Beginning of the year	321	892	72,608	15,352	—	89,173
End of the year	$ 163	$ 31,248	$ 24,301	$ 8,633	$ —	$ 64,345

MagnaChip Semiconductor S.A.
MagnaChip Semiconductor Finance Company

OFFER TO EXCHANGE

$250,000,000 Senior Notes due 2018 and related Guarantees
Which have been registered under the Securities Act of 1933
For any and all outstanding 10.500% Second Notes due 2018 and related Guarantees

Prospectus , 2010.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. ***Indemnification of Directors and Officers***

MagnaChip Semiconductor LLC

MagnaChip Semiconductor LLC is a limited liability company organized under the laws of the State of Delaware. Section 18 — 108 of the Delaware Limited Liability Company Act permits a limited liability company, subject to any restrictions that may be set forth in its limited liability company agreement, to indemnify its members and managers from and against any and all claims and demands.

MagnaChip Semiconductor LLC's limited liability company agreement provides that MagnaChip Semiconductor LLC shall indemnify any person who was or is party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of MagnaChip Semiconductor LLC or a director or officer of a constituent person in a consolidation or merger, or is or was serving at the request of MagnaChip Semiconductor LLC or a constituent person absorbed in a consolidation or merger, as a director or officer of another person, or is or was a director or officer of MagnaChip Semiconductor LLC serving at its request as an administrator, trustee or other fiduciary of one or more of the employee benefit plans of MagnaChip Semiconductor LLC or other enterprise, against expenses (including attorneys' fees), liability and loss actually and reasonably incurred or suffered by such person in connection with such action, suit or proceeding, whether or not the indemnified liability arises or arose from any threatened, pending or completed action, suit or proceeding by or in the right of MagnaChip Semiconductor LLC, except to the extent that such indemnification is prohibited by applicable law.

MagnaChip Semiconductor S.A.

Under Luxembourg law, civil liability of directors both to the company and to third parties is generally considered to be a matter of public policy. It is possible that Luxembourg courts would declare void an explicit or even implicit contractual limitation on directors' liability to MagnaChip Semiconductor S.A. MagnaChip Semiconductor S.A., however, can validly agree to indemnify the directors against the consequences of liability actions brought by third parties (including shareholders if such shareholders have personally suffered a damage which is independent of and distinct from the damage caused to the company).

Under Luxembourg law, an employee of MagnaChip Semiconductor S.A. can only be liable to MagnaChip Semiconductor S.A. for damages brought about by his or her willful acts or gross negligence. Any arrangement providing for the indemnification of officers in case of willful acts or gross negligence against claims of MagnaChip Semiconductor S.A. would in principle be contrary to public policy. Officers are liable to third parties under general tort law and may enter into arrangements with MagnaChip Semiconductor S.A. providing for indemnification against third party claims.

Under Luxembourg law, an indemnification agreement can never cover a willful act or gross negligence.

MagnaChip Semiconductor Finance Company

Indemnification: Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee of or agent to the Company. The statute provides that it is not exclusive of other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise. MagnaChip Semiconductor Finance Company's bylaws provide for indemnification by the company of any director or officer (as such term is defined in the bylaws) of the company or a constituent corporation absorbed in a consolidation or merger, or any person who, at the request of the company or a constituent corporation, is or was serving as a director or officer of, or in any other capacity for, any other enterprise, except to the extent that such indemnification is prohibited by law. The bylaws also provide that the company shall advance expenses incurred by a director or officer in defending a proceeding prior to the final disposition of such proceeding. The board of directors, by majority vote of a quorum consisting of directors not parties to the proceeding, must determine whether the applicable standards of any applicable statute have been met. The bylaws do not limit the company's ability to provide other indemnification and expense reimbursement rights to directors, officers, employees, agents and other persons otherwise than pursuant to the bylaws. The company may purchase insurance covering the potential liabilities of the directors and officers of the company or any constituent corporations or any person who, at the request of the company or a constituent corporation, is or was serving as a director or officer of, or in any other capacity for, any other enterprise.

Limitation of Liability: Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for payments of unlawful dividends or unlawful stock repurchases or redemptions, or (iv) for any transaction from which the director derived an improper personal benefit. MagnaChip Semiconductor Finance Company's certificate of incorporation provides for such limitation of liability.

Other Subsidiaries

The organizational documents of certain subsidiary guarantors also provide for indemnification of their officers and directors for liability incurred in connection with the performance of their duties as officers and directors.

Employment Agreements

Indemnification: Some of our officers have employment agreements with us that provide for indemnification against losses, costs and expenses arising from or relating to such person's services for us, to the extent permitted by law and the governing documents of the applicable company.

Item 21. ***Exhibits.***

2.1 Second Amended Chapter 11 Plan of Reorganization Proposed by the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al., dated as of September 24, 2009(1)
3.1 Certificate of Formation of MagnaChip Semiconductor LLC (formerly System Semiconductor Holding LLC)(1)
3.2 Certificate of Amendment to Certificate of Formation of MagnaChip Semiconductor LLC(1)
3.3 Fifth Amended and Restated Limited Liability Company Operating Agreement of MagnaChip Semiconductor LLC(1)
3.4 Articles of Incorporation of MagnaChip Semiconductor S.A.
3.5 Certificate of Incorporation of MagnaChip Semiconductor Finance Company
3.6 Bylaws of MagnaChip Semiconductor Finance Company

3.7	Certificate of Formation for MagnaChip Semiconductor SA Holdings LLC
3.8	Amended and Restated Limited Liability Company Agreement of MagnaChip Semiconductor SA Holdings LLC (USA)
3.9	Deed of Amendment to the Articles of Association of MagnaChip Semiconductor B.V. (English translation)
3.10	Articles of Incorporation of MagnaChip Semiconductor, Inc. (USA) contained in the Agreement and Plan of Merger by and between IC Media Corporation and MagnaChip Semiconductor, Inc. (USA)
3.11	Bylaws of MagnaChip Semiconductor, Inc. (USA), as amended (formerly IC Media Corporation)
3.12	Articles of Incorporation of MagnaChip Semiconductor Inc. (Japan) (English translation)
3.13	Memorandum of Association of MagnaChip Semiconductor Limited (Hong Kong)
3.14	Articles of Association of MagnaChip Semiconductor Limited (Hong Kong)
3.15	Memorandum of Association of MagnaChip Semiconductor Limited (United Kingdom)
3.16	Articles of Association of MagnaChip Semiconductor Limited (United Kingdom)
3.17	Articles of Incorporation of MagnaChip Semiconductor Limited (Taiwan) (English translation)
3.18	Memorandum of Association of MagnaChip Semiconductor Holding Company Limited, as amended (British Virgin Islands) (formerly IC Media Holding Company Limited)
3.19	Articles of Association of MagnaChip Semiconductor Holding Company Limited, as amended (British Virgin Islands) (formerly IC Media Holding Company Limited)
4.1	Registration Rights Agreement, dated as of November 9, 2009, by and among MagnaChip Semiconductor LLC and each of the securityholders named therein(1)
4.2	[reserved]
4.3	[reserved]
4.4	Indenture, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors as named therein and Wilmington Trust FSB, as trustee(1)
4.5	Form of 10.500% Senior Notes due 2018 and notation of guarantee (included in Exhibit 4.4)
4.6	Exchange and Registration Rights Agreement, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, and Goldman, Sachs & Co., Barclays Capital Inc., Deutsche Bank Securities Inc. and Morgan Stanley & Co. Incorporated, as representatives of the several purchasers named therein(1)
5.1	Opinion of Jones Day*
5.2	Opinion of Dechert Luxembourg*
5.3	Opinion of NautaDutilh N.V.*
5.4	Opinion of DLA Piper Tokyo Partnership*
5.5	Opinion of DLA Piper Hong Kong*
5.6	Opinion of Lee, Tsai & Partners*
5.7	Opinion of DLA Piper UK LLP*
5.8	Opinion of Harney Westwood & Riegels*
10.1	Amended and Restated Credit Agreement, dated as of November 6, 2009, among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, the lenders named therein, and Wilmington Trust FSB, as Administrative Agent(1)
10.2	Intellectual Property License Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)
10.3	Land Lease and Easement Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(2)
10.4	First Amendment to Land Lease and Easement Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)
10.5	General Service Supply Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)

10.6	First Amendment to the General Service Supply Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)
10.7	License Agreement (ModularBCD), dated as of March 18, 2005, by and between Advanced Analogic Technologies, Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(2)
10.8	Amended & Restated License Agreement (TrenchDMOS), dated as of September 19, 2007, by and between Advanced Analogic Technologies, Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.9	Technology License Agreement, dated as of December 16, 1996, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(2)
10.10	Amendment to the Technology License Agreement, dated as of October 16, 2006, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.11	ARM7201TDSP Device License Agreement, dated as of August 26, 1997, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(2)
10.12	Technology License Agreement, dated as of October 5, 1995, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(3)
10.13	Technology License Agreement, dated as of July 2001, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hynix Semiconductor Inc.)(1)(2)
10.14	Technology License Agreement, dated as of August 22, 2001, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hynix Semiconductor Inc.)(1)(2)
10.15	Technology License Agreement, dated as of May 20, 2004, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hynix Semiconductor Inc.)(1)
10.16	Design Migration Agreement, dated as of May 1, 2007, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.17	Basic Agreement on Joint Development and Grant of License, dated as of November 10, 2006, by and between MagnaChip Semiconductor, Ltd. and Silicon Works (English translation)(1)
10.18	Master Service Agreement, dated as of December 27, 2000, by and between Sharp Corporation and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hyundai Electronics Japan Co., Ltd) (English translation)(1)
10.19	Warrant Agreement, dated as of November 9, 2009, between MagnaChip Semiconductor LLC and American Stock Transfer & Trust Company, LLC(1)
10.20	MagnaChip Semiconductor LLC 2009 Common Unit Plan(1)
10.21	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Option Agreement (Non-U.S. Participants)(1)
10.22	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Option Agreement (U.S. Participants)(1)
10.23	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Restricted Unit Agreement (Non-U.S. Participants)(1)
10.24	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Restricted Unit Agreement (U.S. Participants)(1)
10.25	MagnaChip Semiconductor Corporation 2010 Equity Incentive Plan(1)
10.26	MagnaChip Semiconductor Corporation 2010 Employee Stock Purchase Plan(1)
10.27	Amended and Restated Service Agreement, dated as of May 8, 2008, by and between MagnaChip Semiconductor, Ltd. (Korea) and Sang Park(1)
10.28	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Sang Park(1)

10.29	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Sang Park(1)
10.30	Entrustment Agreement, dated as of October 6, 2004, by and between MagnaChip Semiconductor, Ltd. (Korea) and Tae Young Hwang(1)
10.31	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Young Hwang(1)
10.32	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Young Hwang(1)
10.33	Offer Letter dated March 7, 2006, from MagnaChip Semiconductor LLC and MagnaChip Semiconductor, Inc. to Brent Rowe, as supplemented on December 20, 2006(1)
10.34	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Brent Rowe(1)
10.35	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Brent Rowe(1)
10.36	Offer Letter dated September 5, 2006, from MagnaChip Semiconductor LLC and MagnaChip Semiconductor, Ltd. to Margaret Sakai(1)
10.37	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Margaret Sakai(1)
10.38	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Margaret Sakai(1)
10.39	Offer Letter, dated as of July 1, 2007, by and between MagnaChip Semiconductor, Ltd. (Korea) and Heung Kyu Kim(1)
10.40	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Heung Kyu Kim(1)
10.41	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Heung Kyu Kim(1)
10.42	Offer Letter, dated as of June 20, 2007, by and between MagnaChip Semiconductor, Ltd. (Korea) and Tae Jong Lee(1)
10.43	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Jong Lee(1)
10.44	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Jong Lee(1)
10.45	Service Agreement, dated as of April 1, 2006, by and between MagnaChip Semiconductor, Ltd. (Korea) and John McFarland(1)
10.46	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and John McFarland(1)
10.47	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and John McFarland(1)
10.48	Senior Advisor Agreement, dated as of April 10, 2009, by and between MagnaChip Semiconductor, Ltd.(Korea) and Robert J. Krakauer(1)
10.49	MagnaChip Semiconductor LLC Form of Indemnification Agreement with Directors
10.50	Form of Accredited Investor Certification delivered to the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al.(1)
10.51	Form of Subscription Agreement for common units of MagnaChip Semiconductor LLC (in connection with the Committee's Plan of Reorganization under Chapter 11 of the Bankruptcy Code)(1)
10.52	Subscription Form for Rights Offering in connection with the Committee's Plan of Reorganization under Chapter 11 of the Bankruptcy Code(1)

10.53	$35,000,000 Common Unit Backstop Commitment letter, dated as of September 23, 2009, from Avenue Capital Management II, L.P., solely in its capacity as investment advisor to Avenue Investments, L.P., Avenue International Master, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P. and Avenue CDP-Global Opportunities Fund, L.P. (included in Exhibit 2.1)
10.54	MagnaChip Semiconductor LLC Profit Sharing Plan as adopted on December 31, 2009 and as amended on February 15, 2010(1)(3)
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of MagnaChip Semiconductor LLC(1)
23.1	Consent of Samil PricewaterhouseCoopers
23.2	Consent of Jones Day (contained in Exhibit 5.1)*
23.3	Consent of Dechert Luxembourg (contained in Exhibit 5.2)*
23.4	Consent of NautaDutilh N.V. (contained in Exhibit 5.3)*
23.5	Consent of DLA Piper Tokyo Partnership (contained in Exhibit 5.4)*
23.6	Consent of DLA Piper Hong Kong (contained in Exhibit 5.5)*
23.7	Consent of Lee, Tsai & Partners (contained in Exhibit 5.6)*
23.8	Consent of DLA Piper UK LLP (contained in Exhibit 5.7)*
23.9	Consent of Harney Westwood & Riegels (contained in Exhibit 5.8)*
24.1	Powers of Attorney (included on signature pages hereof)
25.1	Statement of Eligibility of the Trustee on Form T-1 under the Trust Indenture Act
99.1	Form of Letter of Transmittal
99.2	Form of Notice of Guaranteed Delivery
99.3	Form of Letter to Brokers, Dealers and Other Nominees
99.4	Form of Letter to Beneficial Owners Regarding Offer to Exchange

* To be filed by amendment.

Footnotes:

(1) Incorporated by reference to the respective exhibits to MagnaChip Semiconductor LLC's Registration Statement on Form S-1 (Registration No. 333-165467) initially filed on March 15, 2010, as amended.

(2) Certain portions of this document have been omitted pursuant to a grant of confidential treatment by the SEC.

(3) Certain portions of this document have been omitted pursuant to a request for confidential treatment by the SEC.

Item 17. ***Undertakings.***

(a) The undersigned Registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrants hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrants' annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(d) The undersigned Registrants hereby undertake to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned Registrants hereby undertake to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR LLC

By: /s/ Sang Park
Name: **Sang Park**
Title: **Chief Executive Officer**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Sang Park **Sang Park**	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	August 4, 2010
/s/ Margaret Sakai **Margaret Sakai**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 4, 2010
/s/ Michael Elkins **Michael Elkins**	Director	August 4, 2010
/s/ Randal Klein **Randal Klein**	Director	August 4, 2010
/s/ R. Douglas Norby **R. Douglas Norby**	Director	August 4, 2010

Signature	Title	Date
/s/ Gidu Shroff **Gidu Shroff**	Director	August 4, 2010
/s/ Steven Tan **Steven Tan**	Director	August 4, 2010
/s/ Nader Tavakoli **Nader Tavakoli**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR SA HOLDINGS LLC

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Margaret Sakai **Margaret Sakai**	Chief Financial Officer (Principal Financial Officer and Principal Accounting)	August 4, 2010
/s/ Michael Elkins **Michael Elkins**	Director	August 4, 2010
/s/ Randal Klein **Randal Klein**	Director	August 4, 2010
/s/ John McFarland **John McFarland**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR S.A.

By: /s/ John McFarland
Name: **John McFarland**
Title: **Director**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Elkins **Michael Elkins**	Director	August 4, 2010
/s/ Randal Klein **Randal Klein**	Director	August 4, 2010
/s/ John McFarland **John McFarland**	Director and Authorized Representative in the United States	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Margaret Sakai **Margaret Sakai**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 4, 2010
/s/ Michael Elkins **Michael Elkins**	Director	August 4, 2010
/s/ Randal Klein **Randal Klein**	Director	August 4, 2010
/s/ John McFarland **John McFarland**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR B.V.

By: /s/ John McFarland
Name: **John McFarland**
Title: **Authorized Representative**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Margaret Sakai **Margaret Sakai**	Authorized Representative and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 4, 2010
/s/ Stefan Boermans **Stefan Boermans**	Director	August 4, 2010
/s/ Anne-Marie Kuijpers **Anne-Marie Kuijpers**	Director	August 4, 2010
/s/ John McFarland **John McFarland**	Authorized Representative in the United States	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR, INC. (USA)

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Chief Financial Officer and Treasurer**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Brent Rowe **Brent Rowe**	Director and President (Principal Executive Officer)	August 4, 2010
/s/ Margaret Sakai **Margaret Sakai**	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	August 4, 2010
/s/ Andrew Brown **Andrew Brown**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR LTD
(UNITED KINGDOM)

By: /s/ John McFarland
Name: **John McFarland**
Title: **Company Secretary**

By: /s/ Brent Rowe
Name: **Brent Rowe**
Title: **Director**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park and Margaret Sakai his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John McFarland **John McFarland**	Company Secretary and Authorized Representative in the United States	August 4, 2010
/s/ Brent Rowe **Brent Rowe**	Director	August 4, 2010
/s/ Andrew Brown **Andrew Brown**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR LTD
(HONG KONG)

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Director**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Margaret Sakai **Margaret Sakai**	Director, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) and Authorized Representative in the United States	August 4, 2010
/s/ Jong Soo Choi **Jong Soo Choi**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR LTD (TAIWAN)

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Director**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Margaret Sakai **Margaret Sakai**	Director and Authorized Representative in the United States	August 4, 2010
/s/ Jong Soo Choi **Jong Soo Choi**	Director	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR INC. (JAPAN)

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Director**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Taeyoung Hwang **Taeyoung Hwang**	Co-Representative Director	August 4, 2010
/s/ Yoshio Imamura **Yoshio Imamura**	Co-Representative Director	August 4, 2010
/s/ Margaret Sakai **Margaret Sakai**	Director	August 4, 2010
/s/ John McFarland **John McFarland**	Statutory Auditor and Authorized Representative in the United States	August 4, 2010

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea, on August 4, 2010.

MAGNACHIP SEMICONDUCTOR HOLDING COMPANY LIMITED

By: /s/ Margaret Sakai
Name: **Margaret Sakai**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sang Park, Margaret Sakai and John McFarland as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Margaret Sakai **Margaret Sakai**	Director and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 4, 2010
/s/ Brent Rowe **Brent Rowe**	Director	August 4, 2010
/s/ John McFarland **John McFarland**	Director and Authorized Representative in the United States	August 4, 2010

EXHIBIT INDEX

2.1	Second Amended Chapter 11 Plan of Reorganization Proposed by the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al., dated as of September 24, 2009(1)
3.1	Certificate of Formation of MagnaChip Semiconductor LLC (formerly System Semiconductor Holding LLC)(1)
3.2	Certificate of Amendment to Certificate of Formation of MagnaChip Semiconductor LLC(1)
3.3	Fifth Amended and Restated Limited Liability Company Operating Agreement of MagnaChip Semiconductor LLC(1)
3.4	Articles of Incorporation of MagnaChip Semiconductor S.A.
3.5	Certificate of Incorporation of MagnaChip Semiconductor Finance Company
3.6	Bylaws of MagnaChip Semiconductor Finance Company
3.7	Certificate of Formation for MagnaChip Semiconductor SA Holdings LLC
3.8	Amended and Restated Limited Liability Company Agreement of MagnaChip Semiconductor SA Holdings LLC (USA)
3.9	Deed of Amendment to the Articles of Association of MagnaChip Semiconductor B.V. (English translation)
3.10	Articles of Incorporation of MagnaChip Semiconductor, Inc. (USA) contained in the Agreement and Plan of Merger by and between IC Media Corporation and MagnaChip Semiconductor, Inc. (USA)
3.11	Bylaws of MagnaChip Semiconductor, Inc. (USA), as amended (formerly IC Media Corporation)
3.12	Articles of Incorporation of MagnaChip Semiconductor Inc. (Japan) (English translation)
3.13	Memorandum of Association of MagnaChip Semiconductor Limited (Hong Kong)
3.14	Articles of Association of MagnaChip Semiconductor Limited (Hong Kong)
3.15	Memorandum of Association of MagnaChip Semiconductor Limited (United Kingdom)
3.16	Articles of Association of MagnaChip Semiconductor Limited (United Kingdom)
3.17	Articles of Incorporation of MagnaChip Semiconductor Limited (Taiwan) (English translation)
3.18	Memorandum of Association of MagnaChip Semiconductor Holding Company Limited, as amended (British Virgin Islands) (formerly IC Media Holding Company Limited)
3.19	Articles of Association of MagnaChip Semiconductor Holding Company Limited, as amended (British Virgin Islands) (formerly IC Media Holding Company Limited)
4.1	Registration Rights Agreement, dated as of November 9, 2009, by and among MagnaChip Semiconductor LLC and each of the securityholders named therein(1)
4.2	[reserved]
4.3	[reserved]
4.4	Indenture, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors as named therein and Wilmington Trust FSB, as trustee(1)
4.5	Form of 10.500% Senior Notes due 2018 and notation of guarantee (included in Exhibit 4.4)
4.6	Exchange and Registration Rights Agreement, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, and Goldman, Sachs & Co., Barclays Capital Inc., Deutsche Bank Securities Inc. and Morgan Stanley & Co. Incorporated, as representatives of the several purchasers named therein(1)

5.1	Opinion of Jones Day*
5.2	Opinion of Dechert Luxembourg*
5.3	Opinion of NautaDutilh N.V.*
5.4	Opinion of DLA Piper Tokyo Partnership*
5.5	Opinion of DLA Piper Hong Kong*
5.6	Opinion of Lee, Tsai & Partners*
5.7	Opinion of DLA Piper UK LLP*
5.8	Opinion of Harney Westwood & Riegels*
10.1	Amended and Restated Credit Agreement, dated as of November 6, 2009, among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, the lenders named therein, and Wilmington Trust FSB, as Administrative Agent(1)
10.2	Intellectual Property License Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)
10.3	Land Lease and Easement Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(2)
10.4	First Amendment to Land Lease and Easement Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)
10.5	General Service Supply Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.6	First Amendment to the General Service Supply Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)
10.7	License Agreement (ModularBCD), dated as of March 18, 2005, by and between Advanced Analogic Technologies, Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(2)
10.8	Amended & Restated License Agreement (TrenchDMOS), dated as of September 19, 2007, by and between Advanced Analogic Technologies, Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.9	Technology License Agreement, dated as of December 16, 1996, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(2)
10.10	Amendment to the Technology License Agreement, dated as of October 16, 2006, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.11	ARM7201TDSP Device License Agreement, dated as of August 26, 1997, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(2)
10.12	Technology License Agreement, dated as of October 5, 1995, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(3)
10.13	Technology License Agreement, dated as of July 2001, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hynix Semiconductor Inc.)(1)(2)
10.14	Technology License Agreement, dated as of August 22, 2001, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hynix Semiconductor Inc.)(1)(2)
10.15	Technology License Agreement, dated as of May 20, 2004, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hynix Semiconductor Inc.)(1)

10.16	Design Migration Agreement, dated as of May 1, 2007, by and between ARM Limited and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.17	Basic Agreement on Joint Development and Grant of License, dated as of November 10, 2006, by and between MagnaChip Semiconductor, Ltd. and Silicon Works (English translation)(1)
10.18	Master Service Agreement, dated as of December 27, 2000, by and between Sharp Corporation and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to Hyundai Electronics Japan Co., Ltd) (English translation)(1)
10.19	Warrant Agreement, dated as of November 9, 2009, between MagnaChip Semiconductor LLC and American Stock Transfer & Trust Company, LLC(1)
10.20	MagnaChip Semiconductor LLC 2009 Common Unit Plan(1)
10.21	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Option Agreement (Non-U.S. Participants)(1)
10.22	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Option Agreement (U.S. Participants)(1)
10.23	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Restricted Unit Agreement (Non-U.S. Participants) (1)
10.24	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Restricted Unit Agreement (U.S. Participants)(1)
10.25	MagnaChip Semiconductor Corporation 2010 Equity Incentive Plan(1)
10.26	MagnaChip Semiconductor Corporation 2010 Employee Stock Purchase Plan(1)
10.27	Amended and Restated Service Agreement, dated as of May 8, 2008, by and between MagnaChip Semiconductor, Ltd. (Korea) and Sang Park(1)
10.28	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Sang Park(1)
10.29	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Sang Park(1)
10.30	Entrustment Agreement, dated as of October 6, 2004, by and between MagnaChip Semiconductor, Ltd. (Korea) and Tae Young Hwang(1)
10.31	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Young Hwang(1)
10.32	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Young Hwang(1)
10.33	Offer Letter dated March 7, 2006, from MagnaChip Semiconductor LLC and MagnaChip Semiconductor, Inc. to Brent Rowe, as supplemented on December 20, 2006(1)
10.34	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Brent Rowe(1)
10.35	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Brent Rowe(1)
10.36	Offer Letter dated September 5, 2006, from MagnaChip Semiconductor LLC and MagnaChip Semiconductor, Ltd. to Margaret Sakai(1)
10.37	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Margaret Sakai(1)
10.38	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Margaret Sakai(1)
10.39	Offer Letter, dated as of July 1, 2007, by and between MagnaChip Semiconductor, Ltd. (Korea) and Heung Kyu Kim(1)

10.40	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Heung Kyu Kim(1)
10.41	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Heung Kyu Kim(1)
10.42	Offer Letter, dated as of June 20, 2007, by and between MagnaChip Semiconductor, Ltd. (Korea) and Tae Jong Lee(1)
10.43	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Jong Lee(1)
10.44	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and Tae Jong Lee(1)
10.45	Service Agreement, dated as of April 1, 2006, by and between MagnaChip Semiconductor, Ltd. (Korea) and John McFarland(1)
10.46	Notice of Grant of Unit Option, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and John McFarland(1)
10.47	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and John McFarland(1)
10.48	Senior Advisor Agreement, dated as of April 10, 2009, by and between MagnaChip Semiconductor, Ltd.(Korea) and Robert J. Krakauer(1)
10.49	MagnaChip Semiconductor LLC Form of Indemnification Agreement with Directors
10.50	Form of Accredited Investor Certification delivered to the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al.(1)
10.51	Form of Subscription Agreement for common units of MagnaChip Semiconductor LLC (in connection with the Committee's Plan of Reorganization under Chapter 11 of the Bankruptcy Code)(1)
10.52	Subscription Form for Rights Offering in connection with the Committee's Plan of Reorganization under Chapter 11 of the Bankruptcy Code(1)
10.53	$35,000,000 Common Unit Backstop Commitment letter, dated as of September 23, 2009, from Avenue Capital Management II, L.P., solely in its capacity as investment advisor to Avenue Investments, L.P., Avenue International Master, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P. and Avenue CDP-Global Opportunities Fund, L.P. (included in Exhibit 2.1)
10.54	MagnaChip Semiconductor LLC Profit Sharing Plan as adopted on December 31, 2009 and as amended on February 15, 2010(1)(3)
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of MagnaChip Semiconductor LLC(1)
23.1	Consent of Samil PricewaterhouseCoopers
23.2	Consent of Jones Day (contained in Exhibit 5.1)*
23.3	Consent of Dechert Luxembourg (contained in Exhibit 5.2)*
23.4	Consent of NautaDutilh N.V. (contained in Exhibit 5.3)*
23.5	Consent of DLA Piper Tokyo Partnership (contained in Exhibit 5.4)*
23.6	Consent of DLA Piper Hong Kong (contained in Exhibit 5.5)*
23.7	Consent of Lee, Tsai & Partners (contained in Exhibit 5.6)*
23.8	Consent of DLA Piper UK LLP (contained in Exhibit 5.7)*
23.9	Consent of Harney Westwood & Riegels (contained in Exhibit 5.8)*
24.1	Powers of Attorney (included on signature pages hereof)

25.1	Statement of Eligibility of the Trustee on Form T-1 under the Trust Indenture Act
99.1	Form of Letter of Transmittal
99.2	Form of Notice of Guaranteed Delivery
99.3	Form of Letter to Brokers, Dealers and Other Nominees
99.4	Form of Letter to Beneficial Owners Regarding Offer to Exchange

* To be filed by amendment.

Footnotes:

(1) Incorporated by reference to the respective exhibits to MagnaChip Semiconductor LLC's Registration Statement on Form S-1 (Registration No. 333-165467) initially filed on March 15, 2010, as amended.

(2) Certain portions of this document have been omitted pursuant to a grant of confidential treatment by the SEC.

(3) Certain portions of this document have been omitted pursuant to a request for confidential treatment by the SEC.

MagnaChip Semiconductor S.A.
Société anonyme
Siege social: L-2146 Luxembourg
74, rue de Merl

R.C.S. B 97483

Registre de Commerce et des Sociétés
B97483
Déposé le: 07/09/2006 L060094966.06
R

STATUTS COORDONNES
SUIVANT L'ACTE N°1202 DU 7 AOÛT 2006

TITLE I. FORM — NAME — REGISTERED OFFICE — DURATION — OBJECT

Article 1: There exists a public company limited by shares ("*société anonyme*") under the name of "**MagnaChip Semiconductor S.A.**" (the "Company").

The registered office is established in the City of Luxembourg, in the Grand-Duchy of Luxembourg. It may be transferred to any other place within the City of Luxembourg by a resolution of the board of directors (the "Board of Directors").

If extraordinary events of a political, economic, or social nature, likely to impair normal activity at the registered office or easy communication between that office and foreign countries shall occur, or shall be imminent, the registered office may be provisionally transferred abroad. Such temporary measure shall, however, have no effect on the nationality of the Company which, notwithstanding such provisional transfer of the registered office, shall remain a Luxembourg company.

The Company is established for an unlimited period. The Company may be dissolved at any time by a resolution of the shareholders adopted in the manner required for the amendment of these articles of incorporation.

Article 2: The object of the Company is to carry out all transactions pertaining directly or indirectly to the acquisition of participations in any company or enterprise in any form whatsoever, and the administration, management, control and development of those participations.

The Company may in addition establish, manage, develop and dispose of a portfolio of securities and patents of whatever origin, to acquire, by way of investment, subscription, underwriting or option, securities and patents, to realize them by way of sale, transfer, exchange or otherwise, and to grant to — or for the benefit of — companies in which the Company has a direct and/or indirect participation and/or affiliates, any assistance, loan, advance or guarantee.

The Company may issue preferred equity certificates in any form whatsoever, including convertible preferred equity certificates.

The Company may borrow in any form and may proceed to the private and/or public issue of bonds and debentures.

In general, the Company may take any measure and carry out any operation, including without limitation, commercial, financial, personal and real estate transactions which it may deem necessary or useful for the accomplishment and development of its objects.

TITLE II. CAPITAL — SHARES

Article 3: The corporate capital is set at nine hundred and seventeen thousand nine hundred and fifty (917,950.-), divided into thirty six thousand seven hundred and eighteen (36,718.-) shares with a par value of twenty five (25.-) euro each.

Article 4: The shares shall be registered or bearer shares, at the option of the shareholders.

The Company's shares may be issued, at the owner's option, in certificates relating to single shares or two or more shares.

The Company may repurchase its own shares by means of its free reserves under the provisions set forth in article 49-2 of the amended law of 10 August 1915 on commercial companies.

The capital of the Company may be increased or reduced in one or several steps by resolution of the general meeting of shareholders (the "General Meeting of Shareholders"), adopted in accordance with the provisions applicable to changes in the articles of incorporation.

TITLE III. MANAGEMENT

Article 5: The Company shall be managed by a board of directors (the "Board of Directors") composed of at least three members (the "Directors"), who need not be shareholders.

The Directors shall be appointed for a maximum period of six years and they shall be re-eligible. They may be removed at any time.

In the event of a vacancy on the Board of Directors, the remaining Directors have the right to provisionally fill the vacancy; in this case, such a decision must be ratified by the next General Meeting of Shareholders.

Article 6: The Board of Directors has full power to perform all such acts as shall be necessary or useful to the object of the Company.

All matters not expressly reserved to the General Meeting of Shareholders by law or by the present articles of incorporation are within the competence of the Board of Directors.

The Board of Directors may elect a chairman. In the absence of the chairman, another Director may preside over the meeting.

The Board of Directors can validly deliberate and act only if the majority of its members are present or represented by virtue of a proxy between Directors, which may be given by letter, telegram, telex, electronic mail or telefax.

Directors may participate in a meeting of the Board of Directors by means of a conference call, a video conference or by any other means of communication enabling thus several persons participating therein to simultaneously communicate with each other. Such participation shall be deemed equal to a physical presence at the meeting of the Board of Directors.

Resolutions shall require a majority vote.

Directors may approve by unanimous vote a circular resolution by expressing their consent to one or several separate instruments in writing or by telegram, telex, electronic mail or telefax confirmed in writing which shall all together constitute appropriate minutes evidencing such decision.

The Board of Directors may delegate all or part of its powers concerning the day-to-day management and the representation of the Company in connection therewith to one or more Directors, managers or other officers; they need not be shareholders of the Company.

Delegation to a member of the Board of Directors is subject to the previous authorization of the General Meeting of Shareholders.

The Company is either bound by the individual signature of any one Director or by the individual signature of the managing director within the limits of his powers or by the individual signature of any person to whom such signatory authority has been delegated by the Board of Directors.

TITLE IV. AUDITOR — FINANCIAL YEAR

Article 7: The Company shall be supervised by one or more auditor(s) (the "Auditor(s)"), who need not be shareholders. They shall be appointed for a maximum period of six years and they shall be re-eligible. They may be removed at any time.

Article 8: The Company's financial year shall begin on the first of January and end on the thirty-first of December of each year.

TITLE V. GENERAL MEETING OF SHAREHOLDERS

Article 9: The annual General Meeting of Shareholders (the "Annual General Meeting of Shareholders") shall be held, at the registered office or such other place in the municipality of the registered office as indicated in the convening notices, on the last Thursday in the month of April at 04.00 p.m.

If the said day is a public holiday, the meeting shall be held on the next following working day.

Article 10: Convening notices of all General Meetings of Shareholders shall be made in compliance with the legal provisions.

If all the shareholders are present or represented and if they declare that they have knowledge of the agenda submitted to their consideration, the General Meeting of Shareholders may take place without convening notices. The Board of Directors may decide that the shareholders wishing to attend the General Meeting of Shareholders must deposit their shares five clear days before the date fixed therefore.

Every shareholder has the right to vote in person or by proxy, who need not be a shareholder.

Each share gives the right to one vote.

Article 11: The General Meeting of Shareholders has the most extensive powers to carry out or ratify such acts as may concern the Company. It shall determine the appropriation and distribution of the net profits.

Article 12: Under the provisions set forth in Article 72-2 of the amended law of 10 August 1915 on commercial companies, the Board of Directors is authorized to distribute interim dividends.

TITLE VI. GENERAL PROVISIONS

Article 13: The law of 10 August 1915 on commercial companies, as amended, shall apply providing these articles of incorporation do not state otherwise.

EXHIBIT 3.5

CERTIFICATE OF INCORPORATION

OF

MagnaChip Semiconductor Finance Company

1. Name. The name of the Corporation is MagnaChip Semiconductor Finance Company.

2. Registered Office and Agent. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

3. Purpose. The purposes for which the Corporation is formed are to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware and to possess and exercise all of the powers and privileges granted by such law and any other law of Delaware.

4. Authorized Capital. The aggregate number of shares of stock which the Corporation shall have authority to issue is One Thousand (1,000) shares, all of which are of one class and are designated as Common Stock and each of which has a par value of One Cent ($0.01).

5. Incorporator. The name and mailing address of the incorporator are Marian T. Ryan, Dechert LLP, 4000 Bell Atlantic Tower, 1717 Arch Street, Philadelphia, Pennsylvania 19103-2793.

6. Bylaws. The board of directors of the Corporation is authorized to adopt, amend or repeal the bylaws of the Corporation, except as otherwise specifically provided therein.

7. Elections of Directors. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

8. Right to Amend. The Corporation reserves the right to amend any provision contained in this Certificate as the same may from time to time be in effect in the manner now or hereafter prescribed by law, and all rights conferred on stockholders or others hereunder are subject to such reservation.

9. Limitation on Liability. The directors of the Corporation shall be entitled to the benefits of all limitations on the liability of directors generally that are now or hereafter become available under the General Corporation Law of Delaware. Without limiting the generality of the foregoing, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability

(i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Section 9 shall be prospective only, and shall not affect, to the detriment of any director, any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

10. Miscellaneous. The Corporation elects not to be governed by Section 203 of the Delaware General Corporation Law.

Dated: November 30, 2004

/s/ Marian T. Ryan
Marian T. Ryan, Incorporator

Exhibit 3.6

BYLAWS

OF

MagnaChip Semiconductor Finance Company

ARTICLE I

STOCKHOLDERS

1.1 Meetings.

1.1.1 Place. Meetings of the stockholders shall be held at such place as may be designated by the board of directors.

1.1.2 Annual Meeting. An annual meeting of the stockholders for the election of directors and for other business shall be held on such date and at such time as may be fixed by the board of directors.

1.1.3 Special Meetings. Special meetings of the stockholders may be called at any time by the president, or the board of directors, or the holders of a majority of the outstanding shares of stock of the Company entitled to vote at the meeting.

1.1.4 Quorum. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of stock of the Company entitled to vote on a particular matter shall constitute a quorum for the purpose of considering such matter.

1.1.5 Voting Rights. Except as otherwise provided herein, in the certificate of incorporation or by law, every stockholder shall have the right at every meeting of stockholders to one vote for every share standing in the name of such stockholder on the books of the Company which is entitled to vote at such meeting. Every stockholder may vote either in person or by proxy.

ARTICLE II

DIRECTORS

2.1 Number and Term. The board of directors shall have authority to (i) determine the number of directors to constitute the board and (ii) fix the terms of office of the directors.

2.2 Meetings.

2.2.1 Place. Meetings of the board of directors shall be held at such place as may be designated by the board or in the notice of the meeting.

2.2.2 Regular Meetings. Regular meetings of the board of directors shall be held at such times as the board may designate. Notice of regular meetings need not be given.

2.2.3 Special Meetings. Special meetings of the board may be called by direction of the president or any two members of the board on three days' notice to each director, either personally or by mail, telegram or facsimile transmission.

2.2.4 Quorum. A majority of all the directors in office shall constitute a quorum for the transaction of business at any meeting.

2.2.5 Voting. Except as otherwise provided herein, in the certificate of incorporation or by law, the vote of a majority of the directors present at any meeting at which a quorum is present shall constitute the act of the board of directors.

2.2.6 Committees. The board of directors may, by resolution adopted by a majority of the whole board, designate one or more committees, each committee to consist of one or more directors and such alternate members (also directors) as may be designated by the board. Unless otherwise provided herein, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. Except as otherwise provided herein, in the certificate of incorporation or by law, any such committee shall have and may exercise the powers of the full board of directors to the extent provided in the resolution of the board directing the committee.

ARTICLE III

OFFICERS

3.1 **Election.** At its first meeting after each annual meeting of the stockholders, the board of directors shall elect a president, vice president, secretary and such other officers as it deems advisable.

3.2 **Authority, Duties and Compensation.** The officers shall have such authority, perform such duties and serve for such compensation as may be determined by resolution of the board of directors. Except as otherwise provided by board resolution, (i) the president shall be the chief executive officer of the Company, shall have general supervision over the business and operations of the Company, may perform any act and execute any instrument for the conduct of such business and operations and shall preside at all meetings of the board and stockholders, (ii) the other officers shall have the duties customarily related to their respective offices, and (iii) any vice president, or vice presidents in the order determined by the board, shall in the absence of the president have the authority and perform the duties of the president.

ARTICLE IV

INDEMNIFICATION

4.1 **Right to Indemnification.** The Company shall indemnify any person who was or is party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that such person is or was a director or officer of the Company or a constituent corporation absorbed in a consolidation or merger, or is or was serving at the request of the Company or a constituent corporation absorbed in a consolidation or merger, as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or is or was a director or officer of the Company serving at its request as an administrator, trustee or other fiduciary of one or more of the employee benefit plans of the Company or other enterprise, against expenses (including attorneys' fees), liability and loss actually and reasonably incurred or suffered by such person in connection with such proceeding, whether or not the indemnified liability arises or arose from any threatened, pending or completed proceeding by or in the right of the Company, except to the extent that such indemnification is prohibited by applicable law.

4.2 **Advance of Expenses.** Expenses incurred by a director or officer of the Company in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding subject to the provisions of any applicable statute.

4.3 **Procedure for Determining Permissibility.** To determine whether any indemnification or advance of expenses under this Article IV is permissible, the board of directors by a majority vote of a quorum consisting of directors not parties to such proceeding may, and on request of any person seeking indemnification or advance of expenses shall be required to, determine in each case whether the applicable standards in any applicable statute have been met, or such determination shall be made by independent legal counsel if such quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs, provided that, if there has been a change in control of the Company between the time of the action or failure to act giving rise to the claim for indemnification or advance of expenses and the time such claim is made, at the option of the person seeking indemnification or advance of expenses, the permissibility of indemnification or advance of expenses shall be determined by independent legal counsel. The reasonable expenses of any director or officer in prosecuting a successful claim for indemnification, and the fees and expenses of any special legal counsel engaged to determine permissibility of indemnification or advance of expenses, shall be borne by the Company.

4.4 Contractual Obligation. The obligations of the Company to indemnify a director or officer under this Article IV, including the duty to advance expenses, shall be considered a contract between the Company and such director or officer, and no modification or repeal of any provision of this Article IV shall affect, to the detriment of the director or officer, such obligations of the Company in connection with a claim based on any act or failure to act occurring before such modification or repeal.

4.5 Indemnification Not Exclusive; Inuring of Benefit. The indemnification and advance of expenses provided by this Article IV shall not be deemed exclusive of any other right to which one indemnified may be entitled under any statute, provision of the Certificate of Incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall inure to the benefit of the heirs, executors and administrators of any such person.

4.6 Insurance and Other Indemnification. The board of directors shall have the power to (i) authorize the Company to purchase and maintain, at the Company's expense, insurance on behalf of the Company and on behalf of others to the extent that power to do so has not been prohibited by statute, (ii) create any fund of any nature, whether or not under the control of a trustee, or otherwise secure any of its indemnification obligations, and (iii) give other indemnification to the extent permitted by statute.

ARTICLE V

TRANSFER OF SHARE CERTIFICATES

Transfers of share certificates and the shares represented thereby shall be made on the books of the Company only by the registered holder or by duly authorized attorney. Transfers shall be made only on surrender of the share certificate or certificates.

ARTICLE VI

PURPOSE

The sole purpose for which the Company is formed is to act as co-issuer, along with MagnaChip Semiconductor S.A., of notes of MagnaChip Semiconductor S.A. to facilitate the offering of such notes. The Company is not authorized to carry on any trade or business and will serve only as an agent to facilitate the offering. Consistent with this purpose, the Company is permitted to enter into agreements to specify the responsibilities between itself and MagnaChip Semiconductor S.A. The Company is not authorized to hold any assets other than the minimum capital amount of $1.00. The Company is not authorized to receive proceeds from such offering.

ARTICLE VII

AMENDMENTS

These bylaws may be amended or repealed at any regular or special meeting of the board of directors by vote of a majority of all directors in office or at any annual or special meeting of stockholders by vote of holders of a majority of the outstanding stock entitled to vote. Notice of any such annual or special meeting of stockholders shall set forth the proposed change or a summary thereof.

EXHIBIT 3.7

CERTIFICATE OF FORMATION
OF
MAGNACHIP SEMICONDUCTOR SA HOLDINGS LLC

1. The name of the limited liability company is MAGNACHIP SEMICONDUCTOR SA HOLDINGS LLC.

2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. This Certificate of Formation shall be effective upon qualification.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation of MAGNACHIP SEMICONDUCTOR SA HOLDINGS LLC this 30th day of November, 2004.

/s/ Marian T. Ryan
Marian T. Ryan
Authorized Person

Exhibit 3.8

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
MAGNACHIP SEMICONDUCTOR SA HOLDINGS LLC

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of **MAGNACHIP SEMICONDUCTOR SA HOLDINGS LLC**, a Delaware limited liability company (the "Company"), is adopted as of December ___, 2004 (the "Effective Date"), by **MAGNACHIP SEMICONDUCTOR LLC**, a Delaware limited liability company ("Sole Member"), as the Sole Member of the Company.

The Company was formed as a limited liability company under the Delaware Limited Liability Company Act (the "Act"), pursuant to a Certificate of Formation that was filed on the Effective Date with the Secretary of State of Delaware. This Agreement is the limited liability company agreement of the Company. The Company shall be governed by the Act and this Agreement.

Sole Member is the sole member of the Company. As provided in the Act, the entire management of the Company is vested in the Sole Member as the sole member. Sole Member may from time to time in its discretion appoint one or more Officers to conduct the Company's business and affairs on Sole Member's behalf, each of whom shall serve in such capacity until he or she is unable to fulfill the obligations of such office. The Company shall initially have a President, Vice President, Secretary, and Treasurer having the following powers and duties and responsibilities to the Company:

(a) President. Subject to any limitations imposed by this Agreement, the Act, any employment agreement with the Company or Sole Member, any employee plan or any determination by Sole Member, the President, subject to the general control of Sole Member, shall be the chief operating officer of the Company and, as such, shall be responsible for the management and direction of the day-to-day business and affairs of the Company, its Officers, employees and agents, shall supervise generally the affairs of the Company, and shall have full authority to execute all documents and take all actions that the Company may legally take. Any person or entity dealing with the Company may rely on the authority of the President as to all such Company actions without further inquiry. The President shall exercise such other powers and perform such other duties as may be assigned to him by this Agreement or Sole Member, including the duties and any powers stated in any employment agreement with the Company or Sole Member.

(b) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall exercise such other powers and perform such other duties as may be assigned to him by this Agreement or Sole Member, including the duties and any powers stated in any employment agreement with the Company or Sole Member.

(c) Secretary. The Secretary shall be custodian of all records (other than financial), shall see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed, and, in general, shall perform all duties commonly incident to his office and shall perform such other duties and have such other powers as may, from time to time, be assigned to him by this Agreement, Sole Member or the President.

(d) Treasurer. The Treasurer shall keep or cause to be kept the books of account of the Company and shall render statements of the financial affairs of the Company in such form and as often as required by this Agreement, Sole Member or the President. The Treasurer, subject to the order of Sole Member, shall have the custody of all funds and securities of the Company. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as this Agreement, Sole Member or the President may designate from time to time.

(e) No Restrictions on Transfers. Notwithstanding any other provision in this Agreement, no consent of the Sole Member shall be required to permit (i) the Sole Member to pledge its sole membership interest as security for a loan to such Sole Member or any affiliate of such Sole Member, or (ii) a pledgee of the Sole Member's membership interest in the Company to transfer such membership interest in connection with such pledgee's exercise of its rights and remedies with respect thereto, or to permit such pledgee to be substituted for the Sole Member under this Agreement in connection with such pledgee's exercise of such rights and remedies.

(f) Certification of Membership Interest. The Company hereby irrevocably elects that all membership interests in the Company shall be securities governed by Article 8 of the Uniform Commercial Code as in effect in the State of Delaware and each other applicable jurisdiction. This provision shall not be amended, and any purported amendment to this provision shall not take effect until all outstanding certificates have been surrendered for cancellation.

As of the Effective Date, Sole Member hereby appoints the following individuals as Officers of the Company as indicated:

Dipanjan Deb	President
Paul C. Schorr, IV	Vice President & Treasurer
Roy Kuan	Vice President & Secretary

Sole Member intends that the Company be disregarded as a separate entity for Federal income tax purposes pursuant to Treasury Regulations § 301.7701-3. Accordingly, no election to the contrary shall be filed by or on behalf of the Company and all income, gain, loss, deduction and credit of the Company shall be reported by Sole Member on its returns.

IN WITNESS WHEREOF, Sole Member has duly executed this Amended and Restated Limited Liability Company Agreement as of the Effective Date.

SOLE MEMBER

MAGNACHIP SEMICONDUCTOR LLC

By: /s/ Robert Krakauer
Name: Robert Krakauer
Title: Director

Office (unofficial) translation of the deed of amendment
to the articles of association of MagnaChip Semiconductor B.V.

In this translation an attempt has been made to be as literal as possible, without jeopardising the overall continuing. Inevitably, differences may occur in translation, and if so, the Dutch text will govern.

DEED OF AMENDMENT TO THE ARTICLES OF ASSOCIATION
MAGNACHIP SEMICONDUCTOR B.V.

On this the twenty-third day of December two thousand four, appeared before me, Wijnand Hendrik Bossenbroek, civil law notary in Amsterdam: Martijn Jan Olivier Moerdijk, employed at my office at 1077 XV Amsterdam, Strawinskylaan 1999, born in Helmond on the third day of June nineteen hundred and seventy. The person appearing declared that general meeting of shareholders of MagnaChip Semiconductor B.V., a private company with limited liability (“*besloten vennootschap met beperkte aansprakelijkheid*”), having its corporate seat in Amsterdam (address: 1043 BW Amsterdam, Naritaweg 165, trade register number: 18026999), hereinafter referred to as the “company”, pursuant to article 13 paragraph 5 of the articles of association of the company, by written resolution dated the tenth day of December two thousand and four has resolved to amend the articles of association of the company in their entirety, a copy of which resolution shall be attached to this deed. The articles of association of the company were last amended on the twentieth day of August two thousand and four before the undersigned civil law notary. Further to the abovementioned written resolution the person appearing stated that the articles of association of the company are amended in their entirety as follows:

ARTICLES OF ASSOCIATION (“*STATUTEN*”)

NAME AND SEAT

Article 1.

1. The name of the company is MagnaChip Semiconductor B.V.
2. It has its corporate seat in Amsterdam.

OBJECTS

Article 2.

The objects of the company are:

a. to participate in, to manage, to administrate and to finance or to have any other interest in, or to conduct the management of, other companies or enterprises;
b. investing and administrating funds, goods and claims;
c. acquiring, selling, administrating and exploiting real estate;
d. exploiting and trading patents, trademark rights, licenses, know-how and other rights to intellectual property;

e. to furnish guarantees, provide security, warrant performance or in any other way assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;

f. to do anything which is, in the widest sense of the word, connected with or may be conducive to the attainment of these objects.

CAPITAL AND SHARES

Article 3.

1. The authorised share capital of the company is ninety-one thousand euros (EUR 91,000), divided into ninety-one thousand (91,000) ordinary shares, each having a nominal value of one euro (EUR 1).
2. The company shall not co-operate in the issuance of depositary receipts for its shares.
3. The shareholder shall have the voting rights attached to shares on which a right of usufruct or a right of pledge has been vested.
4. In deviation from the previous paragraph, the usufructuary and the pledgee shall hold the voting rights if this was provided for when the limited right was vested and such provision has been approved by the general meeting of shareholders, hereinafter referred to as: the “general meeting”.
5. Shareholders not entitled to vote and usufructuaries and pledgees entitled to vote shall have the rights which have been granted by law to the holders of depositary receipts for shares which have been issued with the cooperation of a company.

REGISTER OF SHAREHOLDERS

Article 4.

1. The shares shall be registered shares and they shall be numbered consecutively, starting from 1.

   No share certificates shall be issued.
2. The management board shall keep a register at the company’s offices setting out the names and addresses of all shareholders, usufructaries and pledgees, the dates on which the shares were acquired, the number of shares, the dates of acknowledgement or service, the amount paid up in respect of each share and, to the extent applicable, the other particulars referred to in paragraphs 2 and 4 of articles 2:197 and 2:198 of the Civil Code.

   Every shareholder, usufructuary and pledgee must inform the management board in writing of his address.
3. Every registration and entry in the register shall be signed by or on behalf the management board; the register shall be regularly updated.

ISSUE

Article 5.

1. The issue of new shares shall take place pursuant to a resolution of, and subject to the conditions determined by, the meeting of shareholders.

2. The issue of a share shall require a deed to that effect executed before a civil law notary practising in the Netherlands and to which the persons involved shall be parties.
3. Neither the company nor any of its subsidiaries may provide security, guarantee the price, provide any other guarantee, or assume liability, jointly and severally or otherwise, with or for others, with a view to the subscription or acquisition by others of shares in the company or depositary receipts therefor.

   The company may provide loans with a view to the subscription for or acquisition of shares in its capital, or of depositary receipts therefor, only to the extent of such part of the company's shareholders' equity as exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law.

   The company shall maintain a non-distributable reserve for the outstanding amount of the loans referred to in the preceding sentence.

ACQUISITION AND DISPOSAL OF OWN SHARES

Article 6.

1. The company may not subscribe for its own shares.
2. The company shall have the right to acquire fully paid-up shares in its own share capital for consideration, with due observance of the statutory provisions. The rights attached to shares held by the company itself may not be exercised by the company.
3. Acquisition and disposal by the company of its own shares shall take place pursuant to a resolution of, and subject to the conditions to be set by, the general meeting.
4. The share transfer restrictions contained in these articles of association shall apply to the disposal by the company of its own shares.

TRANSFER OF SHARES AND LIMITED RIGHTS ("*BEPERKTE RECHTEN*") IN RESPECT OF SHARES

Article 7.

The transfer of a share or of a limited right in respect of a share shall require a deed to that effect executed before a civil law notary in the Netherlands and to which the persons involved shall be parties.

RESTRICTIONS ON TRANSFER OF SHARES

Article 8.

1. The transfer of shares is only possible, without exception, after the approval of the general meeting has been obtained.
2. The transfer must be effected within three months after the approval has been granted or is deemed to have been granted.
3. The approval shall be deemed to have been granted:
   a. if a decision is not taken within one month of a request to that effect; or

b. if the resolution in which the approval is refused does not contain the name(s) of one or more prospective purchasers who is/are prepared to purchase, for cash, all the shares to which the request for approval related.

4. If the shareholder requesting approval (the "offeror") accepts the prospective purchaser(s) referred to in paragraph 3(b) above and the parties are unable to agree on the price to be paid for the share(s), the price shall be determined by one or more independent experts to be appointed by the offeror and the prospective purchasers by mutual agreement. If they fail to reach agreement on the appointment within two months of the point in time referred to in the preceding sentence, either party may petition the president of the district court under whose jurisdiction the company falls to appoint three independent experts.

5. The prospective purchasers shall be entitled to withdraw at any time provided they do so within fourteen days after they have been notified of the price as determined in accordance with the preceding paragraph. If, as a result hereof, not all the shares are purchased:

   a. because all the prospective purchasers have withdrawn; or

   b. because the other prospective purchasers have not, within six weeks after the notification referred to above, declared their willingness to acquire the shares which have become available, with due observance of the criteria for allocating such shares laid down by the general meeting,

   the offeror may freely transfer all the shares to which the request for approval related, provided that the transfer is effected within three months after this has been established.

6. The offeror shall be entitled to withdraw at any time, provided he does so within one month of being definitively informed of the identity of the prospective purchasers to whom he can sell all the shares to which the request related and the selling price.

7. The company may only be a prospective purchaser under the provisions of this article with the consent of the offeror.

MANAGEMENT

Article 9.

1. The company shall have a management board consisting of one or more persons. Both natural persons and legal entities may be managing directors.
2. The general meeting shall determine the number of managing directors.
3. The general meeting shall appoint the managing directors and may at any time suspend or remove any managing director.
4. The general meeting shall determine the remuneration and other terms of employment of each managing director.

DUTIES AND POWERS

Article 10.

1. The management board is charged with the management of the company, subject to the restrictions contained in these articles of association.
2. Where there are two or more managing directors in office, they shall decide upon their respective duties by mutual agreement, unless the general meeting has drawn up rules for this purpose. Where there are two or more managing directors in office, they shall pass resolutions by an absolute majority of the votes. In the event of a tie, the general meeting shall decide.
3. The contemporaneous linking together by telephone conference or audio-visual communication facilities of all the managing directors, wherever in the world they are, shall be deemed to constitute a meeting of the management board for the duration of the connection, unless a managing director objects thereto.

   Minutes of the matters dealt with at a meeting of the management board shall be sufficient evidence thereof and of the observance of all necessary formalities, provided such minutes are certified by the chairman of the management board or, where the management board has not appointed such chairman, by a managing director.
4. Resolutions of the management board may, instead of a meeting, be passed in writing - including by telegram, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing — provided that all members of the management board are familiar with the resolution to be passed and none of them objects to this decision-making process.
5. The management board shall require the approval of the general meeting for such resolutions of the management board as the general meeting shall have specified in a resolution to that effect and notified to the management board.
6. Where one or more managing directors are absent or prevented from acting, the remaining managing director(s) shall be charged with the entire management of the company. Where all managing directors or the only managing director are/is absent or prevented from acting, the management shall be conducted temporarily by one or more persons who must have been appointed for that purpose by the general meeting.

REPRESENTATION

Article 11.

1. The management board, as well as each managing director individually, is entitled to represent the company.
2. Where a managing director has an interest which conflicts directly or indirectly with the company's interests, the management board as well as each managing director may nevertheless represent the company, provided that due regard is had to the provisions of these articles of association.

GENERAL MEETINGS

Article 12.

1. Not less than one general meeting shall be held each year, within six months of the close of the financial year; the purpose of the meeting shall, among other things, be to discuss the annual report, to adopt the annual accounts and to release the management board.
2. General meetings shall be held in the place at which the company has its corporate seat. In the event that the meeting is held elsewhere, legally valid resolutions may nevertheless be passed if the entire issued share capital is represented. Shareholders, as well as usufructuaries and pledgees with voting rights, shall be given notice of a meeting by or on behalf of the management board by registered letters to be sent not less than fourteen days in advance, not including the day of the notice and the day of the meeting.
3. The notice convening a meeting shall contain the agenda of the meeting.
4. Where the rules laid down by law or by these articles of association in relation to the convening of meetings, drawing up of agendas and availability for inspection of the list of matters to be discussed have not been complied with, legally valid resolutions may nevertheless be passed by a unanimous vote at a meeting at which the entire issued share capital is represented.

Article 13.

1. The general meeting shall be chaired by the chairman of the management board or, where the management board has not appointed such chairman, by the managing director present at the meeting who has held that office longest. Where none of the managing directors is present at the meeting, the meeting shall appoint its own chairman.
2. Each share shall give the right to cast one vote at general meetings.
3. All resolutions shall be passed by an absolute majority of the valid votes cast.
4. No votes may be cast at the general meeting in respect of shares belonging to the company or a subsidiary. They shall not be taken into account in the calculation of a majority or quorum.
5. The management board shall keep a record of the resolutions passed. The record shall be available at the offices of the company for inspection by the shareholders, as well as usufructuaries and pledgees with voting rights. A copy of or extract from this record shall be furnished to every shareholder and every usufructuary or pledge with voting rights on request at no more than the cost price.

RESOLUTIONS OUTSIDE MEETING

Article 14

Unless the company has usufructuaries or pledgees with voting rights, shareholders' resolutions may, instead of at a general meeting, be passed in writing — including by telegram, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing — provided that all shareholders with the right to vote have voted in favour.

FINANCIAL YEAR, ANNUAL ACCOUNTS AND APPROPRIATION OF PROFITS

Article 15.

1. The financial year of the company shall coincide with the calendar year.
2. The management board shall close the company's books as at the last day of each financial year and shall within five months — unless this period is extended by the general meeting due to special circumstances for a further period of no more than six months — draw up annual accounts, and it shall deposit the accounts at the company's offices for inspection by the shareholders, as well as by the usufructuaries and pledgees with voting rights. Within the same period, the management board shall also submit its annual report. The annual accounts shall be signed by all managing directors; where one or more of their signatures is missing, the annual accounts shall refer to this and to the reasons for it.
3. The company shall ensure that the annual accounts, the annual report and the information to be added pursuant to Article 2:392(1) Civil Code shall be available at its offices from the day on which the general meeting at which they are to be discussed is convened.

   Shareholders, as well as usufructuaries and pledgees, are entitled to inspect such documents at the aforementioned location and obtain a copy at no cost.
4. The provisions of Articles 2:391 up to and including 2:394 Civil Code shall not apply if Article 2:403 Civil Code applies to the company.
5. The general meeting shall adopt the annual accounts.
6. The company shall publish the documents and information referred to in this article if and to the extent and in the manner required by Articles 2:394 et seq. Civil Code.

Article 16.

1. The distributable profits shall be at the disposal of the general meeting for distribution of dividend or in order to be added to the reserves or for such other purposes within the company's objects as the meeting shall decide.
2. The company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the company in its own share capital shall not be taken into account.
3. Distribution of profits shall take place after the adoption of the annual accounts which show that the distribution is permitted.
4. Subject to the provisions of the second paragraph, the general meeting may

resolve to distribute one or more interim dividends and/or other interim distributions.

5. Dividends shall be payable immediately after they have been declared, unless the general meeting provides otherwise.
6. The claim for payment of dividends shall lapse on the expiry of a period of five years.

DISSOLUTION AND LIQUIDATION

Article 17.

1. In the event of the company being dissolved, the liquidation shall be effected by the management board, unless the general meeting decides otherwise.
2. The general meeting shall determine the remuneration of the liquidators and of those in charge of supervising the liquidation.
3. To the extent possible, these articles of association shall remain in effect during the liquidation.
4. Any assets remaining after payment of all of the company's debts shall first be applied to pay back the amounts paid up on the shares. Any remaining assets shall then be distributed among the shareholders in proportion to the aggregate nominal amount of their shares. No distribution upon liquidation may be made to the company in respect of shares held by it.

FINAL PROVISION

Finally, the person appearing declared:

- that he has been appointed by the abovementioned written resolution to apply for the declaration of no objection as mentioned in article 2:235 of the Dutch Civil Code and after obtaining that declaration to lay down and confirm the amendment of the articles of association by notarial deed;
- that the abovementioned declaration was issued as appears from a Ministerial Declaration, attached to this deed, under number B.V. 270.983, dated the twenty-first day of December two thousand and four.

The person appearing is known to me, civil law notary. This deed was executed in Amsterdam on the date mentioned in its heading. After I, civil law notary, had conveyed and explained the contents of the deed in substance to the person appearing, he declared that he had taken note of the contents of the deed, was in agreement with the contents and did not wish them to be read out in full. Following a partial reading, the deed was signed by the person appearing and by me, civil law notary.

(Signed:) M.J.O. Moerdijk, W.H. Bossenbroek

ISSUED FOR TRUE COPY

NautaDutilh N.V.

Exhibit 3.10

AGREEMENT AND PLAN OF MERGER
by and between
IC MEDIA CORPORATION,
a California corporation,
and
MAGNACHIP SEMICONDUCTOR, INC,
a Delaware corporation

This Agreement and Plan of Merger (this “**Agreement**”)) dated as of November 17, 2005 is by and between IC Media Corporation, a California corporation (hereinafter sometimes called “**IC Media**”), and MagnaChip Semiconductor, a Delaware corporation (hereinafter sometimes called “**MagnaChip**”). IC Media and MagnaChip are sometimes hereinafter referred to as the “**Constituent Corporations**.”

RECITALS

A. IC Media and MagnaChip have entered into this Agreement in accordance with Section 1108 of the General Corporation Law of the State of California (“**California Law**”) and Section 252 of the General Corporation Law of the State of Delaware (“**Delaware Law**”) providing for the merger of MagnaChip with and into IC Media (the “**Merger**”), which Agreement has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations.

B. The boards of directors of the Constituent Corporations deem it desirable and in the best interests of the corporations and their shareholders that MagnaChip be merged into IC Media, and that the transaction qualify as a “reorganization” within the meaning of Sections 368(a) of the Internal Revenue Code of 1986, as amended.

C. California law permits the merger of a business corporation of another jurisdiction with and into a business corporation of the State of California.

D. Delaware Law permits a merger of a business corporation of the State of Delaware with and into a business corporation of another jurisdiction.

E. The Agreement has been approved and adopted by the requisite percentages of the outstanding voting stock of MagnaChip and IC Media.

NOW, THEREFORE, in consideration of the premises and of the mutual agreement of the parties hereto, being thereunto duty entered into by IC Media and approved by resolutions adopted by written consent by its Board of Directors and by its sole shareholder and being thereunto duly entered into by MagnaChip and approved by resolutions adopted by written consent by its Board of Directors and by its sole shareholder, the Merger and the terms and conditions thereof and the mode of carrying the same into effect, together with any provisions required or permitted to be set forth herein are hereby determined and agreed upon as follows:

ARTICLE I

THE CONSTITUENT CORPORATIONS

1.1 IC Media. IC Media is a corporation duly organized and existing under the laws of the State of California, with its principal office located at 5201 Great America Pkwy, Suite 422, Santa Clara, California 95054. IC Media has 100 shares of Common Stock, no par value, issued and outstanding, all of which are owned by MagnaChip Semiconductor LLC ("Parent").

1.2 MagnaChip. MagnaChip is a corporation duly organized and existing under the laws of the State of Delaware, with its principal office located at 5201 Great America Pkwy, Suite 422, Santa Clara. California 95054. MagnaChip has 1,000 shares of Common Stock, par value $0.01. issued and outstanding, all of which are owned by Parent.

ARTICLE II

THE MERGER

2.1 The Merger. At the Effective Time (as defined in Section 2.2 hereof) and subject to and upon the terms and conditions of this Agreement and the applicable provisions of the California Law, MagnaChip shall be merged with and into IC Media, the separate corporate existence of MagnaChip shall cease and IC Media shall continue as the surviving corporation as a wholly-owned subsidiary of Parent. The surviving corporation after the Merger is sometimes referred to hereinafter as the "Surviving Corporation."

2.2 Filing and Effectiveness. This Agreement, together with the officers' certificates of each of the Constituent Corporations required by California Law (collectively, the "**Officers' Certificates**"), shall be filed with the Secretary of State of the State of California and an executed certificate of merger meeting the requirements of Delaware Law shall be filed with the Secretary of State of the State of Delaware. The Merger shall become effective, in accordance with California Law, upon the filing of this Agreement and the Officers' Certificates with the Secretary of State of the State of California (the "**Effective Time**").

2.3 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of California Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of MagnaChip shall vest in the Surviving Corporation, and all debts, liabilities and duties of MagnaChip shall become the debts, liabilities and duties of the Surviving Corporation.

2.4 Articles of Incorporation; Name Change as a Result of the Merger. Upon the filing of this Agreement, the articles of incorporation of the Surviving Corporation are hereby amended and restated as of the Effective Time to read in the form attached hereto as Exhibit A until thereafter amended in accordance with California Law and as provided in such articles of incorporation. As a result of such amendment to the articles of incorporation of the Surviving Corporation, the name of the Surviving Corporation shall be "MagnaChip Semiconductor, Inc."

2.5 Officers and Directors. The directors of MagnaChip immediately prior to the Effective Time shall be the directors of the Surviving Corporation immediately after the Effective Time, each to hold the office of a director of the Surviving Corporation in accordance with the provisions of California Law and the articles of incorporation and bylaws of the Surviving Corporation until their successors are duly elected and qualified. The officers of MagnaChip immediately prior to the Effective Time shall be the officers of the Surviving Corporation immediately after the Effective Time, except that the Secretary of the Surviving Corporation shall be John McFarland, each to hold such office in the Surviving Corporation in accordance with the provisions of California Law and the Articles of Incorporation and Bylaws of the Surviving Corporation until their successors are duly elected and qualified.

2.6 Bylaws. The Bylaws of IC Media, as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation at the Effective Time until thereafter amended in accordance with California Law and as provided in such Bylaws.

2.7 Effect of Merger on the Capital Stock of the Constituent Corporations. At the Effective Time, by virtue of the Merger and without any action on the part MagnaChip, IC Media or Parent,

(a) Each share of Common Stock of MagnaChip issued and outstanding immediately prior to the Effective Time of the Merger shall be converted automatically into one share of Common Stock of the Surviving Corporation, which shall thereafter be an issued and outstanding share of Common Stock of the Surviving Corporation.

(b) Each share of Common Stock of IC Media issued and outstanding immediately prior to the Effective Time of the Merger shall be cancelled without consideration and shall cease to exist.

(c) Stock certificates representing shares of MagnaChip's Common Stock shall upon the consummation of Merger be deemed for all purposes to represent that number of shares of Common Stock of the Surviving Corporation receivable in exchange therefor as provided in this Section 2.7.

ARTICLE III

MISCELLANEOUS

3.1 Termination and Amendment. Notwithstanding the approval of this Agreement by the shareholders of each of the Constituent Corporations, this Agreement may be terminated at any time prior to the Effective Time by mutual agreement of the Boards of Directors of the Constituent Corporations. This Agreement may be amended by the parties at any time before or after approval hereof by the shareholders of each of the Constituent Corporations, but, after any such approval, no amendment will be made which, under the applicable provisions of California Law and Delaware Law, requires the further approval of shareholders without obtaining such further approval. This Agreement shall not be amended except by an instrument in writing signed on behalf of each of the parties.

3.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties that execute such counterparts, and all of which together shall constitute one instrument.

3.3 Governing Law. This Agreement shall in all respects be construed, interpreted and enforces in accordance with and governed by the laws of the State of California and, so far as applicable, the merger provisions of Delaware Law.

3.4 Agreement. An executed copy of this Agreement is on file at the principal place of business of the Surviving Corporation located at 5201 Great America Pkwy, Suite 422, Santa Clara, California 95054.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, IC Media and MagnaChip, as duly authorized by their respective boards of directors, have caused this Agreement to be approved, adopted, certified, executed and acknowledged as of the date first set forth above.

IC MEDIA CORPORATION,
a California corporation

By: /s/ Dr. Youm Huh
Name: Dr. Youm Huh
Title: President

By: /s/ John McFarland
Name: John McFarland
Title: Secretary

MAGNACHIP SEMICONDUCTOR, INC.,
a Delaware corporation

By: /s/ Jason Hartlove
Name: Jason Hartlove
Title: President and Secretary

EXHIBIT A

AMENDED AND RESTATED ARTICLES OF INCORPORATION

The articles of incorporation of the Surviving Corporation are amended and restated to read as follows:

"ARTICLE I

The name of this corporation is MagnaChip Semiconductor, Inc.

ARTICLE II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

This corporation is authorized to issue one class of shares, designated "Common Shares." The total number of Common Shares this corporation is authorized to issue is 1,000 shares, with a par value of $0.001 per share.

ARTICLE IV

A. Limitation of Directors' Liability. The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

B. Indemnification of Corporate Agents. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, votes of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to this corporation and its shareholders.

C. Repeal or Modification. Any repeal or modification of the foregoing provisions of this ARTICLE IV shall not adversely affect any right or protection of an agent of this corporation relating to acts or omissions occurring prior to such repeal or modification."

Exhibit 3.11

CERTIFICATE OF AMENDMENT

TO THE BYLAWS OF

IC MEDIA CORPORATION

The undersigned, being Secretary of IC Media Corporation, a California corporation (the "Company"), hereby certifies as follows:

Section 3.2 of the Bylaws of the Company was amended, effective April 15, 2005, to provide in its entirety as follows:

3.2 ***Number of Directors***

"The authorized number of directors of the corporation shall be three (3) until changed by a duly adopted amendment to the articles of incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires."

IN WITNESS WHEREOF, the undersigned has signed this Secretary's Certificate as of the date first written above.

/s/ John McFarland
John McFarland, Secretary

CERTIFICATE OF AMENDMENT

TO THE BYLAWS OF

IC MEDIA CORPORATION

The undersigned, being the Secretary of IC Media Corporation, a California corporation (the “Company”), hereby certifies as follows:

(a) Section 3.2 of the Bylaws of the Company was amended and restated, effective April 15, 2003, to provide in its entirety as follows:

“3.2 *Number of Directors*

“The authorized number of directors of the corporation shall be six (6) until changed by a duly adopted amendment to this bylaw by a vote or written consent of the majority of the directors or by an amendment to the articles of incorporation by a vote or written consent of the majority of the outstanding shares entitled to vote.

No reduction of the authorized number of directors shall have the effect of removing any director before that director’s term of office expires.”

(b) Article V of the Bylaws of the Company was amended and restated, effective April 15, 2003, to provide in its entirety as follows:

“ARTICLE I

Officers

5.1 *Officers*

The officers of the corporation shall be a chief executive officer, a president, a secretary, and a chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws. Any number of offices may be held by the same person.

5.2 *Election Of Officers*

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 or Section 5.5 of these bylaws, shall be chosen by the board, subject to the rights, if any, of an officer under any contract of employment.

5.3 *Subordinate Officers*

The board of directors may appoint, or may empower the president to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the board of directors may from time to time determine.

5.4 ***Removal And Resignation Of Officers***

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors at any regular or special meeting of the board or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 ***Vacancies In Offices***

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

5.6 ***Chairman Of The Board***

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may from time to time be assigned to him or her by the board of directors or as may be prescribed by these bylaws.

5.7 ***Chief Executive Officer***

The board of directors shall select a chief executive officer of the corporation who shall, subject to the control of the board of directors, have general supervision, direction, and control of the business and the officers of the corporation. The chief executive officer shall preside at all meetings of the shareholders and, in the absence or nonexistence of a chairman of the board, at all meetings of the board of directors. The chief executive officer shall have the general powers and duties of management usually vested in the office of chief executive officer of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or these bylaws.

5.8 ***President***

The president shall have the general powers and duties of management usually vested in the office of president of a corporation and shall have such other powers and duties as may be prescribed by the board of directors or these bylaws.

5.9 ***Vice Presidents***

In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these bylaws, the chief executive officer, the president or the chairman of the board.

5.10 ***Secretary***

The secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors and shareholders, The minutes shall show the time and place of each meeting, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the board of directors required to be given by law or by these bylaws. The secretary shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these bylaws.

5.11 ***Chief Financial Officer***

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. The chief financial officer shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these bylaws."

Date: April 15, 2003

Dale R. Lindly, Secretary

BYLAWS

OF

IC MEDIA CORPORATION

ARTICLE I

Corporate Offices

1.1 *Principal Office*

The board of directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of California. If the principal executive office is located outside such state and the corporation has one or more business offices in such state, then the board of directors shall fix and designate a principal business office in the State of California.

1.2 *Other Offices*

The board of directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE II

Meetings of Shareholders

2.1 *Place Of Meetings*

Meetings of shareholders shall be held at any place within or outside the State of California designated by the board of directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the corporation.

2.2 *Annual Meeting*

The annual meeting of shareholders shall be held each year on a date and at a time designated by the board of directors. In the absence of such designation, the annual meeting of shareholders shall be held on the third Wednesday of May in each year at 10:00 a.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day. At the meeting, directors shall be elected, and any other proper business may be transacted.

2.3 *Special Meeting*

A special meeting of the shareholders may be called at any time by the board of directors, or by the chairman of the board, or by the president, or by one or more shareholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting.

If a special meeting is called by any person or persons other than the board of directors or the president or the chairman of the board, then the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president or the secretary of the corporation. The officer receiving the request shall cause notice to be promptly given to the shareholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.5 of these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting, so long as that time is not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, then the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing or affecting the time when a meeting of shareholders called by action of the board of directors may be held.

2.4 *Notice Of Shareholders' Meetings*

All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 2.5 of these bylaws not less than ten (10) (or, if sent by third-class mail pursuant to Section 2.5 of these bylaws, thirty (30)) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted (no business other than that specified in the notice may be transacted) or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the shareholders (but subject to the provisions of the next paragraph of this Section 2.4 any proper matter may be presented at the meeting for such action). The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, the board intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California (the "Code"), (ii) an amendment of the Articles of incorporation, pursuant to Section 902 of the Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of the Code, (iv) a voluntary dissolution of the corporation, pursuant to Section 1900 of the Code, or (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of the Code, then the notice shall also state the general nature of that proposal.

2.5 *Manner Of Giving Notice; Affidavit Of Notice*

Written notice of any meeting of shareholders shall be given either (i) personally or (ii) by first-class mail or (iii) by third-class mail but only if the corporation has outstanding shares held of record by five hundred (500) or more persons (determined as provided in Section 605 of the Code) on the record date for the shareholders' meeting, or (iv) by telegraphic or other written communication. Notices not personally delivered shall be sent charges prepaid and shall be addressed to the shareholder at the address of that shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice. If no such address appears on the corporation's books or is given, notice shall be deemed to have been given if sent to that shareholder by mail or telegraphic or other written communication to the corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a shareholder at the address of that shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the shareholder at that address, then all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available to the shareholder on written demand of the shareholder at the principal executive office of the corporation for a period of one (l)year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any shareholders' meeting, executed by the secretary, assistant secretary or any transfer agent of the corporation giving the notice, shall be prima facie evidence of the giving of such notice.

2.6 *Quorum*

The presence in person or by proxy of the holders of a majority of the shares entitled to vote thereat constitutes a quorum for the transaction of business at all meetings of shareholders. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

2.7 *Adjourned Meeting: Notice*

Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy. In the absence of a quorum, no other business may be transacted at that meeting except as provided in Section 2.6 of these bylaws.

When any meeting of shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken. However, if a new record date for the adjourned meeting is fixed or if the adjournment is for more than forty-five (45) days from the date set for the original meeting, then notice of the adjourned meeting shall be given. Notice of any such adjourned meeting shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.4 and 2.5 of these bylaws. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

2.8 *Voting*

The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to the provisions of

Sections 702 through 704 of the Code (relating to voting shares held by a fiduciary, in the name of a corporation or in joint ownership).

The shareholders' vote may be by voice vote or by ballot; provided, however, that any election for directors must be by ballot if demanded by any shareholder at the meeting and before the voting has begun.

Except as provided in the last paragraph of this Section 2.8, or as may be otherwise provided in the Articles of incorporation, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote of the shareholders. Any shareholder entitled to vote on any matter may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or, except when the matter is the election of directors, may vote them against the proposal; but, if the shareholder fails to specify the number of shares which the shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares which the shareholder is entitled to vote.

If a quorum is present, the affirmative vote of the majority of the shares represented and voting at a duly held meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the shareholders, unless the vote of a greater number or a vote by classes is required by the Code or by the Articles of incorporation.

At a shareholders' meeting at which directors are to be elected, a shareholder shall be entitled to cumulate votes (i.e., cast for any candidate a number of votes greater than the number of votes which such shareholder normally is entitled to cast) if the candidates' names have been placed in nomination prior to commencement of the voting and the shareholder has given notice prior to commencement of the voting of the shareholder's intention to cumulate votes. If any shareholder has given such a notice, then every shareholder entitled to vote may cumulate votes for candidates in nomination either (i) by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are normally entitled or (ii) by distributing the shareholder's votes on the same principle among any or all of the candidates, as the shareholder thinks fit. The candidates receiving the highest number of affirmative votes, up to the number of directors to be elected, shall be elected; votes against any candidate and votes withheld shall have no legal effect.

2.9 *Validation Of Meetings; Waiver Of Notice; Consent*

The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though they had been taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. The waiver of notice or consent or approval need not specify either the business to be transacted or the purpose of any annual or special meeting of shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 2.4 of these bylaws, the waiver of notice or consent or approval shall state the general nature of the proposal. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of and presence at that meeting, except when the person objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the Code to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

2.10 *Shareholder Action By Written Consent Without A Meeting*

Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted.

In the case of election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors. However, a director may be elected at any time to fill any vacancy on the board of directors, provided that it was not created by removal of a director and that it has not been filled by the directors, by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of directors.

All such consents shall be maintained in the corporate records. Any shareholder giving a written consent, or the shareholder's proxy holders, or a transferee of the shares, or a personal representative of the shareholder, or their respective proxy holders, may revoke the consent by a writing received by the secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been filed with the secretary.

If the consents of all shareholders entitled to vote have not been solicited in writing and if the unanimous written consent of all such shareholders has not been received, then the secretary shall give prompt notice of the corporate action approved by the shareholders without a meeting. Such notice shall be given to those shareholders entitled to vote who have not consented in writing and shall be given in the manner specified in Section 2.5 of these bylaws. In the case of approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Code, (ii) indemnification of a corporate "agent," pursuant to Section 317 of the Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of the Code, and (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of the Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

2.11 *Record Date For Shareholder Notice; Voting; Giving Consents*

For purposes of determining the shareholders entitled to notice of any meeting or to vote thereat or entitled to give consent to corporate action without a meeting, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten

(10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in such event only shareholders of record on the date so fixed are entitled to notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the Code.

If the board of directors does not so fix a record date:

(a) the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held; and

(b) the record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action by the board has been taken, shall be at the close of business on the day on which the board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

The record date for any other purpose shall be as provided in Article VIII of these bylaws.

2.12 *Proxies*

Every person entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the secretary of the corporation. A proxy shall be deemed signed if the shareholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the shareholder or the shareholder's attorney-in-fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) the person who executed the proxy revokes it prior to the time of voting by delivering a writing to the corporation stating that the proxy is revoked or by executing a subsequent proxy and presenting it to the meeting or by voting in person at the meeting, or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The dates contained on the forms of proxy presumptively determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Sections 705(e) and 705(f) of the Code.

2.13 *Inspectors Of Election*

Before any meeting of shareholders, the board of directors may appoint an inspector or inspectors of election to act at the meeting or its adjournment. If no inspector of election is so appointed, then the chairman of the meeting may, and on the request of any shareholder or a shareholder's proxy shall, appoint an inspector or inspectors of election to act at the meeting.

The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting pursuant to the request of one (1) or more shareholders or proxies, then the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, then the chairman of the meeting may, and upon the request of any shareholder or a shareholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

(a) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;

(b) receive votes, ballots or consents;

(c) hear and determine all challenges and questions in any way arising in connection with the right to vote;

(d) count and tabulate all votes or consents;

(e) determine when the polls shall close;

(f) determine the result; and

(g) do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

ARTICLE III

Directors

3.1 *Powers*

Subject to the provisions of the Code and any limitations in the Articles of incorporation and these bylaws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 *Number Of Directors*

The authorized number of directors of the corporation shall be one (1) until changed by a duly adopted amendment to the Articles of incorporation or by an amendment to this bylaw adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 *Election And Term Of Office Of Directors*

Directors shall be elected at each annual meeting of shareholders to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

3.4 *Resignation And Vacancies*

Any director may resign effective on giving written notice to the chairman of the board, the president, the secretary or the board of directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective.

Vacancies in the board of directors may be filled by a majority of the remaining directors, even if less than a quorum, or by a sole remaining director; however, a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute a majority of the required quorum), or by the unanimous written consent of all shares entitled to vote thereon. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified.

A vacancy or vacancies in the board of directors shall be deemed to exist (i) in the event of the death, resignation or removal of any director, (ii) if the board of directors by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, (iii) if the authorized number of directors is increased, or (iv) if the shareholders fail, at any meeting of shareholders at which any director or directors are elected, to elect the number of directors to be elected at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election other than to fill a vacancy created by removal, if by written consent, shall require the consent of the holders of a majority of the outstanding shares entitled to vote thereon.

3.5 *Place Of Meetings; Meetings By Telephone*

Regular meetings of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board may be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, at the principal executive office of the corporation.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another; and all such directors shall be deemed to be present in person at the meeting.

3.6 *Regular Meetings*

Regular meetings of the board of directors may be held without notice if the times of such meetings are fixed by the board of directors.

3.7 *Special Meetings; Notice*

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary or any two (2) directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. If the notice is delivered personally or by telephone or telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose or the place of the meeting, if the meeting is to be held at the principal executive office of the corporation.

3.8 *Quorum*

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.10 of these bylaws. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of Section 310 of the Code (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 311 of the Code (as to appointment of committees), Section 317(e) of the Code (as to indemnification of directors), the Articles of incorporation, and other applicable law.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 *Waiver Of Notice*

Notice of a meeting need not be given to any director (i) who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or (ii) who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such directors. All such waivers, consents, and approvals shall be filed with the corporate records or made part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the board of directors.

3.10 *Adjournment*

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

3.11 *Notice Of Adjournment*

Notice of the time and place of holding an adjourned meeting need not be given unless the meeting is adjourned for more than twenty-four (24) hours. If the meeting is adjourned for more than twenty-four (24) hours, then notice of the time and place of the adjourned meeting shall be given before the adjourned meeting takes place, in the manner specified in Section 3.7 of these bylaws, to the directors who were not present at the time of the adjournment.

3.12 *Board Action By Written Consent Without A Meeting*

Any action required or permitted to be taken by the board of directors may be taken without a meeting, provided that all members of the board individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent and any counterparts thereof shall be filed with the minutes of the proceedings of the board.

3.13 *Fees And Compensation Of Directors*

Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expenses as may be fixed or determined by resolution of the board of directors. This Section 3.13 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation for those services.

3.14 *Removal*

The entire board of directors or any individual director may be removed from office without cause by the affirmative vote of a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election at which the same total number of votes cast were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

3.15 *Approval of Loans to Officers*

If these bylaws have been approved by the corporation's shareholders in accordance with the Code, the corporation may, upon the approval of the board of directors alone, make loans of money or property to, or guarantee the obligations of, any officer of the corporation or of its parent, if any, whether or not a director, or adopt an employee benefit plan or plans authorizing such loans or guaranties provided that (i) the board of directors determines that such a loan or guarantee or plan may reasonably be expected to benefit the corporation, (ii) the corporation has outstanding shares held of record by 100 or more persons (determined as provided in Section 605 of the Code) on the date of approval by the board of directors, and (iii) the approval of the board of directors is by a vote sufficient without counting the vote of any interested director or directors. Notwithstanding the foregoing, the corporation shall have the power to make loans permitted by the Code.

ARTICLE IV

Committees

4.1 *Committees Of Directors*

The board of directors may, by resolution adopted by a majority of the authorized number of directors, designate one (1) or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board may designate one (1) or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of directors. Any committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except with respect to:

(a) the approval of any action which, under the Code, also requires shareholders' approval or approval of the outstanding shares;

(b) the filling of vacancies on the board of directors or in any committee;

(c) the fixing of compensation of the directors for serving on the board or any committee;

(d) the amendment or repeal of these bylaws or the adoption of new bylaws;

(e) the amendment or repeal of any resolution of the board of directors which by its express terms is not so amendable or repealable;

(f) a distribution to the shareholders of the corporation, except at a rate or in a periodic amount or within a price range determined by the board of directors; or

(g) the appointment of any other committees of the board of directors or the members of such committees.

4.2 *Meetings And Action Of Committees*

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these bylaws, Section 3.5 (place of meetings), Section 3.6 (regular meetings), Section 3.7 (special meetings and notice), Section 3.8 (quorum), Section 3.9 (waiver of notice), Section 3.10 (adjournment), Section 3.11 (notice of adjournment), and Section 3.12 (action without meeting), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members; provided, however, that the time of regular meetings of committees maybe determined either by resolution of the board of directors or by resolution of the committee, that special meetings of committees may also be called by resolution of the board of directors, and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V

Officers

5.1 *Officers*

The officers of the corporation shall be a president, a secretary, and a chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws. Any number of offices may be held by the same person.

5.2 *Election Of Officers*

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 or Section 5.5 of these bylaws, shall be chosen by the board, subject to the rights, if any, of an officer under any contract of employment.

5.3 *Subordinate Officers*

The board of directors may appoint, or may empower the president to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the board of directors may from time to time determine.

5.4 *Removal And Resignation Of Officers*

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors at any regular or special meeting of the board or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 *Vacancies In Offices*

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

5.6 *Chairman Of The Board*

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the board of directors or as may be prescribed by these bylaws. If there is no president, then the chairman of the board shall also be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 5.7 of these bylaws.

5.7 *President*

Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction, and control of the business and the officers of the corporation. He shall preside at all meetings of the shareholders and, in the absence or nonexistence of a chairman of the board, at all meetings of the board of directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or these bylaws.

5.8 *Vice Presidents*

In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these bylaws, the president or the chairman of the board.

5.9 *Secretary*

The secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors and shareholders. The minutes shall show the time and place of each meeting, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the board of directors required to be given by law or by these bylaws. He shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these bylaws.

5.10 *Chief Financial Officer*

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these bylaws.

ARTICLE VI

Indemnification of Directors, Officers, Employees, and Other Agents

6.1 *Indemnification Of Directors And Officers*

The corporation shall, to the maximum extent and in the manner permitted by the Code, indemnify each of its directors and officers against expenses (as defined in Section 317(a) of the Code), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding (as defined in Section 317(a) of the Code), arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Article VI, a “director” or “officer” of the corporation includes any person (i) who is or was a director or officer of the corporation, (ii) who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.2 *Indemnification Of Others*

The corporation shall have the power, to the extent and in the manner permitted by the Code, to indemnify each of its employees and agents (other than directors and officers) against expenses (as defined in Section 317(a) of the Code), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding (as defined in Section 317(a) of the Code), arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Article VI, an "employee" or "agent" of the corporation (other than a director or officer) includes any person (i) who is or was an employee or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.3 *Payment Of Expenses In Advance*

Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to Section 6.1 or for which indemnification is permitted pursuant to Section 6.2 following authorization thereof by the Board of Directors shall be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall ultimately be determined that the indemnified party is not entitled to be indemnified as authorized in this Article VI.

6.4 *Indemnity Not Exclusive*

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent that such additional rights to indemnification are authorized in the Articles of Incorporation.

6.5 *Insurance Indemnification*

The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

6.6 *Conflicts*

No indemnification or advance shall be made under this Article VI, except where such indemnification or advance is mandated by law or the order, judgment or decree of any court of competent jurisdiction, in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the Articles of Incorporation, these bylaws, a resolution of the shareholders or an agreement in effect at the time of the accrual of the alleged cause of the action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

ARTICLE VII

Records and Reports

7.1 *Maintenance And Inspection Of Share Register*

The corporation shall keep either at its principal executive office or at the office of its transfer agent or registrar (if either be appointed), as determined by resolution of the board of directors, a record of its shareholders listing the names and addresses of all shareholders and the number and class of shares held by each shareholder.

A shareholder or shareholders of the corporation who holds at least five percent (5%) in the aggregate of the outstanding voting shares of the corporation or who holds at least one percent (1%) of such voting shares and has filed a Schedule 14B with the Securities and Exchange Commission relating to the election of directors, may (i) inspect and copy the records of shareholders' names, addresses, and shareholdings during usual business hours on five (5) days' prior written demand on the corporation, (ii) obtain from the transfer agent of the corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the names and addresses of the shareholders who are entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the shareholder after the date of demand. Such list shall be made available to any such shareholder by the transfer agent on or before the later of five (5) days after the demand is received or five (5) days after the date specified in the demand as the date as of which the list is to be compiled.

The record of shareholders shall also be open to inspection on the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate.

Any inspection and copying under this Section 7.1 may be made in person or by an agent or attorney of the shareholder or holder of a voting trust certificate making the demand.

7.2 *Maintenance And Inspection Of Bylaws*

The corporation shall keep at its principal executive office or, if its principal executive office is not in the State of California, at its principal business office in California the original or a copy of these bylaws as amended to date, which bylaws shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in such state, then the secretary shall, upon the written request of any shareholder, furnish to that shareholder a copy of these bylaws as amended to date.

7.3 *Maintenance And Inspection Of Other Corporate Records*

The accounting books and records and the minutes of proceedings of the shareholders, of the board of directors, and of any committee or committees of the board of directors shall be kept at such place or places as are designated by the board of directors or, in absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form, and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form.

The minutes and accounting books and records shall be open to inspection upon the written demand of any shareholder or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts. Such rights of inspection shall extend to the records of each subsidiary corporation of the corporation.

7.4 *Inspection By Directors*

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind as well as the physical properties of the corporation and each of its subsidiary corporations. Such inspection by a director may be made in person or by an agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

7.5 *Annual Report To Shareholders; Waiver*

The board of directors shall cause an annual report to be sent to the shareholders not later than one hundred twenty (120) days after the close of the fiscal year adopted by the corporation. Such report shall be sent at least fifteen (15) days (or, if sent by third-class mail, thirty-five (35) days) before the annual meeting of shareholders to be held during the next fiscal year and in the manner specified in Section 2.5 of these bylaws for giving notice to shareholders of the corporation.

The annual report shall contain (i) a balance sheet as of the end of the fiscal year, (ii) an income statement, (iii) a statement of changes in financial position for the fiscal year, and (iv) any report of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

The foregoing requirement of an annual report shall be waived so long as the shares of the corporation are held by fewer than one hundred (100) holders of record.

7.6 *Financial Statements*

If no annual report for the fiscal year has been sent to shareholders, then the corporation shall, upon the written request of any shareholder made more than one hundred twenty (120) days after the close of such fiscal year, deliver or mail to the person making the request, within thirty (30) days thereafter, a copy of a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year.

If a shareholder or shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the corporation makes a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the then current fiscal year ended more than thirty (30) days before the date of the request, and for a balance sheet of the corporation as of the end of that period, then the chief financial officer shall cause that statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request within thirty (30) days after the receipt of the request. If the corporation has not sent to the shareholders its annual report for the last fiscal year, the statements referred to in the first paragraph of this Section 7.6 shall likewise be delivered or mailed to the shareholder or shareholders within thirty (30) days after the request.

The quarterly income statements and balance sheets referred to in this Sections hall be accompanied by the report, if any, of any independent accountants engaged by the corporation or by the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

7.7 *Representation Of Shares Of Other Corporations*

The chairman of the board, the president, any vice president, the chief financial officer, the secretary or assistant secretary of this corporation, or any other person authorized by the board of directors or the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority herein granted may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

ARTICLE VIII

General Matters

8.1 *Record Date For Purposes Other Than Notice And Voting*

For purposes of determining the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the shareholders entitled to exercise any rights in respect of any other lawful action (other than action by shareholders by written consent without a meeting), the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action. In that case, only shareholders of record at the close of business on the date so fixed are entitled to receive the dividend, distribution or allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided in the Code.

If the board of directors does not so fix a record date, then the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

8.2 *Checks; Drafts; Evidences Of Indebtedness*

From time to time, the board of directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

8.3 *Corporate Contracts And Instruments: How Executed*

The board of directors, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.4 *Certificates For Shares*

A certificate or certificates for shares of the corporation shall be issued to each shareholder when any of such shares are fully paid. The board of directors may authorize the issuance of certificates for shares partly paid provided that these certificates shall state the total amount of the consideration to be paid for them and the amount actually paid. All certificates shall be signed in the name of the corporation by the chairman of the board or the vice chairman of the board or the president or a vice president and by the chief financial officer or an assistant treasurer or the secretary or an assistant secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate ceases to be that officer, transfer agent or registrar before that certificate is issued, it may be issued by the corporation with the same effect as if that person were an officer, transfer agent or registrar at the date of issue.

8.5 *Lost Certificates*

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and canceled at the same time. The board of directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed, authorize the issuance of replacement certificates on such terms and conditions as the board may require; the board may require indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate.

8.6 *Construction; Definitions*

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Code shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

ARTICLE IX

Amendments

9.1 *Amendment By Shareholders*

New bylaws may be adopted or these bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of incorporation of the corporation set forth the number of authorized directors of the corporation, then the authorized number of directors may be changed only by an amendment of the Articles of incorporation.

9.2 *Amendment By Directors*

Subject to the rights of the shareholders as provided in Section 9.1 of these bylaws, bylaws, other than a bylaw or an amendment of a bylaw changing the authorized number of directors (except to fix the authorized number of directors pursuant to a bylaw providing for a variable number of directors), may be adopted, amended or repealed by the hoard of directors.

Exhibit 3.12

[TRANSLATION – FOR REFERENCE PURPOSES ONLY]

ARTICLES OF INCORPORATION

OF

MagnaChip Semiconductor Inc.
(Formerly Known as ISRON CORPORATION)

Original: June 28, 2000
Amended: February 28, 2002
Amended: February 28, 2003
Amended: August 31, 2004
Amended: June 15, 2005
Amended: February 27, 2006

[Translation]

ARTICLES OF INCORPORATION

OF

MagnaChip Semiconductor Inc.

(Formerly known as ISRON CORPORATION)

CHAPTER I. GENERAL PROVISIONS

Article 1. Corporate Name

The name of the Company shall be MagnaChip Semiconductor *Kabushiki Kaisha*. In the English language it shall be known as MagnaChip Semiconductor Inc.

Article 2. Location of Head Office

The Company shall have its head office in Osaka-city.

Article 3. Purposes

The purposes of the Company shall be as follows:

1. Development, design, sales, marketing, import and export of semiconductors, integrated circuits and related manufactured goods;
2. Contractor business and technical assistance of development and design of Semiconductors, integrated circuits and related manufactured goods;
3. Development, design and sales of electronic circuits;
4. Development, design and sales of software and
5. All business incidental to and necessary to perform any of the foregoing items

Article 4. Method of Public Notice

Public Notices of the Company shall be published in the Official Gazette.

CHAPTER II. SHARES

Article 5. Numbers of Shares to be Issued

The Total number of shares authorized to be issued by the Company shall be ninety four thousand (94,000) shares.

Article 6. Fraction Less Than One Share

Any fraction less than one share of the Company shall not be registered in the fractional share register as a fraction share.

Article 7. Types of Share Certificates

Share certificates issued by the Company shall be in one of the following eight denominations: one (1) share, ten (10) shares, one hundred (100) shares, one thousand (1,000) shares, ten thousand (10,000) shares, one hundred thousand (100,000) shares, one million (1,000,000) shares or ten million (10,000,000) shares. However, if necessary, certificates may be issued in other denominations as approved by a resolution of the Board of Directors.

Article 8. Record Date

1. The shareholders of the Company who are permitted to exercise their rights at an ordinary general meeting of shareholders concerning each fiscal year shall be those shareholders registered on the Register of Shareholders as of the end of the same fiscal year.
2. In addition to the preceding paragraph, whenever necessary, the Company may, by giving prior public notice, temporarily fix a record date, by the resolution of the Board of Directors.

Article 9. Share Handling Regulations

The procedures for registration of transfer of shares and any other proceedings concerning share handling and related fees shall be governed by Share Handling Regulations adopted by resolution of the Board of Directors.

CHAPTER III. GENERAL MEETING OF SHAREHOLDERS

Article 10. Holding of General Meeting of Shareholders

1. An ordinary general meeting of Shareholders shall be held in February of each year.
2. In addition to the preceding paragraph, an extraordinary general meeting of Shareholders shall be held whenever necessary.

Article 11. Chairman of General Meetings

The President shall act as a chairman at a general meeting of shareholders. When the President is unable to act as a chairman, one of the other directors, in accordance with the order previously determined by a resolution of the Board of Directors, shall act as the chairman.

Article 12. Requirements for Ordinary Resolution

Except as otherwise provided for by applicable laws or ordinances or this Articles, resolutions of the general meeting of shareholders shall be adopted by a majority of votes of shareholders present at the meeting.

Article 13. Exercise of Voting Rights by a Proxy

1. A shareholder may exercise his vote by proxy given to another shareholder, who has the right to vote.
2. The proxy of the preceding paragraph shall submit to the Company a document evidencing power of representation at each general meeting of shareholders.

CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS

Article 14. Number of Directors

There shall be no less than three (3) directors of the Company.

Article 15. Election of Directors

1. In case of the election of directors, shareholders representing not less than one third (1/3) of the number of voting rights of all shareholders shall attend the meeting, and the resolutions of the general meeting of shareholders shall be adopted by a majority of votes of shareholders present at the meeting.
2. The election of directors shall not be based on cumulative voting.

Article 16. Term of Office of Directors

1. The terms of office of directors shall expire upon the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within two (2) years after their assumption of office.
2. The term of office of a director elected as a replacement director or due to increase of directors shall expire when the terms of office of the other directors expire.

Article 17. Notice of the Meeting of the Board of Directors

A notice of a meeting of the Board of Directors shall be dispatched to each director at least one (1) week prior to the date of such meeting, provided, however, that the period of notice may he shortened in the case of an emergency.

Article 18. Directors with Managing Position and Representative Directors

1. The Board of Directors may, pursuant to a resolution, elect one Chairman and one President, one or more Vice Presidents, senior managing directors and managing directors, among the directors.

2. The Board of Directors shall, pursuant to a resolution, elect one or more directors to represent the Company.

Article 19. Remuneration for Directors

Remuneration for directors shall be determined by the resolution of a general meeting of shareholders.

CHAPTER V. AUDITORS

Article 20. Number of Auditors

The Company shall have one (1) or more auditors.

Article 21. Election of Auditor

In case of the election of auditor, shareholders representing not less than one third (1/3) of the number of voting rights of all shareholders shall attend the meeting, and the resolutions of the general meeting of shareholders shall be adopted by a majority of votes of shareholders present at the meeting.

Article 22. Term of Office of Auditor

1. The term of office of an auditor shall expire upon the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within four (4) years after his assumption of office.
2. The term of office of an auditor elected as a replacement auditor shall expire when the terms of office of the auditor he is replacing would have expired.

Article 23. Remuneration for Auditor

Remuneration for auditor shall be determined by the resolution of a general meeting of shareholders.

CHAPTER VI. ACCOUNTS

Article 24. Fiscal Year Period

The fiscal year period of the Company shall commence on January 1 of each year and end on December 31.

Article 25. Distribution of Dividends

Dividends on shares shall be paid to shareholders or registered pledgees appearing on the Register of Shareholders as of the end of each fiscal year.

Article 26. Forfeiture of Dividends

In case the dividends have not been received within three (3) years from the day of commencement of payments, the Company shall be released from obligation of the payment.

THE COMPANIES ORDINANCE (Cap. 32)

Company Limited by Shares

MEMORANDUM OF ASSOCIATION

OF

MagnaChip Semiconductor Limited

1. The name of the Company is MagnaChip Semiconductor Limited,
2. The Registered Office of the Company will be situated in Hong Kong.
3. The liability of the members is limited.
4. The Capital of the Company is HK$10,000.00 divided into 10,000 shares of HK$1.00 each and the Company shall have power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified, or other special rights, privileges, restrictions or conditions.

We, whose name, address and description are hereto subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we agree to take the number of shares in the capital of the Company set opposite to our name; -

Name, Address and Description of Subscriber	Number of Shares Taken by Subscriber
For and on behalf of System Semiconductor Luxembourg S.àr.1 /s/ Roy Kuan 10, rue de Vianden, L-2680 Luxembourg, Grand Duchy of Luxembourg Corporation	ONE
Total Number of Shares Taken	ONE

DATED July 27, 2004

WITNESS to the above signature:

/s/ Kei Mizukami

Name of Witness: Kei Mizukami
Address: 2-6-15-203 Himonya
Meguro, Tokyo Japan

Occupation: Banker

THE COMPANIES ORDINANCE (Cap. 32)

Company Limited by Shares

ARTICLES OF ASSOCIATION

OF

MagnaChip Semiconductor Limited

PRELIMINARY

1. The regulations in Table A in the First Schedule to the Ordinance shall not apply to the Company.

INTERPRETATION

2. (a) In these Articles, save where the context otherwise requires:

"the Company"	means the above named Company;
"the Ordinance"	means the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), and includes every other Ordinance incorporated therewith or substituted therefor; and in the case of any such substitution the references in these Articles to the provisions of the Ordinance shall be read as references to the provisions substituted therefor in the new Ordinance;
"the Board" and "the Directors"	means the Directors for the time being of the Company or the Director present at a duly convened meeting of Directors at which a quorum is present;
"Dividend"	includes bonuses, distributions in specie and in kind, capital distributions and capitalisation issues;
"month"	means calendar month;
"the Office"	means the registered office of the Company for the time being;
"paid up"	includes credited as paid up;
"the Register"	means the register of members of the Company kept pursuant to the Ordinance and includes any branch register kept pursuant to the Ordinance;
"the Secretary"	means the secretary for the time being of the Company;

"the Seal"	means the common seal of the Company or any official seal that the Company may have as permitted by the Ordinance;
"these Articles"	means the Articles of Association in their present form or as altered from time to time;
"in writing" and "written"	includes cable, telex, facsimile messages, electronic messages and any mode of reproducing words in a legible and non-transitory form.

(b) In these Articles, if not inconsistent with the subject or context, words importing the singular number only shall include the plural number and vice versa, and words importing any gender shall include all genders and vice versa.

(c) Subject as aforesaid, any words defined in the Ordinance or any statutory modification thereof in force at the date at which these Articles become binding on the Company shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

(d) The headings are inserted for convenience only and shall not affect the construction of these Articles.

PRIVATE COMPANY

3. The Company is a private company, and accordingly:-

(a) any invitation to the public to subscribe for any shares or debentures of the Company is prohibited;

(b) the number of the members of the Company (not including persons who are in the employment of the Company, and persons who, having been formerly in the employment of the Company, were, while in such employment, and have continued after the determination of such employment to be, members of the Company) shall be limited to 50 PROVIDED that where two or more persons hold one or more shares in the Company jointly they shall, for the purposes of this Article, be treated as a single member;

(c) the right to transfer the shares of the Company shall be restricted in manner hereinafter prescribed; and

(d) the Company shall not have power to issue share warrants to bearer.

THE OFFICE

4. The Office shall be at such place in Hong Kong as the Directors or Secretary shall from time to time appoint.

SHARES

5. (a) Subject to the provisions of Section 57B of the Ordinance, and save as provided by contract or these Articles to the contrary, all unissued shares shall be at the disposal of the Directors who may allot, grant options over, or otherwise deal with or dispose of the same to such persons, at such times, for such consideration and generally upon such terms and conditions as they think proper, but so that no shares of any class shall be issued at a discount except in accordance with Section 50 of the Ordinance.

   (b) The Company may give such financial assistance for purposes of acquiring shares in the Company as is not prohibited by the Ordinance.

   (c) The Directors are authorised to make statements or take such other steps as may be required by the Ordinance in relation to the giving of financial assistance to acquire shares in the Company.

6. The Company may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment of such calls.

7. If by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being is the registered holder of the shares, or his legal personal representative.

8. (a) Subject to sections 49 to 49S of the Ordinance, the Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder. The redemption of shares may be effected upon such terms and in such manner as the Company before or upon issue of the shares shall by ordinary resolution determine.

   (b) Subject to sections 49 to 49S of the Ordinance, the Company may purchase its own shares (including redeemable shares) and without prejudice to the generality of the foregoing the Company may purchase its own shares (including any redeemable shares) in order to:

   (i) settle or compromise a debt or claim;

   (ii) eliminate a fractional share or fractional entitlement;

   (iii) fulfil an agreement in which the Company has an option or is obliged to purchase shares under an employee share scheme which had previously been approved by the Company in general meeting;

   (iv) comply with an order of court under section 8(4), 47G(6), or 168A(2) of the Ordinance.

(c) Subject to sections 49I to 49O of the Ordinance, the Company may make a payment in respect of the redemption or purchase under section 49A or (as the case may be) section 49B of its own shares otherwise than out of its distributable profits or the proceeds of a fresh issue of shares.

(d) For purposes of Article 8(c), the Directors are authorised to make statements or take such other steps as may be required by the Ordinance in relation to the redemption or purchase by the Company of its own shares out of capital.

9. Subject to the provisions of these Articles, the Company shall not, except as required by law, be bound by or required in any way to recognise any contingent, future, partial or equitable interest in any share or in any fractional part of a share, or any other right in respect of any share, or any other claim to or in respect of any such share on the part of any person (even when having notice thereof) except an absolute right to the entirety thereof in the registered holder.

10. The Company may in connection with the issue of any shares exercise all powers of paying interest out of capital and of paying commission and brokerage conferred or permitted by the Ordinance.

11. No person shall become a member until his name shall have been entered into the Register.

JOINT HOLDERS OF SHARES

12. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship, subject to the following provisions:-

(a) the Company shall not be bound to register more than three persons as the holders of any shares except in the case of the legal personal representative of a deceased member;

(b) the joint holders of any shares shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares;

(c) on the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such shares, but the Directors may require such evidence of death as they may deem fit;

(d) any one of such joint holders may give effectual receipts for any dividend, return of capital or other payment in the share; and

(e) the Company shall be at liberty to treat the person whose name stands first in the Register as one of the joint holders of any shares as solely entitled to delivery of the certificate relating to such shares, or to receive notices from the Company, and to attend and vote at general meetings of the Company, and any notice given to such person shall be deemed notice to all the joint holders; but any one of such joint holders may be appointed the proxy of the persons entitled to vote on behalf of such joint holders, and as such proxy to attend and vote at general meetings of the Company, and if more than one of such joint holders be present at any meeting personally or by proxy that one so present whose name stands first in the Register in respect of such shares shall alone be entitled to vote in respect thereof.

SHARE CERTIFICATES

13. Every member shall, without payment, be entitled to receive within two months after allotment or lodgment of an instrument of transfer duly stamped, or within such other period as the conditions of issue may provide, a certificate for all his shares of any particular class, or several certificates, each for one or more of his shares, upon payment of such fee, not exceeding two dollars for every certificate after the first, as the Directors shall from time to time determine, provided that in the event of a member transferring part of the shares represented by a certificate in his name a new certificate in respect of the balance thereof shall be issued in his name without payment and, in the case of joint holders, the Company shall not be bound to issue more than one certificate for all the shares of any particular class registered in their joint names.

14. Every share certificate shall be issued under the Seal and shall specify the number and class of shares, and, if required, the distinctive numbers thereof comprised therein, the amount paid up thereon and, if appropriate, whether such shares carry no voting rights. No certificate shall be issued in respect of more than one class of shares. If there shall be more than one class of shares then each certificate of every class shall state thereon that the share capital is divided into different classes and the nominal value of the voting rights attaching to each class.

15. If any share certificate shall be worn out, defaced, destroyed or lost, it may be renewed on such evidence being produced as the Directors shall require, and in case of wearing out or defacement, on delivery up of the old certificate, and in case of destruction or loss, on the execution of such indemnity (if any), as the Directors may from time to time require. In case of destruction or loss, the person to whom such renewed certificate is given shall also bear and pay to the Company all expenses incidental to the investigation by the Company of the evidence of such destruction or loss and of such indemnity.

CALLS ON SHARES

16. (a) The Directors may from time to time make calls upon the members in respect of ail monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) but subject always to the terms of issue of such shares, and any such call may be made payable by installments.

(b) Each member shall, subject to receiving at least fourteen days notice specifying the time or times and place for payment, pay to the Company the amount called on his shares and at the time or times and place so specified. The non-receipt of a notice of any call by, or the accidental omission to give notice of a call to, any of the members shall not invalidate the call.

17. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. A call may be revoked, varied or postponed as the Directors may determine.

18. If any part of a sum called in respect of any shares or any instalment of a call be not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall be liable to pay interest on the outstanding part thereof at such rate as the Directors shall determine from the day appointed for the payment of such call or instalment to the time of discharge thereof in full; but the Directors may, if they shall think fit, waive the payment of such interest or any part thereof.

19. If, by the terms of the issue of any shares or otherwise, any amount is made payable upon allotment or at any fixed time, whether on account of the nominal amount of the shares or by way of premium, every such amount shall be payable as if it were a call duly made and payable on the date on which by the terms of the issue the same becomes payable; and all the provisions thereof with respect to the payment of calls and interest thereon, or to the forfeiture of shares for non-payment of calls, shall apply to every such amount and the shares in respect of which it is payable in the case of non-payment thereof.

20. The Directors may, if they shall think fit, receive from any member willing to advance the same all or any part of the monies uncalled and unpaid upon any shares held by him; and upon all or any of the monies so paid in advance the Directors may (until the same would, but for such payment in advance, become presently payable) pay interest at such rate as may be agreed upon between the member paying the monies in advance and the Directors. The Directors may also at any time repay the amount so advanced upon giving to such member one month's notice in writing.

21. On the trial or hearing of any action for the recovery of any money due to any call, it shall be sufficient to prove that the name of the member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the member sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

22. No member shall, unless the Directors otherwise determine, be entitled to receive any dividend, or, subject to the Ordinance, to receive notice of or to be present or vote at any general meeting, either personally or (save as proxy for another member) by proxy, or to exercise any privileges as a member, or be reckoned in a quorum, until he shall have paid all calls or other sums for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

FORFEITURE

23. if any member fails to pay in full any call or instalment of a call on the day appointed for payment thereof, the Directors may at any time thereafter, during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring him to pay so much of the call or instalment as is unpaid together with interest accrued and any expenses incurred by reason of such non-payment,

24. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which such call or instalment or part thereof and all interest accrued and expenses incurred by reason of such non-payment are to be paid, and it shall also name the place where payment is to be made, such place being either the Office, or some other place at which calls of the Company are usually made payable. The notice shall also state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call or instalment is payable will be liable to be forfeited.

25. If the requirements of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before the payment required by the notice had been made, be forfeited by a resolution of the Directors to that effect, and any such forfeiture shall extend to all dividends declared in respect of the shares so forfeited but not actually paid before such forfeiture. The Directors may accept the surrender of any shares liable to be forfeited hereunder and in such case references in these Articles to forfeiture shall include surrender.

26. Any shares so forfeited shall be deemed for the purposes of this Article to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either subject to or discharged from all calls made or instalments due prior to the forfeiture, to any person, upon such terms and in such manner and at such time or times as the Directors think fit. For the purpose of giving effect to any such sale or other disposition the Directors may authorise some person to transfer the shares so sold or otherwise disposed of to the purchaser thereof or any other person becoming entitled thereto.

27. The Directors may, at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of; annul the forfeiture thereof upon such conditions as they think fit.

28. Any person whose shares have been forfeited shall thereupon cease to be the holder of any such shares but shall notwithstanding be and remain liable to pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate as the Directors shall think fit and without any deduction or allowance for the value of the shares at the time of forfeiture, and the Directors may enforce the payment of such monies or any part thereof and may waive payment of such interest wholly or in part.

29. When any shares have been forfeited an entry shall be made in the Register recording the forfeiture and the date thereof, and so soon as the shares so forfeited have been sold or otherwise disposed of an entry shall also be made of the manner and date of the sale or disposal thereof.

LIEN

30. The Company shall have a first and paramount lien on every share for all monies outstanding in respect of such share, whether presently payable or not and the Company shall also have a first and paramount lien on every share standing registered in the name of a member, whether singly or jointly with any other person or persons, for all the debts and liabilities of such member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such member, and whether the same shall have fallen due for payment or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member or not. The Directors may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be wholly or in part exempt from the provisions of this Article.

31. The Company may sell in such manner as the Directors think lit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death, bankruptcy or winding up or otherwise by operation of taw or court order.

32. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien existed so far as the same are presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For giving effect to any such sale the Directors may authorise some person to transfer the shares so sold to the purchaser thereof.

33. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the shares certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, surrender, sale, reallotment or disposal of the share.

TRANSFER OF SHARES

34. The instrument of transfer of any shares in the Company shall be in writing and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof.

35. Every instrument of transfer shall be lodged at the Office for registration accompanied by the certificate relating to the shares to be transferred and such other evidence as the Directors may require in relation thereto. all instruments of transfer which shall be registered shall be retained by the Company but, save where fraud is suspected, any instrument of transfer which the Directors may decline to register shall, on demand, be returned to the person depositing the same.

36. There shall be paid to the Company in respect of the registration of a transfer and of any Grant of Probate or Letters of Administration, Certificate of Marriage or Death, Power of Attorney or other document relating to or affecting the title to any share or the making of any entry in the Register affecting the title to any share such fee (if any) as the Directors may from rime to time require or prescribe.

37. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares provided always that such registration shall not be suspended for more than 30 days in any year.

38. (a) The Directors may at any time in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share whether or not it is a fully paid share.

    (b) The Directors may also decline to register any transfer unless:-

    (i) The instrument of transfer is in respect of only one class of shares;

    (ii) in the case of a transfer to joint holders, the number of joint holders to whom the shares are to be transferred does not exceed three; and

    (iii) the shares concerned are free of any lien in favour of the Company.

    (c) If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

TRANSMISSION OF SHARES

39. In case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased

joint holder from any liability in respect of any share which had been jointly held by him with other persons.

40. (a) Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and, subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy, as the case may be.

(b) If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall execute a transfer of the share in favour of that person. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by the member.

41. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

PROVIDED always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days the Directors may thereafter withhold payment of all dividends or other monies payable in respect of the share until the requirements of the notice have been complied with.

42. Any person to whom the right to any shares in the Company has been transmitted by operation of law shall, if the Directors refuse to register the transfer, be entitled to call on the Directors to furnish within 28 days a statement of the reasons for the refusal.

STOCK

43. The Company may from time to time by ordinary resolution convert any fully paid up shares into stock and may reconvert any stock into fully paid up shares of any denomination. After the passing of any resolution converting all the fully paid up shares of any class in the capital of the Company into stock, any shares of that class which subsequently become fully paid up and rank pari passu in all other respects with such shares shall, by virtue of this Article and such resolution, be converted into stock transferable in the same units as the shares already converted.

44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit. The Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of such minimum, but the minimum shall not, without the sanction of an ordinary resolution of the Company, exceed the nominal amount of each of the shares from which the stock arose.

45. The holders of stock shall, according to the amount of the stock held by them, have the same rights as regards dividends, voting at general meetings of the Company and other matters as if they held the shares from which the stock arose, but no such right (except as to participation in dividends and profits of the Company and in assets on a reduction of capital or a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such right.

46. Such of these Articles as are applicable to fully paid up shares shall apply mutatis mutandis to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

INCREASE OF CAPITAL

47. The Company may, from time to time, by ordinary resolution increase its authorised capital by such sum divided into shares of such amounts as the resolution shall prescribe.

48. Without prejudice to any special rights, privileges or restrictions for the time being attaching to any class of shares then existing in the capital of the Company, any new shares created pursuant to Article 47 may be issued upon such terms and conditions, and with such rights, privileges and restrictions attached thereto as the general meeting resolving upon the creation thereof shall direct or, if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with a preferential, qualified or deferred right to dividends and in the distribution of assets of the Company, and with a special, or without any, right of voting.

49. The general meeting resolving upon the creation of any new shares may direct that the same or any of them shall be offered in the first instance, and either at par or at a premium or (subject to the provisions of the Ordinance) at a discount, to all the holders for the time being of any class of shares in the capital of the Company in proportion to the number of shares of such class held by them respectively, or make any other provisions as to the issue and allotment of the new shares.

50. Subject to any direction or determination that may be given or made in accordance with the powers contained in these Articles all new shares created pursuant to Article 47 shall be subject to the same provisions herein contained with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as the shares in the capital of the Company existing at the date of creation of such new shares.

ALTERATIONS OF SHARE CAPITAL

51. The Company may by ordinary resolution:-

    (a) subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, provided that in the subdivision of an existing share the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such subdivision one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares;

    (b) consolidate and divide its capital or any part thereof into shares of larger amount than its existing shares; or

    (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised capital by the amount of the shares so cancelled.

52. The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner allowed by law.

53. Where any difficulty arises in regard to any consolidation and division under paragraph (b) of Article 51, the Directors may settle the same as they think expedient and in particular may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the members who would have been entitled to the fractions, and for this purpose the Directors may authorise some person to transfer the shares representing tractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

MODIFICATION OF RIGHTS

54. (a) All or any of the rights attached to any class of shares in the Capital of the Company for the time being may, at any time, as well before as during liquidation, be altered or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class, and all the provisions contained in these Articles relating to general meetings shall mutatis mutandis apply to every such meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third in nominal value of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll, and that each holder of shares of the class present in

person or by proxy shall on a poll be entitled to one vote for each share of the class held by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present in person or by proxy shall be a quorum. If the Company has only one member, one member present in person or by proxy shall be a quorum for all purposes.

(b) The foregoing provisions of this Article shall apply to the variation or abrogation of the rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class, the rights whereof are to be varied.

55. The special rights conferred upon the holders of any shares or such class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

GENERAL MEETINGS

56. (a) The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next, PROVIDED that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint.

(b) All other general meetings shall be called extraordinary general meetings.

57. The Directors may, whenever they think fit, and shall, on requisition by Members in accordance with the Ordinance, proceed to convene an extraordinary general meeting. The provisions of the Ordinance shall apply to any requisition and to any failure by the Directors to convene an extraordinary general meeting when so requisitioned.

NOTICE OF GENERAL MEETINGS

58. An annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days notice in writing at the least. The notice shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the Articles of the Company, entitled to receive such notices from the Company:

PROVIDED that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed:-

(a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

59. The accidental omission to give notice of a meeting or (in cases where an instrument of proxy is sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

60. All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of: -

(a) the declaration and sanction of dividends;

(b) the consideration of the accounts and balance sheets and the reports of the Directors and other documents required to be annexed to the accounts;

(c) the election of Directors in place of those retiring (if any);

(d) the appointment of the Auditors of the Company and the fixing of, or the determination of the method of fixing, the remuneration of the Auditors.

61. (a) No business, save the election of a Chairman of the meeting, shall be transacted at any general meeting, unless a quorum is present when the meeting proceeds to business. Two members present in person or by proxy and holding between them at least 51 per centum in nominal value of the issued shares of the Company for the time being shall be a quorum for all purposes. If the Company has only one member, one member present in person or by proxy shall be a quorum for all purposes.

(b) A meeting of the members or any class thereof may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or video conferencing) which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

62. The Chairman (if any) of the Board or, in his absence, a Deputy Chairman (if any) shall preside as Chairman at every general meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither the Chairman nor a Deputy Chairman is present within fifteen minutes after the time appointed for holding the meeting, or if neither of them is willing to act as Chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as Chairman if willing to act. If no Director is present, or if each of the Directors present declines to act as Chairman, the persons present and entitled to vote shall elect one of their number to be Chairman of the meeting.

63. If within fifteen minutes from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition as specified in Article 57, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman of the meeting may determine. If at such adjourned meeting a quorum be not present within fifteen minutes from the time appointed for the meeting, the members present in person or by proxy shall be a quorum.

64. The Chairman of any general meeting at which a quorum is present may, with the consent of the meeting, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place or *sine die*; but no business shall be transacted at any adjourned meeting other than business which might have been transacted at the meeting from which the adjournment took place, unless due notice thereof is given or such notice is waived in the manner prescribed by these Articles. When a meeting is adjourned for 30 days or more, or *sine die*, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjourned meeting or the business to be transacted thereat. Where a meeting is adjourned *sine die* the time and place for the adjourned meeting shall be fixed by the Directors.

65. (a) Subject to the provisions of the Ordinance, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. A written notice of confirmation of such resolution in writing sent by or on behalf of a member shall be deemed to be his signature to such resolution in writing for the purposes of this Article. Such resolution in writing may consist of several documents, and each such document shall be certified by the Secretary to contain the correct version of the proposed resolution.

(b) Where the Company has only one member and that member takes any decision that may be taken by the Company in general meeting and that has effect as if agreed by the Company in general meeting, unless that decision is taken by way of a written resolution agreed in accordance with section 116(B) of the Ordinance, a written record of that decision shall be sufficient evidence of the decision having been taken by the member. The member shall provide the Company with such written record of the decision within 7 days after the decision is made provided that failure by the member to provide the written record within such time limit shall not affect the validity of any decision concerned.

VOTING

66. (a) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll, a poll is demanded by:-

(i) the Chairman of the meeting; or

(ii) at least two members present in person or by proxy and entitled to vote; or

(iii) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or

(iv) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

(b) Unless a poll is so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive evidence of the fact without proof of the number of the votes recorded for or against such resolution.

67. A demand for a poll may be withdrawn only with the approval of the meeting. If a poll be directed or demanded in the manner above mentioned it shall (subject to the provisions of Article 69 hereof be taken at such time (being not later than seven days after the date of the demand) and in such manner as the Chairman of the meeting may appoint. No notice need be given of a poll not taken immediately. The result of such poll shall be deemed for all purposes to be the resolution of the meeting at which the poll was so directed or demanded.

68. In the case of an equality of votes at any general meeting, whether upon a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote.

69. A poll demanded upon the election of a Chairman or upon a question of adjournment shall be taken forthwith. Any business, other than that upon which a poll has been demanded, may be proceeded with pending the taking of the poll.

70. (a) No objection shall be made to the validity of any vote except at a meeting or poll at which such vote shall be tendered and every vote whether given personally or

by proxy not disallowed at such meeting or poll shall be deemed valid for all purposes whatsoever of such meeting or poll.

(b) In case of any dispute as to voting the Chairman shall determine the same, and such determination shall be final and conclusive.

71. Subject to any special rights or restrictions for the time being attaching to any special class of shares in the capital of the Company, on a show of hands every member who is present in person or by proxy or by attorney shall be entitled to one vote only, and, in the case of a poll, every member present in person or by proxy or by attorney shall be entitled to one vote for each share held by him.

72. On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

73. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, curator bonis or other person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis or other person may, on a poll, vote by proxy. If any member be a minor, he may vote by his guardian or one of his guardians who may give their votes personally or by proxy.

PROXIES

74. (a) A proxy need not be a member of the Company.

(b) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may accept, and shall be deemed, save where the contrary appears on the face of the instrument of proxy, to confer authority to demand or concur in demanding a poll and to include power to act generally at the meeting for the person giving the proxy and any adjournment thereof, and either to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. No instrument appointing a proxy shall be valid except for the meeting mentioned therein and any adjournment thereof.

75. The instrument appointing a proxy shall be signed by the appointor, or his duly authorised attorney in writing or, if such appointor be a corporation, under its common seal or signed by such officer, attorney or other person duly authorised in that behalf.

76. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Office at least 48 hours before the time fixed for holding the meeting at which the person named in such instrument proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for taking the poll; otherwise the person so named shall not be entitled to vote in respect thereof except with the approval of the Chairman of the meeting.

77. Any member may by power of attorney appoint any person to be his attorney for the purpose of voting at any meeting, and such power may be a special power limited to any particular meeting or a general power extending to all meetings at which such member is entitled to vote. Every such power shall be deposited at the Office at least 48 hours before being acted upon.

78. (a) An instrument of proxy may be revoked by forwarding to the Office written notification of such revocation signed by or on behalf of the person who issued or authorised the issue of the instrument of proxy.

(b) A vote given in accordance with the terms of an instrument of proxy or power of attorney shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or power of attorney, or transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received at the Office 24 hours at least before the time fixed for holding the meeting, or adjourned meeting, or the taking of the poll, at which the instrument of proxy is to be used.

CORPORATIONS ACTING BY REPRESENTATIVES

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

DIRECTORS

80. The first Directors shall be appointed in writing by the subscribers to the Memorandum of Association of the Company or by the Company in general meeting.

81. (a) Unless and until otherwise determined by an ordinary resolution of the Company, the Directors shall not be less than one in number and there shall be no maximum number of Directors.

(b) Where the Company has only one member and that member is the sole Director of the Company, the Company may in general meeting, notwithstanding anything in these Articles, nominate a person (other than a body corporate) who has attained the age of 18 years as a reserve director of the Company to act in the place of the sole Director in the event of his death.

(c) The nomination of a person as a reserve director of the Company ceases to be valid if before the death of the Director in respect of whom he was nominated he resigns as reserve director in accordance with section 157D of the Ordinance or the Company in general meeting revokes the nomination or the Director in respect of whom he was nominated ceases to be the sole member and sole Director of the Company for any reason other than the death of that Director.

82. A Director need not hold any shares in the Company. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

DIRECTORS' REMUNERATION

83. The remuneration of the Directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

POWERS OF DIRECTORS

84. Subject to the provisions of the Ordinance, the memorandum and articles and to any directions given by special resolution, the business and affairs of the Company shall be managed by the directors, who may exercise all the powers of the Company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the articles, and a meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

85. The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in Hong Kong or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents for the Company, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment and delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

86. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

87. Subject to and to the extent permitted by the Ordinance, the Company, or the Directors on behalf of the Company, may cause to be kept in any territory a Branch Register of members resident in such territory, and the Directors may make and vary such regulations as they may think fit respecting the keeping of any such Branch Register.

88. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

89. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures including, subject to Section 57B of the Ordinance, convertible debentures and convertible debenture stock, and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

APPOINTMENT AND REMOVAL OF DIRECTORS

90. The Company may by ordinary resolution remove any Director notwithstanding anything in these Articles or in any agreement between him and the Company (but without prejudice to any right to damages for termination of such agreement not in accordance with the terms thereof), and may, if thought fit, by ordinary resolution, appoint another person in his stead.

91. The Company may, without prejudice to the powers of the Directors under Article 92, from time to time, by ordinary resolution appoint new Directors either to fill a casual vacancy or as an addition to the existing Directors, and change any minimum or maximum number of Directors specified in Article 81, or prescribe such minimum or maximum if there be none so specified.

92. The Directors shall have power, exercisable at any time and from time to time, to appoint any other person as a Director, either to fill a casual vacancy or as an addition to the Board.

93. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number of Directors is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose. If there shall be no Directors able or willing to act, then any member may summon a general meeting for the purpose of appointing Directors.

ALTERNATE DIRECTORS

94. Each Director may by written notification to the Company nominate any other person to act as alternate Director in his place and, at his discretion, in similar manner remove such alternate Director. A Director may appoint two or more persons in the alternative to act

as Alternate Director and in the event of any dispute as to who is to represent the Director as his Alternate the first named of such alternative persons shall be the only person recognised as the Alternate Director and shall in any case, if in Hong Kong, be the only person entitled to receive notice of Directors' meetings in the absence from Hong Kong of his appointor. The alternate Director shall (except as regards the power to appoint an alternate) be subject in all respects to the terms and conditions existing with reference to the other Directors of the Company; and each alternate Director, whilst acting as such, shall exercise and discharge all the functions, powers and duties of the Director he represents, but shall look to such Director solely for his remuneration as alternate Director. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor. Any person appointed as an alternate Director shall vacate his office as such alternate Director as and when the Director by whom he has been appointed removes him or vacates office as Director. A Director shall not be liable for the acts or defaults of any alternate Director appointed by him.

DISQUALIFICATION OF DIRECTORS

95. The office of a Director shall *ipso facto* be vacated:-

(a) if he becomes prohibited by law or court order from being a Director;

(b) if a receiving order or, in the case of a company, a winding up order is made against him or he makes any arrangement or composition with his creditors;

(c) if he becomes of unsound mind;

(d) if he gives the Company notice in writing that he resigns his office;

(e) if he is removed by an ordinary resolution of the Company in accordance with the provisions of these Articles;

(f) if he is convicted of an arrestable offence.

DIRECTORS' INTERESTS

96. A Director may hold any other office or place of profit under the Company (other than the office of Auditor), and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director, for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director or intending Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit, remuneration or other

benefits of such Director holding that office, or of any fiduciary relationship thereby established.

97. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract (being a contract of significance in relation to the Company's business) with the Company shall declare the nature of his interest in accordance with the provisions of the Ordinance. A general notice given to the Directors by a Director to the effect that he is a member of a specified company or firm, and is to be regarded as interested in any contract, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall, for the purposes of this Article, be deemed to be a sufficient disclosure of interest in relation to any contract, arrangement or dealing so entered into or made.

98. A Director may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted and he shall be taken into account in determining a quorum when any such contract or arrangement is under consideration.

99. A Director may hold office as a Director in or as manager of any other company in which the Company is a shareholder or is otherwise interested, and (subject to any agreement with the Company to the contrary) shall not be liable to account to the Company for any remuneration or other benefits receivable by him from such other company. The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Board thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of the Directors of such company or voting or providing for the payment of remuneration to the Directors of such company) and any Director of the Company may vote in favour of the exercise of such voting rights other than his own appointment or the arrangement of the terms thereof, in manner aforesaid.

MANAGING DIRECTORS AND OTHER APPOINTMENTS

100. The Directors may, from time to time, appoint one or more of their number to be Managing Director or Joint Managing Director of the Company, or to hold such office in the management, administration or conduct of the business of the Company as they may decide, and for such period and upon such terms and for such remuneration as the Directors shall think fit, and the Directors may also, from time to time (subject to the provisions of any agreement between him or them and the Company) remove him or them from office, and appoint another or others in his or their place or places.

101. A Managing Director or a Joint Managing Director (subject to the provisions of any agreement between him as Managing Director or a Joint Managing Director and the Company) shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and shall *ipso facto* and immediately cease to be Managing Director or Joint Managing Director if he shall cease to hold the office of Director

102. The Directors may, from time to time, entrust to and confer upon any Managing Director, Joint Managing Director or Director holding any other office in the management, administration or conduct of the business of the Company, such of the powers exercisable under these Articles by the Directors as they may mink fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they may consider expedient, and may confer such powers collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF DIRECTORS

103. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business. Until otherwise determined by the Board, two Directors shall constitute a quorum or one Director shall constitute a quorum where the Company has only one Director. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote. A Director or the Secretary may, at any time, summon a meeting of the Directors.

104. Notice of a meeting of Directors shall be deemed to be duly given to a Director if it is given to him personally in writing or by word of mouth or sent to him at his last known address or any other address given by him to the Company for this purpose. A Director may consent to short notice of and may waive notice of any meeting and any such waiver may be retrospective.

105. The Directors may elect a Chairman of the Board and determine the period for which he is to hold office; but if no such Chairman be elected, or if at any meeting the Chairman be not present within fifteen minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

106. (a) A resolution in writing signed by a simple majority of the Directors for the time being shall be as effective for all purposes as a resolution of the Directors passed at a meeting duly convened, held and constituted. A written notification of confirmation of such resolution in writing sent by a Director shall be deemed to be his signature to such resolution in writing for the purposes of this Article. Such resolution in writing may consist of several documents, each signed by one or more Directors.

(b) Any Director or member of a committee of Directors may participate in a meeting of the Directors or such committee by means of telephone or other audio communications equipment whereby all persons attending or participating in the meeting can hear each other. The person or persons participating in the meeting in the aforesaid manner shall be deemed for all purposes to be present in person at such meeting.

(c) Where the Company has only one Director and that Director takes any decision that may be taken in a meeting of the Directors and that has effect as if agreed in a meeting of the Directors, unless that decision is taken by way of a resolution in writing, a written record of that decision shall be sufficient evidence of the decision having been taken by the Director. The Director shall provide the Company with such written record of the decision within 7 days after the decision is made provided that failure by the Director to provide the written record within such time limit shall not affect the validity of any decision concerned.

107. A meeting of the Directors at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Directors generally.

108. The Directors may, from time to time, appoint committees consisting of such persons as they think fit, and may delegate any of their powers to any such committee and, from time to time, revoke any such delegation and discharge any such committee wholly or in part. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed upon it by the Directors. Any such committee shall be properly constituted even if it consists of one person.

109. The meetings and proceedings of any such committee consisting of two or more members shall be governed *mutatis mutandis* by the provisions of these Articles regulating the meetings and proceedings of the Directors insofar as the same are not superseded by any regulations made by the Directors under the last preceding Article.

110. All acts done bona fide by any meeting of the Directors or of a committee of Directors, or by any persons acting as Directors, shall, notwithstanding that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were disqualified, or had vacated office, be as valid as if every such person had been duly appointed and was qualified and continued to be a Director.

MINUTES

111. The Directors shall cause to be entered and kept in books provided for the purpose minutes of the following:-

(a) all appointments of officers;

(b) the names of the Directors and any alternate Director who is not also a Director present at each meeting of the Directors and of any committee of Directors;

(c) all orders made by the Directors and committees of Directors; and

(d) all resolutions and proceedings of general meetings and meetings of the Directors and committees and, where the Company has only one member and / or one Director, all written records of the decision of the sole member and / or the sole Director.

Any such minutes of any meeting of the Directors, or any committee, or of the Company, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting shall be receivable as *prima facie* evidence of the matters stated in such minutes,

THE SEAL

112. The Directors shall forthwith procure a common seal to be made for the Company, and shall provide for the safe custody thereof. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors or a committee of the Directors and every instrument to which the Seal shall be affixed shall be signed by one Director or some other person nominated by the Directors for the purpose.

113. The Company may exercise all the powers of having official seals conferred by the Ordinance and such powers shall be vested in the Directors.

SECRETARY

114. The Company shall have a Secretary. The Secretary and any joint secretaries or deputy or assistant secretary or secretaries may be appointed by the Directors for such term, at such remuneration and upon such conditions as the Directors may think fit and the Secretary and any joint secretaries or deputy or assistant secretary so appointed may at any time be removed from office by the Directors. A Director may be the Secretary. If the Company has only one director, the sole director shall not also be the Secretary.

115. A provision of the Ordinance or these regulations requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

DIVIDENDS AND RESERVES

116. (a) The Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

(b) No distribution (as defined in section 79A of the Ordinance) shall be made save in accordance with the provisions of Part IIA of the Ordinance.

117. The Directors may, if they think fit, from time to time, pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes the Directors may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential or special rights in regard to dividend, and provided that the Directors act bona fide they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights. The Directors may also pay at half-yearly or at other

suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment.

118. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

119. No dividend shall be payable except out of the profits of the Company, and no dividend shall bear interest as against the Company.

120. The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts and liabilities in respect of which the lien exists.

121. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to capitalisations to be effected in pursuance of these Articles.

122. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.

123. Unless otherwise directed, any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or, in the case of joint holders, to the registered address of that one whose name stands first on the register in respect of joint holding, or addressed to such person at such address as the holder or joint holders shall direct. The Company shall not be liable or responsible for any cheque or warrant lost in transmission nor for any dividend or other monies lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant. Payment of the cheque or warrant by the banker on whom it is drawn shall be a good discharge to the Company.

124. The Directors may, with the sanction of the Company in general meeting, distribute in specie or in kind among the members in satisfaction in whole or in part of any dividend any of the assets of the Company, and in particular any shares or securities of other companies to which the Company is entitled.

125. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, and all dividends unclaimed for two years after having been declared may be forfeited by the Directors and shall revert to the Company. The payment into a separate account of any monies payable in respect of a share shall not constitute the Company a trustee in respect thereof for any person.

CAPITALISATION OF RESERVES ETC.

126. The Company in general meeting may upon the recommendation of the Directors resolve to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sums be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures or other obligations of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportions aforesaid, or partly in one way and partly in the other, and the Directors shall give effect to such resolution;

PROVIDED that a share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

127. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto.

128. For the purpose of giving effect to any resolution under Articles 124 and 126 hereof the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed or that fractions of such value as the Directors may determine may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors. The provisions of the Ordinance in relation to the filing of contracts for allotment shall be observed, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution, and such appointment shall be effective and binding upon all concerned, and the contract

may provide for the acceptance by such persons of the shares or debentures to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.

ACCOUNTS AND AUDITORS

129. (a) The Directors shall cause proper and true books of account to be kept of all sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place; of all sales and purchases of goods by the Company and of the assets and liabilities of the Company and of all other matters necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

(b) The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

130. The Directors shall from time to time, in accordance with the provisions of the Ordinance, cause to be prepared and to be laid before the Company in general meeting such Profit and Loss Accounts, Balance Sheets, Group Accounts (if any) and Reports as are required by the Ordinance.

131. A copy of every Balance Sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Directors' Report and a copy of the Auditors' Report, shall, not less than 21 days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and to all persons other than members or holders of debentures of the Company, being persons entitled to receive notices of general meetings of the Company;

PROVIDED that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware nor to more than one of the joint holders of any shares or debentures.

132. Auditors shall be appointed and their duties regulated in the manner provided by the Ordinance.

NOTICES

133. Any notice or other document may be served by the Company upon any member either personally or by sending it through the post in a prepaid letter, envelope or wrapper addressed to such member at his registered address, and, in any case where the registered address of a member is outside Hong Kong, by prepaid airmail. The signature to any notice to be given by the Company may be written or printed.

134. Each member shall, from time to time, notify in writing to the Company some place which shall be deemed his registered address within the meaning of the last preceding Article.

135. Any notice sent by post shall be deemed to have been served in the case where the member's registered address is in Hong Kong at the expiration of 48 hours after the letter, envelope or wrapper containing the same was posted in Hong Kong and in any other case on the fifth day after the day of posting. In proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and put in the post as a prepaid letter.

136. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

137. Notice of every general meeting shall be given in any manner hereinbefore authorised to;-

(a) every member;

(b) every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and

(c) the Auditors for the time being of the Company.

No other person shall be entitled to receive notices of general meetings.

138. Any summons, notice, order or other document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid letter, envelope or wrapper, addressed to the Company or to such officer at the Office.

139. Subject to any special provisions contained in these Articles or in the Ordinance, all notices required to be given by advertisement shall be advertised in at least one daily Chinese and one daily English newspaper in Hong Kong.

140. In reckoning the period for any notice given under these Articles, the day on which notice is served, or deemed to be served and the day for which such notice is given shall be excluded.

WINDING UP

141. If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is, however, to be subject to the rights of any shares which may be issued on special terms or conditions.

142. If the Company shall be wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Ordinance, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same land or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

143. Every Director, Managing Director, Agent, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in relation to the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 358 of the Ordinance in which relief is granted to him by the court.

Name, Address and Description of Subscriber

For and on behalf of
System Semiconductor Luxembourg S.àr.1

/s/ Roy Kuan
10, rue de Vianden,
L-2680 Luxembourg,
Grand Duchy of Luxembourg Corporation

DATED July 27, 2004

WITNESS to the above signature:

/s/ Kei Mizukami
Name of Witness: Kei Mizukami
Address: 2-6-15-203 Himonya Meguro, Tokyo, Japan

Occupation: Banker

Exhibit 3.15

No.

The Companies Acts 1985 and 1989

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

MAGNACHIP SEMICONDUCTOR LIMITED

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1. The name of the Company is "**MAGNACHIP SEMICONDUCTOR LIMITED**".

2. The registered office of the Company will be situate in England.

3. The objects for which the Company is established are:-

3.1.1 to carry on business as a general commercial company;

3.1.2 to carry on the business of a holding company in all its branches and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit; generally to hold, manage, develop, lease, sell or dispose of the same, and to vary any of the investments of the Company; to act as trustee of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of any description, and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account, and to co-ordinate the policy administration of any companies of which this Company is a member or which are in any manner controlled by, or connected with the Company.

3.1.3 To carry on business as a property investment and development company, and to purchase, hold, take on lease or in exchange or otherwise acquire and deal in, sell, exchange, let on lease, and otherwise dispose of land or buildings wheresoever situate or rights or interests therein and to manage or let the same or any part thereof or to develop the same or any part thereof and to carry on business as auctioneers, valuers, surveyors, estate agents, managing agents, estate developers and development agents, builders, builders' merchants, joiners and woodworkers, decorators, plumbers, electricians, transport and removal contractors, carriers, warehousemen, proprietors and dealers in all forms of transport and to carry on business as proprietors of restaurants and hotels and producers, promoters, exhibitors, distributors, managers and agents of all forms of amusement, recreation, sport and entertainment.

3.1.4 To carry on business as bankers, financiers, dealers, concessionaires, merchants and brokers and to form, constitute, float, invest in, manage, assist, advise and control any companies, syndicates or undertakings whatsoever and to undertake, carry on, transact and execute all kinds of financial, commercial, trading, trust and agency business and operations.

3.1.5 to carry on within and without the United Kingdom the businesses of exporters, importers, manufacturers, agents, brokers, general merchants and dealers, both wholesale and retail, in commodities of every description and all commercial goods, manufactured goods and all goods for personal and household use and consumption, ornament, recreation and amusement, and generally in all raw materials, manufactured goods, materials, provisions and general produce, and to carry on the aforesaid businesses, either together as a single business or as separate and distinct businesses in any part of the world;

3.1.6 to carry on any other trade or business, whether subsidiary or not, which may appear to the Company likely to be carried on conveniently or advantageously in conjunction with any of the above trades or businesses or which is likely to be profitable to the Company or is calculated directly or indirectly to enhance the value of any of the property, rights or assets of the Company;

3.2 to construct, erect, maintain, alter, repair, replace or remove any buildings, works, structures, roads, plant, machinery, tools or equipment as may seem desirable for any of the trades or businesses of the Company;

3.3 to buy, grow, process, prepare, manufacture, repair, alter and improve all kinds of plant, machinery, apparatus, tools, utensils, materials, produce, substances, articles and things of all descriptions which may conveniently be dealt with in connection with any of the objects of the Company or which are likely to be required by customers or other persons or companies having or about to have dealings with the Company;

3.4 to apply for or otherwise acquire any patents, patent rights, trade marks, names, copyrights, licences, privileges or processes for or in any way relating to any of the trades or businesses of the Company and to grant licences for the use of the same;

3.5 to purchase, take on lease or in exchange, hire or otherwise acquire, develop, hold and manage for any estate or interest any real or personal property and any rights or privileges which the Company may think necessary, suitable or convenient for the purposes of or in connection with any of its trades or businesses;

3.6 To purchase or otherwise acquire and undertake all or any part of the business, property, assets, liabilities and transactions of any person or company carrying on any business which the Company is authorised to carry on or which can be carried on in conjunction therewith or which are capable of being conducted directly or indirectly for the benefit of the Company.

3.7 to pay for any property, assets or rights acquired by the Company either in cash or by the issue of fully or partly paid shares of the Company, with or without any preferred or special rights or privileges, or by the issue of debentures, bonds or other securities, with or without special rights or privileges, on such terms as the Company may determine;

3.8 To work, improve, manage, develop, lease, let on hire, grant licences, easements and other rights in or over and to mortgage, charge, pledge, turn to account or otherwise deal with all or any part of the property, rights or assets of the Company and to develop the resources of any property for the time being belonging to the Company in such manner as the Company may think fit.

3.9 to sell, dispose of or otherwise deal with the property, business, undertaking or assets of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures or securities of any other company, and to take or hold mortgages, liens and charges to secure the payment of the whole or any part of the purchase price thereof;

3.10 to enter into partnership or amalgamation with any person or company for the purpose of carrying on any business or transaction within the objects of the Company and to enter into such arrangement for co-operation, sharing profits, losses, mutual assistance, or other working arrangements as may seem desirable;

3.11 to enter into any arrangements with any Government or authority, supreme, municipal, local or otherwise, which may seem conducive to the objects of the Company or any of them and to apply for, promote and obtain any statute, order, regulation, contract, decree, right, privilege, concession, licence or authorisation from any such Government or authority or from any department thereof for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem expedient and to carry out, exercise and comply with the same;

3.12 to borrow or raise money in such amounts and manner and upon such terms as the Company shall think fit, and, when thought desirable, to execute and issue security of such kind, subject to such conditions, for such amount, and payable in such place and manner and to such person or company as the Company shall think fit;

3.13 to mortgage and charge the undertaking and all or any of the real or personal property and assets, present or future, and all or any of the uncalled capital for the time being of the Company, and to issue as primary or collateral or other security at par or at a premium or a discount and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures, debenture stock, mortgages, charges or other securities either permanent or redeemable and collaterally or further to secure any securities of the Company by a trust deed or other assurance;

3.14 to give credit to or become surety or guarantor for any person or company, and to give all descriptions of guarantees and indemnities and, either with or without the Company receiving any consideration, to guarantee or otherwise secure (with or without a mortgage or charge on all or any part of the undertaking, property and assets, present and future, and the uncalled capital of the Company) the performance of the obligations, and the payment of the capital or principal of, and dividends or interest on, any stocks, shares, debentures, debenture stock, notes, bonds or other securities, of any person, authority (whether supreme, local, municipal or otherwise) or company, including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company, or a subsidiary undertaking of the Company's holding company or of the Company, or any other company associated with the Company in business; the expressions "holding company" and "subsidiary undertaking" shall when used in this Memorandum of Association have the same meanings respectively as in the Companies Act 1985;

3.15 to advance, deposit or lend money, securities and property to or with such persons or companies on such terms with or without security upon such property, rights and assets as may seem expedient, to undertake the provision of hire purchase and credit sale finance and to act as factors;

3.16 to invest and deal with the monies of the Company not immediately required for the purpose of its business in or upon such investments or securities and in such manner and upon such terms as may from time to time be determined;

3.17 to make, draw, accept, endorse, discount, and negotiate, issue or execute bills of exchange, promissory notes, bills of lading, warrants and other negotiable, transferable or mercantile instruments;

3.18 to pay all or any of the costs and expenses of, and preliminary and incidental to, the formation, promotion and incorporation of the Company, whether incurred before or after its registration;

3.19 to pay commissions to and remunerate any person or company for services rendered to the Company and in particular in placing or assisting to place any of the shares in the capital of the Company, or any debentures or other security of the Company, or in or about the formation or promotion of the Company or the conduct of its business whether by cash payment or by the allotment of shares or securities of the Company, credited as paid up in full or in part or otherwise, as may be deemed expedient;

3.20 to make donations to such persons or companies and, in such cases, either by cash or by other assets, as the Company may think directly or indirectly conducive to any of its objects or otherwise expedient;

3.21 to adopt such means for making known any services provided by the Company and keeping the same before the public as may be deemed expedient and in particular to employ advertising and public relations techniques of all kinds;

3.22 to vest any real or personal property, rights or interest acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company;

3.23 to distribute among the members in specie any property of the Company, or any proceeds of sale, disposal or realisation of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law;

3.24 to establish or promote any company for the purpose of acquiring all or any of the assets and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company or to further any of the objects of the Company;

3.25 to appoint any person or company to be the agent or agents of the Company and to act as agents, secretaries, managers, contractors or in any similar capacity;

3.26 to insure the life of any person who may, in the opinion of the Company, be of value to the Company as having or holding for the Company interest, goodwill or influence or other assets and to pay the premiums on such insurance;

3.27 to support or subscribe to any charitable or public object and any institution, society or club which may be for the benefit of the Company or its officers or employees, or the officers or employees of its predecessors in business or any subsidiary undertaking or associated company, or which may be connected with any town or other place where the Company carries on business, and to give pensions, gratuities or charitable aid to any officer, former officer, employee or former employee of the Company or its predecessors in business or any subsidiary undertaking or associated company, or to the wives, children or other relatives or dependants of such persons, and to make payments towards insurance, and to form and contribute to provident and benefit funds for the benefit of any officers or employees of the Company, its predecessors in business or any subsidiary undertaking, or associated company, and to subsidise or assist any association of employers or employees or any trade association, and to promote, enter into and carry into effect any scheme for the sharing of profits with employees or the grant of options and other benefits to employees;

3.28 to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability;

3.29 to procure the Company to be registered or recognised in any country or place outside the United Kingdom;

3.30 to do all or any of the above things in any part of the world, and either as principals, agents, contractors, trustees or otherwise, or by or through trustees, agents, sub-contractors or otherwise, and either alone or in conjunction with others;

3.31 to do all such acts or things as are incidental or conducive to the attainment of the above objects or any of them.

It is hereby expressly declared that the objects specified in each sub-clause of this clause shall be regarded as independent objects and accordingly shall be in no way limited or restricted (except when otherwise expressed in such sub-clause) by reference to or inference from the terms of any other sub-clause, or the name of the Company, and none of the sub-clauses shall be deemed merely subsidiary or auxiliary to the objects mentioned in the first sub-clause but may be carried out and construed in as wide a sense as if each of the said sub-clauses defined the objects of a separate and distinct company.

4. The liability of the members is limited.

5. The share capital of the Company is £1,000 divided into 1,000 shares of £1 each with power to increase the capital and to consolidate and sub-divide the same. The shares in the original or increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, redemption, voting or otherwise.

WE, the subscriber to this memorandum of association, wish to be formed into a company pursuant to this memorandum; and we agree to take the number of shares in the capital of the Company set opposite our name below.

NAME AND ADDRESS OF SUBSCRIBER	Number of Shares taken by Subscriber
/s/ Roy Kuan For and on behalf of Magnachip Semiconductor S.a r.L l0, rue de Vianden, L-2680 Luxembourg Grand Duchy of Luxembourg	
Total Shares taken	Two

DATED 10th day of September 2004

WITNESS to the above Signature:-

Sign: /s/ Kei Mizukami

Print Name: Kei Mizukami

Address: 2-6-15 Himonya
Meguro-ku
Tokyo Japan

Company No:

The Companies Acts 1985 and 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
MAGNACHIP SEMICONDUCTOR LIMITED (the "Company")

1 PRELIMINARY

1.1 The regulations contained in Table A to any Companies Act or Companies (Consolidation) Act prior to the Companies Act 1985 shall not apply to the Company. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 in force at the time of adoption of these Articles ("**Table A**") shall, except as provided in and so far as the same are not inconsistent with the provisions of these Articles, apply to the Company and shall together with these Articles constitute the regulations of the Company.

1.2 Regulations 3, 23 to 25, 29 to 31, 35 to 55, 57, 59 to 62, 64 to 69, 73 to 81, 85 to 91, 93 to 98,112 and 115 of Table A shall not apply to the Company.

1.3 In these Articles unless the context otherwise requires the following expressions shall have the following meanings:-

"**the Act**" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"**Articles**" means the articles of association of the Company, whether as originally adopted or as from time to time altered by special or written resolution;

"**address**" in relation to electronic communication means any number or address used for the purposes of such communications;

"**clear days**" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"**directors**" means the directors for the time being of the Company or (as the context shall require) any of them acting as the board of directors of the Company;

"**electronic communication**" means any communication transmitted by way of fax or e-mail;

"**executed**" includes any mode of execution;

"**holder**" in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"**office**" means the registered office of the Company;

"**seal**" means the common seal of the Company (if any);

"**secretary**" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

"**share**" includes any interest in a share;

"**United Kingdom**" means Great Britain and Northern Ireland;

"**in writing**" and "**written**" include any method of representing or reproducing words in legible form including, for the avoidance of doubt, electronic communication.

Words importing the masculine gender include the feminine gender.

Words importing persons include bodies corporate and unincorporated associations.

Words importing the singular shall, where the context so permits, include a reference to the plural and vice versa.

Subject as aforesaid any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meaning in these Articles.

Reference to any act, statute or statutory provision shall include any statutory modification, amendment or re-enactment thereof for the time being in force.

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles and a special resolution shall be effective for any purpose for which an extraordinary resolution is expressed to be required under any provision of these Articles.

2 SHARE CAPITAL AND ISSUE OF SHARES

2.1 The authorised share capital of the Company as at the date of incorporation of the Company is £1,000 divided into 1000 shares of £1 each.

2.2 Subject to the provisions of the Act, the Company may:-

2.2.1 issue shares which are to be redeemed or are liable to be redeemed at the option of the Company, or the holder, on such terms and in such manner as may be set out in these Articles (as amended from time to time) or (as to the date on or by which or the dates between which the shares are to be or may be redeemed) as may be determined by the directors prior to the date of issue;

2.2.2 purchase its own shares (including any redeemable shares) or enter into such agreement (contingent or otherwise) in relation to the purchase of its own shares on such terms and in such manner as may be approved by such ordinary or special resolution as may be required by the Act;

2.2.3 to the extent permitted by section 171 of the Act, make a payment in respect of the redemption or purchase of any of its own shares (including any redeemable shares) otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.

2.3 Subject as otherwise provided in these Articles and to any direction or authority contained in the resolution of the Company creating or authorising the same, the directors are generally and unconditionally authorised, for the purposes of section 80 of the Act, to allot or to grant options or rights of subscription or conversion over unissued shares to such persons (whether existing shareholders or not), at such times and on such terms and conditions as they think proper.

2.4 The authority granted to the directors under Article 2.3:-

2.4.1 shall not permit the directors to allot or to grant options or rights of subscription or conversion over shares to an aggregate amount of more than the unissued share capital on the date of incorporation of the Company or (if such authority is renewed or varied by the Company in general meeting) the amount specified in the resolution for such renewal or variation;

2.4.2 shall expire not more than five years from the date of the incorporation of the Company or (if such authority is renewed or varied by the Company in general meeting) on the date specified in the resolution on which the renewed or varied authority shall expire;

2.4.3 may be renewed, revoked or varied at any time by the Company in general meeting;

2.4.4 shall permit the directors after the expiry of the period of the said authority to allot any shares or grant any such rights in pursuance of an offer or agreement so to do made by the Company within that period.

2.5 In exercising their authority under this Article 2 the directors shall not be required to have regard to section 89(1) and section 90(1) to (6) (inclusive) of the Act which sections shall be excluded from applying to the Company.

2.6 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by these Articles or by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

3 LIEN

The lien conferred by regulation 8 of Table A shall also attach to fully paid up shares registered in the name of any person indebted or under liability to the Company whether he shall be the sole registered holder thereof or shall be one of two or more joint holders.

4 TRANSFER AND TRANSMISSION

4.1 The instrument of transfer of shares shall be in the usual form prescribed from time to time or, if none is so prescribed, then in such form as the directors may determine and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

4.2 The directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share whether or not it is a fully paid share.

4.3 The directors may also refuse to register a transfer unless:-

4.3.1 it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;

4.3.2 it is in respect of only one class of shares; and

4.3.3 it is in favour of not more than four transferees.

4.4 If the directors refuse to register a transfer of a share they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

4.5 If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only person(s) recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

4.6 In the case of a person becoming entitled to a share in consequence of the death or bankruptcy of a member:-

4.6.1 he may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as a transferee;

4.6.2 if he elects to become the holder he shall give notice to the Company to that effect;

4.6.3 if he elects to have another person registered he shall execute an instrument of transfer of the share to that person;

4.6.4 the provisions of Articles 4.1 to 4.3 relating to the transfer of shares shall apply to any notice or instrument of transfer referred to in Article 4.6 as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

4.7 The directors may at any time give notice requiring a person becoming entitled to a share in consequence of the death or bankruptcy of a member to elect either to become the holder of the share or to have some person nominated by him registered as the transferee and if the notice is not complied with within 90 days the directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

4.8 A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend and vote at any meeting of the Company or of any separate meeting of the holders of any class of shares in the Company.

5 <u>GENERAL MEETINGS</u>

5.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

5.2 The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than 42 days after receipt of the requisition.

5.3 If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the Company may call a general meeting.

6 <u>NOTICE OF GENERAL MEETINGS</u>

6.1 All annual general meetings and extraordinary general meetings called for the passing of a special or elective resolution shall be called by at least 21 clear days' notice.

6.2 All other extraordinary general meetings shall be called by at least 14 clear days' notice.

6.3 A general meeting may be called by shorter notice if it is so agreed:-

6.3.1 in the case of an annual general meeting by all the members entitled to attend and vote thereat; and

6.3.2 in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than 95%, or (if an elective resolution as to the majority required to authorise short notice of meetings has been passed in accordance with section 379A of the Act and remains in force) such lesser percentage as may be specified in the resolution or subsequently determined by the Company in general meeting being not less than 90%, in nominal value of the shares giving that right.

6.4 The notice of a general meeting shall specify the time and place of the meeting and, in the case of an annual general meeting, shall specify the meeting as such.

6.5 Subject to the provisions of these Articles and to any restrictions imposed on any shares, notice of a general meeting shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

6.6 The accidental omission to give notice of a meeting to, or the non-receipt or notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

7 <u>PROCEEDINGS AT GENERAL MEETINGS</u>

7.1 No business shall be transacted at any meeting unless a quorum is present.

7.2.1 Subject to the provisions of Article 7.2.2 two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporate member, shall be a quorum.

7.2.2 If the Company only has one member, then such member present in person or by proxy or, if a corporate member, by its duly authorised representative shall be a quorum.

7.3 If within half an hour after the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present, the meeting:-

7.3.1 if convened upon the requisition of members, shall be dissolved; or

7.3.2 if convened otherwise than upon the requisition of members, shall stand adjourned until the same day in the next week at the same time and place, or such other day, time and place as the directors may determine, and if at the adjourned meeting a quorum is not present or ceases to be present then the member or members present in person or by proxy or (being a body corporate) by representative and entitled to vote upon the business to be transacted shall be a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

7.4 The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

7.5 If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

7.6 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to have a casting vote in addition to any other vote he may have.

7.7 A director shall, notwithstanding that he is not a member, be entitled to receive notices of and attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

7.8 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place.

7.9 No business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

7.10 When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and the place of the adjourned meeting and the general nature of the business to be transacted, but otherwise it shall not be necessary to give any such notice.

7.11 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on a declaration of the result of, the show of hands a poll is duly demanded.

7.12 A poll may be demanded by any member having the right to vote at the meeting.

7.13 A demand for a poll by a person as proxy for a member shall be the same as a demand by the member.

7.14 Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

7.15 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

7.16 A poll shall be taken as the chairman may direct and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll.

7.17 The result of the poll (unless it was held at an adjourned meeting) shall be deemed to be the resolution of the meeting at which the poll was demanded.

7.18 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.

7.19 A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs, not being more than 30 days after the poll is demanded.

7.20 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than a question on which the poll is demanded.

7.21 If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn with the consent of the chairman, the meeting shall continue as if the demand had not been made.

7.22 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded, but in any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

7.23 If the Company only has one member and such member takes any decision which may be taken by the Company in general meeting and which has effect as if agreed by the Company in general meeting, then such member shall (unless that decision is taken by way of a written resolution) provide the Company with a written record of that decision.

8 RESOLUTIONS IN WRITING

A resolution in writing executed by all the members of the Company entitled to receive notice of and to attend and vote at a general meeting or by their duly appointed proxies or attorneys:-

8.1 shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held;

8.2 any such resolution in writing may be contained in one document or in several documents in the same terms each executed by one or more of the members or their proxies or attorneys and execution in the case of a body corporate which is a member shall be sufficient if made by a director thereof or by its duly authorised representative; and

8.3 may be contained within and/or assented to and passed in terms thereof by means of electronic communications and in accordance with such terms and arrangements as may be first stipulated by the directors using addresses notified by recipients for such purpose.

9 VOTES

9.1 Subject to any rights or restrictions attached to any shares, on a show of hands every member present in person, or (if a corporation) present by a representative duly authorised in accordance with the Act who is not also himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.

9.2 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names of the holders stand in the register of members.

9.3 No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, unless all calls or other sums presently payable by him in respect of shares of the Company have been paid.

9.4 On a poll votes may be given either personally or by proxy.

9.5 An appointment of a proxy shall be in writing executed by or on behalf of the appointor, or, if a corporation, under the hand of a duly authorised officer of the corporation, or in either case, where the appointment is to be effected as an electronic communication, signed and completed upon such terms as stipulated by the directors, and shall be in such form as the directors may determine or, failing such determination, in any usual form.

9.6 The appointment of a proxy shall not be valid and the proxy named in the appointment shall not be entitled to vote at the meeting unless the appointment, together with any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors:-

9.6.1 is, in the case of an appointment of a proxy by a form of proxy (which for the avoidance of doubt does not include an appointment contained in an electronic communication), deposited at the office (or such other place within the United Kingdom as is specified in the notice convening the meeting or in any form of proxy or other accompanying document sent out by the Company in relation to the meeting) not later than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the form of proxy proposes to vote; or

9.6.2 in the case of an appointment contained in an electronic communication, where an address has been specified for that purpose in the notice convening the meeting, or in any form of proxy or other accompanying document sent out by the Company in relation to the meeting, or in any other invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting, is received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;

9.6.3 in the case of a poll taken more than 48 hours after it is demanded, is deposited as specified in articles 9.6.1 or 9.6.2 after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

9.6.4 where a meeting is adjourned for less than 48 hours or where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, is delivered to the chairman or to the secretary or to any director at the meeting at which the poll is demanded.

10 DIRECTORS

10.1 The number of the directors shall be determined by the Company in general meeting but unless and until so determined there shall be no maximum number of directors and the minimum number of directors shall be one.

10.2 In the event of the minimum number of directors fixed by these Articles or determined by the Company in general meeting being one, a sole director shall have authority to exercise all the powers and discretions vested in the directors generally and Article 15.3 shall be modified accordingly.

10.3 A director or alternate director shall not require any share qualification and any director or alternate director who is not a member of the Company shall nevertheless be entitled to receive notices of and attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares of the Company.

10.4 A person may be appointed a director notwithstanding that he shall have attained the age of seventy years or any other age and no director shall be liable to vacate office by reason of his attaining that or any other age, nor shall special notice be required of any resolution appointing or approving the appointment of such a director or any notice be required to state the age of the person to whom such resolution relates.

10.5 The first directors of the Company shall be the persons named as the first directors of the Company in the statement delivered under section 10(2) of the Act.

11 APPOINTMENT OF DIRECTORS

11.1 The Company may, by ordinary resolution, appoint another person in place of a director removed from office by resolution of a general meeting in accordance with the Act and (without prejudice to the powers of the directors under the next following article) the Company may, by ordinary resolution, appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

11.2 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these articles as the maximum number of directors.

11.3 At any time or from time to time the holder or holders of not less than three-quarters in nominal value of such part of the issued share capital of the Company as confers the right for the time being to attend and vote at general meetings of the Company may, by memorandum in writing executed by or on behalf of him or them and left at or sent to the office, or, if permitted by the directors, by electronic communication in such manner and form as the directors may decide, appoint any person to be a director or remove from office any director who shall vacate office accordingly. Any such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

11.4 If, immediately following and as a result of the death of a member, the Company has no members and if at that time it has no directors, the personal representatives of the deceased member may appoint any person to be a director and the director who is appointed will have the same rights and be subject to the same duties and obligations as if appointed by ordinary resolution in accordance with Article 11.1. If two members die in circumstances rendering it uncertain which of them survived the other, such deaths shall, for the purposes of this Article, be deemed to have occurred in order of seniority and accordingly the younger shall be deemed to have survived the elder.

12 <u>DISQUALIFICATION AND REMOVAL OF DIRECTORS</u>

12.1 The office of a director shall be vacated in any of the following events:-

12.1.1 if he resigns his office by notice in writing to the Company;

12.1.2 if he becomes bankrupt or makes any arrangement or composition with his creditors generally;

12.1.3 if he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;

12.1.4 if he ceases to be a director by virtue of any provision of the Act or the Articles or he becomes prohibited by law from being a director;

12.1.5 if he is absent from meetings of the board for six successive months without leave and his alternate director (if any) shall not during such period have attended in his stead, and the directors resolve that his office be vacated;

12.1.6 if he shall be removed from office by notice in writing served upon him signed office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company; or

12.1.7 if he shall be removed from office under the provisions of Article 11.3.

13 <u>POWERS OF DIRECTORS</u>

13.1 Without prejudice to the powers conferred by regulation 70 of Table A, the directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons (including directors and other officers) who are or were at any time in the employment or service of the Company, or of any undertaking which is or was a subsidiary undertaking of the Company or allied to or associated with the Company or any such subsidiary undertaking, or of any of the predecessors in business of the Company or of any such other undertaking and the spouses, widows, widowers, families and dependants of any such persons and make payments to, for or towards the insurance of or provide benefits otherwise for any such persons, 13.2 Without prejudice to the provisions of regulation 70 of Table A and of Article 20, the directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time:

13.2.1 directors (including alternate directors), officers, employees or auditors of the Company or of any other company which is its holding company, or in which the Company or such holding company has any interest whether direct or indirect, or which is in any way allied to or associated with the Company or such holding company, or of any subsidiary undertaking of the Company or of such other company;

13.2.2 trustees of any pension fund in which employees of the Company or of any other such company or subsidiary undertaking are interested; including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported exercise, execution and/or discharge of their powers or duties and/or otherwise in relation to their duties, powers or offices in relation to the Company or any other such company, subsidiary undertaking or pension fund.

14 DIRECTORS' INTERESTS

14.1 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-

14.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested (including any insurance purchased or maintained by the Company for him or for his benefit);

14.1.2 may be a director or other officer of or employed by or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

14.1.3 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested; and

14.1.4 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

14.2 For the purposes of Article 14.1:-

14.2.1 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

14.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; And

14.2.3 an interest of a person who is for any purpose of the Act connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

15 PROCEEDINGS OF DIRECTORS

15.1 Subject to the provisions of these Articles, the directors may regulate their proceedings as they think fit.

15.2 A director may, and the secretary at the request of a director shall, call a meeting of the directors.

15.3 The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed it shall be two persons.

15.4 Questions arising at a meeting shall be decided by a majority of votes.

15.5 The directors may elect one of their number to be chairman of the board of directors and may at any time remove him from that office.

15.6 If there is no director holding the office of chairman, or if the director holding it, having had notice of a meeting, is not present within five minutes after the time appointed for it, the directors present shall appoint one of their number to be chairman of that meeting.

15.7 In the case of an equality of votes, the chairman shall have a second or casting vote.

15.8 A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

15.9 Any director for the time being absent from the United Kingdom shall, if he so requests, be entitled to be given reasonable notice of meetings of the directors to such address in the United Kingdom (if any) as the director may from time to time notify to the Company but save as aforesaid it shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom.

15.10 An alternate director who is not himself a director may, if his appointor is not present, be counted towards the quorum.

15.11 The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number but, in such case, if the number of directors is less than the number fixed as the quorum, he or they may act only for the purpose of filling vacancies or of calling a general meeting.

15.12 A meeting of the directors shall, subject to notice thereof having been given accordance with these Articles, for all purposes be deemed to be held where director is or directors are in communication by telephone or television (or a other form of audio-visual linking) with another director or directors and all the directors in communication agree to treat the meeting as so held, if the number of the directors in communication constitutes a quorum of the board accordance with these Articles. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is. A resolution passed by the directors at such a meeting as specified in this Article 15.12 shall be valid as it would have been if passed at an actual meeting duly convened and held.

15.13 A resolution in writing executed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may be contained one document or in several documents in the same terms each executed by one or more directors; but a resolution executed by an alternate director need not also be signed by his appointor and, if it is executed by a director who has appointed an alternate director, it need not be executed by the alternate director in that capacity.

15.14 A director who is in any way either directly or indirectly interested in contract or arrangement or proposed contract or arrangement with the Company:-

15.14.1 shall declare the nature of his interest at a meeting of the directors in accordance with section 317 of the Act;

15.14.2 subject to such disclosure, shall be entitled to vote in respect of any contract or arrangement in which he is interested and if he shall do so his vote shall be counted and he may be taken into account in ascertaining whether a quorum is present.

16 <u>ALTERNATE DIRECTORS</u>

16.1 Any director may at any time by writing under his hand and deposited at the office, or delivered at a meeting of the directors, appoint any person (including another director) to be his alternate director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the directors, shall have effect only upon and subject to being so approved.

16.2 The appointment of an alternate director shall determine on the happening of any event which, if he were a director, would cause him to vacate such office or if his appointor ceases to be a director.

16.3 An alternate director shall (except when absent from the United Kingdom) be entitled to receive notices of meetings of the directors and shall be entitled to attend and vote as a director at any such meeting at which the director appointing him is not personally present and generally at such meeting to perform all the junctions of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a director.

16.4 If an alternate director shall be himself a director or shall attend any such meeting as an alternate for more than one director his voting rights shall be cumulative.

16.5 If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability, the execution by an alternate director of any resolution in writing of the directors shall be as effective as the execution by his appointor.

16.6 To such extent as the directors may from time to time determine in relation to any committees of the directors, the foregoing provisions of this Article 16 shall also apply mutatis mutandis to any meeting of such committee of which the appointor of an alternate director is a member.

16.7 An alternate director shall not (save as provided in this Article 16) have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles, but he shall be an officer of the Company responsible for his own acts and defaults and shall not be deemed to be the agent of the director appointing him.

16.8 An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

17 <u>EXECUTION OF DOCUMENTS</u>

Where the Act so permits, any instrument signed by one director and the secretary or by two directors and expressed to be executed by the Company as a deed shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the directors or of a committee authorised by the directors in that behalf. If the Company has a seal, it shall be used only with the authority of the directors or of a committee of the directors. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall only apply if the Company has a seal.

18 <u>DIVIDENDS</u>

The directors may deduct from any dividend payable on or in respect of a share all sums of money presently payable by the holder to the Company on any account whatsoever.

19 NOTICES

19.1 A notice or other document may be given by the Company to any member in writing either by hand or by sending it by pre-paid first class post or facsimile telecopier ("**fax**") to his registered address within the United Kingdom or to his fax number supplied by him to the Company for the giving of notice to him, except in the case of a share certificate and only if an address has been specified by the member for such purpose, by electronic communication. In the absence of an address or fax number the member shall not be entitled to receive from the Company notice of any meeting.

19.2 In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders

19.3 Notices shall be deemed to have been received:-

19.3.1 if delivered by hand, on the day of delivery;

19.3.2 if sent by first class post, two business days after posting exclusive of the day of posting;

19.3.3 if sent by fax at the time of transmission or, if the time of transmission is not during the addressee's normal business hours, at 9.30 am on the next business day;

19.3.4 if sent by electronic communication, at the expiration of 48 hours after the time it was sent.

19.4 Any notice or other document may only be served on, or delivered to, the Company by anyone:

19.4.1 by sending it through the post in a pre-paid envelope addressed to the Company or any officer of the Company at the office or such other place in the United Kingdom as may from time to time be specified by the Company;

19.4.2 by delivery of it by hand to the office or such other place in the United Kingdom as may from time to time be specified by the Company;

19.4.3 if an address has been specified by the Company for such purpose (and in the case of an appointment of a proxy such address has been specified in a document or other communication referred to in Article 9.6), by electronic communication.

20 INDEMNITY

Subject to the provisions of and so far as may be permitted by the Act, every director (including an alternate director), secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred or sustained by him in or about the lawful execution and discharge of his duties or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted. Regulation 118 of Table A shall be extended accordingly.

NAME AND ADDRESS OF SUBSCRIBER

/s/ Roy Kuan
For and on behalf of
Magnachip Semiconductor S.a r.L
l0, rue de Vianden,
L-2680 Luxembourg
Grand Duchy of Luxembourg

DATED this 10th day of September 2004

WITNESS to the above Signature:-

Sign:	/s/ Kei Mizukami
Print Name:	Kei Mizukami
Address:	2-6-15 Himonya Meguro-ku Tokyo Japan

Articles of Incorporation of

MagnaChip Semiconductor Limited

ARTICLE I.

This Company, duly incorporated in accordance with the Company Law of the Republic of China, shall be named as MagnaChip Semiconductor Limited.

ARTICLE II.

The purpose for which this Company is organized is to engage in activity or business not in conflict with the laws and regulations of Taiwan.

ARTICLE III.

The main office of the Company shall be in Taipei, Taiwan. Upon necessity, branch office(s) may be established nationally and overseas.

ARTICLE IV.

The Company may act as a guarantor.

ARTICLE V.

All notifications of the Company shall be made pursuant to Article 28 of the Company Law.

ARTICLE VI.

The Company's authorized capital is in the amount of 5,000,000 New Taiwan Dollars.

ARTICLE VII.

The names of the shareholders of the Company, domicile or residence, and investment is as listed below:

Name	Domicile/Residence	Investment
MagnaChip Semiconductor S.A.	10, Rue de Vianden, L-2680 Luxembourg	NTD 5,000,000

ARTICLE VIII.

The director without the approval of all the shareholders and the shareholder without the approval of the majority of shareholders shall not transfer its initial capital in whole or in part.

ARTICLE IX .

The Company shall have at least one but not more than three directors to execute the business operation and to represent the Company. When there are several directors one of them shall be designated to act as the chairman of directors and to represent the Company externally.

ARTICLE X.

The Company's appointment, discharge, and remuneration of managerial personnel shall comport with Article 29 of the Company Law.

ARTICLE XI.

In accordance with the provisions of Article 110 of the Company Law, upon the close of each fiscal year, the directors shall prepare various reports and financial statements and shall send the same to each shareholder for their approval.

ARTICLE XII.

The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. The Corporation shall then set aside 0.00001% to 10% of the remaining sum for the Employee Bonus.

ARTICLE XIII.

The distribution of the Company's earnings and losses shall be allocated to the shareholders in proportion to the amount of their respective investment.

ARTICLE XIV.

Matters not provided for in these Articles of Incorporation shall be dealt with in accordance with the Company Law and other relevant laws and regulations.

ARTICLE XV.

These Articles of Incorporation were formulated on 15th day of September, 2004, and became effective upon registration authorization of the competent authority. The first amendment is resolved on 11th day of January, 2005.

MagnaChip Semiconductor Limited

Representative: Jong Soo Choi

Shareholder's signature or stamp

MagnaChip Semiconductor S.A.

Director: /s/ Roy Kuan (sign)

Exhibit 3.18

IC MEDIA HOLDING COMPANY LIMITED
(the "Company")

CERTIFIED TRUE COPY EXTRACT OF A RESOLUTION ADOPTED BY THE DIRECTORS PURSUANT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ON THE 31st DAY OF AUGUST, 2005

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

WHEREAS pursuant to the provisions of the Company's Memorandum of Association, the Company may amend its Memorandum of Association by a resolution of directors.

RESOLVED:

1. That the name of the Company be changed to MagnaChip Semiconductor Holding Company Limited.
2. That Clause 1 of the Company's Memorandum of Association be deleted in its entirety and replaced with the following:

   " **NAME**

   The name of the Company is **MagnaChip Semiconductor Holding Company Limited**"
3. That copies of the foregoing resolutions be certified by Messrs. Harney Westwood & Riegels and filed at the Registry of Companies, Road Town, Tortola.

/s/ Harney Westwood & Riegels
HARNEY WESTWOOD & RIEGELS

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ACT
(Cap. 291)

MEMORANDUM OF ASSOCIATION
OF
IC Media Holding Company Limited

NAME

1. The name of the Company is IC Media Holding Company Limited.

REGISTERED OFFICE

2. The Registered Office of the Company will be at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

REGISTERED AGENT

3. The Registered Agent of the Company will be HWR Services Limited of P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

GENERAL OBJECTS AND POWERS

4. (1) The object of the Company is to engage in any act or activity that is not prohibited under any law for the time being in force in the British Virgin Islands.

(2) The Company may not

(a) carry on business with persons resident in the British Virgin Islands;

(b) own an interest in real property situate in the British Virgin Islands, other than a lease referred to in paragraph (e) of subclause (3);

(c) carry on banking or trust business unless it is licensed to do so under the Banks and Trust Companies Act, 1990;

(d) carry on business as an insurance or reinsurance company, insurance agent or insurance broker, unless it is licensed under an enactment authorizing it to carry on that business;

(e) carry on the business of company management, unless it is licensed under the Company Management Act, 1990; or

(f) carry on the business of providing the registered office or the registered agent for companies incorporated in the British Virgin Islands.

(3) For purposes of paragraph (a) of subclause (2), the Company shall not be treated as carrying on business with persons resident in the British Virgin Islands if

(a) it makes or maintains deposits with a person carrying on banking business within the British Virgin Islands;

(b) it makes or maintains professional contact with solicitors, barristers, accountants, bookkeepers, trust companies, administration companies, investment advisers or other similar persons carrying on business within the British Virgin Islands;

(c) it prepares or maintains books and records within the British Virgin Islands;

(d) it holds, within the British Virgin Islands, meetings of its directors or members;

(e) it holds a lease of property for use as an office from which to communicate with members or where books and records of the Company are prepared or maintained;

(f) it holds shares, debt obligations or other securities in a company incorporated under the International Business Companies Act or under the Companies Act; or

(g) shares, debt obligations or other securities in the Company are owned by any person resident in the British Virgin Islands or by any company incorporated under the International Business Companies Act or under the Companies Act.

(4) The Company shall have all such powers as are permitted by law for the time being in force in the British Virgin Islands, irrespective of corporate

benefit, to perform all acts and engage in all activities necessary or conducive to the conduct, promotion or attainment of the object of the Company.

CURRENCY

5. Shares in the Company shall be issued in the currency of the United States of America.

AUTHORIZED CAPITAL

6. The authorized capital of the Company is US$50,000.00.

CLASSES, NUMBER AND PAR VALUE OF SHARES

7. The authorized capital is made up of one class and one series of shares divided into 5,000,000 shares of US$0.01 par value.

DESIGNATIONS, POWERS, PREFERENCES, ETC. OF SHARES

8. All shares shall

(a) have one vote each;

(b) be subject to redemption, purchase or acquisition by the Company for fair value; and

(c) have the same rights with regard to dividends and distributions upon liquidation of the Company.

VARIATION OF CLASS RIGHTS

9. If at any time the authorized capital is divided into different classes or series of shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the shares of that class or series) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or series and of the holders of not less than three-fourths of the issued shares of any other class or series of shares which may be affected by such variation.

RIGHTS NOT VARIED BY THE ISSUE OF SHARES PARI PASSU

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue

or the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

REGISTERED SHARES

11. Shares in the Company may only be issued as registered shares and may not he exchanged for shares issued to bearer.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

12. The Company may amend its Memorandum of Association and Articles of Association by a resolution of members or by a resolution of directors.

DEFINITIONS

13. The meanings of words in this Memorandum of Association are as defined in the Articles of Association.

We, HWR SERVICES LIMITED of Craigmuir Chambers, Road Town, Tortola, British Virgin Islands for the purpose of incorporating an International Business Company under the laws of the British Virgin Islands hereby subscribe our name to this Memorandum of Association the 4th day of December, 2002 in the presence of:

Witness	Subscriber
/s/ Simone I. Syfox	/s/ Andrew B. Swapp
Simone I. Syfox Craigmuir Chambers Road Town, Tortola	Andrew B. Swapp Authorized Signatory HWR Services Limited

Exhibit 3.19

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ACT
(CAP 291)

ARTICLES OF ASSOCIATION
OF
IC Media Holding Company Limited

PRELIMINARY

1. In these Articles, if not inconsistent with the subject or context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

Words	Meaning
capital	The sum of the aggregate par value of all outstanding shares with par value of the Company and shares with par value held by the Company as treasury shares plus (a) the aggregate of the amounts designated as capital of all outstanding shares without par value of the Company and shares without par value held by the Company as treasury shares, and (b) the amounts as are from time to time transferred from surplus to capital by a resolution of directors.
member	A person who holds shares in the Company.
person	An individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated association of persons.
resolution of directors	(a) A resolution approved at a duly convened and constituted meeting of directors of the Company or of a committee of directors of the Company by the affirmative vote of a simple majority of the directors present at the meeting who voted and did not abstain; or

(b) a resolution consented to in writing by all directors or of all members of the committee, as the case may be;

except that where a director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority.

except that where a director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority.

resolution of members

(a) A resolution approved at a duly convened and constituted meeting of the members of the Company by the affirmative vote of

(i) a simple majority of the votes of the shares entitled to vote thereon which were present at the meeting and were voted and not abstained, or

(ii) a simple majority of the votes of each class or series of shares which were present at the meeting and entitled to vote thereon as a class or series and were voted and not abstained and of a simple majority of the votes of the remaining shares entitled to vote thereon which were present at the meeting and were voted and not abstained; or

(b) a resolution consented to in writing by

(i) an absolute majority of the votes of shares entitled to vote thereon, or

(ii) an absolute majority of the votes of each class or series of shares entitled to vote thereon as a class or series and of an absolute majority of the votes of the remaining shares entitled to vote thereon;

securities	Shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.
surplus	The excess, if any, at the time of the determination of the total assets of the Company over the aggregate of its total liabilities, as shown in its books of account, plus the Company's capital.
the Act	The International Business Companies Act (Cap 291) including any modification, extension, re-enactment or renewal thereof and any regulations made thereunder.
the Memorandum	The Memorandum of Association of the Company as originally framed or as from time to time amended.
the Seal	Any Seal which has been duly adopted as the Seal of the Company.
these Articles	These Articles of Association as originally framed or as from time to time amended.
treasury shares	Shares in the Company that were previously issued but were repurchased, redeemed or otherwise acquired by the Company and not cancelled.

2. "Written" or any term of like import includes words typewritten, printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of reproducing words in a visible form, including telex, facsimile, telegram, cable or other form of writing produced by electronic communication.

3. Save as aforesaid any words or expressions defined in the Act shall bear the same meaning in these Articles.

4. Whenever the singular or plural number, or the masculine, feminine or neuter gender is used in these Articles, it shall equally, where the context admits, include the others.

5. A reference in these Articles to voting in relation to shares shall be construed as a reference to voting by members holding the shares except that it is the votes allocated to

the shares that shall be counted and not the number of members who actually voted and a reference to shares being present at a meeting shall be given a corresponding construction.

6. A reference to money in these Articles is, unless otherwise stated, a reference to the currency in which shares in the Company shall be issued according to the provisions of the Memorandum.

REGISTERED SHARES

7. Every member holding registered shares in the Company shall be entitled to a certificate signed by a director or officer of the Company and under the Seal specifying the share or shares held by him and the signature of the director or officer and the Seal may be facsimiles.

8. Any member receiving a share certificate for registered shares shall indemnify and hold the Company and its directors and officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a share certificate for registered shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of directors.

9. If several persons are registered as joint holders of any shares, any one of such persons may give an effectual receipt for any dividend payable in respect of such shares.

SHARES, AUTHORIZED CAPITAL, CAPITAL AND SURPLUS

10. Subject to the provisions of these Articles and any resolution of members, the unissued shares of the Company shall be at the disposal of the directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of directors determine.

11. No share in the Company may be issued until the consideration in respect thereof is fully paid, and when issued the share is for all purposes fully paid and non-assessable save that a share issued for a promissory note or other written obligation for payment of a debt may be issued subject to forfeiture in the manner prescribed in these Articles.

12. Shares in the Company shall be issued for money, services rendered, personal property, an estate in real property, a promissory note or other binding obligation to contribute money or property or any combination of the foregoing as shall be determined by a resolution of directors.

13. Shares in the Company may be issued for such amount of consideration as the directors may from time to time by resolution of directors determine, except that in the case of shares with par value, the amount shall not be less than the par value, and in the absence

of fraud the decision of the directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved. The consideration in respect of the shares constitutes capital to the extent of the par value and the excess constitutes surplus.

14. A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.

15. Treasury shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with these Articles) as the Company may by resolution of directors determine.

16. The Company may issue fractions of a share and a fractional share shall have the same corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

17. Upon the issue by the Company of a share without par value, if an amount is stated in the Memorandum to be authorized capital represented by such shares then each share shall be issued for no less than the appropriate proportion of such amount which shall constitute capital, otherwise the consideration in respect of the share constitutes capital to the extent designated by the directors and the excess constitutes surplus, except that the directors must designate as capital an amount of the consideration that is at least equal to the amount that the share is entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

18. The Company may purchase, redeem or otherwise acquire and hold its own shares but only out of surplus or in exchange for newly issued shares of equal value.

19. Subject to provisions to the contrary in

    (a) the Memorandum or these Articles;

    (b) the designations, powers, preferences, rights, qualifications, limitations and restrictions with which the shares were issued; or

    (c) the subscription agreement for the issue of the shares, the Company may not purchase, redeem or otherwise acquire its own shares without the consent of members whose shares are to be purchased, redeemed or otherwise acquired.

20. No purchase, redemption or other acquisition of shares shall be made unless the directors determine that immediately after the purchase, redemption or other acquisition the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and the realizable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in the books of account, and its capital and, in the absence of fraud, the decision of the directors as to the

realizable value of the assets of the Company is conclusive, unless a question of law is involved.

21. A determination by the directors under the preceding Regulation is not required where shares are purchased, redeemed or otherwise acquired

(a) pursuant to a right of a member to have his shares redeemed or to have his shares exchanged for money or other property of the Company;

(b) by virtue of a transfer of capital pursuant to Regulation 49;

(c) by virtue of the provisions of Section 83 of the Act; or

(d) pursuant to an order of the Court.

22. Shares that the Company purchases, redeems or otherwise acquires pursuant to the preceding Regulation may be cancelled or held as treasury shares except to the extent that such shares are in excess of 80 percent of the issued shares of the Company in which case they shall be cancelled but they shall be available for reissue.

23. Where shares in the Company are held by the Company as treasury shares or are held by another company of which the Company holds, directly or indirectly, shares having more than 50 percent of the votes in the election of directors of the other company, such shares of the Company are not entitled to vote or to have dividends paid thereon and shall not be treated as outstanding for any purpose except for purposes of determining the capital of the Company.

24. The Company may purchase, redeem or otherwise acquire its shares at a price lower than the fair value if permitted by, and then only in accordance with, the terms of

(a) the Memorandum or these Articles; or

(b) a written agreement for the subscription for the shares to be purchased, redeemed or otherwise acquired.

25. The Company may by a resolution of directors include in the computation of surplus for any purpose the unrealized appreciation of the assets of the Company, and, in the absence of fraud, the decision of the directors as to the value of the assets is conclusive, unless a question of law is involved.

MORTGAGES AND CHARGES OF REGISTERED SHARES

26. Members may mortgage or charge their registered shares in the Company and upon satisfactory evidence thereof the Company shall give effect to the terms of any valid mortgage or charge except insofar as it may conflict with any requirements herein contained for consent to the transfer of shares.

27. In the case of the mortgage or charge of registered shares there may be entered in the share register of the Company at the request of the registered holder of such shares

    (a) a statement that the shares are mortgaged or charged;

    (b) the name of the mortgagee or chargee; and

    (c) the date on which the aforesaid particulars are entered in the share register.

28. Where particulars of a mortgage or charge are registered, such particulars shall be cancelled

    (a) with the consent of the named mortgagee or chargee or anyone authorized to act on his behalf; or

    (b) upon evidence satisfactory to the directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the directors shall consider necessary or desirable.

29. Whilst particulars of a mortgage or charge are registered, no transfer of any share comprised therein shall be effected without the written consent of the named mortgagee or chargee or anyone authorized to act on his behalf.

FORFEITURE

30. When shares issued for a promissory note or other written obligation for payment of a debt have been issued subject to forfeiture, the following provisions shall apply.

31. Written notice specifying a date for payment to be made and the shares in respect of which payment is to be made shall be served on the member who defaults in making payment pursuant to a promissory note or other written obligations to pay a debt.

32. The written notice specifying a date for payment shall

    (a) name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which payment required by the notice is to be made; and

    (b) contain a statement that in the event of non-payment at or before the time named in the notice the shares, or any of them, in respect of which payment is not made will be liable to be forfeited.

33. Where a written notice has been issued and the requirements have not been complied with within the prescribed time, the directors may at any time before tender of payment forfeit and cancel the shares to which the notice relates.

34. The Company is under no obligation to refund any moneys to the member whose shares have been forfeited and cancelled pursuant to these provisions. Upon forfeiture and

cancellation of the shares the member is discharged from any further obligation to the Company with respect to the shares forfeited and cancelled.

LIEN

35. The Company shall have a first and paramount lien on every share issued for a promissory note or for any other binding obligation to contribute money or property or any combination thereof to the Company, and the Company shall also have a first and paramount lien on every share standing registered in the name of a member, whether singly or jointly with any other person or persons, for all the debts and liabilities of such member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not. The Company's lien on a share shall extend to all dividends payable thereon. The directors may at any time either generally, or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Regulation.

36. In the absence of express provisions regarding sale in the promissory note or other binding obligation to contribute money or property, the Company may sell, in such manner as the directors may by resolution of directors determine, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of twenty-one days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share.

37. The net proceeds of the sale by the Company of any shares on which it has a lien shall be applied in or towards payment of discharge of the promissory note or other binding obligation to contribute money or property or any combination thereof in respect of which the lien exists so far as the same is presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale the directors may authorize some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

TRANSFER OF SHARES

38. Subject to any limitations in the Memorandum, registered shares in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the directors may accept such evidence of a transfer of shares as they consider appropriate.

39. The Company shall not be required to treat a transferee of a registered share in the Company as a member until the transferee's name has been entered in the share register.

40. Subject to any limitations in the Memorandum, the Company must on the application of the transferor or transferee of a registered share in the Company enter in the share register the name of the transferee of the share save that the registration of transfers may be suspended and the share register closed at such times and for such periods as the Company may from time to time by resolution of directors determine provided always that such registration shall not be suspended and the share register closed for more than 60 days in any period of 12 months.

TRANSMISSION OF SHARES

41. The executor or administrator of a deceased member, the guardian of an incompetent member or the trustee of a bankrupt member shall be the only person recognized by the Company as having any title to his share but they shall not be entitled to exercise any rights as a member of the Company until they have proceeded as set forth in the next following three Regulations.

42. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased member or of the appointment of a guardian of an incompetent member or the trustee of a bankrupt member shall be accepted by the Company even if the deceased, incompetent or bankrupt member is domiciled outside the British Virgin Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor, appointment as guardian or trustee in bankruptcy is issued by a foreign court which had competent jurisdiction in the matter. For the purpose of establishing whether or not a foreign court had competent jurisdiction in such a matter the directors may obtain appropriate legal advice. The directors may also require an indemnity to be given by the executor, administrator, guardian or trustee in bankruptcy.

43. Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any member may be registered as a member upon such evidence being produced as may reasonably be required by the directors. An application by any such person to be registered as a member shall for all purposes be deemed to be a transfer of shares of the deceased, incompetent or bankrupt member and the directors shall treat it as such.

44. Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.

45. What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

REDUCTION OR INCREASE IN AUTHORIZED CAPITAL OR CAPITAL

46. The Company may by a resolution of directors and resolution of members amend the Memorandum to increase or reduce its authorized capital and in connection therewith the Company may in respect of any unissued shares increase or reduce the number of such shares, increase or reduce the par value of any such shares or effect any combination of the foregoing.

47. The Company may amend the Memorandum to

    (a) divide the shares, including issued shares, of a class or series into a larger number of shares of the same class or series; or

    (b) combine the shares, including issued shares, of a class or series into a smaller number of shares of the same class or series,

    provided, however, that where shares are divided or combined under (a) or (b) of this Regulation, the aggregate par value of the new shares must be equal to the aggregate par value of the original shares.

48. The capital of the Company may by a resolution of directors be increased by transferring an amount of the surplus of the Company to capital.

49. Subject to the provisions of the two next succeeding Regulations, the capital of the Company may by resolution of directors be reduced by transferring an amount of the capital of the Company to surplus.

50. No reduction of capital shall be effected that reduces the capital of the Company to an amount that immediately after the reduction is less than the aggregate par value of all outstanding shares with par value and all shares with par value held by the Company as treasury shares and the aggregate of the amounts designated as capital of all outstanding shares without par value and all shares without par value held by the Company as treasury shares that are entitled to a preference, if any, in the assets of the Company upon liquidation of the Company.

51. No reduction of capital shall be effected unless the directors determine that immediately after the reduction the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and that the realizable assets of the Company will not be less than its total liabilities, other than deferred taxes, as shown in the books of the Company and its remaining capital, and, in the absence of fraud, the decision of the directors as to the realizable value of the assets of the Company is conclusive, unless a question of law is involved.

MEETINGS AND CONSENTS OF MEMBERS

52. The directors of the Company may convene meetings of the members of the Company at such times and in such manner and places within or outside the British Virgin Islands as the directors consider necessary or desirable.

53. Upon the written request of members holding 10 percent or more of the outstanding voting shares in the Company the directors shall convene a meeting of members.

54. The directors shall give not less than 7 days notice of meetings of members to those persons whose names on the date the notice is given appear as members in the share register of the Company and are entitled to vote at the meeting.

55. The directors may fix the date notice is given of a meeting of members as the record date for determining those shares that are entitled to vote at the meeting.

56. A meeting of members may be called on short notice:

    (a) if members holding not less than 90 percent of the total number of shares entitled to vote on all matters to be considered at the meeting, or 90 percent of the votes of each class or series of shares where members are entitled to vote thereon as a class or series together with not less than a 90 percent majority of the remaining votes, have agreed to short notice of the meeting, or

    (b) if all members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.

57. The inadvertent failure of the directors to give notice of a meeting to a member, or the fact that a member has not received notice, does not invalidate the meeting.

58. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

59. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

60. An instrument appointing a proxy shall be in substantially the following form or such other form as the Chairman of the meeting shall accept as properly evidencing the wishes of the member appointing the proxy.

(Name of Company)

I/We being a member of the above Company with shares HEREBY APPOINT of or failing him of to be my/our proxy to vote for me/us at the meeting of members to be held on the day of and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

Signed this day of

____

Member

61. The following shall apply in respect of joint ownership of shares:

(a) if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member;

(b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners, and

(c) if two or more of the joint owners are present in person or by proxy they must vote as one.

62. A member shall be deemed to be present at a meeting of members if he participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.

63. A meeting of members is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of members to be considered at the meeting. If a quorum be present, notwithstanding the fact that such quorum may be represented by only one person then such person may resolve any matter and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy form shall constitute a valid resolution of members.

64. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares or each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.

65. At every meeting of members, the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting, the members present shall choose some one of their number to be the chairman. If the members are unable to choose a chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed form of proxy at the meeting shall preside as chairman failing which the oldest individual member or representative of a member present shall take the chair.

66. The chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

67. At any meeting of the members the chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof. If the chairman shall have any doubt as to the outcome of any resolution put to the vote, he shall cause a poll to be taken of all votes cast upon such resolution, but if the chairman shall fail to take a poll then any member present in person or by proxy who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall thereupon cause a poll to be taken. If a poll is taken at any meeting, the result thereof shall be duly recorded in the minutes of that meeting by the chairman.

68. Any person other than an individual shall be regarded as one member and subject to the specific provisions hereinafter contained for the appointment of representatives of such persons the right of any individual to speak for or represent such member shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the directors may rely and act upon such advice without incurring any liability to any member.

69. Any person other than an individual which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the person which he represents as that person could exercise if it were an individual member of the Company.

70. The chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy; of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.

71. Directors of the Company may attend and speak at any meeting of members of the Company and at any separate meeting of the holders of any class or series of shares in the Company.

72. An action that may be taken by the members at a meeting may also be taken by a resolution of members consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication, without the need for any notice, but if any resolution of members is adopted otherwise than by the unanimous written consent of all members, a copy of such resolution shall forthwith be sent to all members not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more members.

DIRECTORS

73. The first directors of the Company shall be appointed by the subscribers to the Memorandum; and thereafter, the directors shall be elected by the members for such term as the members determine.

74. The minimum number of directors shall be one and the maximum number shall be 7.

75. Each director shall hold office for the term, if any, fixed by resolution of members or until his earlier death, resignation or removal.

76. A director may be removed from office, with or without cause, by a resolution of members or, with cause, by a resolution of directors.

77. A director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.

78. The directors may at any time appoint any person to be a director either to fill a vacancy or as an addition to the existing directors. A vacancy occurs through the death, resignation or removal of a director, but a vacancy or vacancies shall not be deemed to exist where one or more directors shall resign after having appointed his or their successor or successors.

79. The Company may determine by resolution of directors to keep a register of directors containing

    (a) the names and addresses of the persons who are directors of the Company;

    (b) the date on which each person whose name is entered in the register was appointed as a director of the Company; and

    (c) the date on which each person named as a director ceased to be a director of the Company.

80. If the directors determine to maintain a register of directors, a copy thereof shall be kept at the registered office of the Company and the Company may determine by resolution of directors to register a copy of the register with the Registrar of Companies.

81. With the prior or subsequent approval by a resolution of members, the directors may, by a resolution of directors, fix the emoluments of directors with respect to services to be rendered in any capacity to the Company.

82. A director shall not require a share qualification and may be an individual or a company.

POWERS OF DIRECTORS

83. The business and affairs of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or these Articles required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorized by these Articles and to such requirements as may be prescribed by a resolution of members; but no requirement made by a resolution of members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

84. The directors may, by a resolution of directors, appoint any person, including a person who is a director, to be an officer or agent of the Company. The resolution of directors appointing an agent may authorize the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.

85. Every officer or agent of the Company has such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to the matters requiring a resolution of directors under the Act.

86. Any director which is a body corporate may appoint any person its duly authorized representative for the purpose of representing it at meetings of the Board of Directors or with respect to unanimous written consents.

87. The continuing directors may act notwithstanding any vacancy in their body, save that if their number is reduced to their knowledge below the number fixed by or pursuant to these Articles as the necessary quorum for a meeting of directors, the continuing directors or director may act only for the purpose of appointing directors to fill any vacancy that has arisen or for summoning a meeting of members.

88. The directors may by resolution of directors exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

89. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of directors.

90. The Company may determine by resolution of directors to maintain at its registered office a register of mortgages, charges and other encumbrances in which there shall be entered the following particulars regarding each mortgage, charge and other encumbrance:

(a) the sum secured;

(b) the assets secured;

(c) the name and address of the mortgagee, chargee or other encumbrancer;

(d) the date of creation of the mortgage, charge or other encumbrance; and

(e) the date on which the particulars specified above in respect of the mortgage, charge or other encumbrance are entered in the register.

91. The Company may further determine by a resolution of directors to register a copy of the register of mortgages, charges or other encumbrances with the Registrar of Companies.

PROCEEDINGS OF DIRECTORS

92. The directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the directors may determine to be necessary or desirable.

93. A director shall be deemed to be present at a meeting of directors if he participates by telephone or other electronic means and all directors participating in the meeting are able to hear each other.

94. A director shall be given not less than 3 days notice of meetings of directors, but a meeting of directors held without 3 days notice having been given to all directors shall be valid if all the directors entitled to vote at the meeting who do not attend, waive notice of the meeting and for this purpose, the presence of a director at a meeting shall constitute waiver on his part. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, does not invalidate the meeting.

95. A director may by a written instrument appoint an alternate who need not be a director and an alternate is entitled to attend meetings in the absence of the director who appointed him and to vote or consent in place of the director.

96. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one-half of the total number of directors, unless there are only 2 directors in which case the quorum shall be 2.

97. If the Company shall have only one director the provisions herein contained for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the members of the Company and in lieu of minutes of a meeting shall record in writing and sign a note or memorandum of all matters requiring a resolution of directors. Such a note or memorandum shall constitute sufficient evidence of such resolution for all purposes.

98. At every meeting of the directors the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting the Vice-Chairman of the Board of Directors shall preside. If there is no Vice-Chairman of the Board of Directors or if the Vice-Chairman of the Board of Directors is not present at the meeting the directors present shall choose some one of their number to be chairman of the meeting.

99. An action that may be taken by the directors or a committee of directors at a meeting may also be taken by a resolution of directors or a committee of directors consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all directors or all members of the committee as the case may be, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more directors.

100. The directors shall cause the following corporate records to be kept:

(a) minutes of all meetings of directors, members, committees of directors, committees of officers and committees of members;

(b) copies of all resolutions consented to by directors, members, committees of directors, committees of officers and committees of members; and

(c) such other accounts and records as the directors by resolution of directors consider necessary or desirable in order to reflect the financial position of the Company.

101. The books, records and minutes shall be kept at the registered office of the Company, its principal place of business or at such other place as the directors determine.

102. The directors may, by resolution of directors, designate one or more committees, each consisting of one or more directors.

103. Each committee of directors has such powers and authorities of the directors, including the power and authority to affix the Seal, as are set forth in the resolution of directors establishing the committee, except that no committee has any power or authority to amend the Memorandum or these Articles, to appoint directors or fix their emoluments, or to appoint officers or agents of the Company.

104. The meetings and proceedings of each committee of directors consisting of 2 or more directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of directors so far as the same are not superseded by any provisions in the resolution establishing the committee.

OFFICERS

105. The Company may by resolution of directors appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist of a

Chairman of the Board of Directors, a Vice-Chairman of the Board of Directors, a President and one or more Vice-Presidents, Secretaries and Treasurers and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.

106. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of directors or resolution of members, but in the absence of any specific allocation of duties it shall be the responsibility of the Chairman of the Board of Directors to preside at meetings of directors and members, the Vice-Chairman to act in the absence of the Chairman, the President to manage the day to day affairs of the Company, the Vice-Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

107. The emoluments of all officers shall be fixed by resolution of directors.

108. The officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by resolution of directors. Any vacancy occurring in any office of the Company may be filled by resolution of directors.

CONFLICT OF INTERESTS

109. No agreement or transaction between the Company and one or more of its directors or any person in which any director- has a financial interest or to whom any director is related, including as a director of that other person, is void or voidable for this reason only or by reason only that the director is present at the meeting of directors or at the meeting of the committee of directors that approves the agreement or transaction or that the vote or consent of the director is counted for that purpose if the material facts of the interest of each director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the other directors.

110. A director who has an interest in any particular business to be considered at a meeting of directors or members may be counted for purposes of determining whether the meeting is duly constituted.

INDEMNIFICATION

111. Subject to the limitations hereinafter provided the Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who

(a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or

(b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

112. The Company may only indemnify a person if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

113. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

114. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

115. If a person to be indemnified has been successful in defence of any proceedings referred to above the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

116. The Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in these Articles.

SEAL

117. The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by resolution of directors. The directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the Registered Office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of a director or any other person so authorized from time to time by resolution of directors. Such authorization may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The Directors may provide for a facsimile of the Seal and of the signature of any director or authorized person which may be reproduced by printing or other means on any instrument and it shall have the same

force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described.

DIVIDENDS

118. The Company may by a resolution of directors declare and pay dividends in money, shares, or other property, but dividends shall only be declared and paid out of surplus. In the event that dividends are paid in specie the directors shall have responsibility for establishing and recording in the resolution of directors authorizing the dividends, a fair and proper value for the assets to be so distributed.

119. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

120. The directors may, before declaring any dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund, and may invest the sum so set aside as a reserve fund upon such securities as they may select.

121. No dividend shall be declared and paid unless the directors determine that immediately after the payment of the dividend the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and the realizable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in its books of account, and its capital. In the absence of fraud, the decision of the directors as to the realizable value of the assets of the Company is conclusive, unless a question of law is involved.

122. Notice of any dividend that may have been declared shall be given to each member in manner hereinafter mentioned and all dividends unclaimed for 3 years after having been declared may be forfeited by resolution of directors for the benefit of the Company.

123. No dividend shall bear interest as against the Company and no dividend shall be paid on treasury shares or shares held by another company of which the Company holds, directly or indirectly, shares having more than 50 percent of the vote in electing directors.

124. A share issued as a dividend by the Company shall be treated for all purposes as having been issued for money equal to the surplus that is transferred to capital upon the issue of the share.

125. In the case of a dividend of authorized but unissued shares with par value, an amount equal to the aggregate par value of the shares shall be transferred from surplus to capital at the time of the distribution.

126. In the case of a dividend of authorized but unissued shares without par value, the amount designated by the directors shall be transferred from surplus to capital at the time of the distribution, except that the directors must designate as capital an amount that is at least equal to the amount that the shares are entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

127. A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionately smaller par value does not constitute a dividend of shares.

ACCOUNTS AND AUDIT

128. The Company may by resolution of members call for the directors to prepare periodically a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for the financial period and a true and fair view of the state of affairs of the Company as at the end of the financial period.

129. The Company may by resolution of members call for the accounts to be examined by auditors.

130. The first auditors shall be appointed by resolution of directors; subsequent auditors shall be appointed by a resolution of members.

131. The auditors may be members of the Company but no director or other officer shall be eligible to be an auditor of the Company during his continuance in office.

132. The remuneration of the auditors of the Company

(a) in the case of auditors appointed by the directors, may be fixed by resolution of directors; and

(b) subject to the foregoing, shall be fixed by resolution of members or in such manner as the Company may by resolution of members determine.

133. The auditors shall examine each profit and loss account and balance sheet required to be served on every member of the Company or laid before a meeting of the members of the Company and shall state in a written report whether or not

(a) in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the state of affairs of the Company at the end of that period; and

(b) all the information and explanations required by the auditors have been obtained.

134. The report of the auditors shall be annexed to the accounts and shall be read at the meeting of members at which the accounts are laid before the Company or shall be served on the members.

135. Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.

136. The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of members of the Company at which the Company's profit and loss account and balance sheet are to be presented.

NOTICES

137. Any notice, information or written statement to be given by the Company to members may be served in the case of members holding registered shares in any way by which it can reasonably be expected to reach each member or by mail addressed to each member at the address shown in the share register.

138. Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.

139. Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the registered office or the registered agent of the Company or that it was mailed in such time as to admit to its being delivered to the registered office or the registered agent of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

PENSION AND SUPERANNUATION FUNDS

140. The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid or who hold or held any salaried employment or office in the Company or such other company, or any persons in whose welfare the Company or any such other company as aforesaid is or has been at any time interested, and to the wives, widows, families and dependents of any such person, and may make payments for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always to the proposal being approved by resolution of members, a director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension allowance or emolument.

ARBITRATION

141. Whenever any difference arises between the Company on the one hand and any of the members or their executors, administrators or assigns on the other hand, touching the true intent and construction or the incidence or consequences of these Articles or of the Act,

touching anything done or executed, omitted or suffered in pursuance of the Act or touching any breach or alleged breach or otherwise relating to the premises or to these Articles, or to any Act or Ordinance affecting the Company or to any of the affairs of the Company such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to 2 arbitrators one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire.

142. If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for 10 days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

VOLUNTARY WINDING UP AND DISSOLUTION

143. The Company may voluntarily commence to wind up and dissolve by a resolution of members but if the Company has never issued shares it may voluntarily commence to wind up and dissolve by resolution of director.

CONTINUATION

144. The Company may by resolution of members or by a resolution passed unanimously by all directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

We, HWR SERVICES LIMITED, of Craigmuir Chambers, Road Town, Tortola, British Virgin Islands for the purpose of incorporating an International Business Company under the laws of the British Virgin Islands hereby subscribe our name to these Articles of Association the 4th day of December, 2002 in the presence of:

Witness	Subscriber
/s/ Simone I. Syfox	/s/ Andrew B. Swapp
Simone I. Syfox Craigmuir Chambers Road Town, Tortola	Andrew B. Swapp Authorized Signatory HWR Services Limited

Exhibit 10.49

FORM OF INDEMNIFICATION AGREEMENT

This Agreement entered into and effective this ___ day of _________, 20___ (the "Agreement"), by and between MagnaChip Semiconductor LLC, a Delaware limited liability company (the "Company,") and _________ (the "Indemnitee").

RECITALS

WHEREAS, it is essential to the Company that it be able to retain and attract as Directors to serve on its Board of Directors ("Directors") the most capable persons available;

WHEREAS, the Company desires to provide Indemnitee with specific contractual assurance of Indemnitee's rights to full indemnification against litigation risks and expenses (regardless, among other things, of any amendment to or revocation of the Organizational Documents (as defined below) or any change in the ownership of the Company or the composition of its Board of Directors); and

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, the Company's Fifth Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") and/or the limited liability company agreements or similar governing documents for any Subsidiary (collectively, the "Organizational Documents") require it or them to indemnify its or their Directors to the fullest extent permitted by law and permit it or them to make other indemnification arrangements and agreements;

WHEREAS, this Agreement is a supplement to and in furtherance of the LLC Agreement of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee does not regard the protection available under the Company's LLC Agreement and insurance as adequate in the present circumstances, and may not be willing to serve as a Director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified;

[WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by Avenue Capital Group which Indemnitee and Avenue Capital Group intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.]

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the mutual sufficiency of which is hereby acknowledged, the Company and Indemnitee hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings given to them below:

“Entity” shall mean any corporation, partnership, limited liability company, joint venture, trust, foundation, association, organization or other legal entity.

“Expenses” shall mean all fees, costs and expenses incurred by Indemnitee in connection with any Proceeding (as defined below), including, without limitation, reasonable attorneys’ fees, disbursements and retainers (including, without limitation, any such fees, disbursements and retainers incurred by Indemnitee pursuant to Articles VI and VII of this Agreement), fees and disbursements of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), court costs, transcript costs, fees of experts, travel expenses, duplicating, printing and binding costs, telephone and fax transmission charges, postage, delivery services, secretarial services, and other disbursements and expenses. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

“Liabilities” shall mean judgments, damages, liabilities, losses, penalties (whether civil, criminal or otherwise), foreign, federal, state and local taxes (including taxes payable by Indemnitee as a result of the actual or deemed receipt of payments under this Agreement), fines (including excise taxes and penalties assessed with respect to employee benefit plans) and amounts paid in settlement and all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

“Proceeding” shall mean any threatened, pending or completed claim, action, suit, arbitration, alternate dispute resolution process, investigation, administrative hearing, appeal, or any other proceeding, whether civil, criminal, administrative, arbitrative or investigative, whether formal or informal, including a proceeding initiated by Indemnitee pursuant to Article VI of this Agreement to enforce Indemnitee’s rights hereunder.

“Status” describes the status of a person who is serving, has served or may be deemed to have served (i) as a director, manager, partner, trustee, fiduciary, controlling person, officer, employee, or agent of the Company or any Subsidiary of the Company, (ii) in any capacity with respect to any employee benefit plan of the Company, or (iii) as a director, manager, partner, trustee, fiduciary, controlling person, officer, employee, or agent of any other Entity at the request of the Company.

“Subsidiary” shall mean any corporation, partnership, limited liability company, joint venture, trust or other Entity of which the Company owns (either directly or through or together with another Subsidiary of the Company) either (i) a general partner, managing member or other similar interest of such Entity or (ii) (A) 50% or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other Entity, or (B) 50% or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other Entity.

ARTICLE II
SERVICES OF INDEMNITEE

2.1 Services of Indemnitee. In consideration of the Company's covenants and commitments hereunder, Indemnitee agrees to serve or continue to serve as a Director of the Company. However, this Agreement shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any.

ARTICLE III
AGREEMENT TO INDEMNIFY

3.1 General.

(a) To the fullest extent permitted by law, the Company shall indemnify, defend and hold harmless the Indemnitee from any Liabilities and Expenses incurred by the Indemnitee by reason of (or arising in part out of) any event or occurrence (a) related to Indemnitee's Status or (b) related to any act performed or omitted to be performed by the Indemnitee in connection with such Status (collectively, "Indemnifiable Amounts"); provided, however, that if the Liability or claim arises out of any action or inaction of an Indemnitee, indemnification under this Section 3.1 shall be available to the Indemnitee only if the Liability or claim was not primarily attributable to the Indemnitee's willful misconduct or gross negligence or a material violation of the LLC Agreement by Indemnitee; provided, further, however, that indemnification under this Section 3.1 shall be recoverable only from the assets of the Company (including insurance proceeds) and not from any assets of the members of the Company (other than the Company itself).

(b) Notwithstanding the foregoing, (i) the indemnification obligations of the Company under Section 3.1(a) above shall be subject to the condition that it shall not have been determined in accordance with Section 3.1(c) below, that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an advance payment of Expenses to Indemnitee pursuant to Section 3.1(a) above (an "Expense Advance") shall be subject to the condition that if, when and to the extent that it is determined in accordance with Section 3.1(c) below that Indemnitee would not be permitted to be indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all Expense Advance theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that he or she should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's obligation to reimburse the Company for any Expense Advance shall be unsecured and no interest shall be charged thereon. For purposes of this Agreement, a "Reviewing Party" shall mean (x) any appropriate person or body consisting of a Director or Directors or any other person or body appointed by the Directors who is not a party to the particular claim for which Indemnitee is seeking indemnification or (y) independent legal counsel.

(c) The Reviewing Party shall determine whether or not the Indemnitee would be permitted to be indemnified under applicable law and any such determination shall be made in writing, specifying in reasonable detail the reasons therefore, and delivered to Indemnitee. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the State of Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding.

3.2 Insurance. The Company shall pay for standard director and officer liability insurance covering liability of the Indemnitee for performance of his or her duties in such amounts, and with the scope of such coverage to be customary for a Company of like size with similar operations. If, at the time of the receipt by the Company of a notice of a claim from Indemnitee pursuant to this Agreement, the Company has liability insurance in effect which may cover such claim, the Company shall use commercially reasonably efforts to provide prompt written notice of the commencement of such claim to such insurers in accordance with the procedures set forth in each of such policies. The Company shall thereafter use commercially reasonable efforts to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such claim in accordance with the terms of such policies.

3.3 Exculpation. The Indemnitee shall not be liable, in damages or otherwise, to the Company or to any member of the Company for any loss that arises out of any act performed or omitted to be performed by him or her pursuant to the authority granted by the Organizational Documents except for any losses primarily attributable to the Indemnitee’s willful misconduct, bad faith, recklessness or gross negligence.

3.4 Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is required to be a witness by reason of Indemnitee’s Status in any Proceeding to which the Indemnitee is not a party, he or she shall be indemnified against all Expenses actually incurred by him or her or on his or her behalf in connection therewith.

3.5 Conclusive Presumption Regarding Standard of Care. In making any determination required to be made under law with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement , and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity, including any court or arbitrator, of any determination contrary to that presumption.

3.6 Procedure for Payment of Indemnifiable Amounts. Indemnitee shall submit to the Company a written request specifying the Indemnifiable Amounts for which Indemnitee seeks payment under this Article III or Article IV of this Agreement and the basis for the claim. The Company shall pay such Indemnifiable Amounts to Indemnitee as soon as practicable but in any event no later than twenty (20) calendar days of receipt of the request. At the request of the Company, Indemnitee shall furnish such documentation and information as are reasonably available to Indemnitee and necessary to establish that Indemnitee is entitled to indemnification hereunder. Notwithstanding the foregoing, the failure or delay in providing such request and other information shall not affect Indemnitee's right to indemnification or advancement of Expenses hereunder unless, and then only to the extent that, the Company is materially prejudiced thereby.

3.7 Change in Law. To the extent that a change in law (whether by statute or judicial decision) shall permit broader indemnification or advancement of expenses than is provided under the terms of the Organizational Documents and this Agreement, Indemnitee shall be entitled to such broader indemnification and advancements, and this Agreement shall be deemed to be amended to such extent.

ARTICLE IV
PARTIAL INDEMNIFICATION

4.1 Contribution.

(a) Without diminishing Indemnitee's rights under Article III hereof, and whether or not the indemnification provided in Article III hereof is available, in respect of any Proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such Proceeding), the Company shall (without duplication of amounts paid by the Company under Article III) pay, or cause to be paid, in the first instance, the entire amount of any judgment or settlement of such Proceedings equal to the amount of Expenses and Liabilities actually incurred and paid or payable by the Indemnitee in proportion to the relative benefits received by the Company and all officers, Directors or employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and the Indemnitee, on the other hand. The Company shall not enter into any settlement of any Proceedings in which the Company is jointly liable with the Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against the Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph or Article III hereof, if, for any reason, the Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any Proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such Proceeding), the Company shall (without duplication with amounts paid the Company under Article III) contribute, or cause to be contributed, to the amount of Expenses and Liabilities actually and reasonably incurred and paid or payable by the Indemnitee in proportion to the relative benefits received by the Company and all officers, Directors or employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and the Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, Directors or employees of the Company other than the Indemnitee who are jointly liable with the Indemnitee (or would be if joined in such Proceeding), on the one hand, and the Indemnitee, on the other hand, in connection with the events that resulted in such Expenses and Liabilities, as well as any other equitable considerations which the law may require to be considered.

(c) The Company hereby agrees to fully indemnify and hold the Indemnitee harmless from any claims for contribution which may be brought by reason of the Indemnitee's Status by officers, Directors or employees of the Company, other than the Indemnitee, who may be jointly liable with the Company.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee, whether for Liabilities and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding as determined in a final non-appealable judgment reached by a court of competent jurisdiction in order to reflect (i) the relative benefits received by the Company and the Indemnitee as a result of the event(s) and/or transactions(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its Directors, officers, employees and agents) and the Indemnitee in connection with such event(s) and/or transactions(s).

4.2 Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee is, by reason of Indemnitee's Status, a party to and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified against all Expenses actually incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Agreement, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, by reason of settlement, judgment, order or otherwise, shall be deemed to be a successful result as to such claim, issue or matter.

4.3 Effect of Certain Resolutions. Neither the settlement or termination of any Proceeding nor the failure of the Company to award indemnification or to determine that indemnification is payable shall create a presumption that Indemnitee is not entitled to indemnification hereunder. In addition, the termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, had reasonable cause to believe that Indemnitee's action was unlawful.

ARTICLE V
ADVANCEMENT OF EXPENSES

5.1 Agreement to Advance Expenses; Undertaking. Subject to Section 6.5 hereof, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding in which Indemnitee is involved by reason of such Indemnitee's Status or an act performed or omitted to be performed by such Indemnitee in connection with such Status, within twenty (20) calendar days after the receipt by the Company of a written statement from

Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding.

5.2 Procedure for Advance Payment of Expenses. Indemnitee shall submit to the Company a written request specifying the Expenses for which Indemnitee seeks an advancement under this Article V, together with documentation evidencing that Indemnitee has incurred such Expenses. Payment of Expenses, if indemnifiable, under this Article V shall be made no later than twenty (20) calendar days after the Company's receipt of such request. Notwithstanding the foregoing, the failure or delay in providing such request or other information shall not affect Indemnitee's right to indemnification or advancement of Expenses hereunder unless, and then only to the extent that, the Company is materially prejudiced thereby.

ARTICLE VI
REMEDIES OF INDEMNITEE

6.1 Right to Petition Court. In the event that Indemnitee makes a request for payment of Indemnifiable Amounts under Article III above or a request for an advancement of Expenses under Article V above and the Company fails to make such payment or advancement in a timely manner pursuant to the terms of this Agreement, without limitation as to remedy, Indemnitee may petition any court that has jurisdiction to enforce the Company's obligations under this Agreement.

6.2 Burden of Proof. In any judicial proceeding brought under Section 6.1, the Company shall have the burden of proving that Indemnitee is not entitled to Expense Advancements and/or payments of Indemnifiable Amounts hereunder.

6.3 Expenses. The Company agrees to reimburse Indemnitee in full for any Expenses incurred by Indemnitee in connection with investigating, preparing for, litigating, defending or settling any action brought by Indemnitee under Section 6.1 above, or in connection with any claim or counterclaim brought by the Company in connection therewith, provided that the Company shall have no obligation hereunder in the event that it has been finally adjudicated by a court of competent jurisdiction that Indemnitee is not entitled to payment of Expenses hereunder with respect to such action.

6.4 Failure to Act Not a Defense. The failure of the Company (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of the payment of Indemnifiable Amounts or the advancement of Expenses under this Agreement shall not be a defense in any action brought under Section 6.1, and shall not create a presumption that such payment or advancement is not permissible.

6.5 Indemnitee as Plaintiff. Except as provided in Sections 6.1 and 6.3 of this Agreement and in the next sentence, Indemnitee shall not be entitled to payment of Indemnifiable Amounts or advancement of Expenses with respect to any Proceeding brought by Indemnitee against the Company, any Entity which it controls, any manager, director or officer thereof, or any third party, unless the Company has consented to the initiation of such Proceeding. This Section shall not apply to (a) affirmative defenses asserted by Indemnitee or any counterclaims by Indemnitee which are resolved successfully in an action brought against Indemnitee or (b) a Proceeding instituted by Indemnitee to enforce or interpret this Agreement.

ARTICLE VII
DEFENSE OF THE UNDERLYING PROCEEDING

7.1 Notice by Indemnitee. Indemnitee agrees to notify the Company promptly upon being served with any summons, citation, subpoena, complaint, indictment, information, or other document relating to any Proceeding which may result in the payment of Indemnifiable Amounts or the advancement of Expenses hereunder; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to receive payments of Indemnifiable Amounts or advancements of Expenses unless, and then only to the extent of, the Company's ability to defend in such Proceeding is materially prejudiced thereby.

7.2 Defense by Company. Subject to the provisions of the last sentence of this Section 7.2 and of Section 7.3 below, the Company shall have the right to defend Indemnitee in any Proceeding for which the Company becomes obligated hereunder to pay the Indemnitee's Expenses; provided, however that the Company shall notify Indemnitee of any such decision to defend within ten (10) calendar days of receipt of notice of any such Proceeding under Section 7.1 above. The Company shall not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (a) includes an admission of fault of Indemnitee or (b) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee. This Section 7.2 shall not apply to a Proceeding brought by Indemnitee under Article VI above.

7.3 Indemnitee's Right to Counsel. Notwithstanding the provisions of Section 7.2 above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Status, (a) Indemnitee reasonably concludes that he or she may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with the position of other defendants in such Proceeding, (b) a conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (c) if the Company fails to assume the defense of such proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, at the expense of the Company, to represent Indemnitee in connection with any such matter.

ARTICLE VIII
MISCELLANEOUS

8.1 Non-Exclusivity; Survival of Rights; Primary of Indemnification; Subrogation.

(a) The right to payment of Indemnifiable Amounts and advancement of Expenses provided by this Agreement shall be in addition to, but not exclusive of, any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Formation, the LLC Agreement, any agreement, a vote of members, a resolution of Directors or otherwise, of the Company. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by Avenue Capital Group and certain of its affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance Expenses or to pay Indemnifiable Amounts are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses and Indemnifiable Amounts to the extent legally permitted and as required by the terms of this Agreement and the Certificate of Formation or LLC Agreement of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 8.1(b).]

(c) Except as provided in paragraph (b) above, in the event of any payment of Indemnifiable Amounts or Expenses under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors) against other persons, and Indemnitee shall take, at the request of the Company, commercially reasonable action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) Except as provided in paragraph (b) above, the Company shall not be liable under this Agreement to make any payment of Indemnifiable Amounts hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) Except as provided in paragraph (b) above, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

8.2 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be delivered by certified or registered mail (first class postage prepaid), guaranteed overnight delivery, or facsimile transmission if such transmission is confirmed by delivery by certified or registered mail (first class postage prepaid) or guaranteed overnight delivery, (a) to the Indemnitee at the address and facsimile number set forth on the signature page hereto (or to such other address or facsimile number which the Indemnitee shall designate in writing to the Company), or (b) to the Company at the following address and facsimile number (or to such other addresses or facsimile numbers which such party shall designate in writing to the other party):

MagnaChip Semiconductor LLC
c/o MagnaChip Semiconductor Ltd.
891 Daechi-dong, Gangnam-gu
Seoul 135-738 Korea
Attn: General Counsel
Fax: 82-2-6903-3898

8.3 Entire Agreement. This Agreement contains the entire understanding of the parties in respect of the subject matter hereof and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter; provided, however, it is agreed that the provisions contained in this Agreement are a supplement to, and not a substitute for, any provisions regarding the same subject matter contained in the Organizational Documents and any employments or similar agreement between the parties.

8.4 Amendment; Waiver. This Agreement may not be modified, amended, supplemented, canceled or discharged, except by written instrument executed by the Company and Indemnitee. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing among the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts.

8.5 Binding Effect; Assignment. The rights and obligations of this Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns. Nothing expressed or implied herein or therein shall be construed to give any person other than the Company or an assignee or designee of the Company any legal or equitable rights hereunder. The Company shall have the right to assign, in whole or in part and from time to time the rights of the Company set forth in this Agreement upon a sale of the Company, including a sale of all or substantially all the assets of the Company.

8.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

8.7 Interpretation. When a reference is made in this Agreement to an article, section, paragraph, clause, schedule or exhibit, such reference shall be deemed to be to this Agreement unless otherwise indicated. The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

8.8 Governing Law; Interpretation. This Agreement shall be construed in accordance with and governed for all purposes exclusively by the internal substantive laws of the State of Delaware applicable to contracts executed and to be wholly performed within such State.

8.9 Jurisdiction and Waiver of Jury Trial.

(a) ANY SUIT, ACTION OR PROCEEDING AGAINST ANY PARTY ARISING OUT OF, OR WITH RESPECT TO, THIS AGREEMENT OR ANY JUDGMENT ENTERED BY ANY COURT IN RESPECT THEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE AND THE PARTIES HERETO ACCEPT THE EXCLUSIVE JURISDICTION OF SUCH COURT FOR THE PURPOSE OF ANY SUIT, ACTION OR PROCEEDING.

(b) IN ADDITION, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY JUDGMENT ENTERED BY ANY COURT IN RESPECT THEREOF BROUGHT IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE AND HEREBY FURTHER

IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUIT, ACTION OR PROCEEDINGS BROUGHT IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY HEREBY WAIVES THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. EACH PARTY AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION WILL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER WILL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

8.10 Costs of Enforcement. The prevailing party shall be entitled to recover all costs and expenses incurred to enforce this Agreement from the non-prevailing party, including without limitation, all attorneys' fees and other costs arising from any action or proceeding to enforce any provision or provisions of this Agreement.

8.11 Arm's Length Negotiations; Drafting. Each party herein expressly represents and warrants to all other parties hereto that before executing this Agreement, said party has fully informed itself of the terms, contents, conditions and effects of this Agreement; said party has relied solely and completely upon its own judgment in executing this Agreement; said party has had the opportunity to seek and has obtained the advice of counsel before executing this Agreement; said party has acted voluntarily and of its own free will in executing this Agreement; said party is not acting under duress, whether economic or physical, in executing this Agreement; and this Agreement are the result of arm's length negotiations conducted by and among the parties and their respective counsel. This Agreement shall be deemed drafted jointly by the parties and nothing shall be construed against one party or another as the drafting party.

8.12 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. In the event that any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a period of time or too large a geographic area or over too great a range of activities, it shall be interpreted to extend only over the maximum lesser period of time, geographic area, or range of activities as to which it may be enforceable. Each of the covenants herein shall be deemed a separate and severable covenant. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under applicable law. Accordingly, a court of competent jurisdiction is directed to modify any provision to the extent necessary to render such provision enforceable.

8.13 Survival. This Agreement shall continue in force for the benefit of the Indemnitee and such heirs, personal representatives, executors and administrators after Indemnitee has ceased to have Status. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or Director of the Company (or is or was serving at the request of the Company as a manager, director, officer, employee or agent of any Subsidiary) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Article VI hereof) by reason of his Status, whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer or Director of the Company or any Subsidiary at the Company's request.

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

MAGNACHIP SEMICONDUCTOR LLC

By: ______________________________________

Name:

Title:

INDEMNITEE

____

Exhibit 12.1

Statement Regarding Computation of Ratio of Earnings to Fixed Charges

	Successor		Predecessor					
	Three Months Ended March 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007	2006	2005
				(in millions except ratios)				
Fixed charges:								
Interest expensed and capitalized, amortization of debt issuance costs and discount on all indebtedness	$ 2.1	$ 1.3	$ 31.2	$ 14.7	$ 76.5	$ 61.4	$ 60.0	$ 58.5
Rent expense	1.2	0.8	3.9	1.0	4.5	3.9	4.0	4.6
Preferred stock dividend requirements of consolidated subsidiaries	—	—	6.3	3.4	13.3	12.0	10.9	9.9
Total fixed charges	3.3	2.1	41.4	19.0	94.2	77.3	74.9	73.0
Earnings:								
Income (loss) from continuing operations before income taxes	30.1	(0.5)	841.8	(66.3)	(314.3)	(120.0)	(67.9)	(109.1)
Add:								
Fixed charges	3.3	2.1	41.4	19.0	94.2	77.3	74.9	73.0
Amortization of capitalized interest	—	—	0.0	0.0	0.1	0.1	0.0	0.0
Less:								
Interest capitalized	—	—	—	—	—	—	(0.1)	(0.1)
Preferred unit dividend requirements of consolidated subsidiaries	—	—	(6.3)	(3.4)	(13.3)	(12.0)	(10.9)	(9.9)
Total earnings plus fixed charges	33.4	1.6	877.0	(50.6)	(233.2)	(54.6)	(3.9)	(46.1)
Ratio of earnings to fixed charges	10.2	—	21.2	—	—	—	—	—

The term “fixed charge” means the sum of the following: interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness; and an estimate of interest within rental expense (equal to one-third of rental expense). Management believes this is a reasonable approximation of the interest factor.

Where a dash appears, our earnings were negative and were insufficient to cover fixed charges during the period. Our deficiencies to cover fixed charges in each period presented were as follows:

	Successor	Predecessor				
	Two- Month Period Ended December 31, 2009	Three Months Ended March 29, 2009	Years Ended December 31, 2008	2007	2006	2005
			(in millions)			
Deficiencies	$ 0.5	$ 69.6	$327.5	$132.0	$78.8	$119.2

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-4 of MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company (the "Registration Statement") of our reports dated March 13, 2010, except for Note 28, condensed consolidating financial information, which is as of August 4, 2010, relating to the consolidated financial statements of MagnaChip Semiconductor LLC and subsidiaries, which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
August 4, 2010

Exhibit 25.1

File No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

WILMINGTON TRUST FSB
(Exact name of trustee as specified in its charter)

Federal Charter **(State of incorporation)**	**52-1877389** **(I.R.S. employer identification no.)**

Harborplace Tower, Suite 2620
111 S. Calvert Street
Baltimore, Maryland 21202
(410) 468-4325
(Address of principal executive offices)

Michael A. DiGregorio
Senior Vice President and General Counsel
Wilmington Trust Company
1100 North Market Street
Wilmington, Delaware 19890-0001
(302) 651-8793
(Name, address and telephone number of agent for service)

MagnaChip Semiconductor S.A. (See table of additional registrants)
(Exact name of obligor as specified in its charter)

Luxembourg **(State of incorporation)**	**Not Applicable** **(I.R.S. employer identification no.)**
74, rue de Merl **B.P. 709 L2146 Luxembourg R.C.S.** **Luxembourg, B97483** **(Address of principal executive offices)**	**N/A** **(Zip Code)**

MagnaChip Semiconductor Finance Company (See table of additional registrants)
(Exact name of obligor as specified in its charter)

Delaware **(State of incorporation)**	**84-1664144** **(I.R.S. employer identification no.)**
c/or MagnaChip Semiconductor S.A. **74, rue de Merl** **B.P. 709 L2146 Luxembourg R.C.S.** **Luxembourg, B97483** **(Address of principal executive offices)**	**N/A** **(Zip Code)**

10.500% Senior Notes due 2018

(Title of the indenture securities)

TABLE OF ADDITIONAL REGISTRANTS

Exact Name of Additional Registrants	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number
MagnaChip Semiconductor LLC	Delaware	83-0406195
MagnaChip Semiconductor B.V.	The Netherlands	Not Applicable
MagnaChip Semiconductor, Inc.	California	77-0478632
MagnaChip Semiconductor SA Holdings LLC	Delaware	Not Applicable
MagnaChip Semiconductor Ltd.	United Kingdom	98-0439386
MagnaChip Semiconductor Limited	Taiwan	98-0439388
MagnaChip Semiconductor Limited	Hong Kong	98-0439389
MagnaChip Semiconductor Limited	Japan	Not Applicable
MagnaChip Semiconductor Holding Company Limited	British Virgan Islands	Not Applicable

The principal executive office address for each of the additional registrants is c/o MagnaChip Semiconductor S.A., 74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S., Luxembourg, B-97483, telephone (352) 45-62-62. The primary standard industrial classification code number for each of the additional registrants is 3674.

The address, including zip code, and telephone number, including area code, of each of the additional registrants is c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, telephone (408) 625-5999, fax (408) 625-5990 and the name of each of the additional registrant's agent for service is John McFarland, Senior Vice President, General Counsel and Secretary, MagnaChip Semiconductor LLC.

Item 1. GENERAL INFORMATION. Furnish the following information as to the trustee:

(a) *Name and address of each examining or supervising authority to which it is subject.*

Office of Thrift Supervision
1475 Peachtree Street, N.E.
Atlanta, GA 30309

(b) *Whether it is authorized to exercise corporate trust powers.*

Yes.

Item 2. AFFILIATIONS WITH THE OBLIGOR. *If the obligor is an affiliate of the trustee, describe each affiliation:*

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

Item 16. LIST OF EXHIBITS. List below are all exhibits filed as part of this Statement of Eligibility and Qualification.

1. A copy of the Federal Stock Savings Bank Charter for Wilmington Trust FSB, incorporated by reference to Exhibit 1 of Form T-1.
2. The authority of Wilmington Trust FSB to commence business was granted under the Federal Stock Savings Bank Charter for Wilmington Trust FSB, incorporated herein by reference to Exhibit 1 of Form T-1.
3. The authorization to exercise corporate trust powers was granted under the Federal Stock Savings Bank charter, incorporated herein by reference to Exhibit 1 of Form T-1.
4. A copy of the existing By-Laws of Trustee, as now in effect, incorporated herein by reference to Exhibit 4 of form T-1.
5. Not applicable.
6. The consent of Trustee as required by Section 321(b) of the Trust Indenture Act of 1939, incorporated herein by reference to Exhibit 6 of Form T-1.
7. Current Report of the Condition of Trustee, published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.
8. Not applicable.
9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wilmington Trust FSB, a federal savings bank, organized and existing under the laws of the United States of America, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Minneapolis and State of Minnesota on the 2nd of August, 2010.

WILMINGTON TRUST FSB

By: /s/ Jane Schweiger
Name: Jane Schweiger
Title: Vice President

EXHIBIT 1

Charter No. 6012

FEDERAL STOCK SAVINGS BANK CHARTER

WILMINGTON TRUST FSB

As existing on June 10, 1994.

FEDERAL STOCK SAVINGS BANK CHARTER

WILMINGTON TRUST FSB

SECTION 1. Corporate Title. The full corporate title of the savings bank is Wilmington Trust FSB.

SECTION 2. Office. The home office shall be located in Salisbury, Maryland.

SECTION 3. Duration. The duration of the savings bank is perpetual.

SECTION 4. Purpose and Powers. The purpose of the savings bank is to pursue any or all of the lawful objectives of a Federal savings bank chartered under Section 5 of the Home Owners' Loan Act and to exercise all of the express, implied, and incidental powers conferred thereby and by all acts amendatory thereof and supplemental thereto, subject to the Constitution and laws of the United States as they are now in effect, or as they may hereafter be amended, and subject to all lawful and applicable rules, regulations, and orders of the Office of Thrift Supervision ("OTS").

SECTION 5. Capital Stock. The total number of shares of all classes of the capital stock which the savings bank has the authority to issue is 10,000,000, all of which shall be common stock of par value of $1.00 per share. The shares may be issued from time to time as authorized by the Board of Directors without the approval of its shareholders, except as otherwise provided in this Section 5 or to the extent that such approval is required by governing law, rule, or regulation. The consideration for the issuance of the shares shall be paid in full before their issuance and shall not be less than the par value. Neither promissory notes nor future services shall constitute payment or part payment for the issuance of shares of the savings bank. The consideration for the shares shall be cash, tangible or intangible property (to the extent direct investment in such property would be permitted to the savings bank), labor, or services actually performed for the savings bank, or any combination of the foregoing. In the absence of actual fraud in the transaction, the value of such property, labor, or services, as determined by the Board of Directors of the savings bank, shall be conclusive. Upon payment of such consideration, such shares shall be deemed to be fully paid and nonassessable. In the case of a stock dividend, that part of the surplus of the savings bank which is transferred to stated capital upon the issuance of shares of as a share dividend shall be deemed to be the consideration for their issuance.

Except for shares issuable in connection with the conversion of the savings bank from the mutual to stock form of capitalization, no shares of common stock (including shares issuable upon conversion, exchange, or exercise of other securities) shall be issued, directly or indirectly, to officers, directors, or controlling persons of the savings bank other than as part of a general public offering or as qualifying shares to a director, unless the issuance or the plan under which they would be issued has been approved by a majority of the total votes eligible to be cast as a legal meeting.

The holders of the common stock shall exclusively possess all voting power. Each holder of shares of common stock shall be entitled to one vote for each share held by such holder, except as to the cumulation of votes for the election of directors. Subject to any provision for a liquidation account, in the event of any liquidation, dissolution, or winding up of the savings bank, the holders of the common stock shall be entitled, after payment or provision for payment of all debts and liabilities of the savings bank, to receive the remaining assets of the savings bank available for distribution, in cash or in kind. Each share of common stock shall have the same relative rights as and be identical in all respects with all the other shares of common stock.

SECTION 6. Preemptive Rights. Holders of the capital stock of the savings bank shall not be entitled to preemptive rights with respect to any shares of the savings bank which may be issued.

SECTION 7. Directors. The savings bank shall be under the direction of a Board of Directors. The authorized number of directors, as stated in the savings bank's bylaws, shall not be fewer than five nor more than fifteen except when a greater number is approved by the OTS.

SECTION 8. Amendment of Charter. Except as provided in Section 5, no amendment, addition, alteration, change, or repeal of this charter shall be made, unless such is first proposed by the Board of Directors of the savings bank, then preliminarily approved by the OTS, which preliminary approval may be granted by the OTS pursuant to regulations specifying preapproved charter amendments, and thereafter approved by the shareholders by a majority of the total votes eligible to be cast at a legal. Any amendment, addition, alteration, change, or repeal so acted upon shall be effective upon filing with the OTS in accordance with regulatory procedures or on such other date as the OTS may specify in its preliminary approval.

EXHIBIT 4

BY-LAWS OF WILMINGTON TRUST FSB

As Amended April 28, 2008

ARTICLE I — HOME OFFICES

The home office of this savings bank shall be at 111 South Calvert Street, Suite 2620, Baltimore, Maryland.

ARTICLE II — SHAREHOLDERS

SECTION 1. Place of Meetings. All annual and special meetings of shareholders shall be held at the home office of the savings bank or at such other place in or outside the State in which the principal place of business of the savings bank is located as the board of directors may determine.

SECTION 2. Annual Meeting. A meeting of the shareholders of the savings bank for the election of directors and for the transaction of any other business of the savings bank shall be held annually within 120 days after the end of the savings bank's fiscal year or at such other date and time within at such 120-day period as the board of directors may determine.

SECTION 3. Special Meetings. Special meetings of the shareholders for any purpose or purposes, unless otherwise prescribed by the regulations of the Office of Thrift Supervision ("OTS"), may be called at any time by the chairman of the board, one of the presidents or a majority of the board of directors, and shall be called by the chairman of the board, one of the presidents, or the secretary upon the written request of the holders of not less than one-tenth of all of the outstanding capital stock of the savings bank entitled to vote at the meeting. Such written request shall state the purpose or purposes of the meeting and shall be delivered to the home office of the savings bank addressed to the chairman of the board, one of the presidents, or the secretary.

SECTION 4. Conduct of Meetings. The board of directors shall designate, when present, either the chairman of the board or one of the presidents to preside at such meetings.

SECTION 5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and the purpose(s) for which the meeting is called shall be delivered not fewer than 20 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the chairman of the board, one of the presidents, the secretary or the directors calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the mail, addressed to the shareholder at the address as it appears on the stock transfer books or records of the savings bank as of the record date prescribed in Section 6 of this Article II with postage prepaid. When any shareholders' meeting, either annual or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the time or place of any meeting adjourned for less than 30 days or of the business to be transacted at the meeting, other than an announcement at the meeting at which such adjournment is taken.

SECTION 6. Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors shall fix in advance a date as the record date for any such determination of shareholders. Such date in any case shall be not more than 60 days and, in case of a meeting of shareholders, not fewer than 10 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment.

SECTION 7. Voting Lists. At least 20 days before each meeting of the shareholders, the officer or agent having charge of the stock transfer books for shares of the savings bank shall make a complete list of shareholders entitled to vote at such meeting, or any adjournment, arranged in alphabetical order, with the address and the number of shares held by each. This list of shareholders shall be kept on file at the home office of the savings bank and shall be subject to inspection by any shareholder at any time during usual business hours for a period of 20 days prior to such meeting. Such list also shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any shareholder during the entire time of the meeting. The original stock transfer book shall constitute *prima facie* evidence of the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

In lieu of making the shareholder list available for inspection by shareholders as provided in the preceding paragraph, the board of directors may elect to follow the procedures prescribed in §552.6(d) of the OTS's regulations as now or hereafter in effect.

SECTION 8. Quorum. A majority of the outstanding shares of the savings bank entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares is represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to constitute less than a quorum.

SECTION 9. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Proxies solicited on behalf of the management shall be voted as directed by the shareholder or, in the absence of such direction, as determined by a majority of the board of directors. No proxy shall be valid more than eleven months from the date of its execution except for a proxy coupled with an interest.

SECTION 10. Voting of Shares in the Name of Two or More Persons. When ownership stands in the name of two or more persons, in the absence of written directions to the savings bank to the contrary, at any meeting of the shareholders of the savings bank any one or more of such shareholders may cast, in person or by proxy, all votes to which such ownership is entitled. In the event an attempt is made to cast conflicting votes, in person or by proxy, by the several persons in whose names shares of stock stand, the vote or votes to which those persons are entitled shall be cast as directed by a majority of those holding such and present in person or by proxy at such meeting, but no votes shall be cast for such stock if a majority cannot agree.

SECTION 11. Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by any officer, agent or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine. Shares held by an administrator, executor, guardian, or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name. Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer into his name if authority to do so is contained in an appropriate order of the court or other public authority by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Neither treasury shares of its own stock held by the savings bank nor shares held by another corporation, if a majority of the shares entitled to vote for the election of directors of such other corporation are held by the savings bank, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time for purposes of any meeting.

SECTION 12. Cumulative Voting. Every shareholder entitled to vote at an election for directors shall have the right to vote, in person by proxy, the number of shares owned by the shareholder for as many persons as there are directors to be elected and for whose election the shareholder has a right to vote, or to cumulate the votes by giving one candidate as many votes as the number of such directors to be elected multiplied by the number of shares shall equal or by distributing such votes on the same principle among any number of candidates.

SECTION 13. Inspectors of Election. In advance of any meeting of shareholders, the board of directors may appoint any persons other than nominees for office as inspectors of election to act at such meeting or any adjournment. The number of inspectors shall be either one or three. Any such appointment shall not be altered at the meeting. If inspectors of election are not so appointed, the chairman of the board or one of the presidents may, or on the request of not fewer than 10 percent of the votes represented at the meeting shall, make such appointment at the meeting. If appointed at the meeting, the majority of the votes present shall determine whether one or three inspectors are to be appointed. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the board of directors in advance of the meeting or at the meeting by the chairman of the board or one of the presidents.

Unless otherwise prescribed by regulations of the OTS, the duties of such inspectors shall include: determining the number of shares and the voting power of each share, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the rights to vote; counting and tabulating all votes or consents; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all shareholders.

SECTION 14. Director Elections. The board of directors may nominate candidates for election as directors. Ballots bearing the names of all persons nominated by the board of directors and by shareholders shall be provided for use at the annual meeting. However, if the board of directors shall fail or refuse to act at least 20 days prior to the annual meeting, nominations for directors may be made at the annual meeting by any shareholder entitled to vote and shall be voted upon.

SECTION 15. New Business. Any new business to be taken up at the annual meeting shall be stated in writing and filed with the secretary of the savings bank at least five days before the annual meeting, and all business so stated, proposed and filed shall be considered at the annual meeting; but no other proposal shall be acted upon at the annual meeting. Any shareholder may make any other proposal at the annual meeting and the same may be discussed and considered, but unless stated in writing and filed with the secretary at least five days before the meeting, such proposal shall be laid over for action at an adjourned, special or annual meeting of the shareholders taking place 30 days or more thereafter. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors, and committees; but in connection with such reports, no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.

SECTION 16. Informal Action by Shareholders. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be given by all shareholders entitled to vote with respect to the subject matter.

ARTICLE III — BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of this savings bank shall be under the direction of its board of directors. The board of directors shall annually elect a chairman of the board and one or more presidents and shall designate, when present, either the chairman of the board, one of the presidents, an executive vice president, a senior vice president, or a vice president to preside at its meetings.

SECTION 2. Number and Term. The board of directors shall consist of six members. The directors shall be elected annually, and shall serve for the ensuing year and until their respective successors are duly elected and qualified.

SECTION 3. Regular and Special Meetings. Regular and special meetings of the board of directors may be called by or at the request of the chairman of the board, one of the presidents or one-third of the directors. The persons authorized to call meetings of the board of directors may fix any place as the place for holding that meeting.

Members of the board of directors may participate in regular or special meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person and, if the board of directors so determines, shall constitute attendance for purpose of entitlement to compensation pursuant to Section 11 of this Article.

SECTION 4. Qualification. Each director shall at all times be the beneficial owner of not less than 100 shares of capital stock of the savings bank unless the savings bank is a wholly owned subsidiary of a holding company.

SECTION 5. Notice. Written notice of any special meeting shall be given to each director at least two days prior thereto when delivered personally or by telegram or at least five days prior thereto when delivered by mail at the address at which the director is most likely to be reached. Such notice shall be deemed to be delivered when deposited in the mail so addressed, with postage prepaid if mailed or when delivered to the telegraph company if sent by telegram. Any director may waive notice of any meeting by a writing filed with the secretary. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the board of directors need to be specified in the notice or waiver of notice of such meeting.

SECTION 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the board of directors; but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time. Notice of any adjourned meeting shall be given in the same manner as prescribed by Section 5 of this Article III.

SECTION 7. Manner of Acting. The act of a majority of the directors present at a duly convened meeting at which a quorum is present shall be the act of the board of directors, unless a greater number is prescribed by the regulations of the OTS or these bylaws.

SECTION 8. Action Without a Meeting. Any action required or permitted to be taken by the board of directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors.

SECTION 9. Resignation. Any director may resign at any time by sending a written notice of such resignation to the home office of the savings bank addressed to the chairman of the board or one of the presidents. Unless otherwise specified, such resignation shall take effect upon receipt by the chairman of the board or one of the presidents. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when such resignation is accepted by the board of directors.

SECTION 10. Vacancies. Any vacancy on the board of directors may be filled by the affirmative vote of a majority of the remaining directors although less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected to serve until the next election of directors by the shareholders. Any directorship to be filled by reason of an increase in the number of directors for may be filled by election by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 11. Compensation. Directors, as such, may receive a stated salary for their services. By resolution of the board of directors, a reasonable fixed sum, and reasonable expenses of attendance, if any, may be allowed for attendance, whether in person or by telephone, at any regular or special meeting of the Board of directors.

Members of either standing or special committees may be allowed such compensation for attendance, whether in person or by telephone, at committee meetings as the Board of directors may determine from time to time.

SECTION 12. Presumption of Assent. A director of the savings bank who is present at a meeting of the board of directors at which action on any savings bank matter is taken shall be presumed to have assented to the action taken unless his dissent or abstention shall be entered into the minutes of the meeting or unless he shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the savings bank within five days after the date a copy of the minutes of the meeting is received. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 13. Removal of Directors. At a meeting of shareholders called expressly for that purpose, any director may be removed for cause by a vote of the holders of a majority of the shares then entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against the removal would be sufficient to elect a director if then cumulatively voted at an election of the class of directors of which such director is a part. Whenever the holders of the shares of any class are entitled to elect one or more directors by the provisions of the charter or supplemental sections thereto, the provisions of this section shall apply, in respect to the removal of a director or directors so elected, to the vote of the holders of the outstanding shares of that class and not to the vote of the outstanding shares as a whole.

ARTICLE IV — EXECUTIVE AND OTHER COMMITTEES

SECTION 1. Appointment. The board of directors, by resolution adopted by a majority of the full board, may designate an executive committee. The designation of any committee pursuant to this Article IV and the delegation of authority shall not operate to relieve the board of directors, or any director, of any responsibility imposed by law or regulation.

SECTION 2. Authority. The executive committee, when the board of directors is not in session, shall have and may exercise all of the authority of the board of directors except to the extent, if any, that such authority shall be limited by the resolution appointing the executive committee; and except also that the executive committee shall not have the authority of the board of directors with reference to: the declaration of dividends; the amendment of the charter or bylaws of the savings bank, or recommending to the stockholders a plan of merger, consolidation or conversion; the sale, lease or other disposition of all or substantially all of the property and assets of the savings bank otherwise than in the usual and regular course of its business; a voluntary dissolution of the savings bank; a revocation of any of the foregoing; or the approval of a transaction in which any member of the executive committee, directly or indirectly, has any material beneficial interest.

SECTION 3. Tenure. Subject to the provisions of Section 8 of this Article IV, each member of the executive committee shall hold office until the next regular annual meeting of the board of directors following his or her designation and until a successor is designated as a member of the executive committee.

SECTION 4. Meetings. Regular meetings of the executive committee may be held without notice at such times and places as the executive committee may fix from time to time by resolution. Special meetings of the executive committee may be called by any member thereof upon not less than one day's notice stating the place, date, and hour of the meeting, which notice may be written or oral. Any member of the executive committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the executive committee need not state the business proposed to be transacted at the meeting.

SECTION 5. Quorum. A majority of the members of the executive committee shall constitute a quorum for the transaction of business at any meeting thereof, and action of the Executive committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

SECTION 6. Action Without a Meeting. Any action required or permitted to be taken by the executive committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the executive committee.

SECTION 7. Vacancies. Any vacancy in the executive committee may be filled by a resolution adopted by a majority of the full board of directors.

SECTION 8. Resignations and Removal. Any member of the executive committee may be removed at any time with or without cause by a resolution adopted by a majority of the full board of directors. Any member of the executive committee may resign from the executive committee at any time by giving written notice to the one of the presidents or secretary of the savings bank. Unless otherwise specified, such resignation shall take effect upon its receipt; the acceptance of such resignation shall not be necessary to make it effective.

SECTION 9. Procedure. The executive committee shall elect a presiding officer from its members and may fix its own rules of procedure which shall not be inconsistent with these bylaws. It shall keep regular minutes of its proceedings and report the same to the board of directors for its information at the meeting held next after the proceedings shall have occurred

SECTION 10. Other Committees. The board of directors may by resolution establish an audit, loan or other committee composed of directors as they may determine to be necessary or appropriate for the conduct of the business of the savings bank and may prescribe the duties, constitution, and procedures thereof.

ARTICLE V — OFFICERS

SECTION 1. Positions. The officers of this savings bank shall be one or more presidents, one or more vice presidents, a secretary and a treasurer, each of whom shall be elected by the board of directors. The board of directors may also designate the chairman of the board as an officer. One of the presidents shall be the chief executive officer, unless the board of directors designates the chairman of the board as chief executive officer. The offices of secretary and treasurer may be held by the same person and a vice president may also be either the secretary or the treasurer. The board of directors may designate one or more vice presidents as executive vice president or senior vice president. The board of directors also may elect or authorize the appointment of such other officers as the business of this savings bank may require. The officers shall have such authority and perform such duties as the board of directors may from time to time authorize or determine. In the absence of action by the board of directors, the officers shall have such powers and duties as generally pertain to their respective offices.

SECTION 2. Election and Term of Office. The officers of this savings bank shall be elected annually at the first meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as possible. Each officer shall hold office until a successor has been duly elected and qualified or until the officer's death, resignation, or removal in the manner hereinafter provided. Election or appointment of an officer, employee, or agent shall not of itself create contractual rights. The board of directors may authorize the savings bank to enter into an employment contract with any officer in accordance with regulations of the OTS; but no such contract shall impair the right of the board of directors to remove any officer at any time in accordance with Section 3 of this Article V.

SECTION 3. Removal. Any officer may be removed by the board of directors whenever in its judgment the best interests of the savings bank would be served thereby, but such removal, other than for cause, shall be without prejudice to the contractual rights, if any, of the person so removed.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the board of directors for the unexpired portion of the term.

SECTION 5. Remuneration. The remuneration of the officers shall be fixed from time to time by the board of directors.

ARTICLE VI — CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. To the extent permitted by regulations of the OTS, and except as otherwise prescribed by these bylaws with respect to certificates for shares, the board of directors may authorize any officer, employee or agent of the savings bank to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the savings bank. Such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the savings bank and no evidence of indebtedness shall be issued in its name unless authorized by the board of directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the savings bank shall be signed by one or more officers, employees or agents of the savings bank in such manner as shall from time to time be determined by the board of directors.

SECTION 4. Deposits. All funds of the savings bank not otherwise employed shall be deposited from time to time to the credit of the savings bank in any duly authorized depositories as the board of directors may select.

ARTICLE VII — CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of capital stock of the savings bank shall be in such form as shall be determined by the board of directors and approved by the OTS. Such certificates shall be signed by the chief executive officer or by any other officer of the savings bank authorized by the board of directors, attested by the secretary or an assistant secretary, and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar other than the savings bank itself or one of its employees. Each certificate for shares of capital stock shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares are issued, the number of shares and date of issue, shall be entered on the stock transfer books of the savings bank. All certificates surrendered to the savings bank for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares has been surrendered and canceled, except that in the case of a lost or destroyed certificate, a new certificate may be issued upon such terms and indemnity to the savings bank as the board of directors may prescribe.

SECTION 2. Transfer of Shares. Transfer of shares of the capital stock of the savings bank shall be made only on its stock transfer books. Authority for such transfer shall be given only by the holder of record or by his legal representative, who shall furnish proper evidence of such authority, or by his attorney authorized by a duly executed power of attorney and filed with the savings bank. Such transfer shall be made only on surrender for cancellation of the certificate for such shares. The person in whose name shares of capital stock stand on the books of the savings bank shall be deemed by the savings bank to be the owner for all purposes.

ARTICLE VIII — FISCAL YEAR

The fiscal year of this savings bank shall end on the 31st day of December of each year.

ARTICLE IX — DIVIDENDS

Subject to the terms of the savings bank's charter and the regulations and orders of the OTS, the board of directors may, from time to time, declare, and the savings bank may pay, dividends on its outstanding shares of capital stock.

ARTICLE X — CORPORATE SEAL

The board of directors shall approve a savings bank seal which shall be two concentric circles between which shall be the name of the savings bank. The year of incorporation or an emblem may appear in the center.

ARTICLE XI — AMENDMENTS

These bylaws may be amended in a manner consistent with regulations of the OTS at any time by a majority of the full board of directors or by a majority vote of the votes cast by the stockholders of the savings bank at any legal meeting.

EXHIBIT 6

Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust FSB hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST FSB

Dated: August 2, 2010

By: /s/ Jane Schweiger
Name: Jane Schweiger
Title: Vice President

EXHIBIT 7

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

R E P O R T O F C O N D I T I O N

WILMINGTON TRUST FSB	of	BALTIMORE
Name of Bank		City

in the State of Maryland , at the close of business on March 31, 2010:

ASSETS	Thousands of Dollars
Cash, Deposits & Investment Securities:	615,457
Mortgage back Securities:	1,408
Mortgage Loans:	568,617
Non-Mortgage Loans:	545,323
Repossessed Assets:	1,496
Federal Home Loan Bank Stock:	6,236
Office Premises and Equipment:	16,794
Other Assets:	168,858
Total Assets:	1,924,189

LIABILITIES	Thousands of Dollars
Deposits	1,321,181
Escrows	695
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	192,577
Other Liabilities:	146,658
Total Liabilities	1,661,111

EQUITY CAPITAL	Thousands of Dollars
Common Stock	274,001
Unrealized Gains (Losses) on Certain Securities	48
Retained Earnings	(10,971)
Other Components of Equity Capital	0
Total Equity Capital	263,078
Total Liabilities and Equity Capital	1,924,189

Exhibit 99.1

MAGNACHIP SEMICONDUCTOR S.A.
MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

Letter of Transmittal
With Respect to Tender For
Any and All Outstanding 10.500% Senior Notes due 2018
(CUSIP Nos. 55932R AG2 and L62495 AD5)
In Exchange For
10.500% Senior Notes due 2018

which have been registered under the Securities Act of 1933, as amended, as described in the Prospectus dated , 2010.

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2010, UNLESS THE OFFER IS EXTENDED BY MAGNACHIP SEMICONDUCTOR S.A. ("MAGNACHIP S.A.") AND MAGNACHIP SEMICONDUCTOR FINANCE COMPANY ("MAGNACHIP FINANCE," AND TOGETHER WITH MAGNACHIP S.A., "MAGNACHIP SEMICONDUCTOR") IN THEIR SOLE DISCRETION (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

The Exchange Agent For The Exchange Offer Is:

Wilmington Trust FSB

By registered mail or certified mail:	By regular mail or overnight courier:	By hand:
Wilmington Trust FSB c/o Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, DE 19890-1626	Wilmington Trust FSB c/o Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, DE 19890-1626	Wilmington Trust FSB c/o Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, DE 19890-1626
Attention: Sam Hamed	Attention: Sam Hamed	Attention: Sam Hamed

Facsimile (eligible institutions only): (302) 636-4139, Attention: Sam Hamed
Telephone Inquiries: (302) 636-6181

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

Capitalized terms used but not defined herein shall have the same meanings given to those terms in the Prospectus (as defined below).

The Letter of Transmittal is to be completed by registered holders of MagnaChip Semiconductor's $250,000,000 in aggregate principal amount of 10.500% Senior Notes due 2018 currently issued and outstanding (the "Old Notes") that desire to tender Old Notes in the Exchange Offer by delivery of Certificates (as defined below) forwarded herewith. In addition, this Letter of Transmittal is to be completed by owners of beneficial interests in Old Notes who are a participant in The Depository Trust Company ("DTC") that desire to tender such beneficial interest in Old Notes in the Exchange Offer pursuant to the procedures for tender by book-entry transfer set forth in the section entitled "The Exchange Offer" under the heading "Procedures for Tendering" in the Prospectus but who do not deliver an Agent's Message (as defined below). Certificates, or Book-Entry Confirmation (as defined below) of a book-entry transfer of such Old Notes into the Exchange Agent's account at DTC, as well as this Letter of Transmittal (or facsimile thereof or delivery of an Agent's Message in lieu thereof), properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date. Tenders by book-entry transfer may also be made by delivering an Agent's Message in lieu of this Letter of Transmittal. The term "Book-Entry Confirmation" means a timely confirmation of a book-entry transfer of Old Notes into the Exchange Agent's account at DTC. The term "Agent's Message" means a message, transmitted by DTC to and received by the Exchange Agent and forming part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by this Letter of Transmittal, is deemed to have made all of the agreements, representations and other statements of the tendering holder set forth herein, and that MagnaChip Semiconductor may enforce this Letter of Transmittal against such participant.

Registered holders of Old Notes whose certificates evidencing such Old Notes (the "Certificates") are not immediately available or who cannot deliver their Certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, and owners of beneficial interests in Old Notes through DTC who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Old Notes according to the guaranteed delivery procedures set forth in the section entitled "The Exchange Offer" under the heading "Guaranteed Delivery Procedures" in the Prospectus.

Any owner of beneficial interests in Old Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender in the Exchange Offer should contact such the registered holder promptly and instruct such registered holder to tender the Old Notes on behalf of the beneficial owner. If a beneficial owner wishes to tender on its own behalf, such beneficial owner must, prior to completing and executing this Letter of Transmittal and delivering its Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such beneficial owner's name or obtain a properly completed bond power from the registered holder. The transfer of record ownership may take considerable time.

The Exchange Offer may be extended, terminated or amended, as provided in the Prospectus. During any such extension of the Exchange Offer, all Old Notes previously tendered and not withdrawn pursuant to the Exchange Offer will remain subject to such Exchange Offer.

DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

All Tendering Holders Must Complete This Box:

The undersigned hereby tenders for exchange the Old Notes described in the box entitled "Description of Old Notes" immediately below pursuant to the terms and conditions of the Exchange Offer described in the Prospectus and this Letter of Transmittal.

DESCRIPTION OF OLD NOTES

Please Fill in Name(s) and Address(es) of Registered Holder(s) or Beneficial Owner(s)	Old Notes Tendered (Attach Additional List if Necessary)		
	Certificate Number(s)*	Aggregate Principal Amount of Old Notes	Principal Amount of Old Notes Tendered (if less than all)**
		$	$
	Total Amount Tendered	$	$

* Need not be completed by book-entry holders.

** Old Notes may be tendered in whole or in part in denominations of $2,000 and integral multiples of $1,000 in excess thereof, provided that if any Old Notes are tendered for exchange in part, the untendered amount thereof must be in denominations of $2,000 and integral multiples of $1,000 in excess thereof. All Old Notes held shall be deemed tendered unless a lesser number is specified in this column. See Instruction 4.

(BOXES BELOW TO BE CHECKED BY ELIGIBLE INSTITUTIONS ONLY)

☐ **CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: ______________________________

DTC Account Number: ______________________________

Transaction Code Number: ______________________________

☐ **CHECK HERE AND ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:**

Name of Registered Holder(s): ______________________________

Window Ticket Number (if any): ______________________________

Date of Execution of Notice of Guaranteed Delivery: ______________________________

Name of Institution that Guaranteed Delivery: ______________________________

If Guaranteed Delivery is to be made by Book-Entry Transfer:

Name of Tendering Institution: ______________________________

DTC Account Number: ______________________________

Transaction Code Number: ______________________________

☐ **CHECK HERE IF YOU ARE A BROKER-DEALER WHO ACQUIRED THE OLD NOTES FOR YOUR OWN ACCOUNT AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES (A "PARTICIPATING BROKER-DEALER") AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

Name of Holder(s): ______________________________

Address: ______________________________

Ladies and Gentlemen:

The undersigned hereby tenders for exchange to MagnaChip Semiconductor S.A. ("MagnaChip S.A.") and MagnaChip Semiconductor Finance Company ("MagnaChip Finance," and together with MagnaChip S.A., "MagnaChip Semiconductor") the above-described principal amount of Old Notes in exchange for an equal principal amount of MagnaChip Semiconductor's 10.500% Senior Notes due 2018 (the "New Notes") which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), upon the terms and subject to the conditions set forth in the Prospectus dated , 2010 (as the same may be amended or supplemented from time to time, the "Prospectus"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with the Prospectus, constitute the "Exchange Offer"). The undersigned acknowledges and agrees that, promptly following MagnaChip Semiconductor's acceptance of all validly tendered Old Notes in the Exchange Offer, MagnaChip Semiconductor will issue $1,000 in principal amount of New Notes for each $1,000 in principal amount of Old Notes accepted in the Exchange Offer. The undersigned acknowledges and agrees that interest shall accrue on the New Notes from and including the last date on which interest was paid in respect of the Old Notes or, if interest has not been paid thereon, from and including the date of issuance of the Old Notes.

Subject to and effective upon the acceptance for exchange of all of the Old Notes validly tendered herewith in accordance with the terms and conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to or upon the order of MagnaChip Semiconductor all right, title and interest in and to such Old Notes as are being tendered herewith. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its agent and attorney-in-fact (with full knowledge that the Exchange Agent is also acting as agent of MagnaChip Semiconductor in connection with the Exchange Offer) with respect to the tendered Old Notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) subject only to the right of withdrawal described in the Prospectus, to (i) deliver certificates evidencing the Old Notes (the "Certificates") tendered herewith to MagnaChip Semiconductor together with all accompanying evidences of transfer and authenticity to, or upon the order of, MagnaChip Semiconductor, upon receipt by the Exchange Agent, as the undersigned's agent, of the New Notes to be issued in exchange for such Old Notes, (ii) present Certificates for transfer, and to transfer the Old Notes on the books of MagnaChip Semiconductor, and (iii) receive for the account of MagnaChip Semiconductor all benefits and otherwise exercise all rights of beneficial ownership of such Old Notes, all in accordance with the terms and conditions of the Exchange Offer.

THE UNDERSIGNED HEREBY REPRESENTS AND WARRANTS THAT THE UNDERSIGNED HAS FULL POWER AND AUTHORITY TO TENDER, EXCHANGE, SELL, ASSIGN AND TRANSFER THE OLD NOTES TENDERED HEREBY AND THAT, WHEN THE OLD NOTES TENDERED HEREBY ARE ACCEPTED FOR EXCHANGE, MAGNACHIP SEMICONDUCTOR WILL ACQUIRE GOOD, MARKETABLE AND UNENCUMBERED TITLE THERETO, FREE AND CLEAR OF ALL LIENS, RESTRICTIONS, CHARGES AND ENCUMBRANCES, AND THAT THE OLD NOTES TENDERED HEREBY ARE NOT SUBJECT TO ANY ADVERSE CLAIMS OR PROXIES. THE UNDERSIGNED WILL, UPON REQUEST, EXECUTE AND DELIVER ANY ADDITIONAL DOCUMENTS DEEMED BY MAGNACHIP SEMICONDUCTOR OR THE EXCHANGE AGENT TO BE NECESSARY OR DESIRABLE TO COMPLETE THE EXCHANGE, SALE, ASSIGNMENT AND TRANSFER OF THE OLD NOTES TENDERED HEREBY, AND THE UNDERSIGNED WILL COMPLY WITH ITS OBLIGATIONS UNDER THE REGISTRATION RIGHTS AGREEMENT. THE UNDERSIGNED HAS READ AND AGREES TO ALL OF THE TERMS OF THE EXCHANGE OFFER.

The name(s) and address(es) of the registered holder(s) of the Old Notes tendered hereby are printed in the box titled "Description of Old Notes" above as they appear on the Certificates, and the Certificate number(s) and amount of the Old Notes represented thereby that the undersigned wishes to tender are indicated in such box. With respect to owners of beneficial interests in Old Notes, the name(s) and address(es) of the beneficial owner(s) of the Old Notes tendered hereby are printed in the box titled "Description of Old Notes" above as they on a security position listing of DTC as the owner of a beneficial interest in the Old Notes, and the amount of Old Notes represented that the undersigned wishes to tender is indicated in such box.

If any tendered Old Notes are not exchanged pursuant to the Exchange Offer for any reason, or if Certificates are submitted for more Old Notes than are tendered for exchange, Certificates for such nonexchanged or nontendered Old Notes will be returned (or, in the case of Old Notes tendered by book-entry transfer, such Old Notes will be credited to an account maintained at DTC), without expense to the tendering holder, promptly following the expiration or termination of the Exchange Offer.

The undersigned understands that tenders of Old Notes pursuant to any one of the procedures described in the section entitled "The Exchange Offer" under the heading "Procedures for Tendering" in the Prospectus and in the instructions attached hereto will, upon MagnaChip Semiconductor's acceptance for exchange of such tendered Old Notes, constitute a binding agreement between the undersigned and MagnaChip Semiconductor upon the terms and subject to the conditions of the Exchange Offer. The undersigned recognizes that, under certain circumstances set forth in the Prospectus, MagnaChip Semiconductor may not be required to accept for exchange any of the Old Notes tendered hereby.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, the undersigned hereby directs that the New Notes be issued in the name(s) of the undersigned or, in the case of a book-entry transfer of Old Notes, that such New Notes be credited to the account indicated above maintained at DTC. If applicable, substitute Certificates representing Old Notes not exchanged or not accepted for exchange will be issued to the undersigned or, in the case of a book-entry transfer of Old Notes, will be credited to the account indicated above maintained at DTC. Similarly, unless otherwise indicated herein in the box entitled "Special Delivery Instructions," please deliver the New Notes to the undersigned at the address shown below the undersigned's signature.

BY TENDERING OLD NOTES AND EXECUTING THIS LETTER OF TRANSMITTAL, OR EFFECTING DELIVERY OF AN AGENT'S MESSAGE IN LIEU THEREOF, THE UNDERSIGNED HEREBY REPRESENTS AND AGREES THAT (i) THE UNDERSIGNED IS NOT AN "AFFILIATE" OF MAGNACHIP SEMICONDUCTOR AS DEFINED IN RULE 405 PROMULGATED UNDER THE SECURITIES ACT, (ii) ANY NEW NOTES TO BE RECEIVED BY THE UNDERSIGNED ARE BEING ACQUIRED IN THE ORDINARY COURSE OF ITS BUSINESS, (iii) THE UNDERSIGNED HAS NO ARRANGEMENT OR UNDERSTANDING WITH ANY PERSON TO PARTICIPATE IN A DISTRIBUTION (WITHIN THE MEANING OF THE

SECURITIES ACT) OF NEW NOTES TO BE RECEIVED IN THE EXCHANGE OFFER, (iv) IF THE UNDERSIGNED IS NOT A BROKER-DEALER, THE UNDERSIGNED IS NOT ENGAGED IN, AND DOES NOT INTEND TO ENGAGE IN, A DISTRIBUTION (WITHIN THE MEANING OF THE SECURITIES ACT) OF SUCH NEW NOTES AND, (v) THE UNDERSIGNED IS NOT PROHIBITED BY ANY LAW OR POLICY OF THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") FROM PARTICIPATING IN THE EXCHANGE OFFER. BY TENDERING OLD NOTES PURSUANT TO THE EXCHANGE OFFER AND EXECUTING THIS LETTER OF TRANSMITTAL, OR EFFECTING DELIVERY OF AN AGENT'S MESSAGE IN LIEU THEREOF, A HOLDER OF OLD NOTES THAT IS A BROKER-DEALER REPRESENTS AND AGREES, CONSISTENT WITH CERTAIN NO-ACTION LETTERS ISSUED BY THE STAFF OF THE DIVISION OF CORPORATION FINANCE OF THE COMMISSION TO THIRD PARTIES, THAT (A) SUCH OLD NOTES HELD BY THE BROKER-DEALER ARE HELD ONLY AS A NOMINEE, OR (B) SUCH OLD NOTES WERE ACQUIRED BY SUCH BROKER-DEALER FOR ITS OWN ACCOUNT AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES AND IT WILL DELIVER THE PROSPECTUS (AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME) MEETING THE REQUIREMENTS OF THE SECURITIES ACT IN CONNECTION WITH ANY RESALE OF SUCH NEW NOTES (PROVIDED THAT, BY SO ACKNOWLEDGING AND BY DELIVERING A PROSPECTUS, SUCH BROKER-DEALER WILL NOT BE DEEMED TO ADMIT THAT IT IS AN "UNDERWRITER" WITHIN THE MEANING OF THE SECURITIES ACT).

MAGNACHIP SEMICONDUCTOR HAS AGREED THAT, SUBJECT TO THE PROVISIONS OF THE REGISTRATION RIGHTS AGREEMENT, THE PROSPECTUS, AS IT MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, MAY BE USED BY A PARTICIPATING BROKER-DEALER (AS DEFINED BELOW) IN CONNECTION WITH RESALES OF NEW NOTES RECEIVED IN EXCHANGE FOR OLD NOTES, WHERE SUCH OLD NOTES WERE ACQUIRED BY SUCH PARTICIPATING BROKER-DEALER FOR ITS OWN ACCOUNT AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES, FOR A PERIOD ENDING 180 DAYS AFTER THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT OF WHICH THE PROSPECTUS FORMS A PART (SUBJECT TO EXTENSION UNDER CERTAIN LIMITED CIRCUMSTANCES DESCRIBED IN THE PROSPECTUS OR BELOW) OR, IF EARLIER, WHEN SUCH PARTICIPATING BROKER-DEALER NO LONGER OWNS THE NOTES. IN THAT REGARD, EACH BROKER-DEALER WHO ACQUIRED OLD NOTES FOR ITS OWN ACCOUNT AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES (A "PARTICIPATING BROKER-DEALER"), BY TENDERING SUCH OLD NOTES AND EXECUTING THIS LETTER OF TRANSMITTAL, OR EFFECTING DELIVERY OF AN AGENT'S MESSAGE IN LIEU THEREOF, AGREES THAT, UPON RECEIPT OF NOTICE FROM MAGNACHIP SEMICONDUCTOR OF THE OCCURRENCE OF ANY EVENT OR THE DISCOVERY OF ANY FACT THAT MAKES ANY STATEMENT CONTAINED OR INCORPORATED BY REFERENCE IN THE PROSPECTUS UNTRUE IN ANY MATERIAL RESPECT OR THAT CAUSES THE PROSPECTUS TO OMIT TO STATE A MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS CONTAINED OR INCORPORATED BY REFERENCE THEREIN, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING OR OF THE OCCURRENCE OF CERTAIN OTHER EVENTS SPECIFIED IN THE REGISTRATION RIGHTS AGREEMENT, SUCH PARTICIPATING BROKER-DEALER WILL SUSPEND THE SALE OF NEW NOTES PURSUANT TO THE PROSPECTUS UNTIL MAGNACHIP SEMICONDUCTOR HAS AMENDED OR SUPPLEMENTED THE PROSPECTUS TO CORRECT SUCH MISSTATEMENT OR OMISSION AND HAS FURNISHED COPIES OF THE AMENDED OR SUPPLEMENTED PROSPECTUS TO THE PARTICIPATING BROKER-DEALER OR MAGNACHIP SEMICONDUCTOR HAS GIVEN NOTICE THAT THE SALE OF THE NEW NOTES MAY BE RESUMED, AS THE CASE MAY BE. IF MAGNACHIP SEMICONDUCTOR GIVES SUCH NOTICE TO SUSPEND THE SALE OF THE NEW NOTES, MAGNACHIP SEMICONDUCTOR SHALL EXTEND THE 180-DAY PERIOD REFERRED TO ABOVE DURING WHICH PARTICIPATING BROKER-DEALERS ARE ENTITLED TO USE THE PROSPECTUS IN CONNECTION WITH THE RESALE OF NEW NOTES BY THE NUMBER OF DAYS DURING THE PERIOD FROM AND INCLUDING THE DATE OF THE GIVING OF SUCH NOTICE TO AND INCLUDING THE DATE WHEN PARTICIPATING BROKER-DEALERS SHALL HAVE RECEIVED COPIES OF THE SUPPLEMENTED OR AMENDED PROSPECTUS NECESSARY TO PERMIT RESALES OF THE NEW NOTES OR TO AND INCLUDING THE DATE ON WHICH MAGNACHIP SEMICONDUCTOR HAS GIVEN NOTICE THAT THE SALE OF NEW NOTES MAY BE RESUMED, AS THE CASE MAY BE.

A PARTICIPATING BROKER-DEALER WHO INTENDS TO USE THE PROSPECTUS IN CONNECTION WITH RESALES OF NEW NOTES RECEIVED IN EXCHANGE FOR OLD NOTES PURSUANT TO THE EXCHANGE OFFER MUST NOTIFY MAGNACHIP SEMICONDUCTOR, OR CAUSE MAGNACHIP SEMICONDUCTOR TO BE NOTIFIED, ON OR PRIOR TO THE EXPIRATION DATE, THAT IT IS A PARTICIPATING BROKER-DEALER. SUCH NOTICE MAY BE GIVEN IN THE SPACE PROVIDED ABOVE OR MAY BE DELIVERED TO THE EXCHANGE AGENT AT THE ADDRESS SET FORTH IN THE PROSPECTUS IN THE SECTION ENTITLED "THE EXCHANGE OFFER" UNDER THE HEADING "EXCHANGE AGENT."

THE UNDERSIGNED ACKNOWLEDGES AND AGREES THAT A PERSON WHO IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT"), OR IS PARTICIPATING IN THE EXCHANGE OFFER FOR THE PURPOSE OF DISTRIBUTING THE NEW NOTES MUST COMPLY WITH THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE SECURITIES ACT IN CONNECTION WITH A SECONDARY RESALE TRANSACTION OF THE NEW NOTES OR BENEFICIAL INTERESTS THEREIN ACQUIRED BY SUCH PERSON, AND CANNOT RELY ON THE POSITION OF THE STAFF OF THE COMMISSION SET FORTH IN CERTAIN NO-ACTION LETTERS UPON WHICH MAGNACHIP SEMICONDUCTOR IS RELYING IN CONDUCTING THE EXCHANGE OFFER. THE UNDERSIGNED UNDERSTANDS THAT A SECONDARY RESALE TRANSACTION DESCRIBED IN THE PRECEDING SENTENCE, AS WELL AS ANY RESALES OF NEW NOTES OR BENEFICIAL INTERESTS THEREIN OBTAINED BY THE UNDERSIGNED IN EXCHANGE FOR OLD NOTES OR BENEFICIAL INTERESTS THEREIN THAT WERE ORIGINALLY ACQUIRED BY THE UNDERSIGNED DIRECTLY FROM MAGNACHIP SEMICONDUCTOR SHOULD BE COVERED BY AN EFFECTIVE REGISTRATION STATEMENT CONTAINING THE SELLING SECURITY HOLDER INFORMATION REQUIRED BY ITEM 507 OR ITEM 508, AS APPLICABLE, OF REGULATION S-K OF THE COMMISSION.

The undersigned will, upon request, execute and deliver any additional documents deemed by MagnaChip Semiconductor to be necessary or desirable to complete the tender, exchange, sale, assignment and transfer of the Old Notes tendered hereby.

All authority herein conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal representatives, trustees in bankruptcy, legal representatives, successors and assigns of the undersigned. Except as stated in the Prospectus and subject to the withdrawal rights specified therein, this tender is irrevocable.

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OLD NOTES" ABOVE AND SIGNING THIS LETTER OF TRANSMITTAL, WILL BE DEEMED TO HAVE TENDERED THE OLD NOTES AS SET FORTH IN SUCH BOX.

HOLDER(S) SIGN HERE
(SEE INSTRUCTIONS 2, 6 AND 7)
(PLEASE COMPLETE IRS FORM W-9 ON PAGE 13)
(NOTE: SIGNATURE(S) MUST BE GUARANTEED IF REQUIRED BY INSTRUCTION 2)

This Letter of Transmittal must be signed by registered holder(s) exactly as their name(s) appear(s) on Certificate(s) hereby tendered or on the register of holders maintained by MagnaChip Semiconductor, or by any person(s) authorized to become the registered holder(s) by endorsements and documents transmitted herewith (including such opinions of counsel, certifications and other information as may be required by MagnaChip Semiconductor for the Old Notes to comply with the restrictions on transfer applicable to the Old Notes). If signature is by an attorney-in-fact, executor, administrator, trustee, guardian, officer of a corporation or another acting in a fiduciary capacity or representative capacity, please set forth the signer's full title. See Instruction 6. With respect to owners of beneficial interests in Old Notes that tender such beneficial interest without delivery of an Agent's Message in lieu hereof, this Letter of Transmittal must be signed by the DTC participant(s) exactly as their name(s) appear on a security position listing of DTC as the owner of a beneficial interest in the Old Notes.

____

____

(Signature(s) of Holder(s))

Date: ____________, 2010

Name(s): ____________________________________

____

(Please Print)

Capacity (full title): ________________________________

Address: ____________________________________

____

(Include Zip Code)

Area Code and Telephone Number: __________________________

____

(Tax Identification or Social Security Number(s))

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS)

____

(Authorized Signature)

Date: ____________ , 2010

Name of Firm: ________________________________

Capacity (full title): ________________________________

(Please Print)

Address: ____________________________________

Area Code and Telephone Number: __________________________

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 1, 6 and 7)

To be completed ONLY if New Notes or Old Notes not tendered are to be issued in the name of someone other than the registered holder of the Old Notes whose name(s) appear(s) above.

Issue: ☐ Old Notes not tendered to:
☐ New Notes to:

Name: ________________________

(Please Print)

Address: ________________________

____

(Include Zip Code)

____

(Tax Identification or Social Security Number(s))

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 6 and 7)

To be completed ONLY if New Notes or Old Notes not tendered are to be sent to someone other than the registered holder of the Old Notes whose name(s) appear(s) at an address other than that shown above.

Issue: ☐ Old Notes not tendered to:
☐ New Notes to:

Name: ________________________

(Please Print)

Address: ________________________

(Include Zip Code)

____

(Tax Identification or Social Security Number(s))

Old Notes that are validly tendered but not accepted in the Exchange Offer for any reason will be returned only to the tendering holder. See Instruction 4.

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. *Delivery of Letter of Transmittal and Certificates; Guaranteed Delivery Procedures.*

This Letter of Transmittal is to be completed either if (i) Certificates are to be forwarded herewith or (ii) tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth in the section entitled "The Exchange Offer" under the heading "Procedures for Tendering" in the Prospectus but an Agent's Message is not delivered. Certificates, or timely confirmation of a book-entry transfer of such Old Notes into the Exchange Agent's account at DTC, as well as this Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message in lieu thereof, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date.

Holders who wish to tender their Old Notes or beneficial interests therein and (i) whose Old Notes are not immediately available or (ii) who cannot deliver their Old Notes, this Letter of Transmittal and all other required documents to the Exchange Agent on or prior to the Expiration Date or (iii) who cannot complete the procedures for delivery by book-entry transfer on a timely basis, may tender their Old Notes or beneficial interests therein by properly completing and duly executing a Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in the section entitled "The Exchange Offer" under the heading "Guaranteed Delivery Procedures" in the Prospectus. Pursuant to such procedures: (i) such tender must be made by or through an Eligible Institution (as defined below); (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by MagnaChip Semiconductor, must be received by the Exchange Agent on or prior to the Expiration Date; and (iii) the Certificates (or a Book-Entry Confirmation) representing all tendered Old Notes or beneficial interests therein, in proper form for transfer, together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message in lieu thereof, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date, all as provided in the section entitled "The Exchange Offer" under the heading "Guaranteed Delivery Procedures" in the Prospectus.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile or mail to the Exchange Agent, and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery. For Old Notes to be properly tendered pursuant to the guaranteed delivery procedure, the Exchange Agent must receive a Notice of Guaranteed Delivery on or prior to the Expiration Date. As used herein and in the Prospectus, "Eligible Institution" means a firm or other entity identified in Rule 17Ad-15 under the Exchange Act as "an eligible guarantor institution," including (as such terms are defined therein) (i) a bank; (ii) a broker, dealer, municipal securities broker, municipal securities dealer, government securities broker or governmental securities dealer; (iii) a credit union; (iv) a national securities exchange, registered securities association or clearing agency; or (v) a savings association, with membership in an approved signature medallion guarantee program, that is a participant in a Securities Transfer Association.

THE METHOD OF DELIVERY OF CERTIFICATES, THIS LETTER OF TRANSMITTAL, BOOK-ENTRY CONFIRMATION, AGENT'S MESSAGE AND ALL OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND SOLE RISK OF THE TENDERING HOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF DELIVERY OF PHYSICAL DOCUMENTS IS TO BE MADE OTHER THAN BY HAND OR FACSIMILE, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, OR OVERNIGHT DELIVERY SERVICE IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

MagnaChip Semiconductor will not accept any alternative, conditional or contingent tenders. Each tendering holder, by execution of a Letter of Transmittal (or facsimile thereof), or delivery of an Agent's Message in lieu thereof, waives any right to receive any notice of the acceptance of such tender.

2. *Guarantee of Signatures*. No signature guarantee on this Letter of Transmittal is required if:

(i) this Letter of Transmittal is signed by the registered holder of Old Notes tendered herewith, unless such holder(s) has completed either the box entitled "Special Issuance Instructions" or the box entitled "Special Delivery Instructions" above,

(ii) this Letter of Transmittal is signed by the owner of a beneficial interest in the Old Notes tendered herewith as the name of such person appears on a security position listing of DTC as the owner of a beneficial interest in the Old Notes, unless such beneficial owner(s) has completed either the box entitled "Special Issuance Instructions" or the box entitled "Special Delivery Instructions" above, or

(iii) such Old Notes are tendered for the account of a firm that is an Eligible Institution.

In all other cases, an Eligible Institution must guarantee the signature(s) on this Letter of Transmittal. See Instruction 6.

3. *Inadequate Space*. If the space provided in the box captioned "Description of Old Notes" is inadequate, the Certificate number(s) and/or the principal amount of Old Notes and any other required information should be listed on a separate signed schedule which is attached to this Letter of Transmittal.

4. *Tenders and Partial Tenders*. Tenders of Old Notes will be accepted only in denominations of $2,000 and integral multiples of $1,000 in excess thereof, provided that if any Old Notes are tendered for exchange in part, the untendered amount thereof must be in denominations of $2,000 and integral multiples of $1,000 in excess thereof. If less than all the Old Notes evidenced by any Certificate submitted are to be tendered, fill in the principal amount of Old Notes which are to be tendered under the column entitled "Principal Amount of Old Notes Tendered" in the box captioned "Description of Old Notes." In such case, new Certificate(s) for the remainder of the Old Notes that were evidenced by your old Certificate(s) will be sent only to the holder of the Old Notes, promptly after the Expiration Date, unless Special Issuance or Delivery Instructions are provided in the boxes above . All Old Notes represented by Certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. Any Old Notes validly tendered but not accepted in the Exchange Offer for any reason will be returned only to the tendering holder.

5. *Withdrawal Rights*. Except as otherwise provided herein, tenders of Old Notes may be withdrawn at any time prior to the Expiration Date. In order for a withdrawal to be effective prior to that time, a written, telegraphic, telex or facsimile transmission of such notice of withdrawal must be timely received by the Exchange Agent at the address set forth above or in the Prospectus prior to the Expiration Date. Any such notice of withdrawal must specify the name of the person who tendered the Old Notes to be withdrawn, identify the Old Notes to be withdrawn (including the aggregate principal amount of Old Notes to be withdrawn), and (if Certificates for Old Notes have been tendered) the name of the registered holder of the Old Notes as set forth on the Certificate for the Old Notes, if different from that of the person who tendered such Old Notes. If Certificates for the Old Notes have been delivered or otherwise identified to the Exchange Agent, then prior to the physical release of such Certificates for the Old Notes, the tendering

holder must submit the serial numbers shown on the particular Certificates for the Old Notes to be withdrawn, and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution, except in the case of Old Notes tendered for the account of an Eligible Institution. If Old Notes have been tendered pursuant to the procedures for book-entry transfer set forth in the Prospectus under in the section entitled “The Exchange Offer” under the headings “Procedures for Tendering” and “Book-Entry Transfer,” the notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawal of Old Notes, in which case a notice of withdrawal will be effective if delivered to the Exchange Agent by written, telegraphic, telex or facsimile transmission. Withdrawals of tenders of Old Notes may not be rescinded. Old Notes properly withdrawn will not be deemed validly tendered for purposes of the Exchange Offer, but may be retendered at any subsequent time on or prior to the Expiration Date by following any of the procedures described in the Prospectus under the section entitled “The Exchange Offer” under the heading “Procedures for Tendering.”

All questions as to the validity, form and eligibility (including time of receipt) of withdrawal notices will be determined by MagnaChip Semiconductor, in its sole discretion, which determination shall be final and binding on all parties. Neither MagnaChip Semiconductor, any affiliates or assigns of MagnaChip Semiconductor, the Exchange Agent nor any other person shall be under any duty to give any notification of any irregularities in any notice of withdrawal or incur any liability for failure to give any such notification. Any Old Notes which have been tendered but which are withdrawn will be returned to the holder thereof without cost to such holder promptly after withdrawal.

6. *Signatures on Letter of Transmittal, Assignments and Endorsement*. If this Letter of Transmittal is signed by the registered holder(s) of the Old Notes tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Certificate(s) without alteration, enlargement or any change whatsoever. If this Letter of Transmittal is signed by the owner of a beneficial interest in the Old Notes tendered hereby, the signature(s) must correspond exactly with the name(s) of such person as it appears on a security position listing of DTC as the owner of a beneficial interest in the Old Notes, without alternation, enlargement or any change whatsoever.

If any of the Old Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Old Notes are registered in different name(s) on several Certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles thereof) as there are different registrations of Certificates.

If this Letter of Transmittal or any Certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and must submit proper evidence satisfactory to MagnaChip Semiconductor, in its sole discretion, of each such person’s authority so to act.

When this Letter of Transmittal is signed by the registered owner(s) of the Old Notes listed and transmitted hereby, no endorsement(s) of Certificate(s) or separate bond power(s) are required unless New Notes are to be issued in the name of a person other than the registered holder(s). Signature(s) on such Certificate(s) or bond power(s) must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Old Notes listed, the Certificates must be endorsed or accompanied by appropriate bond powers, signed exactly as the name or names of the registered owner(s) appear(s) on the Certificates, and also must be accompanied by such opinions of counsel, certifications and other information as MagnaChip Semiconductor or the Trustee for the Old Notes may require in accordance with the restrictions on transfer applicable to the Old Notes. Signatures on such Certificates or bond powers must be guaranteed by an Eligible Institution.

7. *Special Issuance and Delivery Instructions*. If New Notes are to be issued in the name of a person other than the signer of this Letter of Transmittal, or if New Notes are to be sent to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on page 8 of this Letter of Transmittal should be completed. Certificates for Old Notes not exchanged will be returned by mail or, if tendered by book-entry transfer, by crediting the account indicated above maintained at DTC. See Instruction 4.

8. *Irregularities*. MagnaChip Semiconductor will determine, in its sole discretion, all questions as to the form of documents, validity, eligibility (including time of receipt) and acceptance for exchange of any tender of Old Notes, which determination shall be final and binding on all parties. MagnaChip Semiconductor reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance of which, or exchange for which, may, in the view of counsel to MagnaChip Semiconductor, be unlawful. MagnaChip Semiconductor also reserves the absolute right, subject to applicable law, to waive satisfaction of any of the conditions of the Exchange Offer set forth in the Prospectus in the section entitled “The Exchange Offer” under the heading “Conditions to the Exchange Offer” or irregularities in any tender of Old Notes of any particular holder whether or not similar conditions or irregularities are waived in the case of other holders. MagnaChip Semiconductor’s interpretation of the terms and conditions of the Exchange Offer (including this Letter of Transmittal and the instructions hereto) will be final and binding on all parties. No tender of Old Notes will be deemed to have been validly made until all irregularities with respect to such tender have been cured or waived. MagnaChip Semiconductor, any affiliates or assigns of MagnaChip Semiconductor, the Exchange Agent, or any other person shall not be under any duty to give notification of any irregularities in tenders or incur any liability for failure to give such notification.

9. *Questions, Requests for Assistance and Additional Copies*. Questions and requests for assistance may be directed to the Exchange Agent at its address and telephone number set forth on the front of this Letter of Transmittal. Additional copies of the Prospectus, the Notice of Guaranteed Delivery and this Letter of Transmittal may be obtained from the Exchange Agent or from your broker, dealer, commercial bank, trust company or other nominee.

10. *28% Backup Withholding; IRS Form W-9 or W-8*. Reportable payments to a holder or other payee with respect to New Notes may be subject to 28% backup withholding. Under U.S. federal income tax law, in order to prevent backup withholding, a holder is generally required to provide such holder’s correct taxpayer identification number (“TIN”) on IRS Form W-9 provided herein or establish another basis for exemption from backup withholding.

Certain holders (including, among others, financial institutions and certain non-U.S. persons) may not be subject to these backup withholding and reporting requirements. Such holders should nevertheless complete the IRS Form W-9 provided herein, and write “exempt” on the face thereof, to avoid possible erroneous backup withholding on payments made with respect to the New Notes. A non-U.S. person may qualify as an exempt recipient by submitting a properly completed IRS Form W-8, signed under penalties of perjury, attesting to that holder’s non-U.S. status.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided the required information is timely furnished to the IRS.

11. *Waiver of Conditions*. MagnaChip Semiconductor reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

12. *No Conditional Tenders*. No alternative, conditional or contingent tenders will be accepted. All tendering holders of Old Notes, by execution of this Letter of Transmittal, shall waive any right to receive notice of the acceptance of Old Notes for exchange.

13. *Lost, Destroyed or Stolen Certificates*. If any Certificate(s) representing Old Notes have been lost, destroyed or stolen, the holder should promptly notify the Exchange Agent. The holder will then be instructed as to the steps that must be taken in order to replace the Certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen Certificate(s) have been followed.

14. *Security Transfer Taxes*. Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith. If, however, New Notes are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Old Notes tendered (see Instruction 7 above), or if a transfer tax is imposed for any reason other than the exchange of Old Notes in connection with the Exchange Offer, then the amount of any such transfer tax (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR FACSIMILE THEREOF) AND ALL OTHER REQUIRED DOCUMENTS MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.

Print or type
See **Specific Instructions** on page 2.

Form **W-9**
(Rev. October 2007)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name, If different from above

Check appropriate box: ☐ Individual/ Sole proprietor ☐ Corporation ☐ Partnership ☐ Exempt payee
☐ Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P= partnership) ➢ __________
☐ Other (see instructions) ➢

Address (number, street, and apt. or suite no.)
Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

or

Employer identification number

Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here **Signature of U.S. person** ➢ **Date** ➢

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that *a* partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

Cat. No. 10231X Form**W-9** (Rev. 10-2007)

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of Income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an Incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name” line.

Limited liability company (LLC). Check the “Limited liability company” box only and enter the appropriate code for the tax classification (“D” for disregarded entity, “C” for corporation, “P” for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner’s name on the “Name” line. Enter the LLC’s name on the “Business name” line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over $600 required to be reported and direct sales over $5,000 [1]	Generally, exempt payees 1 through 7 [2]

1 See Form 1099-MISC, Miscellaneous Income, and its instructions.

2 However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f). even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov.* You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee on* page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]

For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity [4]
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

1 List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

2 Circle the minor's name and furnish the minor's SSN.

3 You must show your Individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

4 List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.consumer.gov/idtheft or* 1-877-IDTHEFT(438-4338).

Visit the IRS website at *www.irs.gov* to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

MAGNACHIP SEMICONDUCTOR S.A.
MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

Notice of Guaranteed Delivery
With Respect to Tender For
Any and All Outstanding 10.500% Senior Notes due 2018
(CUSIP Nos. 55932R AG2 and L62495 AD5)
In Exchange For
10.500% Senior Notes due 2018

which have been registered under the Securities Act of 1933, as amended, as described in the Prospectus dated , 2010.

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2010, UNLESS THE OFFER IS EXTENDED BY MAGNACHIP SEMICONDUCTOR S.A. ("MAGNACHIP S.A.") AND MAGNACHIP SEMICONDUCTOR FINANCE COMPANY ("MAGNACHIP FINANCE," AND TOGETHER WITH MAGNACHIP S.A., "MAGNACHIP SEMICONDUCTOR") IN THEIR SOLE DISCRETION (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

This Notice of Guaranteed Delivery, or one substantially equivalent to this form, must be used by registered holders or owners of beneficial interests in the 10.500% Senior Notes due 2018 (the "Old Notes") of MagnaChip Semiconductor to accept the Exchange Offer (as defined below) if (i) certificates for the Old Notes are not immediately available, or (ii) the Old Notes, the letter of transmittal for the Exchange Offer (the "Letter of Transmittal") and all other required documents cannot be delivered to Wilmington Trust FSB (the "Exchange Agent") on or prior to the Expiration Date (as defined in the Prospectus referred to below) or (iii) the procedures for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand, overnight courier or mail, or transmitted by facsimile transmission, to the Exchange Agent, as more fully described in the section entitled "The Exchange Offer" under the heading "Guaranteed Delivery Procedures" in the Prospectus. In addition, in order to utilize the guaranteed delivery procedure to tender Old Notes or beneficial interests therein pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal relating to the Old Notes (or facsimile thereof) must also be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date. Capitalized terms not defined herein have the meanings assigned to them in the Prospectus or the Letter of Transmittal.

The Exchange Agent For The Exchange Offer Is:

Wilmington Trust FSB

By registered mail or certified mail:	By regular mail or overnight courier:	By hand:
Wilmington Trust FSB c/o Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, DE 19890-1626	Wilmington Trust FSB c/o Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, DE 19890-1626	Wilmington Trust FSB c/o Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, DE 19890-1626
Attention: Sam Hamed	Attention: Sam Hamed	Attention: Sam Hamed

Facsimile (eligible institutions only): (302) 636-4139, Attention: Sam Hamed
Telephone Inquiries: (302) 636-6181

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS NOTICE OF GUARANTEED DELIVERY VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to MagnaChip Semiconductor S.A. ("MagnaChip S.A.") and MagnaChip Semiconductor Finance Company ("MagnaChip Finance," and together with MagnaChip S.A., "MagnaChip Semiconductor") upon the terms and subject to the conditions set forth in the Prospectus dated , 2010 (as the same may be amended or supplemented from time to time, the "Prospectus") and the related Letter of Transmittal (which together constitute the "Exchange Offer"), receipt of which is hereby acknowledged, the aggregate principal amount of Old Notes set forth below pursuant to the guaranteed delivery procedures set forth in the Prospectus in the section entitled "The Exchange Offer" under the heading "Guaranteed Delivery Procedures."

The undersigned understands that tenders of Old Notes will be accepted only in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The undersigned understands that tenders of Old Notes pursuant to the Exchange Offer may not be withdrawn from and after the Expiration Date. Tenders of Old Notes may also be withdrawn if the Exchange Offer is terminated without any such Old Notes being exchanged thereunder or as otherwise provided in the Prospectus.

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

PLEASE SIGN AND COMPLETE

Signature(s) of Registered Owner(s), Beneficial Owner(s), Or Authorized Signatory: ____________________

Principal Amount of Old Notes Tendered: ______________________

Certificate No(s). of Old Notes (if available): ________________________________

____

Name(s) of Registered Holder(s) or Beneficial Owner(s): ____________________________

Address:

____

____

____

Area Code(s) and Telephone No(s).:

____

Date: ____

This Notice of Guaranteed Delivery must be signed by the holder(s) of Old Notes as their name(s) appear on certificates for Old Notes, or on a security position listing of The Depository Trust Company as the owner of a beneficial interest in the Old Notes, or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this Notice of Guaranteed Delivery. If a signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or such representative capacity, such person must provide his or her full title below and, unless waived by MagnaChip Semiconductor, provide proper evidence satisfactory to MagnaChip Semiconductor of such person's authority to act.

PLEASE PRINT NAME(S) AND ADDRESS(ES)

Name(s): ____

Capacity: ____

Address(es) ____

____

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm or other entity identified in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, as an “eligible guarantor institution,” including (as such terms are defined therein) (i) a bank, (ii) a broker, dealer, municipal securities broker, municipal securities dealer, government securities broker or government securities dealer, (iii) a credit union, (iv) a national securities exchange, registered securities association or clearing agency, or (v) a savings association that is a participant in a Securities Transfer Association recognized program (each of the foregoing being referred to as an “Eligible Institution”), hereby guarantees to deliver to the Exchange Agent, at one of its addresses set forth above, either the Old Notes tendered hereby in proper form for transfer, or confirmation of the book-entry transfer of such Old Notes to the Exchange Agent’s account at The Depository Trust Company, pursuant to the procedures for book-entry transfer set forth in the Prospectus, in either case, together with one or more properly completed and duly executed Letter(s) of Transmittal (or facsimile thereof) or Agent’s Message in lieu thereof and any other required documents within three New York Stock Exchange trading days after the Expiration Date.

The undersigned acknowledges that it must deliver the Letter(s) of Transmittal and the Old Notes tendered hereby to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

(PLEASE TYPE OR PRINT)

Name of Firm: ______________________________

____
Authorized Signature

Address: ______________________________

Title: ______________________________

____
Zip Code

Date: ______________________________

____
Area Code and Telephone No.

NOTE: DO NOT SEND CERTIFICATES FOR OLD NOTES WITH THIS FORM. CERTIFICATES FOR OLD NOTES SHOULD ONLY BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Exhibit 99.3

MAGNACHIP SEMICONDUCTOR S.A.
MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

Letter to DTC Participants
With Respect to the Offer to Exchange
Any and All Outstanding 10.500% Senior Notes due 2018
(CUSIP Nos. 55932R AG2 and L62495 AD5)
For
10.500% Senior Notes due 2018

which have been registered under the Securities Act of 1933, as amended, as described in the Prospectus dated , 2010.

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2010, UNLESS THE OFFER IS EXTENDED BY MAGNACHIP SEMICONDUCTOR S.A. ("MAGNACHIP S.A.") AND MAGNACHIP SEMICONDUCTOR FINANCE COMPANY ("MAGNACHIP FINANCE," AND TOGETHER WITH MAGNACHIP S.A., "MAGNACHIP SEMICONDUCTOR") IN THEIR SOLE DISCRETION (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

, 2010

To: Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

MagnaChip Semiconductor is offering, upon and subject to the terms and conditions set forth in a prospectus dated , 2010 (as the same may be amended or supplemented from time to time, the "Prospectus") and the enclosed letter of transmittal (the "Letter of Transmittal" and, together with the Prospectus, the "Exchange Offer"), to exchange its 10.500% Senior Notes due 2018, which have been registered under the Securities Act of 1933, as amended, for any and all of MagnaChip Semiconductor's issued and outstanding 10.500% Senior Notes due 2018 (the "Old Notes"). The Exchange Offer is being made in order to satisfy certain obligations of MagnaChip Semiconductor contained in an Exchange and Registration Rights Agreement, dated as of April 9, 2010, among MagnaChip Semiconductor, the Guarantors (as defined therein) and the initial purchasers referred to therein.

We are requesting that you contact your clients for whom you hold Old Notes regarding the Exchange Offer. For your information and for forwarding to your clients for whom you hold Old Notes registered in your name or in the name of your nominee, or who hold Old Notes registered in their own names, we are enclosing the following documents:

1. A Prospectus dated , 2010.

2. The Letter of Transmittal for your use and for the information (or the use, where relevant) of your clients.

3. A Notice of Guaranteed Delivery to be used to accept the Exchange Offer if certificates for Old Notes are not immediately available or time will not permit all required documents to reach the Exchange Agent (as defined below) prior to the Expiration Date (as defined below) or if the procedure for book-entry transfer cannot be completed on a timely basis.

4. A form of letter that may be sent to your clients for whose account you hold Old Notes registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer.

YOUR PROMPT ACTION IS REQUESTED. THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2010, UNLESS EXTENDED BY MAGNACHIP SEMICONDUCTOR IN ITS SOLE DISCRETION (THE "EXPIRATION DATE"). THE OLD NOTES TENDERED PURSUANT TO THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME BEFORE THE EXPIRATION DATE.

To participate in the Exchange Offer, a duly executed and properly completed Letter of Transmittal (or facsimile thereof) or an Agent's Message (as defined in the Letter of Transmittal) in lieu thereof, with any required signature guarantees and any other required documents, should be sent to Wilmington Trust FSB, the exchange agent for Exchange Offer (the "Exchange Agent") and certificates representing the Old Notes, or a book-entry confirmation in respect of beneficial interests in Old Notes, should be delivered to the Exchange Agent, all in accordance with the instructions set forth in the Letter of Transmittal and the Prospectus.

If holders of Old Notes wish to tender, but it is impracticable for them to forward their certificates for Old Notes prior to the expiration of the Exchange Offer or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus in the section entitled "The Exchange Offer" under the heading "Guaranteed Delivery Procedures."

MagnaChip Semiconductor will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding the Prospectus and the related documents to the beneficial owners of Old Notes held by them as nominee or in a fiduciary capacity. MagnaChip Semiconductor will pay or cause to be paid all transfer taxes applicable to the exchange of Old Notes pursuant to the Exchange Offer, except as set forth in Instruction 14 of the Letter of Transmittal.

Any inquiries you may have with respect to the Exchange Offer, or requests for additional copies of the enclosed materials, should be directed to Wilmington Trust FSB, the Exchange Agent for the Old Notes, at its address and telephone number set forth on the front of the Letter of Transmittal.

Very truly yours,

MAGNACHIP SEMICONDUCTOR S.A.

MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF MAGNACHIP SEMICONDUCTOR OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM WITH RESPECT TO THE EXCHANGE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE PROSPECTUS OR THE LETTER OF TRANSMITTAL.

Enclosures

Exhibit 99.4

MAGNACHIP SEMICONDUCTOR S.A.
MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

Letter to Beneficial Owners
With Respect to the Offer to Exchange
Any and All Outstanding 10.500% Senior Notes due 2018
(CUSIP Nos. 55932R AG2 and L62495 AD5)
For
10.500% Senior Notes due 2018

which have been registered under the Securities Act of 1933, as amended, as described in the Prospectus dated , 2010.

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2010, UNLESS THE OFFER IS EXTENDED BY MAGNACHIP SEMICONDUCTOR S.A. ("MAGNACHIP S.A.") AND MAGNACHIP SEMICONDUCTOR FINANCE COMPANY ("MAGNACHIP FINANCE," AND TOGETHER WITH MAGNACHIP S.A., "MAGNACHIP SEMICONDUCTOR") IN THEIR SOLE DISCRETION (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

, 2010

To Our Clients:

Enclosed for your consideration is a prospectus dated , 2010 (as the same may be amended or supplemented from time to time, the "Prospectus") and the related letter of transmittal (the "Letter of Transmittal" and, together with the Prospectus, the "Exchange Offer") relating to the offer of MagnaChip Semiconductor to exchange its 10.500% Senior Notes due 2018, which have been registered under the Securities Act of 1933, as amended, for any and all of MagnaChip Semiconductor's issued and outstanding 10.500% Senior Notes due 2018 (the "Old Notes"), upon the terms and subject to the conditions described in the Prospectus and the Letter of Transmittal. The Exchange Offer is being made in order to satisfy certain obligations of MagnaChip Semiconductor contained in an Exchange and Registration Rights Agreement, dated as of April 9, 2010, among MagnaChip Semiconductor, the Guarantors (as defined therein) and the initial purchasers referred to therein.

This material is being forwarded to you as the beneficial owner of the Old Notes held by or through us for your account but not registered in your name. A TENDER OF SUCH OLD NOTES MAY ONLY BE MADE BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Old Notes held by or through us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal.

Your instructions should be forwarded to us as promptly as possible in order to permit us to tender the Old Notes on your behalf in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at 5:00 p.m., New York City time, on , 2010, unless extended by MagnaChip Semiconductor in its sole discretion (the "Expiration Date"). Any Old Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the Expiration Date.

Your attention is directed to the following:

1. The Exchange Offer is for any and all Old Notes.

2. The Exchange Offer is subject to certain conditions set forth in the Prospectus in the section entitled "The Exchange Offer" under the heading "Conditions to the Exchange Offer."

3. Any transfer taxes incident to the transfer of Old Notes from the holder to MagnaChip Semiconductor will be paid by MagnaChip Semiconductor, except as otherwise provided in the Instructions in the Letter of Transmittal.

4. The Exchange Offer expires at 5:00 p.m., New York City time, on , 2010, unless extended by MagnaChip Semiconductor in its sole discretion.

If you wish to have us tender your Old Notes, please so instruct us by completing, executing and returning to us the instruction form on the back of this letter. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR INFORMATION ONLY AND MAY NOT BE USED DIRECTLY BY YOU TO TENDER OLD NOTES.

INSTRUCTIONS WITH RESPECT TO
THE EXCHANGE OFFER

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer made by MagnaChip Semiconductor with respect to the Old Notes.

This will instruct you to tender the Old Notes held by you for the account of the undersigned, upon and subject to the terms and conditions set forth in the Prospectus and the related Letter of Transmittal.

The undersigned expressly agrees to be bound by the enclosed Letter of Transmittal and that such Letter of Transmittal may be enforced against the undersigned.

Please tender the Old Notes held by you for my account as indicated below.

Old Notes ______________________________

Aggregate Principal Amount of Old Notes Tendered

☐ Please do not tender any Old Notes held by you for my account.

Dated: ______________________________ , 2010

Signature(s): ______________________________

Please print name(s) here: ______________________________

Address(es): ______________________________

Area Code and Telephone Number(s): ______________________________

Tax Identification or Social Security Number(s): ______________________________

None of the Old Notes held by us for your account will be tendered unless we receive written instructions from you to do so. Unless a specific contrary instruction is given in the space provided, your signature(s) hereon shall constitute an instruction to us to tender all the Old Notes held by us for your account.