

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17956

_____	:	
In the Matter of	:	
	:	
MagnaChip Semiconductor	:	PROPOSED PLAN OF
Corporation and Margaret Hye-	:	DISTRIBUTION
Ryoung Sakai, CPA,	:	
	:	
Respondents.	:	
_____	:	

I. OVERVIEW

1. The Division of Enforcement submits this Proposed Plan of Distribution (the “Plan”) to the United States Securities and Exchange Commission (the “Commission”) pursuant to Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1101. This Plan provides for the distribution of a Fair Fund (the “Fair Fund”), comprised of civil money penalties paid by MagnaChip Semiconductor Corporation and Margaret Hye-Ryoung Sakai, CPA (collectively, the “Respondents”) in the above-captioned matter.¹

2. As described more specifically below, the Plan seeks to compensate investors who were harmed by the Respondents’ conduct described in the Order, in connection with a scheme involving improper and fraudulent accounting practices intended to artificially inflate revenue and meet gross margin targets it had previously announced to the public. As calculated using the methodology detailed in the Plan of Allocation (attached as Exhibit A), investors will be compensated for their losses on shares of MagnaChip common stock (the “Security”) that were purchased between February 1, 2012 and February 12, 2015, inclusive (the “Relevant Period”). In the view of the Commission staff and the Fund Administrator, this methodology constitutes a fair and reasonable allocation of the Fair Fund.

3. The Commission has custody of the Fair Fund and shall retain control of the assets of the Fair Fund. The Plan is subject to approval by the Commission, and the Commission retains jurisdiction over its implementation.

¹ See Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders, Securities Act Rel. No. 10352 (May 1, 2017) (the “Order”).

II. BACKGROUND

4. On May 1, 2017, the Commission issued the Order instituting and simultaneously settling administrative and cease-and-desist proceedings against the Respondents. In the Order, the Commission found that Respondents violated the antifraud, books and records and internal control provisions of the federal securities laws, when it began engaging in a variety of practices to inappropriately inflate its revenues and meet the gross margin targets it previously had announced to the public. As a result, MagnaChip's financial statements and related disclosures were materially misstated in its periodic, annual, and current reports filed with the Commission. MagnaChip also falsely stated in an October 2013 press release that it had met its revenue and gross margin guidance for ten consecutive quarters following its IPO. Following an internal investigation, MagnaChip self-reported the revenue issues and, as a result, MagnaChip restated its financial statements in early 2015, reducing its previously reported revenue for 2011 through 2013 by \$121 million. In total, the Commission ordered the Respondents to pay \$3,135,000 in civil money penalties to the Commission. The Commission also created the Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid can be distributed to harmed investors.

5. The Respondents have paid \$3,134,999.99. The Fair Fund has been deposited at the United States Department of the Treasury's Bureau of the Fiscal Service ("BFS") for investment, and any accrued interest will be for the benefit of the Fair Fund.

III. DEFINITIONS

As used in this Plan, the following definitions will apply:

6. **"Administrative Costs"** shall mean any administrative costs and expenses, including without limitation the fees and expenses of the Tax Administrator and the Fund Administrator, tax obligations, bond premium expenses, and investment and banking costs.

7. **"Claim Form"** means the form designed by the Fund Administrator, in consultation with the Commission staff, for the Preliminary Claimants to file their claims in accordance with this Plan. The Claim Form will require, at a minimum, sufficient documentation reflecting any Preliminary Claimant's purchases and dispositions of Securities during the Relevant Period such that eligibility under the Plan can be determined, tax identification and other related information from the Preliminary Claimant as determined necessary by the Fund Administrator in coordination with the Tax Administrator, and a certification that the Preliminary Claimant is not an Excluded Party. Class Action Authorized Claimants will not be required to submit a Claim Form.

8. **"Claim Status Notice"** means the notice sent by the Fund Administrator within ninety (90) days of the Claims Bar Date to all Preliminary Claimants who submitted a Claim Form; all Class Action Second Settlement Claimants who timely submitted a Personalized Claim Form, or otherwise responds to his, her, or its Plan Notice; and all Class Action Authorized Claimants whose claims have been identified as possibly fraudulent. The Claim Status Notice

will set forth the Fund Administrator's determination of the eligibility of the claim (eligible, partially or wholly deficient, or ineligible). The Claim Status Notice will provide to each Preliminary Claimant and Class Action Second Settlement Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency and in the event the claim is denied, the Claim Status Notice will state the reason(s) for such denial. The Claim Status Notice will also notify the Preliminary Claimant or Class Action Second Settlement Claimant of the opportunity to cure any deficiency or dispute the determination made by the Fund Administrator, and will provide instructions regarding what is required to do so.

9. **"Claims Bar Date"** means the date established in accordance with this Plan by which (a) a Class Action Second Settlement Claimant's Personalized Claim Form or (b) a Preliminary Claimant's Claim Form must be postmarked or submitted electronically in order to receive consideration under the Plan. The Claims Bar Date shall be one hundred twenty (120) days after the initial mailing of the Claims Packet. Claim Forms submitted by Preliminary Claimants and Class Action Second Settlement Claimants that are postmarked or received after the Claims Bar Date will not be accepted unless the Fund Administrator is directed to do so by the Commission staff.

10. **"Claims Packet"** means the materials relevant to submitting a claim that will be provided to Preliminary Claimants and Class Action Second Settlement Claimants known to the Fund Administrator or to those who request such materials prior to the Claims Bar Date. The Claims Packet for Preliminary Claimants will include, at a minimum, a copy of the Plan Notice and a Claim Form (together with instructions for completion of the Claim Form). The Claims Packet for the Class Action Second Settlement Claimants will include, at a minimum, a copy of the Plan Notice and a Personalized Claim Form.

11. **"Class Action"** shall mean *Thomas, et al. v. MagnaChip Semiconductor Corp., et al.*, Case No.: 3:14-cv-01160-JST (N.D. Cal), in which the consolidated amended complaint was filed June 26, 2015.

12. **"Class Action Authorized Claimant"** means a Person who filed an approved claim in the first Class Action settlement involving investments occurring between February 1, 2012 and February 12, 2015, inclusive.

13. **"Class Action Second Settlement Claimant"** means a Person who filed an approved claim only in the second Class Action settlement, whose claim included the period from February 1, 2012 through and including March 11, 2014, and excluded the period from March 12, 2014 through February 12, 2015, inclusive.

14. **"Distribution Payment"** means a payment from the Fair Fund to a Payee in accordance with the terms of this Plan.

15. **"Eligible Claimant"** means a Class Action Authorized Claimant, or a Preliminary Claimant or Class Action Second Settlement Claimant who submitted a valid claim, and who is not an Excluded Party.

16. **“Excluded Party”** shall mean:

- (a) The Respondents;
- (b) Present or former officers or directors of Respondents or any assigns, creditors, heirs, distributees, spouses, parents, siblings, dependent children or controlled entities of any of the foregoing Persons or entities;
- (c) Any employee or former employee of the Respondents or any of its affiliates who has been terminated for cause or has otherwise resigned, in connection with the conduct described in the Order;
- (d) Any Person who, as of the Claims Bar Date, has been the subject of criminal charges related to the conduct described in the Order or any related Commission action;
- (e) Any firm, trust, corporation, officer, or other entity in which Respondents have or had a controlling interest;
- (f) The Fund Administrator, its employees, and those Persons assisting the Fund Administrator in its role as the Fund Administrator; or
- (g) Any purchaser or assignee of another Person’s right to obtain a recovery from the Fair Fund for value; provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance or devise.

The Claim Form will require claimants to certify that they are not an Excluded Party.

17. **“Fair Fund”** means the fund, comprised of the \$3,134,999.99 paid by the Respondents and created by the Commission pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the benefit of investors harmed by Respondents’ violations described in the Order.

18. **“Final Determination Notice”** shall mean the written notice sent by the Fund Administrator to any Preliminary Claimant, Class Action Authorized Claimant, or Class Action Second Settlement Claimant who timely responded to the Claim Status Notice in an effort to cure a deficiency or dispute the determination made by the Fund Administrator, notifying the Preliminary Claimant, Class Action Authorized Claimant, or Class Action Second Settlement Claimant of its determination. The Final Determination Notice will constitute the Fund Administrator’s final ruling regarding the status of the claim.

19. **“Net Available Fair Fund”** means the Fair Fund, plus any interest or earnings, less Administrative Costs.

20. **“Payee”** means an Eligible Claimant who is determined to receive a Distribution Payment, as calculated in accordance with the Plan of Allocation.

21. **“Person”** means natural individuals as well as legal entities such as corporations, partnerships, limited liability companies, or trusts.

22. **“Personalized Claim Form”** means a form drafted by the Fund Administrator, in consultation with the Commission staff, for Class Action Second Settlement Claimants to file transaction data from March 12, 2014 through and including February 12, 2015, as well as holding data as of the close of trading on February 12, 2015. The Personalized Claim Form will require, at a minimum, sufficient documentation reflecting any Class Action Second Settlement Claimant’s purchases and dispositions of Securities during the Relevant Period such that eligibility under the Plan can be determined, tax identification and other related information from the Class Action Second Settlement Claimant as determined necessary by the Fund Administrator in coordination with the Tax Administrator, and a certification that the Class Action Second Settlement Claimant is not an Excluded Party. Class Action Authorized Claimants will not be required to submit a Personalized Claim Form.

23. **“Plan Notice”** means a written notice from the Fund Administrator sent to Preliminary Claimants and Class Action Second Settlement Claimants within ninety (90) days of the Plan’s approval informing the Preliminary Claimants and Class Action Second Settlement Claimants of the Fair Fund and how to participate in the distribution of the Fair Fund. For Class Action Second Settlement Claimants, the Plan Notice and Personalized Claim Form will indicate that he, she, or it is required to return the additional documentation, as detailed therein, for the period between March 12, 2014 through and including February 12, 2015 to complete their claim to participate in the distribution. For the Preliminary Claimants, the Plan Notice and Claim Form will provide instructions as to what is required to participate in the distribution of the Fair Fund. The Plan Notice will also be available on the Fair Fund’s website, which is maintained by the Fund Administrator.

24. **“Plan of Allocation”** means the methodology by which an Eligible Claimant’s Recognized Loss is calculated. The Plan of Allocation is attached as Exhibit A.

25. **“Postcard Notice”** means the notice designed by the Fund Administrator, in consultation with the Commission staff, that will be mailed to Class Action Authorized Claimants to notify them of the Fair Fund and advise them that they do not have to file another claim form.

26. **“Preliminary Claimant”** shall mean a Person, or his, her, or its lawful successor, who is not a Class Action Authorized Claimant or a Class Action Second Settlement Claimant, whose name and address is in the Fund Administrator’s Class Action database as having a possible claim to recover from the Fair Fund under this Plan, including those who opted-out of participating in the Class Action, or a Person who traded during the Relevant Period and is asserting prior to the Claims Bar Date that he, she, or it has a possible claim to recover from the Fair Fund under this Plan.

27. **“Recognized Loss”** means the amount of loss calculated for an Eligible Claimant in accordance with the Plan of Allocation.

28. **“Relevant Period”** means the period of time between February 1, 2012 and February 12, 2015, inclusive.

29. **“Securities”** refers to shares of MagnaChip common stock listed on a U.S. exchange and registered with the Commission and traded under the symbol MX.

30. **“Summary Notice”** means the notice published on an Internet based newswire service with national distribution and the Plan Notice with the Claim Form published with the Depository Trust Company (“DTC”) on its Legal Notice System (“LENS”). LENS provides DTC participants the ability to search and download legal notices, as well as to receive e-mail alerts based on particular notices or particular Committee on Uniform Securities Identification Procedures (“CUSIPs”), once a legal notice has been posted.

31. **“Third-Party Filer”** means a third-party, including without limitation a nominee, custodian, or an intermediary holding in street name, who is authorized to submit and submits a claim(s) on behalf of one or more Preliminary Claimants or Class Action Second Settlement Claimants. Third-Party Filer does not include assignees or purchasers of claims, who are Excluded Parties and are therefore not eligible to receive Distribution Payments.

IV. TAX COMPLIANCE

32. On June 14, 2018, the Commission appointed Miller Kaplan Arase LLP as the tax administrator (the “Tax Administrator”) for the Fair Fund to handle the tax obligations of the Fair Fund.² The Tax Administrator will be compensated for reasonable fees and expenses from the Fair Fund in accordance with its Revised 2017-2018 Engagement Letter Agreement with the Commission.³

33. The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code of 1986, as amended, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. The Tax Administrator is the administrator of such QSF, for purposes of Treas. Reg. § 1.468B-2(k)(3)(I) and shall satisfy the tax-related administrative requirements imposed by Treas. Reg. § 1.468B-2, including, but not limited to:

- (a) Obtaining a taxpayer identification number;
- (b) Requesting funds necessary for the timely payment of all applicable taxes, the payment of taxes for which the Tax Administrator has received funds, and the filing of applicable returns; and

² See Order Appointing Tax Administrator, Exchange Rel. No. 83437 (June 14, 2018).

³ See Omnibus Order Directing the Appointment of Tax Administrator in Administrative Proceedings that Establish Distribution Funds, Exchange Act Rel. No. 81057 (June 30, 2017).

- (c) Fulfilling any information reporting or withholding requirements required for distributions from the Fair Fund.

34. All tax obligations will be paid from the Fair Fund, subject to the review and approval of Commission staff.

V. FUND ADMINISTRATOR

35. On March 19, 2020, the Commission appointed Strategic Claims Services as the fund administrator for the Fair Fund (the “Fund Administrator”). The Fund Administrator has obtained a bond in the amount of \$3,134,999.99, as ordered.⁴ Pursuant to Rule 1105(a) of the Commission’s Rules, 17 C.F.R. § 201.1105(a), the Fund Administrator may be removed at any time by order of the Commission or hearing officer.

36. The Fund Administrator will be responsible for administering the Fair Fund in accordance with the Plan. This will include, among other things, taking reasonable steps to identify and contact Preliminary Claimants; obtaining mailing information for Preliminary Claimants; establishing a website and staffing a call center to address inquiries during the claims process; developing a claims database; preparing accountings; cooperating with the tax administrator appointed by the Commission to satisfy any tax liabilities and to ensure compliance with income tax reporting requirements, including but not limited to Foreign Account Tax Compliance Act (FATCA); advising Preliminary Claimants, Class Action Authorized Claimants, and Class Action Second Settlement Claimants of deficiencies in claims and providing an opportunity to dispute the deficiency or to cure any documentary defects; taking antifraud measures, such as identifying false, ineligible and overstated claims, including the claims submitted in the Class Action settlement by Class Action Authorized Claimants; making determinations under the criteria established herein as to Preliminary Claimant eligibility; advising Preliminary Claimants, Class Action Authorized Claimants, and Class Action Second Settlement Claimants of final claim determinations; disbursing the Fair Fund in accordance with this Plan, as ordered by the Commission; and researching and reconciling errors and reissuing payments, when possible.

37. To carry out the purposes of this Plan, the Fund Administrator is authorized to make and implement immaterial changes to the Plan upon agreement of the Commission staff. If a change is deemed to be material by the Commission staff, Commission approval is required prior to implementation by amending the Plan.

38. The Fund Administrator may extend any procedural deadline contained in the Plan for good cause shown, if agreed upon by the Commission staff.

39. The Fund Administrator is authorized to enter into agreements with third-parties as may be appropriate or necessary in the administration of the Fair Fund, provided such third-parties are not Excluded Parties. In connection with such agreements, the third-parties shall be deemed to be agents of the Fund Administrator under this Plan.

⁴ See Order Appointing Fund Administrator and Setting Bond Amount, Exchange Act Rel. No. 88430 (Mar. 19, 2020).

40. The Fund Administrator will be entitled to payment from the Fair Fund of reasonable fees and expenses, including the bond premium, incurred in the performance of its duties (including any such fees and expenses incurred by agents, consultants or third-parties retained by the Fund Administrator in furtherance of its duties).

VI. ADMINISTRATION OF THE FAIR FUND

Identification of and Notification

41. Based upon records obtained in its capacity as claims administrator in the Class Action, the Fund Administrator has identified several Preliminary Claimants, including those who opted-out of the Class Action, and those whose name and address was provided to the Fund Administrator by nominees but who did not file a claim in the Class Action. The Fund Administrator will, insofar as practicable, use its best efforts to identify additional Preliminary Claimants by contacting nominees who did not respond to the previous two Class Action settlements, and by mailing a Claims Packet to those previously identified but who did not previously file a claim form. The Fund Administrator may also engage a third-party firm, after consultation with and approval of the Commission staff, to assist in identifying additional Preliminary Claimants to maximize the participation rate in this distribution.

42. Within sixty (60) days after Commission approval of the Plan, the Fund Administrator shall:

- (a) design and submit a Claims Packet, including the Plan Notice, the Claim Form, and the Personalized Claim Form, to the Commission staff for review and approval;
- (b) design and submit a Postcard Notice to the Commission staff for review and approval;
- (c) create a *mailing* database of all Preliminary Claimants based upon information identified by the Fund Administrator, and will create a *claim* database consisting of Preliminary Claimants, Class Action Authorized Claimants, and Class Action Second Settlement Claimants;
- (d) run a National Change of Address search to retrieve updated addresses for all records in the database, thereby ensuring the mailing information for Preliminary Claimants, Class Action Authorized Claimants, and Class Action Second Settlement Claimants is up-to-date;
- (e) send the appropriate Claims Packet to the last known email address (if known) and/or mailing address of each Class Action Second Settlement Claimant and Preliminary Claimant identified by the Fund Administrator;

- (f) send the Postcard Notice to the last known email address (if known) and/or mailing address of each Class Action Authorized Claimant;
- (g) send a letter to the Fund Administrator's list of banks, brokers, and other nominees who did not respond to the Class Action settlements, in accordance with paragraph 46 below;
- (h) establish and maintain a website devoted solely to the Fair Fund. The Fair Fund's website, located at www.strategicclaims.net/secvmagnachip, will make available a copy of the approved Plan, Plan Notice, and Postcard Notice; provide information regarding the claims process and eligibility requirements for participation in the Fair Fund in the form of frequently asked questions; include in downloadable form, the Claim Form and Personalized Claim Form; and such other information the Fund Administrator believes will be beneficial;
- (i) establish and maintain a toll-free telephone number, 1-866-274-4004 for anyone to call to speak to a live representative of the Fund Administrator during its regular business hours or, outside of such hours, to hear prerecorded information about the Fair Fund. The toll-free number will be listed on all correspondence from the Fund Administrator as well as on the Fair Fund's website;
- (j) establish and maintain a traditional mailing address and an email address which will be listed on all correspondence from the Fund Administrator to Preliminary Claimants, Class Action Authorized Claimants, and Class Action Second Settlement Claimants, as well as on the Fair Fund's website; and
- (k) publish the Summary Notice on an Internet-based newswire service with national distribution and the Plan Notice and Claim Form with the DTC on LENS.

43. The Commission staff retains the right to review and approve any material posted on the Fair Fund's website, any material mailed, and any scripts used in connection with any communication with Preliminary Claimants, Class Action Authorized Claimants, and Class Action Second Settlement Claimants.

44. In all materials that refer to the Claims Bar Date, the filing deadline will be clearly identified with the calendar date, which is one hundred twenty (120) days from the date of the initial mailing of the Claims Packet.

45. The Fund Administrator will promptly provide a Claims Packet to any Preliminary Claimant or Class Action Second Settlement Claimant upon request made via mail, phone, or email prior to the Claims Bar Date.

46. The Fund Administrator will send by mail, email, or other means, a letter to the Fund Administrator's list of banks, brokers, and other nominees, as well as any other institutions identified during the outreach process that may have records of the Securities during the Relevant Period (collectively, the "Nominees or Custodians") who did not respond to or request forms for the Class Action settlements. The Fund Administrator will request that these entities who did not respond to the Class Action settlements, to the extent that they were record holders for beneficial owners of the Securities:

- (a) within ten (10) days of the Nominees' or Custodians' receipt of the letter, notify and send the Plan Notice to the respective beneficial owners, and, as requested, provide to the beneficial owners a Claims Packet, so that the beneficial owners may timely file a claim. The burden will be on the Nominees or Custodians to ensure the claims process information, including, if requested, the Claims Packet and other relevant materials, is properly disseminated to the beneficial owners; and/or
- (b) provide to the Fund Administrator, within ten (10) days of receipt of the letter, a list of last known names and addresses for all beneficial owners for whom/which they purchased, as the record holder, the Securities during the Relevant Period, so that the Fund Administrator can communicate with the beneficial owners directly.

47. For the Nominees or Custodians who previously responded to the Class Action settlements and requested forms to mail themselves, they should contact the Fund Administrator within ten (10) days of receipt of the letter to determine how many Claims Packets will be required to mail to those who did not file a claim form in the Class Action settlements.

48. At the discretion of the Fund Administrator, in consultation with the Commission staff, a reasonable number of additional copies of the Claims Packet shall be made available to any Nominee or Custodian requesting it for the purpose of distribution to beneficial owners.

49. Documented reasonable out-of-pocket expenses incurred by the Nominees or the Custodians, which would not have been incurred but for compliance with paragraphs 46 and 47 above, shall be reimbursed from the Fair Fund. The amount of such expenses allowed will be at the discretion of the Fund Administrator, in consultation with the Commission staff. Unless otherwise determined by the Fund Administrator in consultation with the Commission staff, out-of-pocket expenses based on the following rates will be considered reasonable:

- (a) a maximum of \$0.05 per Claims Packet, plus postage at the pre-sort postage rate per Claim Packet actually mailed;
- (b) a maximum of \$0.05 per email of Summary Notice or Plan Notice and Claim Form link disseminated; or
- (c) \$0.05 per name, address, and email address provided to the Fund Administrator, up to a maximum of amount of \$1,500.00.

50. The Fund Administrator will attempt to locate any Preliminary Claimant and Class Action Second Settlement Claimant whose mailing is returned as “undeliverable,” and will document all such efforts. The Fund Administrator shall use its best efforts to make use of commercially available resources and other reasonably appropriate means to obtain updated addresses in response to “undeliverable” notices, and forward any returned mail for which an updated address is provided or obtained. The Fund Administrator will make available, upon request by the Commission staff, a list of all Preliminary Claimants and Class Action Second Settlement Claimants whose Claims Packets have been returned as “undeliverable” due to incorrect addresses and for which the Fund Administrator has been unable to locate current addresses.

51. The Fund Administrator, with Commission staff approval, may engage a third-party search firm to conduct more rigorous searches for any Preliminary Claimant whose Claims Packet is returned as undeliverable. Additional efforts to identify new addresses for returned undeliverable mail will be conducted as necessary and economically reasonable after consultation with the Commission staff.

Filing a Claim

52. To avoid being barred from asserting a claim, the following must be postmarked or submitted electronically to the Fund Administrator on or before the Claims Bar Date: (a) the Class Action Second Settlement Claimant’s Personalized Claim Form and all required supporting documentation for investments in the Securities between March 12, 2014 and February 12, 2015, as described in his, her, or its Plan Notice; or (b) the Preliminary Claimant’s properly completed Claim Form and all required supporting documentation, as described in his, her, or its Plan Notice. Without limitation, this information may include third-party documentary evidence of purchases and dispositions of Securities during the Relevant Period, as well as holdings of Securities at pertinent dates.

53. The burden will be upon the Preliminary Claimant or Class Action Second Settlement Claimant to ensure that his, her, or its Claim Form or Personalized Claim Form has been properly and timely received by the Fund Administrator. A Claim Form or Personalized Claim Form that is postmarked after the Claims Bar Date will not be accepted unless the deadline is extended by the Fund Administrator for good cause shown, after consultation with the Commission staff.

54. All Claim Forms, Personalized Claim Forms, and supporting documentation necessary to determine a Preliminary Claimant’s or Class Action Second Settlement Claimant’s eligibility to receive a distribution from the Fair Fund under the terms of the Plan must be verified by a declaration executed by the Preliminary Claimant or Class Action Second Settlement Claimant under penalty of perjury under the laws of the United States. The declaration must be executed by the Preliminary Claimant or Class Action Second Settlement Claimant, unless the Fund Administrator accepts such declaration from a Person authorized to act on the Preliminary Claimant’s or Class Action Second Settlement Claimant’s behalf, whose authority is supported by such documentary evidence as the Fund Administrator deems necessary.

55. Electronic claims submission is encouraged; the Plan Notice will include directions on how Preliminary Claimants and Class Action Second Settlement Claimants can submit the required documentation electronically via the Fair Fund's website. If using the web-based claim filing option, a Preliminary Claimant or Class Action Second Settlement Claimant must submit his, her, or its required documentation to the Fund Administrator by 11:59 p.m. on the Claims Bar Date. The Plan Notice will also include directions for submission of claims if the Preliminary Claimant or Class Action Second Settlement Claimant is unable to submit his, her, or its claim electronically.

56. When submitting claims to the Fair Fund on behalf of its clients, all Third-Party Filers must use the electronic filing template provided by the Fund Administrator in this matter. Claims submitted by Third-Party Filers that do not comply with the template and format provided by the Fund Administrator may be rejected. Third-Party Filers must also submit a signed master proof of claim and release, as well as proof of authority to file on behalf of the claimant(s) at the time the electronic file of transactions is submitted. Failure to do so may result in rejection of the claim.

57. Each Third-Party Filer must establish the validity and amount of each claim in its submission. Third-Party Filers must submit such supporting documentary evidence of purchases, dispositions, and holdings of Securities as the Fund Administrator deems necessary or appropriate to substantiate each individual claim. Without limitation, this includes the complete name of the Preliminary Claimant (beneficial account owner) or Class Action Second Settlement Claimant, and his, her, or its TIN (for individuals) or EIN (for companies), sufficient contact information to confirm the identity of the beneficial owner, and documentation from the original bank, broker, or other institution of purchases and dispositions of Securities (account statements, confirmations and other documentation of purchases and dispositions), as well as holdings of the Securities on pertinent dates. Documentation generated by the Third-Party Filer and affidavits in lieu of supporting documentation will not be accepted. The Fund Administrator will have the right to request, and the Third-Party Filer will have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed necessary by the Fund Administrator to substantiate the claim(s) contained in the submission. Documentation from a Third-Party Filer that is not acceptable to the Fund Administrator will result in rejection of the affected claim(s). The determination of the Fund Administrator to reject a claim for insufficient documentation, as reflected on the Final Determination Notice, is final and within the discretion of the Fund Administrator.

58. The receipt of Securities by gift, inheritance, devise, or operation of law will not be deemed to be a purchase of Securities, nor will it be deemed an assignment of any claim relating to the purchase of such Securities unless specifically so provided in the instrument of inheritance. However, the recipient of Securities as a gift, inheritance, devise or by operation of law will be eligible to file a Claim Form or Personalized Claim Form and participate in the distribution of the Fair Fund to the extent the original purchaser would have been eligible under the terms of the Plan. Only one claim may be submitted with regard to the same transactions in Securities, and in cases where multiple claims are filed by the donor and donee, only the donee claim will be honored, assuming it is supported by proper documentation.

59. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which do not include Individual Retirement Accounts and such plan's participants, are properly made by the administrator, custodian or fiduciary of the plan and not by the plan's participants. The Fund Administrator will distribute any payments on such claims directly to the administrator, custodian or fiduciary of the retirement plan. The custodian or fiduciary of the retirement plan will distribute any payments received in a manner consistent with its fiduciary duties and the governing account or plan provisions.

60. The Preliminary Claimant, Class Action Authorized Claimant, and Class Action Second Settlement Claimant has the burden of notifying the Fund Administrator of a change in his, her, or its current address and other contact information, and of ensuring that such information is properly reflected on the Fund Administrator's records.

Claims Eligibility Determination

61. The Fund Administrator will review all claim submissions and determine the eligibility of each Preliminary Claimant and Class Action Second Settlement Claimant to participate in the Fair Fund by reviewing claim data and supporting documentation (or the lack thereof) and verifying the claim. Any Preliminary Claimant or Class Action Second Settlement Claimant with a valid claim who held the Security during the Relevant Period and who is not an Excluded Party will be deemed an Eligible Claimant. Each Preliminary Claimant and Class Action Second Settlement Claimant will have the burden of proof to establish the validity and amount of his, her, or its claim, and qualification as an Eligible Claimant. The Fund Administrator will have the right to request, and the Preliminary Claimant or Class Action Second Settlement Claimant will have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed relevant by the Fund Administrator. Class Action Authorized Claimants are automatically deemed Eligible Claimants, provided that there is no indicia of fraud in the claim that he, she, or it submitted in the Class Action settlement.

62. The Fund Administrator will provide a Claim Status Notice within ninety (90) days of the Claims Bar Date to each Preliminary Claimant or Class Action Second Settlement Claimant who has filed a Claim Form or Personalized Claim Form, or who has otherwise responded to his, her, or its Plan Notice with the Fund Administrator, and to any Class Action Authorized Claimant whose claim is identified as potentially fraudulent, setting forth the Fund Administrator's determination of the eligibility of the claim (eligible, partially or wholly deficient, or ineligible). The Claim Status Notice will provide to each Preliminary Claimant or Class Action Second Settlement Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency (e.g., failure to provide required information or documentation). In the event the claim is denied, in whole or in part, the Claim Status Notice will state the reason(s) for such denial. The Claim Status Notice will provide to each Class Action Authorized Claimant whose claim is identified as potentially fraudulent the reason(s) that it was so identified. The Claim Status Notice will also notify the Preliminary Claimant, Class Action Second Settlement Claimant, or Class Action Authorized Claimant of the opportunity to cure any deficiency or dispute the determination made by the Fund Administrator, and will provide instructions regarding what is required to do so.

63. Any Preliminary Claimant or Class Action Second Settlement Claimant with a deficient claim will have thirty (30) days from the date of the Claim Status Notice to cure any deficiencies identified in the Claim Status Notice.

64. Any Preliminary Claimant or Class Action Second Settlement Claimant disputing a denied claim must submit a written request for reconsideration to the Fund Administrator within thirty (30) days of the date of the Claim Status Notice. All requests for reconsideration must include the necessary documentation to substantiate the basis upon which the Preliminary Claimant or Class Action Second Settlement Claimant is requesting reconsideration of his, her, or its claim.

65. Any Class Action Authorized Claimant whose claim is identified as potentially fraudulent will have thirty (30) days from the date of the Claim Status Notice to dispute the determination and/or provide documentation demonstrating the validity of the claim.

66. The Fund Administrator may, in its sole discretion, consider disputes of any nature presented in writing within thirty (30) days of the Claim Status Notice, and will consult Commission staff as appropriate.

67. The Fund Administrator will send a Final Determination Notice to any claimant who responds to the Claim Status Notice in an effort to cure a deficiency or dispute the determination made by the Fund Administrator, notifying the claimant of its determination. The Fund Administrator will send such Final Determination Notices no later than thirty (30) days following receipt of documentation or information in response to the Claim Status Notice, or such longer time as the Fund Administrator determines is necessary for a proper determination concerning the claim.

68. The Fund Administrator will have the authority, in its sole discretion, to waive technical claim deficiencies and approve claims on a case-by-case basis, or in groups of claims. All determinations made by the Fund Administrator in accordance with the Plan in any dispute or request to cure a deficient claim will be final and not subject to appeal.

Distribution Methodology

69. The Fund Administrator will calculate each Eligible Claimant's Recognized Loss in accordance with the Plan of Allocation. All Eligible Claimants who are determined to receive a Distribution Payment will be deemed a Payee.

Establishment of a Reserve

70. Before determining the amount of funds available for distribution and calculating each Payee's Distribution Payment, the Fund Administrator, in conjunction with the Tax Administrator, will establish a reserve to pay Administrative Costs and to accommodate any unexpected expenditures (the "Reserve").

71. After all disbursements and Administrative Costs are paid, any remaining amounts in the Reserve will become part of the Residual described in paragraph 94 below.

Preparation of the Payment File

72. Within forty-five (45) days following the date of the Final Determination Notices described in paragraph 67 above, the Fund Administrator will compile and send to the Commission staff the Payee information, including the name, address, calculated Recognized Loss, and the amount of the Distribution Payment for all Payees (the "Payee List"). The Fund Administrator will also provide a Reasonable Assurances Letter to the Commission staff, representing that the Payee List: (a) was compiled in accordance with the approved Plan; (b) is accurate as to Payees' names, addresses, Recognized Losses and amounts of their Distribution Payment; (c) includes the number of Payees compensated; (d) includes the percentage of the Payee's Recognized Loss being compensated by the disbursement from the Fair Fund, and if applicable, the total percentage to include all prior disbursements; (e) includes the total amount being distributed; and (f) provides all information necessary to make a payment to each Payee.

The Escrow Account

73. Prior to the disbursement of the Net Available Fair Fund, the Fund Administrator will establish an escrow account (the "Escrow Account") with a United States commercial bank that is a well-capitalized financial institution as defined by the Federal Reserve Act, Subpart D, 12 C.F.R. 208.43 and that is not unacceptable to the Commission staff (the "Bank"), pursuant to an escrow agreement (the "Escrow Agreement") to be provided by Commission staff.

74. The Fund Administrator, pursuant to the Escrow Agreement, shall also establish with the Bank a separate deposit account (e.g. controlled distribution account, managed distribution account, linked checking and investment account) (the "Distribution Account"), insured by the Federal Deposit Insurance Corporation ("FDIC") up to the guaranteed FDIC pass through limit. The Distribution Account shall be linked with the Escrow Account and shall be named, and records maintained, in accordance with the Escrow Agreement.

75. During the term of the Escrow Agreement, the portions of the Fair Fund transferred to the Escrow Account (the "Escrow Property"), shall be invested and reinvested in short-term U.S. Treasury securities backed by the full faith and credit of the United States Government or an agency thereof. The investment shall be of a type and term necessary to meet the cash liquidity requirements for payments to Payees, tax obligations, and/or fees of the Tax Administrator and/or Fund Administrator, including investment or reinvestment in a bank account insured by the FDIC up to the guaranteed FDIC limit, or in money market mutual funds registered under the Investment Company Act of 1940 that invest 100% of their assets in direct obligations of the United States Government.

76. The Fund Administrator shall provide duplicate original bank and/or investment statements on any accounts established by the Fund Administrator to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.

77. The Fund Administrator shall deposit or invest funds in the Escrow and Distribution Accounts so as to result in the maximum reasonable net return, taking into account the safety of such deposits or investments. In consultation with Commission staff, the Fund Administrator shall work with the Bank on an ongoing basis to determine an allocation of funds between the Escrow and Distribution Account.

78. All interest, dividends, and/or income earned by the Escrow Property will accrue for the benefit of the Escrow Property. All Administrative Cost associated with the Escrow and Distribution Accounts will be the responsibility of the Fund Administrator, who may be reimbursed for said costs as provided in this Plan. No such Administrative Costs may be paid to the Bank, its agents, and/or its affiliates from the Escrow Property.

Distribution of the Fair Fund

79. The Fund Administrator will seek to distribute the Net Available Fair Fund to all Payees only after all claims have been processed and all claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to contest or cure pursuant to the procedures set forth herein.

80. Upon the Commission staff's receipt, review, and acceptance of the Payee List and Reasonable Assurances Letter from the Fund Administrator, the Commission staff will seek an Order from the Commission pursuant to Rule 1101(b)(6) of the Commission's Rules, 17 C.F.R. § 210.1101(b)(6), to disburse funds to the Bank in accordance with the Payee List for distribution by the Fund Administrator in accordance with the Plan. All disbursements will be made pursuant to a Commission Order.

81. Upon issuance of an Order to disburse, the Commission staff will direct the transfer of funds in accordance with the Payee List to the Bank. The Fund Administrator will then use its best efforts to commence mailing Distribution Payment checks and/or effect wire transfers within ten (10) business days of the release of the funds into the Distribution Account. All efforts will be coordinated to limit the time between the Distribution Account's receipt of the funds and the issuance of Distribution Payments.

82. All Distribution Payments will be issued by the Fund Administrator from the Distribution Account. All checks will bear a stale date of one hundred twenty (120) days from the date of issuance. Checks that are not negotiated by the stale date will be voided, and the Bank will be instructed to stop payment on those checks. A Payee's claim will be extinguished if he, she, or it fails to negotiate his, her, or its check by the stale date, and the funds will remain in the Fair Fund, except as provided in paragraph 90.

83. All payments will be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a statement that the tax treatment of the distribution is the responsibility of each Payee and that the Payee should consult his, her, or its tax advisor for advice regarding the tax treatment of the distribution; (c) a statement that checks will be void and cannot be reissued after one hundred twenty (120) days from the date the original check was issued; and (d) contact information for the Fund

Administrator for questions regarding the Distribution Payment. The letter or other mailings to Payees characterizing a Distribution Payment will be submitted to the Tax Administrator and Commission staff for review and approval.

84. All Distribution Payments, either on their face or in the accompanying mailing, will clearly indicate that the money is being distributed from the Fair Fund established by the Commission to compensate investors for harm as a result of securities law violations.

85. Distribution Payments must be made by check or electronic payment payable to the Payee (the beneficial account owner). A Third-Party Filer shall not be the payee of any Distribution Payment check or electronic Distribution Payment. Any other payment arrangement must be discussed with the Fund Administrator in consultation with the Commission staff and must be authorized by the Payee. Compensation to a Third-Party Filer for its services may not be paid or deducted from the Distribution Payment.

86. If, after discussion with the Fund Administrator in consultation with the Commission staff, and authorization by the Payee(s), a Distribution Payment is to be made to a Third-Party Filer to distribute to the Payee(s), the Third-Party Filer will be required to complete a certification, which will require it, at a minimum, to attest that any distribution to the custodian, trustee, or investment professional representing multiple potentially eligible beneficial owners, will be allocated for the benefit of current or former pooled investors and not for the benefit of management. All such Third-Party Filers must have an auditable mechanism available to the Fund Administrator and the Commission staff to confirm that each Payee received the Distribution Payment directed to him, her, or it.

87. The submission of a Claim Form or a Personalized Claim Form, as applicable, and the receipt and acceptance of a Distribution Payment by a Payee is not intended to be a release of a Payee's rights and claims against any party.

88. Electronic or wire transfers may be utilized at the discretion of the Fund Administrator to transfer approved Distribution Payments to filers of claims on behalf of twenty (20) or more Payees. Wire transfers will be initiated by the Fund Administrator using a two-party check and balance system, whereby completion of a wire transfer will require an authorization by two members of the Fund Administrator's senior staff.

Post Distribution; Handling of Returned or Uncashed Checks; and Reissues

89. The Fund Administrator shall use its best efforts to make use of commercially available resources and other reasonably appropriate means to locate all Payees whose checks are returned to the Fund Administrator as "undeliverable." If new address information becomes available, the Fund Administrator will repackage the distribution check and send it to the new address. If new address information is not available after a diligent search (and in no event no later than one hundred twenty (120) days after the initial mailing of the original check), or if the distribution check is returned again, the check shall be voided and the Fund Administrator shall instruct the issuing financial institution to stop payment on such check. If the Fund Administrator is unable to find a Payee's correct address, the Fund Administrator, in its

discretion, may remove such Payee from the distribution and the allocated Distribution Payment will remain in the Fair Fund for distribution, if feasible, to the remaining Payees.

90. The Fund Administrator will reissue checks to Payees upon the receipt of a valid, written request from the Payee prior to the initial stale date. In cases where a Payee is unable to endorse a Distribution Payment check as written (e.g., name changes, IRA custodian changes, or recipient is deceased) and the Payee or a lawful representative requests the reissuance of a Distribution Payment check in a different name, the Fund Administrator will request, and must receive, documentation to support the requested change. The Fund Administrator will review the documentation to determine the authenticity and propriety of the change request. If, in the discretion of the Fund Administrator, such change request is properly documented, the Fund Administrator will issue an appropriately redrawn Distribution Payment to the requesting party. Reissued checks will be void at the later of one hundred twenty (120) days from issuance of the original check or ninety (90) days from the reissuance, and in no event will a check be reissued after one hundred twenty (120) days from the date of the original issuance without the approval of Commission staff.

91. The Fund Administrator will make reasonable efforts to contact Payees who have failed to negotiate their Distribution Payment check and take appropriate action to follow up on the status of uncashed checks at the request of Commission staff. The Fund Administrator may reissue such checks subject to the time limits detailed herein.

Administrative Costs

92. All Administrative Costs will be paid from the Fair Fund in accordance with the Commission's Rules.

Disposition of Undistributed Funds

93. If funds remain following the initial distribution and payment of all Administrative Costs, the Fund Administrator, in consultation with the Commission staff, may seek subsequent distribution of any available remaining funds, pursuant to the Commission's Rules.

94. A residual within the Fair Fund will be established for any amounts remaining after the final disbursement to Payees from the Fair Fund (the "Residual"). The Residual may include funds from, among other things, amounts remaining the Reserve, distribution checks that have not been cashed, checks or electronic payments that were not delivered or returned to the Commission, tax refunds for overpayment or for waiver of IRS penalties.

95. All funds remaining in the Residual that are infeasible to distribute to investors will be returned to the Commission, and will be transferred to the U.S. Treasury after the final accounting is approved by the Commission.

Filing of Reports and Accountings

96. In accordance with Rule 1105(f) of the Commission's Rules, the Fund Administrator shall provide to the Commission staff a progress report and a quarterly account statement in a format to be provided by Commission staff, within forty-five (45) days of the Commission's approval of the Plan, and shall provide to Commission staff additional reports and quarterly account statements within ten (10) days after the end of every calendar quarter. Such progress reports shall inform the Commission staff of the activities and status of the Fair Fund during the reporting period, and shall specify, at a minimum, the location of the account(s) comprising the Fair Fund, including among other things, an interim accounting of all monies in the Fair Fund.

97. When the final distribution is completed, the Fund Administrator shall provide to Commission staff a final report summarizing all tasks undertaken and the outcome of its administrative efforts. The Fund Administrator shall make arrangement for the final payment of all Administrative Costs, and submit a final accounting of all monies received, earned, spent, and distributed in connection with the administration of the Plan in a format provided by the Commission staff. The Fund Administrator will also submit a report to the Commission staff containing the final distribution statistics regarding distributions to individuals and entities, and such other information requested by the Commission staff.

Termination of the Fair Fund

98. The Fair Fund will be eligible for termination and the Fund Administrator will be eligible for discharge after all of the following have occurred (a) a final accounting in a standard accounting format provided by the Commission staff has been submitted by the Fund Administrator and approved by the Commission; (b) all Administrative Costs have been paid; and (c) any amount remaining in the Fair Fund has been returned to the Commission for transfer to U.S. Treasury. Once the Commission has approved the final accounting, the Commission staff will seek an order from the Commission authorizing: (a) the transfer of any amounts remaining in the Fair Fund that are infeasible to return to investors, and any amounts returned to the Fair Fund in the future that are infeasible to return to investors, to the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act; (b) discharge of the Fund Administrator; (c) cancellation of the Fund Administrator's bond; and (d) termination of the Fair Fund.

99. Once the Fair Fund has been terminated and funds, if any, are transferred to the U.S. Treasury, no further claims will be allowed and no additional payments will be made whatsoever.

Miscellaneous

100. When administering this Plan, the Fund Administrator, and/or each of its designees, agents and assigns, may rely on: all applicable law; orders issued by the Commission, including orders issued by delegated authority; orders issued by an administrative law judge, if any, appointed in this proceeding; and any records, including records containing investor information, provided by Commission staff.

101. Should any additional funds be received pursuant to Commission or Court order, agreement, or otherwise, prior to the Commission's termination of the Fair Fund, such funds will be added to the Fair Fund and distributed, if feasible, in accordance with the Plan, pursuant to the Commission's Rules.

Wind-down and Document Retention

102. The Fund Administrator will shut down the website, P.O. Box and customer service telephone line(s) established specifically for the administration of the Fair Fund six (6) months after the transfer of any remaining funds to the Commission, or at such earlier time as the Fund Administrator determines with the concurrence of the Commission staff.

103. The Fund Administrator will retain all materials submitted by Preliminary Claimants and Class Action Second Settlement Claimants in either paper or electronic form for a period of six (6) years from the date of approval of a final fund accounting. Materials maintained in electronic form must be accessible and readable for the duration of retention. Pursuant to the Commission staff's direction, the Fund Administrator will either turn over to the Commission or destroy all materials, including documents in any media, upon expiration of this period.

VII. NOTICE AND COMMENT PERIOD

104. The Notice of Proposed Plan of Distribution and Opportunity to Comment (the "Notice") will be published on the Commission's website at "<http://www.sec.gov/litigation/fairfundlist.htm>". Any Person wishing to comment on the Plan must do so in writing by submitting their comments to the Commission within thirty (30) days of the publication of the Notice: (a) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (b) by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (c) by sending an email to rule-comments@sec.gov. Comments submitted by email or via the Commission's website should include "Administrative Proceeding File Number 3-17956" in the subject line. Comments received will be available to the public. Persons should only submit comments that they wish to make publicly available.

Exhibit A

PLAN OF ALLOCATION

This Plan of Allocation is designed to compensate investors based on their losses on MagnaChip common stock listed on a U.S. exchange and registered with the Commission and traded under the symbol MX (the “Securities”) between February 1, 2012 and February 12, 2015, inclusive (the “Relevant Period”) due to the misconduct of the Respondents. Investors who did not purchase shares of the Securities during the Relevant Period did not purchase shares at prices inflated by the Respondents’ violative conduct or who are an Excluded Party¹ are ineligible to recover under this Plan.

The Respondents made multiple corrective disclosures during the Relevant Period. The periods between successive corrective disclosures during the Relevant Period are identified as “Inflation Periods,” and the extent to which the Securities price was inflated (“Per-Share Inflation”) is consistent through the duration of an Inflation Period. In order for the Securities purchased during the Relevant Period to have suffered a loss, the shares must have been held at the time when Respondents issued a corrective disclosure and the price of the Securities declined concomitantly.

Artificial inflation in the price of the Securities over various date ranges surrounding corrective disclosures and average closing prices of the Securities during the Lookback Period (defined below) have been calculated by Commission’s staff economists and are reflected in Table A and Table B, respectively.

The Fund Administrator will calculate the amount of loss for each share of the Securities purchased or acquired during the Relevant Period (“Recognized Loss per Share”) as follows:

For each share of the Securities that was:

- i. Sold prior to January 28, 2014, the Recognized Loss per Share shall be \$0.00.
- ii. Sold during the period January 28, 2014 through February 12, 2015, inclusive, the Recognized Loss per Share shall be *the lesser of*:
 - (a) the inflation on the purchase/acquisition date as appears in Table A below, *minus* the amount of inflation on the sale date as appears in Table A;² or
 - (b) the purchase/acquisition price *minus* the sale price.
- iii. Sold during the period February 13, 2015 through May 13, 2015, inclusive (the Lookback Period), the Recognized Loss per Share shall be *the least of*:

¹ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

² If the price inflation reflected in Table A exceeds the purchase price, then the price inflation shall be equal to the purchase price. A share purchased during an Inflation Period and sold during the same Inflation Period as the purchase shall have a Recognized Loss of \$0.00.

- (a) the inflation on the purchase/acquisition date as appears in Table A below;
 - (b) the purchase/acquisition price *minus* the sale price; or
 - (c) the purchase/acquisition price *minus* the “Lookback Value” on the sale date as appears in Table B below.
- iv. Held as of the close of trading on May 13, 2015 (the last day of the Lookback Period), the Recognized Loss per Share shall be *the lesser of*:
- (a) the inflation on the purchase/acquisition date as appears in Table A below; or
 - (b) the purchase/acquisition price *minus* \$5.60, the average closing price of the Securities during the Lookback Period, as appears in the last row of Table B.

In all instances, a share of Securities purchased during the Relevant Period and sold during the Relevant Period or the Lookback Period, where the sale price is greater than or equal to the purchase price, reflecting a gain, shall have a Recognized Loss per Share of \$0.00.

Example Calculations: A share of the Securities purchased on July 25, 2014 for \$14.04, would have a Recognized Loss per Share of

- \$0.00 if it were sold on August 6, 2014 (within the same Inflation Period);
- \$0.00 if it were sold at \$14.30 (for a gain);
- \$0.91 if it were sold on December 18, 2014 for \$12.99 (the difference in inflation from Tables A, $\$0.91 = \$8.43 - \$7.52$, being smaller than the difference in prices, $\$1.05 = 14.04 - \12.99); and
- \$8.43 if it were held through the close of trading on May 13, 2015 (the inflation at the purchase from Table A, \$8.43, being smaller than the purchase price less the Lookback Period holding value, $\$8.44 = \$14.04 - \$5.60$).

All prices mentioned in the calculations exclude all fees and commissions. Purchases, acquisitions and sales shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. Any transactions executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

Additional Provisions

FIFO Methodology: Transactions for an Eligible Claimant who made multiple purchases/acquisitions and sales of Security during the Relevant Period, will be matched according to the first-in, first-out (“FIFO”) method. The earliest sales during the Relevant Period will be matched first against any holdings at the opening of the Relevant Period. Once the beginning holdings have all been matched, or in the event there are no beginning holdings, then any further sales will be matched against the earliest Relevant Period purchases/acquisitions and chronologically thereafter.

Acquisitions: The receipt or grant of the Securities to the Eligible Claimant by gift, devise, inheritance, or operation of law during the Relevant Period is not considered an eligible purchase if the original purchase did not occur during the Relevant Period. Shares acquired outside of the Relevant Period will be excluded from the calculation of the Recognized Loss per Share.

Options and Derivatives: MagnaChip common stock is the only security eligible for recovery under this Plan. Option contracts to purchase or sell the Securities are not securities eligible for recovery under the Plan. With respect to the Securities purchased or sold through the exercise of an option, the purchase/sale date is the exercise date of the call and the assignment date of the put. The purchase/sale price is the strike price of the call at the time of exercise and the strike price of the put at the time of assignment. Transactions in the Securities during the Relevant Period that are pursuant to, or in connection with, a swap or another derivative will not be eligible for a recovery and shall be excluded from the Recognized Loss per Share calculation.

Short Sales: If the sale date for a share falls before the purchase date, then the share has a Recognized Loss per Share of \$0.00. The date of covering a short sale is deemed to be the date of purchase of the Securities and the date of a short sale is deemed to be the date of sale of the Securities. The earliest Relevant Period purchases shall be matched against any short position existing on the date prior to the start of the Relevant Period, and not be entitled to a recovery until that short position is fully covered.

Recognized Loss: An Eligible Claimant’s Recognized Loss will be the sum of the Recognized Loss per Share, as calculated above, on all shares of the Securities purchased or acquired during the Relevant Period. If the Recognized Loss calculates to a gain, then the Recognized Loss will be \$0.00.

Allocation of Funds: If the Net Available Fair Fund is equal to or exceeds the sum of Recognized Losses of all Eligible Claimants, each Eligible Claimant’s distribution amount will equal his, her, or its Recognized Loss, plus “Reasonable Interest” if applicable. If the Net Available Fair Fund is less than the sum of the Recognized Losses of all Eligible Claimants, each Eligible Claimant’s distribution amount will equal his, her, or its “*Pro Rata Share*” of the Net Available Fair Fund (and no Reasonable Interest). In either case, the distribution amount will be subject to the “Minimum Distribution Amount.”

Reasonable Interest: If the Net Available Fair Fund exceeds that necessary to pay all Eligible Claimants their Recognized Losses in full, the Fund Administrator, in consultation with the Commission staff, may include interest in the distribution amount to compensate for the time value

of money on Recognized Losses. Reasonable Interest will be calculated using the Short-term Applicable Federal Rate plus three percent (3%), compounded quarterly from the end of the Relevant Period through the approximate date of the disbursement of the funds. If there are insufficient funds to pay Reasonable Interest in full to all Eligible Claimants, Reasonable Interest will awarded on a pro-rata basis from the excess funds.

Pro Rata Share: A *Pro Rata* Share computation is intended to measure Eligible Claimants' Recognized Losses against one another. The Fund Administrator shall determine each Eligible Claimant's *Pro Rata* Share as the ratio of his, her, or its Recognized Loss to the sum of Recognized Losses of all Eligible Claimants.

Minimum Distribution Amount: The Minimum Distribution Amount will be \$10.00. If an Eligible Claimant's distribution amount is less than the Minimum Distribution Amount, that Eligible Claimant will be deemed ineligible to receive a Distribution Payment and his, her, or its distribution amount will be reallocated on a *pro-rata* basis to Eligible Claimants whose distribution amounts are greater than or equal to the Minimum Distribution Amount.

Payee: An Eligible Claimant whose distribution amount (inclusive of Reasonable Interest, if any) equals or exceeds the Minimum Distribution Amount will be deemed a Payee and receive a Distribution Payment equal to his, her, or its distribution amount.

Prior Recovery: To avoid payment of a windfall, the Distribution Payment will be no larger than the Payee's Recognized Loss minus the amount of any compensation for the loss that resulted from the conduct described in the Order that was received from another source (e.g., class action settlement), to the extent known by the Fund Administrator. Reasonable Interest, if awarded, may be added to such Distribution Payment.

Table A: Inflation Schedule

Inflation Period	Beginning Date	Ending Date	Per-Share Inflation
1	February 1, 2012	January 27, 2014	\$11.71
2	January 28, 2014	March 11, 2014	\$10.22
3	March 12, 2014	March 30, 2014	\$9.70
4	March 31, 2014	May 20, 2014	\$8.97
5	May 21, 2014	August 12, 2014	\$8.43
6	August 13, 2014	November 12, 2014	\$7.83
7	November 13, 2014	February 12, 2015	\$7.52
8	February 13, 2015	Thereafter	\$0.00

Table B: Moving Average Closing Price during Lookback Period

Sale / Disposition Date	Moving Average Closing Price from February 13, 2015 to Date Shown	Sale / Disposition Date	Moving Average Closing Price from February 13, 2015 to Date Shown	Sale / Disposition Date	Moving Average Closing Price from February 13, 2015 to Date Shown
2/13/2015	\$7.52	3/17/2015	\$5.74	4/16/2015	\$5.64
2/17/2015	\$7.20	3/18/2015	\$5.72	4/17/2015	\$5.64
2/18/2015	\$7.01	3/19/2015	\$5.71	4/20/2015	\$5.64
2/19/2015	\$6.82	3/20/2015	\$5.70	4/21/2015	\$5.64
2/20/2015	\$6.63	3/23/2015	\$5.70	4/22/2015	\$5.64
2/23/2015	\$6.47	3/24/2015	\$5.70	4/23/2015	\$5.64
2/24/2015	\$6.33	3/25/2015	\$5.69	4/24/2015	\$5.64
2/25/2015	\$6.30	3/26/2015	\$5.68	4/27/2015	\$5.64
2/26/2015	\$6.24	3/27/2015	\$5.67	4/28/2015	\$5.64
2/27/2015	\$6.18	3/30/2015	\$5.67	4/29/2015	\$5.63
3/2/2015	\$6.15	3/31/2015	\$5.66	4/30/2015	\$5.63
3/3/2015	\$6.11	4/1/2015	\$5.66	5/1/2015	\$5.63
3/4/2015	\$6.07	4/2/2015	\$5.66	5/4/2015	\$5.62
3/5/2015	\$6.02	4/6/2015	\$5.66	5/5/2015	\$5.61
3/6/2015	\$5.97	4/7/2015	\$5.66	5/6/2015	\$5.60
3/9/2015	\$5.92	4/8/2015	\$5.66	5/7/2015	\$5.60
3/10/2015	\$5.88	4/9/2015	\$5.66	5/8/2015	\$5.59
3/11/2015	\$5.86	4/10/2015	\$5.65	5/11/2015	\$5.59
3/12/2015	\$5.83	4/13/2015	\$5.65	5/12/2015	\$5.59
3/13/2015	\$5.80	4/14/2015	\$5.64	5/13/2015	\$5.60
3/16/2015	\$5.77	4/15/2015	\$5.64		