

MAGNACHIP SEMICONDUCTOR Corp
Form DEF 14A
April 22, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12.

MagnaChip Semiconductor Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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c/o MagnaChip Semiconductor S.A.

74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S.

Luxembourg B97483

To Our Stockholders:

You are invited to attend the Annual Meeting of Stockholders of MagnaChip Semiconductor Corporation to be held on May 29, 2013, at 7:30 p.m. Eastern Daylight Time. We are pleased to announce that this year's annual meeting will be held completely virtual via live interactive webcast on the Internet. You will be able to attend, vote and submit your questions during the meeting at www.virtualshareholdermeeting.com/mx2013. We have enclosed the notice of our Annual Meeting of Stockholders, together with a proxy statement, a proxy and an envelope for returning the proxy.

You are asked to act upon proposals to: (1) elect two Class II directors; and (2) ratify the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year. Your Board of Directors unanimously recommends that you vote **FOR** each nominee for director that the Board has selected and **FOR** the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year.

Please carefully review the proxy statement and then complete and sign your proxy and return it promptly. If you attend the virtual meeting and decide to vote during the meeting, you may withdraw your proxy by voting at the meeting.

Your time and attention to this letter and the accompanying proxy statement and proxy are appreciated. Your vote is important. Please take the time to read the enclosed proxy statement and cast your vote via proxy or at the meeting.

Sincerely,

/s/ Sang Park

Sang Park

Chairman and Chief Executive Officer

April 22, 2013

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74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S.

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

MAY 29, 2013

The Annual Meeting of Stockholders of MagnaChip Semiconductor Corporation, a Delaware corporation, will be held on Wednesday, May 29, 2013, at 7:30 p.m. Eastern Daylight Time, via live interactive webcast on the Internet, for the following purposes:

- (1) to elect two Class II directors;
- (2) to ratify the appointment of Samil PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year; and
- (3) to transact such other business as may properly come before the meeting.

Holders of record of our common stock at the close of business on Thursday, April 11, 2013, are entitled to vote at the meeting. A list of stockholders entitled to vote will be available for inspection by stockholders of record for any purpose germane to the Annual Meeting during ordinary business hours at our offices at MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, for ten days prior to the Annual Meeting. If you are a stockholder of record and would like to view this stockholder list, please contact Investor Relations at (408) 625-5999. Additionally, such list of stockholders will be made available for viewing electronically during the Annual Meeting, and instructions to access such list will be available on the date of the Annual Meeting at www.virtualshareholdermeeting.com/mx2013.

By Order of the Board of Directors

/s/ John McFarland

John McFarland

Executive Vice President, General Counsel and

Secretary

April 22, 2013

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Important Notice Regarding the Availability of Proxy Materials for the

Annual Meeting of Stockholders to Be Held on May 29, 2013

The 2013 Proxy Statement and 2012 Annual Report are available, free of charge, at <http://www.proxyvote.com>.

The Company's Annual Report for the year ended December 31, 2012 is being mailed to stockholders concurrently with the 2013 Proxy Statement. The Annual Report contains financial and other information about the Company, but is not incorporated into the Proxy Statement and is not deemed to be a part of the proxy soliciting materials.

Even if you expect to attend the Annual Meeting, please promptly complete, sign, date and mail the enclosed proxy card. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States. Alternatively, if you are a holder of record of our common stock on the record date, you may vote your shares electronically either over the internet at <http://www.proxyvote.com> or by touch-tone telephone at 1-800-690-6903. Stockholders who attend the Annual Meeting may revoke their proxies and vote during the meeting at www.virtualshareholdermeeting.com/mx2013 if they so desire.

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PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 29, 2013

GENERAL INFORMATION

Why am I receiving these materials?

We sent you these proxy materials because the Board of Directors (sometimes referred to as the Board) of MagnaChip Semiconductor Corporation (sometimes referred to as the Company, MagnaChip, we, us, and our) is soliciting your proxy to vote at the 2013 Annual Meeting of Stockholders (the Annual Meeting) and at any postponements or adjournments of the Annual Meeting. The Annual Meeting will be held virtually via live interactive webcast on the Internet on May 29, 2013, at 7:30 p.m. Eastern Daylight Time. If you held shares of our Common Stock on April 11, 2013, (the Record Date), you are invited to attend the Annual Meeting at www.virtualshareholdermeeting.com/mx2013 and vote on the proposals described below under the heading What am I voting on? However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may complete, sign, date, and return the enclosed proxy card. You may also vote over the Internet or by telephone.

The Notice of Annual Meeting of Stockholders, Proxy Statement, the enclosed proxy card, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 are being mailed to stockholders commencing on or about April 22, 2013.

What am I voting on?

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

1. Election of the two Class II directors specified in this Proxy Statement to serve until the 2016 Annual Meeting of Stockholders and until their respective successors are elected and qualified; and
2. Ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2013.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

FOR the election of each of the two Class II directors named in this Proxy Statement to hold office until the 2016 Annual Meeting of Stockholders and until their respective successors are elected and qualified;

FOR the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2013.

Who can vote at the Annual Meeting?

If you were a holder of record of the Company's common stock (the Common Stock) as of the close of business on April 11, 2013, the Record Date for the Annual Meeting, you may vote your shares at the Annual Meeting. As of the Record Date, there were 35,408,654 shares of MagnaChip Common Stock outstanding, excluding treasury shares. Company treasury shares will not be voted. Each stockholder has one vote

for each share of Common Stock held as of the Record Date.

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If, on the Record Date, your shares were held in an account at a broker, bank, or other financial institution (we will refer to those organizations collectively as "broker"), then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that broker. The broker holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to direct your broker on how to vote the shares in your account. As a beneficial owner, you are invited to attend the Annual Meeting via the Internet at www.virtualshareholdermeeting.com/mx2013. However, since you are not a stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from your broker.

How can I attend the Annual Meeting?

You are invited to attend the Annual Meeting, if you are a stockholder or record or a beneficial owner as of April 11, 2013, live via the Internet at www.virtualshareholdermeeting.com/mx2013. You must have your Control Number listed on the enclosed proxy card to enter the meeting. The webcast starts at 7:30 p.m. Eastern Daylight Time. You may vote and submit questions while attending the meeting on the Internet. Instructions on how to attend and participate in the Annual Meeting via the Internet, including how to demonstrate proof of stock ownership, are posted at www.virtualshareholdermeeting.com/mx2013. The audio broadcast will be archived on that website for one year.

What if I return the proxy card to the Company but do not make specific choices?

If you return a signed, dated, proxy card to the Company without making any voting selections, the Company will vote your shares (1) FOR the election of each of the two Class II directors named in this Proxy Statement to hold office until the 2016 Annual Meeting of Stockholders and until their respective successors are elected and qualified; and (2) FOR the ratification of the appointment of Samil PricewaterhouseCoopers as our independent registered public accountants for the fiscal year ending December 31, 2013.

The Company does not expect that any matters other than the election of directors and the ratification of the appointment of our independent registered public accounting firm for the current fiscal year will be brought before the Annual Meeting. The persons appointed as proxies will vote in their discretion on any other matters that may properly come before the Annual Meeting or any postponements or adjournments thereof, including any vote to postpone or adjourn the Annual Meeting.

How many shares must be present or represented to conduct business at the Annual Meeting?

A quorum of stockholders is necessary to hold a valid annual meeting. A quorum will be present if the holders of at least a majority of the total number of shares of Common Stock entitled to vote are present, in person or by proxy, at the Annual Meeting. Abstentions and shares represented by broker non-votes are counted for the purpose of determining whether a quorum is present. If there are insufficient votes to constitute a quorum at the time of the Annual Meeting, we may adjourn the Annual Meeting to solicit additional proxies.

How are votes counted and what is a broker non-vote?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count FOR, AGAINST, abstentions and broker non-votes. A broker non-vote occurs when your broker submits a proxy card for your shares of Common Stock held in street name, but does not vote on a particular proposal because the broker has not received voting instructions from you and does not have the authority to vote on that matter without instructions. Under the rules that govern brokers who are voting shares held in street name, brokers have the discretion to vote those shares on routine matters but not on non-routine matters. For purposes of these rules, the only routine matter in this Proxy Statement is Proposal Two the ratification of our independent registered public accounting firm for the current fiscal year. Proposal One the election of directors, is a non-routine matter. Therefore, if you hold your shares in street name and do not provide voting instructions

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to your broker, your broker does not have discretion to vote your shares on any proposal at the Annual Meeting other than Proposal Two the ratification of our independent registered public accounting firm for the current fiscal year. However, your shares will be considered present at the Annual Meeting for purposes of determining the existence of a quorum.

What is the voting requirement to approve each of the proposals?

Proposal One Election of Directors

In the election of directors, you may vote FOR, AGAINST or ABSTAIN. A plurality of the votes duly cast at the Annual Meeting is required for the election of director nominees. The two Class II director nominees receiving the highest number of FOR votes cast by the holders of our Common Stock entitled to vote at the Annual Meeting will be elected. Accordingly, abstentions and broker non-votes will have no effect on the outcome of the election of directors. Stockholders have no right to cumulative voting as to any matter, including the election of directors.

Proposal Two Ratification of the Appointment of our Independent Registered Public Accounting Firm for the Current Fiscal Year

The proposal to ratify the appointment of Samil PricewaterhouseCoopers requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions will be included in the number of shares present and entitled to vote and will therefore have the same effect as a vote AGAINST this proposal. Brokers have discretionary authority to vote uninstructed shares on this proposal.

How do I vote my shares of MagnaChip Common Stock?

Stockholders may vote shares of our Common Stock using any of the following means:

Voting by Proxy Cards. A registered stockholder may vote shares until voting is completed at the Annual Meeting by returning a duly completed and executed proxy card in the postage-paid envelope included. All proxy cards received by us that have been properly signed and have not been revoked will be voted in accordance with the instructions contained in the proxy cards. For your mailed proxy card to be counted, we must receive it prior to the close of business on May 28, 2013.

Voting by Telephone or Internet. A registered stockholder may vote shares until 11:59 p.m. Eastern Daylight Time on May 28, 2013 by calling the toll-free number indicated on the proxy card and following the recorded instructions or by accessing the website indicated on the proxy card and following the instructions provided. When a stockholder votes by telephone or Internet, his, her or its vote is recorded immediately.

Voting by Internet During the Annual Meeting. Instructions on how to attend and vote at the meeting are described at www.virtualshareholdermeeting.com/mx2013. If a stockholder attends the Annual Meeting and votes his, her or its shares during the meeting via the voting instructions described at www.virtualshareholdermeeting.com/mx2013, then any previous votes that were submitted by the stockholder, whether by Internet, telephone or mail, will be superseded by the vote that such stockholder casts during the Annual Meeting. Further, if the shares are held of record by a broker and a stockholder wishes to vote at the Annual Meeting, he, she or it must obtain a proxy issued in his, her or its name from the record holder in accordance with the materials and instructions for voting provided by his, her or its broker.

Voting by Street Name Stockholders. If stockholders hold shares in street name, then those stockholders may vote in accordance with the materials and instructions for voting the shares provided by their broker. If street name stockholders wish to vote shares at the Annual Meeting, then they must obtain proxies from their broker in order to vote their shares at the Annual Meeting in accordance with the materials and instructions for voting provided by his, her or its broker. If a street name stockholder does not vote by proxy or otherwise give voting instructions to their broker, such shares will not be voted by the broker for Proposal One at the Annual Meeting.

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Changing Votes. A stockholder may change his, her or its vote at any time before it is voted at the Annual Meeting by (1) delivering a proxy revocation or another duly executed proxy bearing a later date to MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, Attention: Executive Vice President, General Counsel and Secretary, which revocation or later-dated proxy is received by us prior to the close of business on May 28, 2013; (2) voting again by telephone or Internet in the manner described above prior to 11:59 p.m., Eastern Daylight Time, on May 28, 2013; or (3) attending the Annual Meeting and voting via the Internet during the meeting using the procedures described at www.virtualshareholdermeeting.com/mx2013. Attending the Annual Meeting via the Internet will not revoke a proxy unless the stockholder actually votes via the Internet during the meeting. Street name stockholders who want to revoke or change their votes after returning voting instructions to their broker may do so in accordance with the materials and instructions provided by their broker or by contacting such broker to effect the revocation or change of vote.

How can I find out the results of the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. We will publish final results in a Current Report on Form 8-K that we expect to file with the Securities and Exchange Commission within four business days of the Annual Meeting. After the Form 8-K is filed, you may obtain a copy by visiting the investor relations section of our website or www.magnachip.com or by writing to MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, Attention: Executive Vice President, General Counsel and Secretary.

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MagnaChip's Board of Directors is divided into three classes (Class I, Class II and Class III). At each annual stockholders' meeting, one class of directors stands for election. The elected directors are elected to three-year terms, with each director of each class to serve until such director's successor is elected and qualified or until such director's earlier resignation or removal. The exact number of members on the Board is currently seven and may be fixed by MagnaChip's Board of Directors from time to time by resolution of a majority of the total number of authorized directors, or by amendment of our bylaws by the affirmative vote of 66-2/3% of the outstanding voting stock of the Company, voting together as a single class.

At the Annual Meeting, two Class II directors are to be elected to hold office for a term of three years and until their successors are elected and qualified. The Board of Directors has nominated two individuals for election this year to serve for three-year terms that will expire in 2016. The nominees are Mr. Randal Klein and Mr. Nader Tavakoli. Messrs. Klein and Tavakoli currently serve as directors, having been previously duly elected. Information regarding the nominees and each continuing director is set forth below. Each of the nominees listed in the proxy statement has agreed to serve as a director if elected. If for some unforeseen reason a nominee becomes unwilling or unable to serve, proxies will be voted for a substitute nominee selected by the Board of Directors.

The following table sets forth certain information regarding our directors:

Name	Age	Position
Sang Park	65	Chairman of the Board of Directors and Chief Executive Officer
Michael Elkins	45	Lead Director, Chairman of the Compensation Committee, and Member of the Audit Committee and Nominating and Corporate Governance Committee
Randal Klein	47	Director
R. Douglas Norby	77	Director, Chairman of the Audit Committee, and Member of the Nominating and Corporate Governance Committee
Ilbok Lee	67	Director, Chairman of the Nominating and Corporate Governance Committee, and Member of the Compensation Committee
Brian Mulhern	38	Director
Nader Tavakoli	55	Director and Member of the Audit Committee and Compensation Committee

NOMINEES FOR TERMS EXPIRING IN 2016**Class II Directors**

Randal Klein, Director. Mr. Klein became our director in November 2009. Mr. Klein joined the funds affiliated with Avenue Capital Management II, L.P., or Avenue, our affiliate, in 2004, and is currently a Portfolio Manager at Avenue responsible for directing the investment activities of the Avenue Trade Claims funds, and also assists with the direction of the investment activities of the Avenue U.S. strategy with a particular focus on restructurings. Previously, Mr. Klein 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, conferred as a Palmer Scholar, from the Wharton School of the University of Pennsylvania. Mr. Klein was appointed to our Board by Avenue pursuant to our plan of reorganization and pursuant to MagnaChip

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Semiconductor LLC's Fifth Amended and Restated Limited Liability Company Operating Agreement, which we refer to as our pre-conversion Operating Agreement. Our Board has concluded that Mr. Klein should serve on the Board based upon his 18 years of experience as a financial advisor and investment manager.

Nader Tavakoli, Director. Mr. Tavakoli became our director in November 2009. Mr. Tavakoli is Chairman and Chief Executive Officer of EagleRock Capital Management, a private investment partnership based in New York City. Prior to founding EagleRock in 2002, Mr. Tavakoli managed substantial investment portfolios with Odyssey Partners and Highbridge Capital Management. During his nearly 25 year investment career, Mr. Tavakoli has made substantial investments across numerous industries, including significant investments in semiconductor, technology and telecommunications companies. Mr. Tavakoli began his professional career as an attorney with the New York City law firm of Milbank, Tweed, Hadley and McCloy, where he represented institutional clients in banking, litigation and corporate restructuring matters. Mr. Tavakoli was a director of NextWave Wireless, Inc., prior to that company's acquisition by AT&T Inc. in January 2013, and has been nominated to serve as a director of Ambac Financial Group, Inc., upon that company's emergence from Chapter 11 reorganization. Mr. Tavakoli is a Governance Leadership Fellow of the National Association of Corporate Directors. Mr. Tavakoli holds a B.A. in History from Montclair State University, where he was selected Valedictorian, and a Juris Doctor from the Rutgers Law School, where he was an Editor of the Rutgers Law Review. Our Board has concluded that Mr. Tavakoli should serve on the Board based upon his extensive investing and corporate governance experience.

CONTINUING DIRECTORS

Class III Directors

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 has concluded that Mr. Park should serve as a director and as Chairman of the Board based on his extensive experience as an executive, investor and director in our industry and his experience and insight as our Chief Executive Officer.

Michael Elkins, Lead Director and Chairman of the Compensation Committee. Mr. Elkins became our director in November 2009. He currently serves as a consultant to Avenue. From 2004 to 2012, Mr. Elkins was employed by affiliates of Avenue, most recently as a Portfolio Manager of the Avenue U.S. Funds. In such capacity, Mr. Elkins was responsible for assisting with the direction of the investment activities of the Avenue U.S. strategy. 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 American Media, Inc., a media brands and magazine publishing company, since December 2010, and QCE Finance LLC, a restaurant franchise company, since January 2013. Mr. Elkins previously served on the board of directors of Vertis Communication, an advertising services company, Milacron LLC, a plastics-processing technologies and industrial fluids supplier, and Ion Media Networks, Inc., a broadcast television station. Mr. Elkins serves or has served on the board of directors of each of these companies, all of which are private companies, in connection with a reorganization or refinancing involving affiliates of Avenue and as a result of his past position and current association with Avenue. Mr. Elkins holds a B.A. in Marketing from

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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 by Avenue pursuant to our pre-conversion Operating Agreement. Our Board has concluded that Mr. Elkins should serve on the Board based upon his more than 15 years of investment portfolio management experience, including over 10 years investing in technology companies, including the semiconductor sector.

Brian Mulhern, Director. Mr. Mulhern became our director in August 2011. Mr. Mulhern joined Avenue in 2004 and is currently a Senior Vice President at Avenue focused on identifying, analyzing and modeling investment opportunities for the Avenue U.S. strategy, primarily focused in the telecom, media and technology industries. Prior to joining Avenue, Mr. Mulhern was a Senior Vice President at Citadel Investment Group based in Chicago and London, focused on the analysis, negotiation and management of privately structured debt, equity and equity-linked investments. Previously, he was an analyst in Merrill Lynch's merger & acquisition group and a consultant at Booz, Allen & Hamilton. Mr. Mulhern received a B.A. in Economics from the University of Notre Dame. Our Board has concluded that Mr. Mulhern should serve on the Board based upon his experience as a financial advisor and investment manager.

Class I Directors

Ibok Lee, Director and Chairman of the Nominating and Corporate Governance Committee. Dr. Lee became our director in August 2011. Dr. Lee has been President and Chief Executive Officer of Silego Technology, Inc., a semiconductor company, since its inception in October 2001. From April 1999 to September 2001, Dr. Lee served as Senior Vice President and General Manager of the Timing Division at Cypress Semiconductor Corp., a public semiconductor company, and from May 1992 to March 1999 served as President and Chief Executive Officer of IC Works, Inc., a semiconductor company he co-founded that was acquired by Cypress in 2001. Dr. Lee co-founded Samsung Semiconductor, Inc. (U.S.A.) in July 1983 and served in various positions at the company, including President and Chief Executive Officer, until May 1992. Prior to Samsung, Dr. Lee served in various technical and managerial positions at Intel and National Semiconductor. Dr. Lee served as a member of the board of directors for Sierra Monolithic, a privately held semiconductor company, from 2002 through 2009. Dr. Lee received a Ph.D. and M.S.E.E. from the University of Minnesota and a B.S.E.E. from Seoul National University. Our Board has concluded that Dr. Lee should serve on the Board based upon his extensive experience in the semiconductor industry.

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., STATS ChipPAC Ltd., Ikanos Communications, Inc., Invensense Inc. and Singulex, Inc. (a private company). Mr. Norby was a director of Intellon Corporation from May 2007 to December 2009. Mr. Norby received a B.A. degree in Economics from Harvard University and an M.B.A. from Harvard Business School. Our Board 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.

The Board of Directors recommends that stockholders vote FOR the election of each of the Class II director nominees.

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THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence

The Board reviews the independence of each director annually. In determining the independence of our directors, our Board considered Section 303A of the listing standards of the New York Stock Exchange, or the NYSE, and broadly considered the materiality of each director's relationship with us. Based upon the foregoing criteria, our Board has determined that the following directors are independent: Dr. Ilbok Lee, Mr. R. Douglas Norby, Mr. Nader Tavakoli and Mr. Michael Elkins.

Board Meetings

The Board held four meetings during fiscal year 2012. All of the Directors attended at least 75% of the total meetings held by the Board and by all committees on which he served during fiscal year 2012.

Attendance at Annual Meeting

The Company's Corporate Governance Guidelines (the Guidelines) as currently in effect provides that all directors shall make every effort to attend the Company's annual meeting of stockholders.

Committees

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

The Board has adopted a written charter for the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. These charters, as well as our Code of Business Conduct and Ethics and the Guidelines, are posted and available on our website at www.magnachip.com. The information on or accessible through our website is not a part of or incorporated by reference in this proxy statement.

Audit Committee

Our Audit Committee consists of Mr. Norby, as Chairman, Mr. Elkins, and Mr. Tavakoli. Our Board 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 each of Mr. Norby, Mr. Elkins, and Mr. 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 (the Exchange Act). In making this determination, our Board considered the relationships that Mr. Norby, Mr. Elkins and Mr. Tavakoli have with our Company and all other facts and circumstances our Board deemed relevant in determining their independence, including any beneficial ownership of our equity. In addition, our Board has determined that the simultaneous service by Mr. Norby on the audit committees of three other public companies does not impair his ability to effectively serve on our audit committee.

The Audit Committee held seven meetings in 2012. The primary purpose of the Audit Committee is to assist our Board in fulfilling its oversight responsibilities by reviewing and reporting to the Board on the integrity of the financial reports and other financial information provided by the Company to the public, the U.S. Securities and Exchange Commission (the SEC) and any other governmental regulatory body, and on the Company's compliance with other legal and regulatory requirements. The Audit Committee is responsible for the appointment, retention, review and oversight of the Company's independent auditor, and the review and oversight of the Company's internal financial reporting, policies and processes. The Audit Committee is also responsible for reviewing related party transactions, risk management, and legal and ethics compliance.

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Compensation Committee

Our Compensation Committee consists of Mr. Elkins, as Chairman, Dr. Lee and Mr. Tavakoli. Our Board has determined that each of Mr. Elkins, Dr. Lee and Mr. Tavakoli is independent under NYSE and SEC rules. In making this determination, our Board considered the relationships that each of Mr. Elkins, Dr. Lee and Mr. Tavakoli has with our Company and all other facts and circumstances our Board deemed relevant in determining his respective independence, including any beneficial ownership of our equity.

The Compensation Committee held three meetings in 2012. The Compensation Committee has overall responsibility for evaluating and approving our executive officer and director compensation plans, policies and programs, as well as all equity-based compensation plans and policies.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of Dr. Lee, as Chairman, Mr. Elkins, and Mr. Norby. Our Board has determined that each of Dr. Lee, Mr. Elkins, and Mr. Norby is independent under NYSE and SEC rules.

The Nominating and Corporate Governance Committee held no meetings in 2012. The Nominating and Corporate Governance Committee identifies individuals qualified to become board members, recommends director nominees, recommends board members for committee membership, develops and recommends corporate governance principles and practices, oversees the evaluation of our Board and its committees and formulates a description of the skills and attributes of desirable board members. The Nominating and Corporate Governance Committee will also consider candidates recommended by our stockholders so long as the proper procedures are followed.

Our bylaws provide that stockholders seeking to nominate candidates for election as directors at an annual meeting must provide timely notice of such nominations in writing. To be timely, a stockholder's notice generally must be received in writing at the Company's offices at MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014, Attention: Executive Vice President, General Counsel and Secretary, not earlier than the close of business on the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the date of the preceding year's annual meeting as first specified in the Company's notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent), except that if no annual meeting was held in the previous year or the date of the annual meeting is more than 30 days earlier or later than such anniversary date, notice by the stockholders to be timely must be received not later than the close of business on the later of the 90th day prior to the annual meeting or the 10th day following the date on which public announcement of the date of such meeting is first made. A stockholder's notice must set forth, among other things,

the name and address of the stockholder who intends to make the nomination, and the names and addresses of the beneficial owners, if any, on whose behalf the nomination is being made and of the person or persons to be nominated;

a representation that the stockholder is a holder of record of stock of the Company entitled to vote for the election of Directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice,

certain information regarding the ownership and other interests of the stockholder or such other beneficial owner;

a description of all arrangements or understandings between the stockholder or such beneficial owner and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

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a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and such other beneficial owner, if any, and their respective affiliates and associates and each proposed nominee;

certain other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and

the consent of each nominee to serve as a director of the Company if so elected.

A stockholder must also comply with all other applicable requirements of the Exchange Act and the rules and regulations under the Exchange Act with respect to matters relating to nominations of candidates for directors. The preceding is a summary of the stockholder nomination procedures set forth in our bylaws as currently in effect, and we refer our stockholders to the full text of Section 2.15 and such other applicable provisions of our bylaws as in effect from time to time for the specific requirements of such director nomination procedures by stockholders. The Company did not receive any stockholder nominations for director for this year's Annual Meeting.

In addition to the formal procedures set forth in our bylaws for the nomination of directors by stockholders, the Nominating and Corporate Governance Committee has adopted a Policy Regarding Director Nominations pursuant to which it may from time to time evaluate candidates for nomination as director that come to its attention through incumbent directors, management, stockholders or third parties. The Nominating and Corporate Governance Committee may also, if it deems appropriate under the circumstances, engage a third-party search firm to assist in identifying qualified candidates. Such informal recommendations by stockholders should be directed to the attention of the Nominating and Corporate Governance Committee as set forth below under Communications with Directors.

The Nominating and Corporate Governance Committee seeks director candidates who possess high quality business and professional experience, possess the highest personal and professional ethics, integrity and values, and who have an inquisitive and objective perspective and mature judgment. Director candidates must also be committed to representing the best interests of our stockholders and have sufficient time available in the judgment of the Nominating and Corporate Governance Committee to perform all Board and committee responsibilities. The Nominating and Corporate Governance Committee has no formal policy on diversity in identifying potential director candidates, but does regularly assess the needs of the Board for various skills, background and business experience in determining if the Board requires additional candidates for nomination.

Board Leadership Structure

Separation of Chairman and Chief Executive Officer

The Guidelines as currently in effect state that the Board of Directors shall elect its Chairman and appoint the Company's Chief Executive Officer according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and Chief Executive Officer should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Company.

Currently, Sang Park serves as both the Company's Chairman of the Board and Chief Executive Officer. The Board has determined that its current leadership structure with Mr. Park serving in both roles is beneficial because we have a single leader for our Company and he is seen by our customers, business partners, investors and other stakeholders as providing strong leadership for the Company and in our industry. The Board may, however, make changes to its leadership structure in the future as it deems appropriate.

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Lead Director

In the event that positions of Chairman and Chief Executive Officer are then held by the same person, on an annual basis the independent members of the Board will select a lead director from the independent directors then serving on the Board (the Lead Director). The length of service as Lead Director is subject to the Board's discretion, but will be a minimum of one year. The Lead Director has the authority to call meetings of the independent directors. During 2012, the Company did not have a Lead Director. Mr. Elkins was elected as Lead Director in February 2013.

The duties and responsibilities of the Lead Director include the following: (a) presiding at meetings if requested by the Chairman or in the absence of the Chairman, including presiding at executive sessions of the Board's non-employee directors and executive sessions of the independent directors of the Board; (b) working with the Chairman and management in preparing Board meeting agendas and the need for special meetings; (c) facilitate communications between the Board and management and Board members' ability to influence Board meeting agendas; (d) advise and consult with the Chief Executive Officer and Chairman on matters related to governance and Board performance; (e) receive, distribute to the Board and arrange responses to communications from stockholders; (f) assist in optimizing the effectiveness of the Board and its independence from management; (g) serve as liaison between the Chairman and the independent directors; (h) meet separately with each director at least annually; (i) evaluate the performance of the independent directors; and (j) perform such other duties as requested by the Board. The Lead Director shall be compensated for his services as determined by the Compensation Committee.

Executive Sessions of the Board of Directors

The Company's non-management directors meet at regularly scheduled Board meetings in executive session without management present. In 2012, the Audit Committee Chairman presided over the meetings of the non-management directors, but the Lead Director, currently Mr. Elkins, has taken over that role from February 2013. In addition, in accordance with the Guidelines, the independent members of the Board meet at least twice a year in executive session, with the Lead Director setting the agenda and presiding over such meetings.

Presiding Director

In accordance with our Guidelines, the presiding director of the Board is the Chairman of the Board, if present, or in such person's absence, the Lead Director, or in such person's absence, the Audit Committee Chairman, or in such person's absence, the independent director present who has the most seniority on the Board. The presiding director presides at all meetings of the Board and is responsible for chairing the Board's executive sessions.

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 Executive Vice President, General Counsel and Secretary at MagnaChip Semiconductor Corporation, c/o MagnaChip Semiconductor, Inc., 20400 Stevens Creek Boulevard, Suite 370, Cupertino, CA 95014. Our Code of Business Conduct and Ethics is also available on our website at www.magnachip.com. We will disclose any waivers or amendments to the provisions of our Code of Business Conduct and Ethics on our website.

Involvement in Certain Legal Proceedings

Sang Park was the Chairman of our Board and Chief Executive Officer and Tae Young Hwang, Margaret Sakai, Heung Kyu Kim, Brent Rowe, Tae Jong Lee and John McFarland were each officers during our Chapter 11 reorganization proceedings in 2009. R. Douglas Norby was one of our directors until October 2008.

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Assessment of Risk

Our Board believes that our compensation programs are designed such that they will not incentivize unnecessary risk-taking. The base salary component of our compensation program is a fixed amount and does not depend on performance. 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 amount specified in the plan, and are subject to vesting to align the long-term interests of our executive officers with those of our equityholders.

Report of the Audit Committee

The Audit Committee has reviewed and discussed with our management and Samil PricewaterhouseCoopers, our independent registered public accounting firm, our audited financial statements contained in our Annual Report to Stockholders for the year ended December 31, 2012. The Audit Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting and Oversight Board in Rule 3200T.

The Audit Committee has received and reviewed the written disclosures and the letter from Samil PricewaterhouseCoopers required by applicable requirements of the Public Company Accounting Oversight Board regarding Samil PricewaterhouseCoopers' communications with the Audit Committee concerning independence, and has discussed with Samil PricewaterhouseCoopers its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board (and the Board subsequently approved the recommendation) that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed with the SEC.

AUDIT COMMITTEE

R. Douglas Norby, Chairman

Michael Elkins

Nader Tavakoli

Communications with Directors

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

Board of Directors

or Lead Director

or individual director, committee or group of directors

MagnaChip Semiconductor Corporation

c/o MagnaChip Semiconductor, Inc.

Corporate Secretary

20400 Stevens Creek Boulevard, Suite 370

Cupertino, CA 95014

Edgar Filing: MAGNACHIP SEMICONDUCTOR Corp - Form DEF 14A

Facsimile: (408) 625-5990

We will forward all stockholder and other interested party correspondence about the Company to the Board of Directors, the Lead Director, a committee of the Board of Directors, the non-management or independent directors as a group, or an individual director, as appropriate. Please note that we will not forward communications that are spam, junk mail or mass mailings, resumes and other forms of job inquiries, surveys and business solicitations or advertisements.

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Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Total (\$)
Michael Elkins(2)			
Randal Klein(2)			
Ilbok Lee	85,000(3)		85,000
Brian Mulhern(2)			
R. Douglas Norby	90,000(4)	44,556(5)	134,556
Nader Tavakoli	85,000(3)	44,556(5)	129,556

- (1) Represents grant date fair value determined in accordance with FASB ASC 718. See Note 3 Summary of Significant Accounting Policies Stock/Unit-Based Compensation, and Note 16 Equity Incentive Plans, to the MagnaChip Semiconductor Corporation audited consolidated financial statements for the year ended December 31, 2012. As of December 31, 2012, Mr. Norby and Mr. Tavakoli each held options to purchase 45,000 shares of our common stock, of which 23,000 shares subject to these options have vested, and Dr. Lee held options to purchase 25,000 shares of our common stock, of which 12,500 shares subject to the options have vested. As of December 31, 2012, Mr. Tavakoli held 18,750 fully-vested shares of our common stock issued pursuant to our 2009 Plan in March 2010. None of the remaining non-employee directors held any outstanding stock or option awards as of December 31, 2012.
- (2) This director did not receive any compensation in 2012.
- (3) Consists of an annual retainer of \$75,000 paid to independent directors plus an additional \$10,000 for serving as members of our audit and compensation committees pursuant to our director compensation policy.
- (4) Consists of an annual retainer of \$75,000 paid to independent directors plus an additional \$15,000 paid for serving as the chairman of our audit committee pursuant to our director compensation policy.
- (5) Consists of an option grant to an independent director to purchase 20,000 shares of common stock issued in January 2012 under the 2011 Plan at an exercise price of \$7.75 per share pursuant to our director compensation policy.

Further Information Regarding Director Compensation

Under our director compensation policy in effect in 2012, (i) each independent director received a fee of \$75,000 per year; (ii) the chairman of our Audit Committee received an additional fee of \$15,000 per year; (iii) the chairman of the Compensation Committee received an additional fee of \$10,000 per year; (iv) each independent member of the Audit Committee and Compensation Committee received an additional fee of \$5,000 per year; (v) upon election to the Board of Directors, each independent director was granted, pursuant to the Company's equity incentive plan as in effect at such time, a one-time option to purchase 25,000 of the Company's common shares at an exercise price per share determined as the fair market value of a share on the date of grant and with vesting over three years at a rate of 34% on the first anniversary of grant and 9.0%, 8.0%, 8.0% and 8.0% on completion of each successive three-month period in the second and third years after grant; and (vi) each independent director was granted on the first trading day of each January for such director's service for the upcoming year, pursuant to the Company's equity incentive plan as in effect at such time, a one-time option to purchase 20,000 of the Company's common shares at an exercise price per share determined as the fair market value of a share on the date of grant and with vesting over one year at a rate of 100% on the first anniversary of grant. All cash amounts were payable in January for such director's service for the upcoming year.

We amended and restated our director compensation policy in 2013 to apply to all non-employee directors, including non-independent non-employee directors. In addition, we amended and restated the cash and equity compensation amounts under the policy as follows: (i) each non-employee director will receive a fee of \$90,000 per year; (ii) the Lead Director will receive an additional fee of \$45,000 per year; (iii) the chairman of our Audit

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Committee will receive an additional fee of \$15,000 per year; (iv) the chairman of our Compensation Committee and the chairman of our Nominating and Corporate Governance Committee will each receive an additional fee of \$10,000 per year; (v) each non-employee member of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee will receive an additional fee of \$5,000 per year per committee; (vi) upon election to the Board of Directors, each non-employee director will be granted, pursuant to the Company's equity incentive plan as in effect at such time, a one-time option to purchase 25,000 of the Company's common shares at an exercise price per share determined as the fair market value of a share on the date of grant and with vesting over three years at a rate of 34% on the first anniversary of grant and 9.0%, 8.0%, 8.0% and 8.0% on completion of each successive three-month period in the second and third years after grant; and (vii) each non-employee director will be granted on the first trading day of each January for such director's service for the upcoming year, pursuant to the Company's equity incentive