

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

KEITH THOMAS, RICHARD HAYES, HERB
SMITH, and OKLAHOMA POLICE PENSION &
RETIREMENT SYSTEM,

Plaintiffs,

v.

MAGNACHIP SEMICONDUCTOR CORP., SANG
PARK, TAE YOUNG HWANG, MARGARET
SAKAI, R. DOUGLAS NORBY, ILBOK LEE,
NADER TAVAKOLI, RANDAL KLEIN,
MICHAEL ELKINS, AVENUE CAPITAL
MANAGEMENT II, L.P., BARCLAYS CAPITAL
INC., DEUTSCHE BANK SECURITIES INC.,
CITIGROUP GLOBAL MARKETS INC., UBS
SECURITIES LLC, and NEEDHAM & COMPANY,
LLC,

Defendants.

CASE NO.: 3:14-CV-01160-JST

CLASS ACTION

Hon. Jon S. Tigar

**NOTICE OF PENDENCY AND PROPOSED
SETTLEMENT OF CLASS ACTION**

If you purchased or otherwise acquired the common stock (“MagnaChip Securities”) of MagnaChip Semiconductor Corp. (“MagnaChip”) between February 1, 2012 and March 11, 2014, inclusive, you could get a payment from a class action settlement (the “Settlement”).

Under law, a federal court has authorized this notice. This is not a solicitation from a lawyer.

- If approved by the Court, the Settlement will provide \$6,200,000.00 (Six Million Two Hundred Thousand Dollars and Zero Cents) in cash (the “Settlement Amount”) to pay claims of investors who purchased MagnaChip common stock between February 1, 2012 and March 11, 2014, inclusive (the “Class Period”).
- The Settlement represents an average recovery of \$ 0.246 per share of MagnaChip Securities for the 25.2 million shares outstanding as of March 11, 2014, the end of the Class Period. A share may have been traded more than once during the Class Period. This estimate solely reflects the average recovery per outstanding share of MagnaChip common stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members that file claims on the Settlement, the date(s) you purchased and sold MagnaChip common stock, and the total number and amount of claims filed.

- Class Counsel (identified below) intends to ask the Court to award them Attorneys’ Fees in an amount not to exceed twenty-five percent (25%) of the Gross Settlement Fund, an award of Expenses of no more than \$1,100,000 and an Award to Plaintiffs not to exceed \$2,000 each. Collectively, the maximum amount of Attorneys’ Fees and Expenses are estimated to average \$0.105 per share of MagnaChip Securities. If approved by the Court, these amounts will be paid from the Gross Settlement Fund.
- The approximate recovery, after deduction of (i) Attorneys’ Fees and Expenses approved by the Court, (ii) Taxes and Tax Expenses, (iii) Notice and Administration Expenses as authorized by the Stipulation and Agreement of Settlement dated June 14, 2017 (the “Stipulation”), (iv) any Award to Plaintiffs (identified below) approved by the Court, and (v) other fees and expenses authorized by the Court, is an average of \$0.131 per share of MagnaChip Securities. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price, and the number and amount of claims filed.

The Settlement resolves the Action (as defined below) which concerned (among other things) Plaintiffs’ claims that MagnaChip, certain of its officers and directors, and certain underwriters made false and misleading statements in violation of federal securities laws, based upon the allegations set forth in the Third Amended Complaint (the “Complaint”). The Complaint alleged, among other things, that MagnaChip engaged in illicit accounting practices, including improper revenue recognition.

Settling Defendant Avenue Capital Management II, L.P. (“Avenue Capital”) denies all allegations of misconduct and liability.

- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

ALREADY SUBMITTED A VALID PROOF OF CLAIM FORM IN PRIOR SETTLEMENT?	You need not submit a claim form now if you previously submitted a valid proof of claim in the prior settlement with MagnaChip and its officers and directors. The Claims Administrator will use the information already on file.
IF YOU DID NOT PREVIOUSLY SUBMIT A CLAIM, SUBMIT NO LATER THAN JUNE 9, 2018	The only way to get a payment if you did not submit a valid Proof of Claim to the Claims Administrator in connection with the previous settlement in this Action.
EXCLUDE YOURSELF NO LATER THAN APRIL 19, 2018	Get no payment.
OBJECT NO LATER THAN APRIL 19, 2018	Write to the Court about why you do not like the Settlement.
GO TO A HEARING ON MAY 10, 2018	Speak in Court about the fairness of the Settlement.

INQUIRIES

Please do not contact the Court regarding this Notice. All inquiries concerning this Notice, the Proof of Claim and Release form, or any other questions by Class Members should be directed to:

<p>MagnaChip Semiconductor Corp. Securities Litigation c/o Strategic Claims Services Claims Administrator P.O. Box 230 600 North Jackson Street – Suite 205 Media, PA 19063 Tel.: 1-866-274-4004 www.strategicclaims.net/MagnaChip</p>	<p>or</p>	<p>Joshua B. Silverman POMERANTZ LLP 10 South LaSalle, Suite 3505 Chicago, IL 60603 Tel: 312-377-1181</p> <p>Laurence M. Rosen Jonathan Stern THE ROSEN LAW FIRM, P.A. 275 Madison Avenue, 34th Floor New York, NY 10016 Tel: 212-686-1060</p> <p><i>Class Counsel</i></p>
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COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired MagnaChip Securities during the Class Period.

2. What is this lawsuit about?

The case is known as Thomas, et al. v. MagnaChip Semiconductor Corp., et al., Case No. 3:14-CV-01160-JST (N.D. Cal.) (the “Action”), and the Court in charge of the case is the United States District Court for the Northern District of California. By Order dated July 3, 2014, the Court appointed Keith Thomas (“Thomas”) as Lead Plaintiff, and Pomerantz LLP (“Pomerantz”) as Lead Plaintiff’s Counsel.

Among other things, the Complaint alleges that during the Class Period, MagnaChip engaged in illicit accounting practices, including recognizing revenue for sales that never occurred and products that never shipped. The Action also alleges that Avenue Capital was a control person of MagnaChip, and that Avenue Capital sold MagnaChip shares while in the possession of non-public, material information. Avenue Capital denies these allegations.

A previous settlement resolving the claims against all defendants other than Avenue Capital was granted final approval on November 21, 2016. In the meantime, Plaintiffs continued to pursue the Action against Avenue Capital.

On July 8, 2016, Plaintiffs moved for class certification against Avenue Capital.

On December 22, 2016, the Court granted Plaintiffs’ motion for class certification of the claims against Avenue Capital for a Class Period of February 1, 2012 to March 11, 2014, inclusive. The Court appointed Thomas and additional named Plaintiff Herb Smith (“Smith”) as Class Representatives (collectively, “Plaintiffs”) and appointed Pomerantz and The Rosen Law Firm, P.A. (“Rosen”) as Class Counsel.

Plaintiffs reviewed hundreds of thousands of pages of documents produced by Defendants in the Action and deposed more than a dozen fact and expert witnesses, including seven (7) depositions in the Republic of Korea, where MagnaChip is headquartered.

Additional mediation sessions on July 22, 2016 and May 12, 2017 presided over by Judge Phillips and experienced mediator Michelle Yoshida, respectively, resulted in this Settlement of Plaintiffs' remaining claims against Avenue Capital.

3. Why is this a class action?

In a class action, class representatives sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a class, and these individual persons and/or entities are known as class members. One court resolves all of the issues for all class members, except for those class members who exclude themselves from the class.

4. Why is there a Settlement?

Plaintiffs and Avenue Capital do not agree regarding the merits of Plaintiffs' allegations with respect to liability or the average amount of damages per share that would be recoverable if Plaintiffs were to prevail at trial on each claim against Avenue Capital. The issues on which the Plaintiffs and Avenue Capital disagree include: (1) whether MagnaChip and its officers/directors made false and misleading statements; (2) whether MagnaChip and its officers/directors made these statements knowingly; (3) whether Avenue Capital was a control person of MagnaChip; (4) whether the statements were the cause of the Class Members' alleged damages; (5) the amount of damages, if any, suffered by the Class Members; (6) the proportionate liability, if any, of Avenue Capital for any of these statements; and (7) whether Avenue Capital sold MagnaChip shares while in the possession of material, non-public information.

This matter has not gone to trial, and the Court has not decided in favor of any party involved in this Action. Instead, Plaintiffs and Avenue Capital have agreed to settle the Action following mediation efforts involving the Settling Parties, Judge Phillips, and Ms. Yoshida. Plaintiffs and Class Counsel believe the Settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by Avenue Capital.

5. How do I know if I am part of the Class?

To be a Class Member, you must have purchased or otherwise acquired MagnaChip common stock between February 1, 2012 and March 11, 2014, inclusive.

6. Is anyone excluded from participating in the Class?

Yes. Excluded from the Class are all current and former defendants, Avenue Capital's present and former parents, subsidiaries, divisions, departments, affiliates (including any investment funds it manages), stockholders, officers, directors, employees, agents, and any of their advisors, counsel, underwriters, representatives (and the predecessors, successors, insurers, administrators and assigns of each of the foregoing), MagnaChip's officers and directors during the Class Period, and all such excluded person's immediate families, legal representatives, heirs, parents, wholly-owned subsidiaries, successors, and assigns. Also excluded are those persons who file valid and timely requests for exclusion.

7. What does the Settlement provide?

a. What is the Gross Settlement Fund?

The proposed Settlement will create a Gross Settlement Fund in the amount of \$6,200,000.00 (Six Million Two Hundred Thousand Dollars and Zero Cents), plus all interest earned thereon. The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the Gross Settlement Fund will be used to pay Class Counsel's Attorneys' Fees and Expenses and any Award to Plaintiffs. A portion of the Gross Settlement Fund also will be used to pay (i) Taxes and Tax Expenses in respect of the Gross Settlement Fund; (ii) Notice and Administration Expenses as authorized by the Stipulation; and (iii) other fees and expenses authorized by the

Court. After the foregoing deductions from the Gross Settlement Fund have been made, the amount remaining (the “Net Settlement Fund”) will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on, among other things: (i) the number of claims filed; (ii) the dates you purchased and sold MagnaChip Securities; (iii) the prices of your purchases and sales; (iv) the amount of Notice and Administration Expenses; and (v) the amount of Attorneys’ Fees and Expenses awarded to Class Counsel by the Court and the amount of any Award to Plaintiffs approved by the Court.

PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses as a result of the alleged fraud, as opposed to losses caused by market-or industry-wide factors, or Company-specific factors unrelated to the alleged fraud. The Claims Administrator shall determine each Authorized Claimant’s share of the Net Settlement Fund based upon the recognized loss formula (the “Recognized Loss”) described below. A Recognized Loss will be calculated for each MagnaChip Security purchased or otherwise acquired during the Class Period.¹ The calculation of Recognized Loss will depend upon several factors, including when the MagnaChip Securities were purchased or otherwise acquired during the Class Period; in what amounts; whether those securities were sold; and if sold, when they were sold and for what amounts. The Recognized Loss is not intended to estimate the amount a Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible.

The Plan of Allocation was created with the assistance of a consulting damages expert and reflects the assumption that the prices of MagnaChip Securities were artificially inflated throughout the Class Period. The estimated, alleged artificial inflation in the prices of MagnaChip Securities during the Class Period is reflected in Table 1 below. The computation of the estimated, alleged artificial inflation in the prices of MagnaChip Securities during the Class Period is based on certain misrepresentations alleged by Plaintiffs and the price change in the security, net of market-and industry-wide factors, in reaction to the public announcements that allegedly corrected the misrepresentations alleged by Plaintiffs.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected the defendants’ previous misleading statements or omissions. Thus, in order to have been damaged by the alleged violations of the federal securities laws, MagnaChip Securities purchased or otherwise acquired during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly misleading statement or omission. Plaintiffs and Class Counsel have determined that such price declines occurred on January 28, 2014 and March 12, 2014 (the “Corrective Disclosure Dates”). Accordingly, if a MagnaChip Security was sold before January 28, 2014 (the earliest Corrective Disclosure Date), the Recognized Loss for that security is \$0.00, and any loss suffered is not compensable under the federal securities

¹ During the Class Period, MagnaChip common stock was listed on the New York Stock Exchange (NYSE) under the ticker symbol “MX.”

laws. Likewise, if a MagnaChip Security was both purchased and sold between the two Corrective Disclosure Dates, the Recognized Loss for that security is \$0.00.

Table 1		
Artificial Inflation in MagnaChip Securities^{2, 3}		
From	To	Per-Share Price Inflation
February 1, 2012	January 27, 2014	\$1.98
January 28, 2014	March 11, 2014	\$0.45
March 12, 2014	Thereafter	\$0.00

For purposes of this Plan of Allocation, any purchase of MagnaChip common stock that took place during the period between July 29, 2013 and August 6, 2013, inclusive, will be deemed eligible for treatment as a Section 20A claim, and consequently will be calculated differently than other purchases.

The “90-day look back” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss for MagnaChip Securities. The limitations on the calculation of the Recognized Loss imposed by the PSLRA are applied such that losses on MagnaChip Securities purchased during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for such securities and the average price of the MagnaChip Securities during the 90-Day Lookback Period. The Recognized Loss on MagnaChip Securities purchased during the Class Period and sold during the 90-Day Lookback Period cannot exceed the difference between the purchase price paid for such securities and the rolling average price of the MagnaChip Securities during the portion of the 90-Day Lookback Period elapsed as of the date of sale as provided in Table 2 below.

Table 2					
90-Day Lookback Value by Sale/Disposition Date					
Sale / Disposition Date	90-Day Lookback Value	Sale / Disposition Date	90-Day Lookback Value	Sale / Disposition Date	90-Day Lookback Value
3/12/2014	\$13.93	4/10/2014	\$14.14	5/12/2014	\$14.10
3/13/2014	\$13.87	4/11/2014	\$14.12	5/13/2014	\$14.09
3/14/2014	\$13.96	4/14/2014	\$14.10	5/14/2014	\$14.07
3/17/2014	\$13.99	4/15/2014	\$14.08	5/15/2014	\$14.05
3/18/2014	\$14.08	4/16/2014	\$14.06	5/16/2014	\$14.03
3/19/2014	\$14.15	4/17/2014	\$14.05	5/19/2014	\$14.01
3/20/2014	\$14.25	4/21/2014	\$14.04	5/20/2014	\$13.99
3/21/2014	\$14.29	4/22/2014	\$14.05	5/21/2014	\$13.96
3/24/2014	\$14.32	4/23/2014	\$14.07	5/22/2014	\$13.93
3/25/2014	\$14.35	4/24/2014	\$14.09	5/23/2014	\$13.91
3/26/2014	\$14.34	4/25/2014	\$14.11	5/27/2014	\$13.89

² If the price inflation reflected in Table 1 exceeds the purchase price paid for a MagnaChip Security, then the price inflation shall be equal to the purchase price paid for such security, excluding all fees, taxes and commissions.

³ Any transactions in MagnaChip Securities executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

3/27/2014	\$14.33	4/28/2014	\$14.11	5/28/2014	\$13.86
3/28/2014	\$14.35	4/29/2014	\$14.11	5/29/2014	\$13.84
3/31/2014	\$14.32	4/30/2014	\$14.11	5/30/2014	\$13.81
4/1/2014	\$14.28	5/1/2014	\$14.11	6/2/2014	\$13.78
4/2/2014	\$14.25	5/2/2014	\$14.11	6/3/2014	\$13.75
4/3/2014	\$14.23	5/5/2014	\$14.12	6/4/2014	\$13.73
4/4/2014	\$14.20	5/6/2014	\$14.13	6/5/2014	\$13.71
4/7/2014	\$14.18	5/7/2014	\$14.13	6/6/2014	\$13.70
4/8/2014	\$14.17	5/8/2014	\$14.12	6/9/2014	\$13.68
4/9/2014	\$14.16	5/9/2014	\$14.11		

In the calculations below, all purchase and sale prices shall exclude any fees, taxes and commissions. If a Recognized Loss amount is calculated to be a negative number, that Recognized Loss shall be set to zero.

**Calculation of Recognized Loss Per Share For All Purchases
Except Those Made Between July 29, 2013 through August 6, 2013, Inclusive**

For each MagnaChip Security purchased or otherwise acquired during the Class Period (i.e., February 1, 2012 through March 11, 2014, inclusive), the Recognized Loss per security shall be calculated as follows:

- i. For each MagnaChip Security purchased during the Class Period that was sold prior to January 28, 2014, the Recognized Loss per security is \$0.
- ii. For each MagnaChip Security purchased during the Class Period that was subsequently sold during the period January 28, 2014 through March 11, 2014, inclusive, the Recognized Loss per security is *the lesser of*:
 - a. the amount of per-security price inflation on the date of purchase as appears in Table 1 above, *minus* the amount of per-security price inflation on the date of sale as appears in Table 1 above; or
 - b. the purchase price *minus* the sale price.
- iii. For each MagnaChip Security purchased during the Class Period that was subsequently sold during the period March 12, 2014 through June 9, 2014, inclusive (i.e., the 90-Day Lookback Period), the Recognized Loss per security is *the lesser of*:
 - a. the amount of per-security price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the sale price; or .
 - c. the purchase price *minus* the “90-Day Lookback Value” on the date of sale provided in Table 2 above.
- iv. For each MagnaChip Security purchased during the Class Period and still held as of the close of trading on June 9, 2014, the Recognized Loss per security is *the lesser of*:
 - a. the amount of per-security price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the average closing price for MagnaChip Securities during the 90-Day Lookback Period, which is \$13.68.

**Calculation of Recognized Loss Per Share For All Purchases
Made Between July 29, 2013 through August 6, 2013, Inclusive**

For each MagnaChip Security purchased or otherwise acquired during the period July 29, 2013 through August 6, 2013, inclusive, the Recognized Loss per security shall be calculated as follows:

- i. For each MagnaChip Security purchased during the period July 29, 2013 through August 6, 2013, inclusive, that was subsequently sold prior to March 12, 2014, the Recognized Loss per security is *the lesser of*:
 - a. the amount of per-security price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the sale price.
- ii. For each MagnaChip Security purchased during the period July 29, 2013 through August 6, 2013, inclusive, that was subsequently sold during the period March 12, 2014 through June 9, 2014, inclusive (i.e., the 90-Day Lookback Period), the Recognized Loss per security is *the lesser of*:
 - a. the amount of per-security price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the sale price; or
 - c. the purchase price *minus* the “90-Day Lookback Value” on the date of sale as appears in Table 2 above.
- iii. For each MagnaChip Security purchased during the period July 29, 2013 through August 6, 2013, inclusive, that was still held as of the close of trading on June 9, 2014, the Recognized Loss per security is *the lesser of*:
 - a. the amount of per-security price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the average closing price for MagnaChip Securities during the 90-Day Lookback Period, which is \$13.68.

INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS

The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of eligible securities that participate in the Settlement, and when those securities were purchased and sold. The number of claimants who send in claims varies widely from case to case.

A purchase or sale of MagnaChip Securities shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

Acquisition by Gift, Inheritance, or Operation of Law: If a Class Member acquired MagnaChip Securities during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent that MagnaChip Securities were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be deemed to be zero (\$0.00).

Notwithstanding any of the above, receipt of MagnaChip Securities during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of MagnaChip Securities.

The first-in-first-out (“FIFO”) basis will be applied to purchases and sales. Sales will be matched in chronological order by trade date, first against MagnaChip Securities held as of the close of trading on January 31, 2012 (the last day before the Class Period begins) and then against the purchases of MagnaChip Securities during the Class Period.

The date of covering a “short sale” is deemed to be the date of purchase of shares. The date of a “short sale” is deemed to be the date of sale of shares. In accordance with the Plan of Allocation, however, the Recognized Loss on “short sales” is zero. In the event that a claimant has an opening short position in MagnaChip common stock, the earliest Class Period purchases shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

With respect to MagnaChip common stock purchased or sold through the exercise of an option, the purchase/sale date of the stock shall be the exercise date of the option and the purchase/sale price of the stock shall be the closing price of MagnaChip common stock on the date of exercise. Any Recognized Loss arising from purchases of MagnaChip common stock acquired during the Class Period through the exercise of an option on MagnaChip common stock⁴ shall be computed as provided for other purchases of MagnaChip Securities in the Plan of Allocation.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero. The Claims Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants (see the Plan of Allocation at pp. 5-9 for additional details). No distribution will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

Class Members who already submitted a valid Proof of Claim to the Claims Administrator in connection with the previous settlement in this Action **should not submit one now**. The Claims Administrator will use the information already on file to ascertain your eligibility for this Settlement.

Class Members who **did not** submit a valid Proof of Claim to the Claims Administrator in connection with the previous settlement **must** submit acceptable Proofs of Claim in connection with this Settlement in order to share in the Settlement proceeds.

Regardless of whether a Proof of Claim was (or is now) submitted, the Settlement and the Final Judgment and Order of Dismissal with Prejudice dismissing this Action will nevertheless bind Class Members who do not submit a valid request for exclusion.

Please contact the Claims Administrator or Class Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class Members and the claims-administration process, to decide the issue by submitting a written request.

Avenue Capital, its respective counsel, and all other Released Persons will have no responsibility or liability whatsoever for the investment of the Gross Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. Plaintiffs and Class Counsel, likewise, will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distribution checks or otherwise, then, after the Claims Administrator has made

⁴ Including (1) purchases of MagnaChip common stock as the result of the exercise of a call option, and (2) purchases of MagnaChip common stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund at least six (6) months after the initial distribution of such funds will be used in the following fashion: (a) first, to pay any amounts mistakenly omitted from the initial disbursement; (b) second, to pay any additional settlement administration fees, costs, and expenses, including those of Class Counsel as may be approved by the Court; and (c) finally, to make a second distribution to claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. These redistributions shall be repeated, if economically feasible, until the balance remaining in the Net Settlement Fund is *de minimis*, and such remaining balance will then be distributed in equal amounts to Bay Area Legal Aid and to the Institute of Law and Economic Policy, a non-sectarian, not-for-profit organization identified by Class Counsel and approved by the Court.

INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS

8. How can I get a payment?

If you already sent in a Proof of Claim in connection with the previous settlement in this Action, you need not take any action in order to qualify to receive a payment. Otherwise, to qualify for a payment, you must send in a form entitled “Proof of Claim and Release”. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net/MagnaChip. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than June 9, 2018, to:

MagnaChip Semiconductor Corp. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
600 North Jackson Street – Suite 205
Media, PA 19063
Fax: (610) 565-7985
Email: info@strategicclaims.net

The Claims Administrator will process your claim and determine whether you are an “Authorized Claimant.”

9. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release all “Released Claims” (and therefore agree never to sue, continue to sue, or be part of any other lawsuit) against the “Released Persons.”

- a. The Released Claims are any and all claims, rights, demands, obligations, damages, actions or causes of action, or liabilities whatsoever, of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law or regulation, that arise out of or relate in any way to the purchase or sale of MagnaChip securities during the Class Period and the acts, facts, statements, or omissions that were or could have been alleged or asserted by Plaintiffs or any member of the Class in the Action or in any other action in any court or, including Unknown Claims, except that expressly excluded from the definition of Released Claims are: (i) all claims of any Person who submits a request for exclusion from the

Settlement, to the extent that the Court grants any such request; and (ii) all claims to enforce any of the terms of the Stipulation.

- b. The Released Persons are Avenue Capital, its present and former parents, subsidiaries, divisions, departments, affiliates (including any investment funds it manages), stockholders, officers, directors, employees, agents, and any of their advisors, counsel, underwriters, representatives (and the predecessors, successors, insurers, administrators and assigns of each of the foregoing).

You do not release the Released Persons from any claim or action to enforce the Settlement.

Remaining in the Class also means that all of the Court's orders will apply to you and legally bind you. By remaining in the Class, you are agreeing to a "Release of Claims," which will bar you from ever filing a lawsuit against any Released Person concerning a Released Claim.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue Avenue Capital on your own based on the legal claims raised in this Action, then you must take steps to get out of the Settlement. This is called excluding yourself from – or "opting out" of – the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from Thomas, et al. v. MagnaChip Semiconductor Corp., et al., Case No. 3:14-CV-01160-JST (N.D. Cal.). Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of MagnaChip Securities. You must mail your exclusion request to the Claims Administrator at the address below so that it is received no later than April 19, 2018:

MagnaChip Semiconductor Corp. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
600 North Jackson Street – Suite 205
Media, PA 19063

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Action.

11. If I do not exclude myself, can I sue Avenue Capital for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Avenue Capital or any of the Released Persons for the Released Claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court appointed the law firms of Pomerantz and Rosen to represent you and the Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense. Contact information for Class Counsel is provided below:

<p>Patrick V. Dahlstrom Joshua B. Silverman Pomerantz LLP 10 South LaSalle, Suite 3505 Chicago, IL 60603 Tel: 312-377-1181 pdahlstrom@pomlaw.com jbsilverman@pomlaw.com</p>	<p>and</p>	<p>Laurence M. Rosen Jonathan Stern The Rosen Law Firm, P.A. 275 Madison Avenue, 34th Floor New York, NY 10016 lrosen@rosenlegal.com jstern@rosenlegal.com</p>
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13. How will the lawyers be paid?

Class Counsel have prosecuted this Action on a contingent fee basis and have paid for all of the expenses of the litigation themselves. Class Counsel have done so with the expectation that if they are successful in recovering money for the Class for the claims against Avenue Capital, they will receive attorneys’ fees and be reimbursed for their litigation expenses from the Gross Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys’ fees or be reimbursed for their litigation expenses except from the Gross Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys’ fees in an amount not to exceed 25% of the value of the Gross Settlement Fund, and for an award of reasonable litigation expenses not to exceed \$1,100,000, and may also seek an Award to Plaintiffs not to exceed \$2,000 each. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Gross Settlement Fund.

14. How do I tell the Court that I do not like the Settlement, the Plan of Allocation, the Request For Attorneys’ Fees and Expenses, or the Award to Plaintiffs?

You can ask the Court to deny approval by filing an objection. You can’t ask the Court to order a larger settlement; the Court can only approve or deny the Settlement. If the Court denies approval, no Settlement payments will be sent out and the lawsuit will continue. If that is what you want to happen, you must object.

You may object to the proposed Settlement in writing. You may also appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. All written objections and supporting papers must (a) clearly identify the case name and number (Thomas, et al. v. MagnaChip Semiconductor Corp., et al., Case No. 3:14-CV-01160-JST (N.D. Cal.)); (b) be submitted to the Court either by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102, or by filing them in person at any location of the United States District Court for the Northern District of California; and (c) be filed or postmarked on or before April 19, 2018.

15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on May 10, 2018 at 2:30 p.m., in Courtroom 9 at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102.

At this hearing, the Court will consider (i) whether the Settlement is fair, reasonable, and adequate, and should be approved by the Court; (ii) whether the Order and Final Judgment as provided under the Stipulation should be entered, dismissing the Complaint on the merits and with prejudice, and to determine whether the release by the Class of the Released Persons as set forth in the Stipulation, should be ordered, along with a permanent injunction barring efforts to bring any Released Claims extinguished by the Settlement; (iii) whether the proposed Plan of Allocation for the distribution of the Net Settlement Fund is fair and reasonable and should be approved by the Court; (iv) the application of Class Counsel for an award of Attorneys' Fees and Expenses, and for an Award to Plaintiffs; (v) Class Members' objections to the Settlement, whether submitted previously in writing or presented orally at the Settlement Hearing by Class Members (or by counsel on their behalf); and (vi) such other matters as the Court may deem appropriate.

17. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you already sent in a Proof of Claim in connection with the previous settlement in this Action, and wish to receive a payment in connection with this Settlement, you are encouraged to do nothing. The Claims Administrator will process your claim using the information previously submitted.

If you **did not** previously submit a Proof of Claim to the Claims Administrator in connection with the previous settlement in this Action and do nothing now, you will not receive a payment from the Settlement.

Regardless of whether you sent in (or now send in) a Proof of Claim, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against any of the Released Persons about the Released Claims ever again.

19. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation. You can get a copy of the Stipulation by writing to the Claims Administrator, online at www.strategicclaims.net/MagnaChip or by accessing the Court docket in this case through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102-3489 between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

If you have questions about how to complete a Proof of Claim, you can call the Claims Administrator at 1-866-274-4004.

PLEASE DO NOT CALL OR WRITE TO THE COURT OR THE COURT CLERK'S OFFICE FOR INFORMATION OR ADVICE.

DATED: January 22, 2018.

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE NORTHERN DISTRICT
OF CALIFORNIA

PROOF OF CLAIM AND RELEASE

Deadline for Submission: June 9, 2018

IF YOU PURCHASED THE COMMON STOCK OF MAGNACHIP SEMICONDUCTOR CORP. (“MAGNACHIP”) BETWEEN FEBRUARY 1, 2012 AND MARCH 11, 2014, INCLUSIVE (THE “CLASS PERIOD”), YOU MAY BE A CLASS MEMBER AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

IF YOU ARE A CLASS MEMBER AND DID NOT ALREADY SUBMIT A PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) TO THE CLAIMS ADMINISTRATOR IN CONNECTION WITH THE PREVIOUS SETTLEMENT IN THIS ACTION, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS, AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN JUNE 9, 2018 TO STRATEGIC CLAIMS SERVICES, THE CLAIMS ADMINISTRATOR, AT THE FOLLOWING ADDRESS:

MagnaChip Semiconductor Corp. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
600 North Jackson Street – Suite 205
Media, PA 19063

IF YOU DID NOT ALREADY SUBMIT A PROOF OF CLAIM TO THE CLAIMS ADMINISTRATOR IN CONNECTION WITH THE PREVIOUS SETTLEMENT IN THIS ACTION, YOUR FAILURE TO SUBMIT YOUR CLAIM BY JUNE 9, 2018 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL, AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

CLAIMANT’S STATEMENT

1. I (we) purchased common stock in MagnaChip and was (were) damaged thereby. (Do not submit this Proof of Claim if you did not purchase MagnaChip common stock during the designated Class Period or if you already submitted a valid Proof of Claim to the Claims Administrator in connection with the previous settlement in this action).
2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Class Member(s) as defined above and in the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”), or am (are) acting for such person(s); that I am (we are) not a Defendant in the Action or anyone excluded from the Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; that I (we) elect to participate in the proposed Settlement described in the Notice; and that I (we) have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Action or Settlement in connection with processing of the Proof of Claim.
4. I (we) have set forth where requested below all relevant information with respect to each purchase of MagnaChip common stock during the Class Period, and each sale, if any, of such securities. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.
5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each purchase, sale or retention of MagnaChip common stock listed below in support of my (our) claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)
6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your Recognized Loss. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives securities such as options.)
7. Upon the occurrence of the Court's approval of the Settlement, as detailed in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns) of each of the "Released Persons" of all "Released Claims," as defined in the Notice.
8. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants MUST submit a manually signed paper Proof of Claim form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-274-4004 or visit their website at www.strategicclaims.net/MagnaChip to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

I. CLAIMANT INFORMATION

Name		
Address		
City	State	ZIP
Foreign Province	Foreign Country	
Day Phone	Evening Phone	
Email		
Social Security Number (for individuals)	OR	Taxpayer Identification Number (for estates, trusts, corporations, etc.)

II. SCHEDULE OF TRANSACTIONS IN MAGNACHIP COMMON STOCK**Beginning Holdings:**

- A. State the total number of shares of MagnaChip common stock owned at the close of trading on January 31, 2012, long or short (*must be documented*).

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Purchases:

- B. Separately list each and every open market purchase of MagnaChip common stock during the period from February 1, 2012 through June 9, 2014, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Purchased	Price per Share	Total Cost (Excluding Commissions, Taxes, and Fees)

Sales:

C. Separately list each and every sale of MagnaChip common stock during the period from February 1, 2012 through June 9, 2014, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Price per Share	Amount Received (Excluding Commissions, Taxes, and Fees)

Ending Holdings:

D. State the total number of shares of MagnaChip common stock owned at the close of trading on June 9, 2014, long or short (*must be documented*).

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification Number at the top of each sheet.

III. SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number:

Enter the taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service (“I.R.S.”) requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals)	or	Taxpayer Identification Number (for estates, trusts, corporations, etc.)
_____		_____

IV. CERTIFICATION

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding, or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign):

(Signature)

(Signature)

(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)

Check here if proof of authority to file is enclosed.
(See Item 2 under Claimant's Statement)

Date: _____

THIS PROOF OF CLAIM MUST BE SUBMITTED NO LATER THAN JUNE 9, 2018 AND MUST BE MAILED TO:

MagnaChip Semiconductor Corp. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
600 North Jackson Street – Suite 205
Media, PA 19063

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by June 9, 2018, and if a postmark is indicated on the envelope and it is mailed first class and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

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MagnaChip Semiconductor Corp. Securities Litigation
c/o Strategic Claims Services
600 N Jackson Street – Suite 205
Media, PA 19063

IMPORTANT LEGAL DOCUMENT – PLEASE FORWARD

REMINDER CHECKLIST

- Please be sure to sign this Proof of Claim on page 18. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do NOT send any stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Proof of Claim or any supporting documents.
- If you move after submitting this Proof of Claim, please notify the Claims Administrator of the change in your address.