

ASBURY AUTOMOTIVE GROUP INC
 Form 4
 February 24, 2014

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KRENZ SCOTT J

2. Issuer Name and Ticker or Trading Symbol
ASBURY AUTOMOTIVE GROUP INC [ABG]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
C/O ASBURY AUTOMOTIVE GROUP, INC., 2905 PREMIERE PARKWAY NW, SUITE 300

3. Date of Earliest Transaction (Month/Day/Year)
02/20/2014

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior Vice President

(Street)
DULUTH, GA 30097

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
			Code	V	Amount		
Common Stock	02/20/2014		F		854 ⁽¹⁾	D	\$ 48.89
					23,203	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KRENZ SCOTT J C/O ASBURY AUTOMOTIVE GROUP, INC. 2905 PREMIERE PARKWAY NW, SUITE 300 DULUTH, GA 30097			Senior Vice President	

Signatures

/s/ George A. Villasana, Attorney
in Fact 02/24/2014

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents the number of shares of the Issuer's common stock withheld for payment of taxes upon the vesting of restricted stock granted to Mr. Krenz on February 20, 2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 00000">Weighted Average Grant-Date Fair Value

Unvested options at the beginning of the period

1,920,625 \$1.76 \$

Granted options during the period

114,250 6.65 1,920,625 1.76

Vested options during the period

(629,935) 1.30

Forfeited options during the period

(77,115) 1.76

Unvested options at the end of the period

1,327,825 2.37 1,920,625 1.76

Predecessor Company

The Predecessor Company adopted two equity incentive plans effective October 6, 2004 and March 21, 2005, respectively, which were administered by the compensation committee designated by the board of directors. Employees, consultants and non-employee directors were eligible for the grant of options to purchase the Company's common units or restricted common units subject to terms and conditions determined by the compensation committee. The term of options could in no event exceed ten years from the date of grant. As of December 31, 2008, an aggregate maximum of 7,890,864 common units were authorized and reserved for all future and outstanding grants of options.

Unit options were generally granted with exercise prices of no less than the fair market value of the Company's common units on the grant date. Generally, options vested and became exercisable in periodic installments, with 25% of the options vesting on the first anniversary of the grant date and 6.25% of options vesting on the last day of each calendar quarter thereafter. In most cases, the requisite service period, or the period during which a grantee was required to provide service in exchange for option grants, coincided with the vesting period.

Upon the termination of a unit option grantee's employment prior to a public offering, the Company had the right to repurchase all or any of the common units acquired by the grantee upon exercise of any of his or her options for a cash payment equal to the fair market value of such common units on the date of repurchase. The Company's repurchase right would terminate ninety days after the termination date.

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

During the three months ended December 31, 2004, restricted units were issued upon the exercise of certain options to purchase restricted common units at the exercise price of \$1 per unit. Restricted units issued were subject to restrictions which generally lapsed in installments over a four-year period. Under the terms and conditions of these restricted units, the restricted units were subject to forfeiture upon the termination of the restricted unitholder's employment with the Company. Upon termination, the Company could repurchase all, or any portion of the restricted common units for either \$1 per unit (the exercise price) or the fair market value of the restricted common units at the time of repurchase. If the termination was for cause, as defined in the service agreements entered into with each restricted unitholder, the repurchase price per unit would be \$1. However, if the termination was for any other reason, then the Company could repurchase all or any portion of the restricted units for which the restricted period had not lapsed as of the date of termination for a repurchase price per unit of \$1, and could repurchase all or any portion of the restricted common units for which the restricted period had lapsed as of the date of termination for a repurchase price per unit equal to fair market value. Termination for cause was defined in the service agreements to mean a termination of the restricted unitholder's employment with the Company because of (a) a failure by the restricted unitholder to substantially perform the restricted unitholder's customary duties with the Company in the ordinary course (other than in certain specified circumstances); (b) the restricted unitholder's gross negligence, intentional misconduct or fraud in the performance of his or her employment; (c) the restricted unitholder's indictment for a felony or to a crime involving fraud or dishonesty; (d) a judicial determination that the restricted unitholder committed fraud or dishonesty against any person or entity; or (e) the restricted unitholder's material violation of one or more of the Company's policies applicable to the restricted unitholder's employment as may be in effect from time to time.

The Predecessor Company adopted fresh-start reporting (see Note 3) as of October 25, 2009, at which time it effectively cancelled all unit options under the Predecessor Company's equity incentive plans.

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The following summarizes unit option and restricted unit activities for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008. At the date of grant, all options had an exercise price at or above the fair value of common units:

			Predecessor Company		
	Number of	Number of	Weighted	Aggregate	Weighted
	Restricted	Options	Average Exercise	Intrinsic	Average
	Units		Price of Unit	Value of	Remaining
			Options	Unit	Contractual Life
				Options	of Unit
					Options
Outstanding at January 1, 2008	268,343	4,916,840	\$ 1.9		
Granted		315,000	5.8		
Exercised		(161,460)	1.1	\$ 787	
Forfeited		(853,780)	3.1		
Released from restriction	268,343				
Outstanding at December 31, 2008		4,216,600	1.9	15,118	6.9 years
Vested and expected to vest at December 31, 2008		3,973,510	1.9	14,412	6.9 years
Exercisable at December 31, 2008		3,085,038	1.7	11,827	6.6 years
Outstanding at January 1, 2009		4,216,600	1.9		
Granted					
Exercised					
Forfeited		(391,500)	2.5		
Released from restriction					
Outstanding at October 25, 2009 (Predecessor Company)		3,825,100	1.9		6.1 years
Application of fresh-start reporting (Note 4)		(3,825,100)			
Outstanding at October 25, 2009 (Successor Company)					

Total compensation expenses recorded for the restricted units and unit options pursuant to ASC 718 were \$0 and \$233 thousand for the ten-month period ended October 25, 2009, \$16 thousand and \$449 thousand for the year ended December 31, 2008, respectively. As of October 25, 2009, total unrecognized compensation cost related to unvested unit options of \$166 thousand, which were expected to be recognized over a weighted average future period of 0.7 years, was recognized as reorganization items, net, according to the Company's reorganization. As of December 31, 2008, there was \$335 thousand of total unrecognized compensation cost related to unvested unit options, which were expected to be recognized over a weighted average future period of 1.0 years. Total fair value of restricted units released from restriction for the year ended December 31, 2008 was \$152 thousand. Total fair value of options vested for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008 was \$266 thousand and \$408 thousand, respectively.

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The Company utilizes the Black-Scholes option-pricing model to measure the fair value of each option grant. The following summarizes the grant-date fair value of options granted during the specified periods and assumptions used in the Black-Scholes option-pricing model on a weighted average basis:

	Predecessor Year Ended December 31, 2008
Grant-date fair value of option	\$ 0.87
Expected term	2.2 Years
Risk-free interest rate	2.5%
Expected volatility	42.0%
Expected dividends	

The total cash received from employees as a result of option exercises was \$0, \$183 thousand for the ten-month period ended October 25, 2009 and for the year ended December 31, 2008, respectively.

The number and weighted average grant-date fair value of the unvested unit options are as follows:

	Ten-Month Period Ended October 25, 2009		Year Ended December 31, 2008	
	Number	Weighted Average Grant-Date Fair Value	Number	Weighted Average Grant-Date Fair Value
Unvested options at the beginning of the period	1,131,563	\$ 0.65	2,374,896	\$ 0.43
Granted options during the period			315,000	0.87
Vested options during the period	(520,969)	0.51	(1,108,772)	0.31
Forfeited options during the period	(63,156)	0.17	(449,561)	0.51
Unvested options at the end of the period	547,438	0.88	1,131,563	0.65

20. Discontinued Operations

On October 6, 2008, the Company announced the closure of its Imaging Solutions business segment. As of December 31, 2008, Imaging Solutions business segment qualified as a discontinued operation component of the Company under ASC 360, *Property, Plant and Equipment*, (ASC 360). As a result, the results of operations of the Imaging Solutions business segment were classified as discontinued operations. All prior period information has been reclassified to reflect this presentation on the statements of operations.

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The results of operations of the Company's discontinued Imaging Solutions business consist of the following:

	Successor	Predecessor	
	Two-Month	Ten-Month	
	Period	Period Ended	Year Ended
	Ended	October 25,	December 31,
	December 31,	2009	2008
	2009		
Net sales	\$ 947	\$ 2,728	\$ 65,862
Cost of sales	369	3,617	81,789
Selling, general and administrative expenses	68	(6,355)	3,491
Research and development expenses			37,506
Restructuring and impairment charges		(1,120)	34,158
Income tax expenses			373
Income (loss) from discontinued operations, net of taxes	\$ 510	\$ 6,586	\$ (91,455)

In prior years the Company had entered into an agreement with a software company to purchase licensed software products (the Purchase Agreement), including the licensed CAD software, for the three-year period from January 31, 2008 to January 30, 2011. The licensed CAD software has been used across all lines of the Company's business for purposes of developing products by the Imaging Solutions business and the Display Solution business and verifying the origin of defects in the manufacturing process of the Semiconductor Manufacturing Services.

During the third quarter of 2009, due to the discontinuation of its Imaging Solutions business segment and the related declining usage of the licensed CAD software, the Company was able to renegotiate the Purchase Agreement with a software company. Such renegotiation resulted in a reduction of the total fee, which lowered the Company's future scheduled payments. Therefore, the Company adjusted the previously recorded restructuring charges related to this agreement's non-refundable future scheduled payments in the amount of \$1,120 thousand. The Company had considered such payments as a contract termination cost. The adjustment of \$1,120 thousand represents the amount by which the non-cancellable future payments that were to be incurred by the Imaging Solutions business segment were reduced as a result of the revised payment terms.

The Company renewed the Purchase Agreement exclusively for the use of other business segments and not for the use of the Imaging Solutions business segment and the Company has no continuing involvement in the Imaging Solutions business.

In connection with the closure of its Imaging Solutions business segment, the Company recorded impairment charges of \$26,285 thousand during the third quarter ended September 28, 2008, in accordance with ASC 360. Also, the Company recorded restructuring charges of \$7,873 thousand during the fourth quarter ended December 31, 2008, in accordance with ASC 420, Exit or Disposal Cost Obligations (ASC 420), related to one-time employee termination benefits, costs associated with the closing of the facilities and contract terminations. Actual payments of \$4,989 thousand were charged against the restructuring accruals and the remaining accrual balance as of December 31, 2008 was \$2,584 thousand.

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

21. Restructuring and Impairment Charges

Successor Company

2010 Restructuring and Impairment Charges

The Company recognized \$2,003 thousand of impairment charges for the year ended December 31, 2010, which consists of \$391 thousand from IPR&D annual impairment test performed on September 30, 2010 and \$1,612 thousand from twelve abandoned IPR&D projects.

Predecessor Company

2009 Restructuring and Impairment Charges

On March 31, 2009, the Company announced the closure of the Tokyo office of its subsidiary, MagnaChip Semiconductor Inc. (Japan). In connection with this closure, the Company recognized \$439 thousand of restructuring charges, which consisted of one-time termination benefits and other related costs under ASC 420 for the ten-month period ended October 25, 2009. Actual payments of \$439 thousand were charged against the restructuring accruals and there were no remaining restructuring accruals as of December 31, 2009.

2008 Restructuring and Impairment Charges

During the three months ended July 1, 2007, the Company recognized \$1,978 thousand of restructuring accruals under ASC 420. The restructuring charges were related to the closure of the Company's five-inch wafer fabrication facilities located in Gumi and those charges consisted of one-time termination benefits and other associated costs. Up to the first quarter of 2008, actual payments of \$1,103 were charged against the restructuring accruals and the Company believes the restructuring activities were substantially completed as of March 30, 2008. Accordingly, the Company reversed \$875 thousand of unused restructuring accruals.

As of December 31, 2008, the Company performed an additional goodwill impairment test triggered by the significant adverse change in the revenue of the MDS reporting unit, and determined that total amount of goodwill was impaired. Revenue of the MDS reporting unit was expected to decrease due to the deterioration of the Company's financial credit status and the recession in the semiconductor industry resulting from the world-wide economic crisis beginning in the third quarter of 2008. Accordingly, an impairment charge of \$14,245 thousand was recorded for the year ended December 31, 2008.

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The Company's income tax expenses are composed of domestic and foreign income taxes depending on the relevant tax jurisdiction. Domestic refers to the income before taxes, current income taxes and deferred income taxes generated or incurred in the United States, where the Parent resides.

The components of income tax expense are as follows:

	Successor		Predecessor	
	Year Ended	Two-Month Period Ended	Ten-Month Period Ended	Year Ended
	December 31, 2010	December 31, 2009	October 25, 2009	December 31, 2008
Income (loss) from continuing operations before income taxes				
Domestic	\$ (439)	\$ (4)	\$ 774,188	\$ 18,442
Foreign	82,949	(523)	67,627	(332,696)
	\$ 82,510	\$ (527)	\$ 841,815	\$ (314,254)
Current income taxes expense (benefits)				
Domestic	\$ 92	\$ 16	\$ (143)	\$ 1,335
Foreign	6,555	1,244	6,033	8,530
Uncertain tax position liability (domestic)	121	9	256	92
Uncertain tax position liability (foreign)	251	23	95	138
	7,019	1,292	6,241	10,095
Deferred income taxes expense				
Domestic				
Foreign	1,371	654	1,054	1,490
	1,371	654	1,054	1,490
Total income tax expense	\$ 8,390	\$ 1,946	\$ 7,295	\$ 11,585

Prior to its conversion to a corporation, the Parent was a limited liability company and a non-taxable entity for US tax purposes, and thus the applicable statutory income tax rate was zero. MagnaChip Semiconductor, Ltd. (Korea) is the principal operating entity within the consolidated Company. The statutory income tax rate of MagnaChip Semiconductor, Ltd. (Korea), including tax surcharges, applicable to the consolidated Company was approximately 24.2% in 2010 and 2009, and 27.5% in 2008. MagnaChip Semiconductor, Ltd. (Korea) was eligible for a tax exemption for companies qualified as direct foreign investments under the Korean tax code until 2008, and, accordingly, its corporate income tax was reduced by 30% in 2008.

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The provision for domestic and foreign income taxes incurred is different from the amount calculated by applying the statutory tax rate to the net income before income taxes. The significant items causing this difference are as follows:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Provision computed at statutory rate	\$	\$	\$	\$
Permanent differences	9,129	(693)	(19,500)	(1,076)
Change in statutory tax rate	(814)	(265)	118	8,173
Adjustment for overseas tax rate	10,526	3,139	8,192	(52,569)
Change in valuation allowance	(10,823)	(267)	18,134	56,827
Uncertain tax positions liability	372	32	351	230
Income tax expenses	\$ 8,390	\$ 1,946	\$ 7,295	\$ 11,585

A summary of the composition of net deferred income tax assets (liabilities) at December 31, 2010 and 2009 are as follows:

	Successor	
	December 31, 2010	December 31, 2009
Deferred tax assets		
Inventories	\$ 2,056	\$
Accrued expenses	1,360	2,056
Product warranties	72	322
Other reserves	538	530
Accumulated severance benefits	15,584	12,042
Property, plant and equipments	11,907	15,503
NOL carry-forwards	129,678	146,833
Tax credit	39,298	31,558
Royalty income	5,154	5,985
Foreign currency translation loss	24,896	30,198
Debt issuance costs	145	284
Others	3,659	3,081
Total deferred tax assets	234,347	248,392
Less: valuation allowance	(219,045)	(225,704)
	15,302	22,688

Deferred tax liabilities

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Inventories		1,721
Derivative assets	1,680	
Intangible assets	5,450	12,247
Others	207	243
Total deferred tax liabilities	7,337	14,211
Net deferred tax assets	\$ 7,965	\$ 8,477
Reported as		
Current deferred income tax assets (other current assets)	\$ 1,968	\$ 1,836
Long-term deferred income tax assets (other non-current assets)	\$ 5,997	\$ 6,641

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Changes in valuation allowance for deferred tax assets for the year ended December 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the year ended December 31, 2008 are as follows:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Two-Month Period Ended December 31, 2009	Year Ended December 31, 2008
Beginning balance	\$ 225,704	\$ 223,367	\$ 196,093	\$ 165,977
Charge to expenses	(10,823)	(409)	17,090	79,438
Translation adjustment	4,164	2,746	10,184	(49,322)
Ending balance	\$ 219,045	\$ 225,704	\$ 223,367	\$ 196,093

Deferred income tax assets are recognized only to the extent that realization of the related tax benefit is more likely than not. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the period during which the temporary differences reverse, the outlook for the economic environment in which the Company operates and the overall future industry outlook. Based on the Company's historical accounting and tax losses, management determined that it was more likely than not that the Company would realize benefits for a foreign subsidiary which has a history of earnings, related to its deferred tax assets in the amount of \$7,965 thousand and \$8,477 thousand as of December 31, 2010 and 2009, respectively. Accordingly, the Company recorded a valuation allowance of \$219,045 thousand and \$225,704 thousand on its net deferred tax assets as of December 31, 2010 and 2009, respectively.

At December 31, 2010, the Company had approximately \$550,199 thousand of net operating loss carry-forwards available to offset future taxable income. The majority of net operating loss is related to the Company's Korean subsidiary, which expires in varying amounts starting from 2011 to 2019. The Company also has Korean and Dutch tax credit carry-forwards of approximately \$14,051 thousand and \$25,238 thousand, respectively, as of December 31, 2010. The Korean tax credits expire at various dates starting from 2011 to 2014, and the Dutch tax credits are carried forward to be used for an indefinite period of time.

Uncertainty in Income Taxes

The Company's subsidiaries file income tax returns in Korea, Japan, Taiwan, the U.S. and in various other jurisdictions. The Company is subject to income tax examinations by tax authorities of these jurisdictions for all years since the beginning of its operation as an independent company in October 2004.

As of December 31, 2010 and 2009, the Company recorded \$2,905 thousand and \$1,997 thousand of liabilities for unrecognized tax benefits, respectively. For the year ended December 31, 2010, the Company incurred \$2,548 thousand of income tax expenses for uncertain tax positions mainly resulting from withholding taxes related to intercompany balances and recorded \$1,640 thousand of income tax benefits by reversing liabilities due to the lapse of the applicable statute of limitations.

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The Company recognizes interest and penalties accrued related to unrecognized tax benefits as income tax expenses. The Company recognized \$179 thousand, \$26 thousand, \$206 thousand and \$155 thousand of interest and penalties as income tax expense for the year ended December 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the year ended December 31, 2008, respectively. Total interest and penalties accrued as of December 31, 2010 and 2009 were \$317 thousand and \$946 thousand, respectively.

A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of each period is as follows:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Unrecognized tax benefits, balance at the beginning	\$ 2,979	\$ 2,874	\$ 2,293	\$ 1,593
Additions based on tax positions related to the current year	1,862		33	
Additions for tax positions of prior years	4,275	123	635	748
Reductions for tax positions of prior years		(18)	(88)	(64)
Lapse of statute of limitations	(592)			
Translation adjustment	65		1	16
Unrecognized tax benefits, balance at the ending	\$ 8,589	\$ 2,979	\$ 2,874	\$ 2,293

23. Geographic and Segment Information

The following sets forth information relating to the reportable segments:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Net Sales				
Display Solutions	\$ 305,884	\$ 51,044	\$ 231,894	\$ 304,095
Semiconductor Manufacturing Services	405,197	54,759	206,662	287,111
Power Solutions	57,273	4,746	7,627	5,437
All other	2,051	533	2,801	5,021
Total segment net sales	\$ 770,405	\$ 111,082	\$ 448,984	\$ 601,664

Gross Profit

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Display Solutions	\$ 78,175	\$ 8,747	\$ 61,788	\$ 57,386
Semiconductor Manufacturing Services	155,476	10,657	71,825	98,411
Power Solutions	7,856	737	1,431	(4,272)
All other	2,051	533	2,801	4,885
Total segment gross profit	\$ 243,558	\$ 20,674	\$ 137,845	\$ 156,410

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The following is a summary of net sales by region, based on the location of the customer:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Korea	\$ 379,057	\$ 62,241	\$ 244,309	\$ 301,006
Asia Pacific	222,060	25,573	116,920	144,482
Japan	57,431	6,477	31,641	79,892
North America	95,166	14,910	48,458	61,346
Europe	14,946	1,881	7,656	14,938
Africa	1,745			
	\$ 770,405	\$ 111,082	\$ 448,984	\$ 601,664

Over 99% of the Company's property, plant and equipment are located in Korea as of December 31, 2010.

Net sales from the Company's top ten largest customers accounted for 63%, 66%, 69% and 63% for the year ended December 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and for the year ended December 31, 2008, respectively.

The Company recorded \$126.7 million, \$25.3 million, \$121.5 million and \$152.4 million of sales to one customer within its Display Solutions segment, which represents greater than 10% of net sales, for the year ended December 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and for the year ended December 31, 2008, respectively.

24. Commitments and Contingencies***Operating Agreements with Hynix***

In connection with the acquisition of the non-memory semiconductor business from Hynix on October 4, 2004 (the "Original Acquisition"), the Company entered into several agreements with Hynix, including a non-exclusive cross license that provides the Company with access to certain of Hynix's intellectual property for use in the manufacture and sale of non-memory semiconductor products. The Company also agreed to provide certain utilities and infrastructure support services to Hynix. The obligation to provide certain of these services lasts indefinitely.

Upon the closing of the Original Acquisition, the Company's Korean subsidiary and Hynix also entered into lease agreements under which the Company's Korean subsidiary leases space from Hynix in several buildings, primarily warehouses and utility facilities, in Cheongju, Korea. These leases are generally for an initial term of 20 years plus an indefinite number of renewal terms of 10 years each. Each of the leases is cancelable upon 90 days' notice by the lessee. The Company also leases certain land from Hynix located in Cheongju, Korea. The term of this lease is indefinite unless otherwise agreed by the parties, and as long as the buildings remain on the lease site and are owned and used by the Company for permitted uses.

Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)*****Operating Leases***

The Company leases land, office space and equipment under various operating lease agreements that expire through 2034. Rental expenses were approximately \$7,824 thousand, \$2,472 thousand, \$11,775 thousand and \$13,380 thousand for the year ended December 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and the year ended December 31, 2008, respectively.

As of December 31, 2010, the minimum aggregate rental payments due under non-cancelable lease contracts are as follows:

2011	\$ 5,322
2012	3,979
2013	1,960
2014	1,928
2015	1,928
2016 and thereafter	36,196
	\$ 51,313

Payments of Guarantee

As of December 31, 2010 and 2009, the Company has provided guarantees for bank loans that employees borrowed to participate in the issuance of new shares of Hynix in 1999. The outstanding balances of guarantees for payments provided by the Company amounted to approximately \$164 thousand and \$163 thousand as of December 31, 2010 and 2009, respectively.

Loss Contingency

Samsung Fiber Optics has made a claim against the Company for the infringement of certain patent rights of Caltech in relation to imaging sensor products provided by the Company to Samsung Fiber Optics. The Company believes it is probable that the pending claim will have an unfavorable outcome and further believes the associated loss can be reasonably estimated according to ASC 450, Contingencies (ASC 450). The Company accrued \$718 thousand of estimated liabilities as of December 31, 2010 as the Company believes its accrual of \$718 thousand is its best estimate if the final outcome is unfavorable. Estimation was based on the Company's most recent communication with Samsung Fiber Optics. Accordingly, the Company cannot provide assurance that the estimated liabilities will be realized, and actual results could vary materially. Legal costs expected to be incurred in connection with the loss contingency are expensed when the relevant services are rendered to the Company.

25. Related Party Transactions***Stockholders***

Funds affiliated with Avenue Capital Management II, L.P. are the majority stockholders of the Company, owning 69.8% of the common stock outstanding at December 31, 2010.

Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)****Senior Notes**

Funds affiliated with Avenue Capital Management II, L.P. held \$35 million aggregate principal amount of the \$250 million senior notes as of December 31, 2010. The Company recorded \$786 thousand of interest payable and \$2,712 thousand of interest expenses in relation with the notes held by the funds affiliated with Avenue Capital Management II, L.P. as of December 31, 2010 and for the year then ended.

Warrants

Funds affiliated with Avenue Capital Management II, L.P. own warrants for the purchase of 556 thousand common shares out of the total warrants for the purchase of 1,875 thousand shares outstanding as of December 31, 2010.

New Term Loan

A portion of the new term loan equal to \$42,055 thousand was borrowed from Avenue Investments, LP, which is an affiliate of Avenue Capital Management II, L.P., and related interest expense of \$822 thousand was recorded in relation to this new term loan and remains as accrued interest as of December 31, 2009. The first principal installment of \$105 thousand was repaid in March 2010. This new term loan was fully repaid in April 2010 with a portion of the proceeds from the \$250 million senior notes offering, \$42,828 thousand of which was paid to Avenue Investments, LP, including \$878 thousand of accrued interest.

Backstop Commitment Agreement

Funds affiliated with Avenue Capital Management II, L.P. were paid an amount in new common stock equal to 10% of the new common stock (the standby commitment fee), or 3,750 thousand shares. The standby commitment fee was deemed fully earned and payable upon the Reorganization Effective Date, regardless of whether the offering was fully subscribed by eligible holders of the second lien noteholder claims.

Loans to employees

Loans to employees as of December 31, 2010 and 2009 were as follows:

	December 31, 2010	Successor December 31, 2009
Short-term loans	\$ 33	\$ 40
Long-term loans	36	45
Total	\$ 69	\$ 85

Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)****26. Earnings (loss) per Share/Unit**

The following table illustrates the computation of basic and diluted earnings (loss) per common share/unit:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Income (loss) from continuing operations	\$ 74,120	\$ (2,473)	\$ 834,520	\$ (325,839)
Income (loss) from discontinued operations, net of taxes		510	6,586	(91,455)
Net income (loss)	74,120	(1,963)	841,106	(417,294)
Dividends accrued on preferred unitholders			(6,317)	(13,264)
Income (loss) from continuing operations attributable to common stock/units	\$ 74,120	\$ (2,473)	\$ 828,203	\$ (339,103)
Net income (loss) attributable to common stock/units	\$ 74,120	\$ (1,963)	\$ 834,789	\$ (430,558)
Weighted average common stock/units outstanding				
Basic	37,836,256	37,607,846	52,923,483	52,768,614
Diluted	39,144,287	37,607,846	52,923,483	52,768,614
Earnings (loss) per share/unit from continuing operations				
Basic	\$ 1.96	\$ (0.07)	\$ 15.65	\$ (6.43)
Diluted	\$ 1.89	\$ (0.07)	\$ 15.65	\$ (6.43)
Earnings (loss) per share/unit from discontinued operations				
Basic and diluted		0.02	0.12	(1.73)
Earnings (loss) per share/unit				
Basic	\$ 1.96	\$ (0.05)	\$ 15.77	\$ (8.16)
Diluted	\$ 1.89	\$ (0.05)	\$ 15.77	\$ (8.16)

Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)**

The following outstanding redeemable convertible preferred units, stock/unit options, restricted stock/units and warrants were excluded from the computation of diluted earnings (loss) per share/unit, as they would have an anti-dilutive effect on the calculation:

	Successor		Predecessor	
	Year Ended December 31, 2010	Two-Month Period Ended December 31, 2009	Ten-Month Period Ended October 25, 2009	Year Ended December 31, 2008
Redeemable convertible preferred units	NA	NA	93,997	93,997
Options	114,250	1,920,625	3,825,100	4,216,600
Restricted Stock/Units		584,430		
Warrants	1,875,017	1,875,017		

27. Subsequent Events**A. Hedge Transactions (unaudited)**

Effective January 17, 2011, the Company's Korean subsidiary entered into zero cost collar contracts to hedge the risk of changes in the functional-currency-equivalent cash flows attributable to currency rate changes on U.S. dollar denominated revenues. Total notional amounts for the zero cost collar contracts were \$60 million and monthly settlements for the contracts will be made from January to June 2012.

B. Corporate Conversion

In connection with the Company's initial public offering (IPO), prior to the effectiveness of its registration statement, the Company's board of directors and the holders of a majority of its outstanding common units will elect to convert the Company from a Delaware limited liability company to a Delaware corporation (the Corporation). In connection with the corporate conversion, outstanding common units of the Company will be automatically converted into shares of common stock of the Corporation, outstanding options to purchase common units of the Company will be automatically converted into options to purchase shares of common stock of the Corporation and outstanding warrants to purchase common units of the Company will be automatically converted into warrants to purchase shares of common stock of the Corporation, all at a ratio of eight-for-one. The consolidated financial statements as of December 31, 2010 and 2009 and for the year ended December 31, 2010 and the two-month period ended December 31, 2009, give retroactive effect to the corporate conversion.

28. Condensed Consolidating Financial Information

The \$250 million senior notes are fully and unconditionally, jointly and severally guaranteed by the Company and all of its subsidiaries, except for MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor (Shanghai) Company Limited.

The senior notes are structurally subordinated to the creditors of our principal manufacturing and selling subsidiary, MagnaChip Semiconductor, Ltd. (Korea), which accounts for substantially all of our net sales and assets.

Below are condensed consolidating balance sheets as of December 31, 2010 and 2009, condensed consolidating statements of operations and of cash flows for the year ended December 31, 2010, the two-month period ended December 31, 2009, the ten-month period ended October 25, 2009 and for the year ended December 31, 2008 of those entities that guarantee the senior notes, those that do not, MagnaChip Semiconductor Corporation, and the co-issuers.

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For the purpose of the guarantor financial information, the investments in subsidiaries are accounted for under the equity method.

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Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)****Condensed Consolidating Balance Sheet****December 31, 2010****(Successor Company)**

	MagnaChip Semiconductor Corporation (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	\$ 79	\$ 46,595	\$ 112,370	\$ 13,128	\$	\$ 172,172
Accounts receivable, net			160,317	60,533	(101,796)	119,054
Inventories, net			68,435	158	(158)	68,435
Other receivables	718	718	23,111	2,969	(24,597)	2,919
Prepaid expenses	52	2	10,957	93	(2,897)	8,207
Short-term intercompany loan		95,000		95,000	(190,000)	
Other current assets	41,363	124,376	9,606	111,628	(268,053)	18,920
Total current assets	42,212	266,691	384,796	283,509	(587,501)	389,707
Property, plant and equipment, net			178,623	389		179,012
Intangible assets, net			27,009	529		27,538
Long-term prepaid expenses			17,371		(9,136)	8,235
Investment in subsidiaries	(567,941)	(641,799)		(475,696)	1,685,436	
Long-term intercompany loan	697,125	792,846		621,000	(2,110,971)	
Other non-current assets		7,819	6,611	6,821	1	21,252
Total Assets	\$ 171,396	\$ 425,557	\$ 614,410	\$ 436,552	\$ (1,022,171)	\$ 625,744
Liabilities and Stockholders Equity						
Current liabilities						
Accounts payable	\$	\$	\$ 118,353	\$ 41,634	\$ (101,723)	\$ 58,264
Other accounts payable	8,334	8,987	15,994	5,927	(24,597)	14,645
Accrued expenses	211	39,887	134,460	126,204	(268,127)	32,635
Short-term intercompany borrowings			95,000	95,000	(190,000)	
Current portion of capital lease obligations			5,373	184		5,557
Other current liabilities			3,815	4,130	(2,897)	5,048
Total current liabilities	8,545	48,874	372,995	273,079	(587,344)	116,149
Long-term borrowings		944,007	621,000	792,846	(2,110,971)	246,882
Long-term obligations under capital lease			2,888	217		3,105
Accrued severance benefits, net			86,511	1,267		87,778
Other non-current liabilities			6,653	11,462	(9,136)	8,979
Total liabilities	8,545	992,881	1,090,047	1,078,871	(2,707,451)	462,893

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Commitments and contingencies

Stockholders' equity						
Common stock	384	136,229	39,005	51,976	(227,210)	384
Additional paid-in capital	95,585	(734,101)	(537,608)	(732,266)	2,003,975	95,585
Retained earnings	72,157	35,823	31,799	43,269	(110,891)	72,157
Accumulated other comprehensive loss	(5,275)	(5,275)	(8,833)	(5,298)	19,406	(5,275)
Total stockholders' equity	162,851	(567,324)	(475,637)	(642,319)	1,685,280	162,851
Total liabilities and stockholders' equity	\$ 171,396	\$ 425,557	\$ 614,410	\$ 436,552	\$ (1,022,171)	\$ 625,744

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

Condensed Consolidating Balance Sheet**December 31, 2009****(Successor Company)**

	MagnaChip Semiconductor Corporation (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	\$ 136	\$ 24	\$ 45,443	\$ 19,322	\$	\$ 64,925
Accounts receivable, net			122,500	66,872	(115,139)	74,233
Inventories, net			59,914	4,098	(605)	63,407
Other receivables	710	718	7,061	3,617	(8,673)	3,433
Prepaid expenses	165	85	14,122	1,150	(2,897)	12,625
Short-term intercompany loan		95,000		95,000	(190,000)	
Other current assets	16	72,614	776	72,868	(142,841)	3,433
Total current assets	1,027	168,441	249,816	262,927	(460,155)	222,056
Property, plant and equipment, net			155,951	386		156,337
Intangible assets, net			49,459	699		50,158
Long-term prepaid expenses			22,576		(12,034)	10,542
Investment in subsidiaries	(608,843)	(690,259)		(517,520)	1,816,622	
Long-term intercompany loan	824,091	806,355		621,000	(2,251,446)	
Other non-current assets		234	5,753	8,251		14,238
Total Assets	\$ 216,275	\$ 284,771	\$ 483,555	\$ 375,743	\$ (907,013)	\$ 453,331
Liabilities and Stockholders Equity						
Current liabilities						
Accounts payable	\$	\$	\$ 106,792	\$ 67,975	\$ (115,062)	\$ 59,705
Other accounts payable	485	5,551	6,337	3,490	(8,673)	7,190
Accrued expenses	100	1,134	89,045	74,753	(142,918)	22,114
Short-term intercompany borrowings			95,000	95,000	(190,000)	
Current portion of long-term debt		618				618
Other current liabilities			2,935	3,899	(2,897)	3,937
Total current liabilities	585	7,303	300,109	245,117	(459,550)	93,564
Long-term borrowings		885,224	621,000	806,354	(2,251,446)	61,132
Accrued severance benefits, net			71,362	1,047		72,409

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Other non-current liabilities			8,550	14,020	(12,034)	10,536
Total liabilities	585	892,527	1,001,021	1,066,538	(2,723,030)	237,641
Commitments and contingencies						
Stockholders' equity						
Common stock	384	136,229	39,005	51,976	(227,210)	384
Additional paid-in capital	223,451	(735,940)	(539,175)	(734,525)	2,009,640	223,451
Accumulated deficit	(1,963)	(1,871)	(11,636)	(2,056)	15,563	(1,963)
Accumulated other comprehensive loss	(6,182)	(6,174)	(5,660)	(6,190)	18,024	(6,182)
Total stockholders' equity	215,690	(607,756)	(517,466)	(690,795)	1,816,017	215,690
Total liabilities and stockholders' equity	\$ 216,275	\$ 284,771	\$ 483,555	\$ 375,743	\$ (907,013)	\$ 453,331

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

Condensed Consolidating Statement of Operations

For the year ended December 31, 2010

(Successor Company)

	MagnaChip Semiconductor Corporation (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Net sales	\$	\$	\$ 765,157	\$ 31,957	\$ (26,709)	\$ 770,405
Cost of sales			523,214	7,816	(4,183)	526,847
Gross profit			241,943	24,141	(22,526)	243,558
Selling, general and administrative expenses	1,661	1,862	63,795	10,619	(11,297)	66,640
Research and development expenses			87,497	7,996	(11,969)	83,524
Restructuring and impairment charges			2,003			2,003
Operating income (loss) from continuing operations	(1,661)	(1,862)	88,648	5,526	740	91,391
Other income (expenses)	38,039	(6,166)	(45,191)	4,437		(8,881)
Income (loss) from continuing operations before income taxes, equity in earnings of related equity investment	36,378	(8,028)	43,457	9,963	740	82,510
Income tax expenses			22	8,368		8,390
Income (loss) before equity in earnings of related investment	36,378	(8,028)	43,435	1,595	740	74,120
Earnings of related investment	37,742	45,722		43,730	(127,194)	
Net income	\$ 74,120	\$ 37,694	\$ 43,435	\$ 45,325	\$ (126,454)	\$ 74,120
Net income attributable to common shares	\$ 74,120	\$ 37,694	\$ 43,435	\$ 45,325	\$ (126,454)	\$ 74,120

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

Condensed Consolidating Statement of Operations

For the two-month period ended December 31, 2009

(Successor Company)

	MagnaChip Semiconductor Corporation (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Net sales	\$	\$	\$ 112,693	\$ 32,955	\$ (34,566)	\$ 111,082
Cost of sales			93,020	27,429	(30,041)	90,408
Gross profit			19,673	5,526	(4,525)	20,674
Selling, general and administrative expenses	(69)	23	13,659	1,969	(1,042)	14,540
Research and development expenses			16,048	1,710	(3,017)	14,741
Operating income (loss) from continuing operations	69	(23)	(10,034)	1,847	(466)	(8,607)
Other income (expenses)		377	(2,118)	9,821		8,080
Income (loss) from continuing operations before income taxes, equity in loss of related equity investment	69	354	(12,152)	11,668	(466)	(527)
Income tax expenses (benefits)			(6)	1,952		1,946
Income (loss) before equity in loss of related investment	69	354	(12,146)	9,716	(466)	(2,473)
Loss of related investment	(2,032)	(2,225)		(11,772)	16,029	
Loss from continuing operations	(1,963)	(1,871)	(12,146)	(2,056)	15,563	(2,473)
Income from discontinued operation, net of taxes			510			510
Net loss	\$ (1,963)	\$ (1,871)	\$ (11,636)	\$ (2,056)	\$ 15,563	\$ (1,963)
Loss from continuing operations attributable to common shares	(1,963)	(1,871)	(12,146)	(2,056)	15,563	(2,473)

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Net loss attributable to common shares	\$	(1,963)	\$	(1,871)	\$	(11,636)	\$	(2,056)	\$	15,563	\$	(1,963)
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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

Condensed Consolidating Statement of Operations

For the ten-month period ended October 25, 2009

(Predecessor Company)

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Net sales	\$	\$	\$ 434,896	\$ 156,813	\$ (142,725)	\$ 448,984
Cost of sales			309,151	131,162	(129,174)	311,139
Gross profit			125,745	25,651	(13,551)	137,845
Selling, general and administrative expenses	2,771	333	47,103	10,235	(4,154)	56,288
Research and development expenses			56,597	9,596	(10,045)	56,148
Restructuring and impairment charges				439		439
Operating income (loss) from continuing operations	(2,771)	(333)	22,045	5,381	648	24,970
Other income (expenses)	779,304	33,193	20,978	(16,630)		816,845
Income (loss) from continuing operations before income taxes, equity in earnings of related equity investment	776,533	32,860	43,023	(11,249)	648	841,815
Income tax expenses (benefits)			(8)	7,303		7,295
Income (loss) before equity in earnings of related investment	776,533	32,860	43,031	(18,552)	648	834,520
Earnings of related investment	64,573	35,283		51,604	(151,460)	
Income from continuing operations	841,106	68,143	43,031	33,052	(150,812)	834,520
Income (loss) from discontinued operation, net of taxes			8,586	(1,557)	(443)	6,586
Net income	\$ 841,106	\$ 68,143	\$ 51,617	\$ 31,495	\$ (151,255)	\$ 841,106
Dividends accrued on preferred units	6,317					6,317

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Income from continuing operations attributable to common units	834,789	68,143	43,031	33,052	(150,812)	828,203
Net income attributable to common units	\$ 834,789	\$ 68,143	\$ 51,617	\$ 31,495	\$ (151,255)	\$ 834,789

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

Condensed Consolidating Statement of Operations

For the year ended December 31, 2008

(Predecessor Company)

	MagnaChip		Non-		Eliminations	Consolidated
	Semiconductor LLC (Parent)	Co-Issuers	Guarantors	Guarantors		
Net sales	\$	\$	\$ 570,957	\$ 331,057	\$ (300,350)	\$ 601,664
Cost of sales			442,582	270,578	(267,906)	445,254
Gross profit			128,375	60,479	(32,444)	156,410
Selling, general and administrative expenses	4,111	1,031	64,968	12,222	(1,018)	81,314
Research and development expenses			106,182	15,734	(32,461)	89,455
Restructuring and impairment charges			(875)	14,245		13,370
Operating income (loss) from continuing operations	(4,111)	(1,031)	(41,900)	18,278	1,035	(27,729)
Other income (expenses)		(29,399)	(269,246)	12,120		(286,525)
Income (loss) from continuing operations before income taxes, equity in loss of related equity investment	(4,111)	(30,430)	(311,146)	30,398	1,035	(314,254)
Income tax expenses		175	142	11,268		11,585
Income (loss) before equity in loss of related investment	(4,111)	(30,605)	(311,288)	19,130	1,035	(325,839)
Loss of related investment	(413,183)	(382,574)		(380,731)	1,176,488	
Loss from continuing operations	(417,294)	(413,179)	(311,288)	(361,601)	1,177,523	(325,839)
Loss from discontinued operation, net of taxes			(69,475)	(21,250)	(730)	(91,455)
Net loss	\$ (417,294)	\$ (413,179)	\$ (380,763)	\$ (382,851)	\$ 1,176,793	\$ (417,294)
Dividends accrued on preferred units	13,264					13,264
	(430,558)	(413,179)	(311,288)	(361,601)	1,177,523	(339,103)

Loss from continuing operations attributable to
common units

Net loss attributable to common units	\$ (430,558)	\$ (413,179)	\$ (380,763)	\$ (382,851)	\$ 1,176,793	\$ (430,558)
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	MagnaChip Semiconductor Corporation (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net income	\$ 74,120	\$ 37,694	\$ 43,435	\$ 45,325	\$ (126,454)	\$ 74,120
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization			58,107	288		58,395
Provision for severance benefits			19,375	309		19,684
Amortization of debt issuance costs and original issue discount		925				925
Loss (gain) on foreign currency translation, net		13,508	(18,656)	(11,936)		(17,084)
Loss on disposal of property, plant and equipment, net			38	1		39
Loss on disposal of intangible assets, net			13			13
Restructuring and impairment charges			2,003			2,003
Stock-based compensation	563		3,983	693		5,239
Cash used for reorganization items			51	1,522		1,573
Earnings of related investment	(37,742)	(45,722)		(43,730)	127,194	
Other	12	(11)	1,479	729	1,968	4,177
Changes in operating assets and liabilities						
Accounts receivable			(34,166)	6,139	(13,343)	(41,370)
Inventories			(6,720)	4,315	(767)	(3,172)
Other receivables	(8)		(16,298)	512	16,091	297
Deferred tax assets				1,543		1,543
Accounts payable			7,282	(25,671)	13,340	(5,049)
Other accounts payable	7,858	3,436	10,368	2,912	(16,091)	8,483
Accrued expenses	111	38,753	39,041	52,356	(126,269)	3,992
Long term other payable				(400)	(2,019)	(2,419)
Other current assets	(41,235)	(51,681)	8,564	(38,923)	126,272	2,997
Other current liabilities			687	275		962
Payment of severance benefits			(6,428)	(245)		(6,673)
Other			3,041	(3,751)		(710)
Net cash provided by (used in) operating activities before reorganization items	3,679	(3,098)	115,199	(7,737)	(78)	107,965
Cash used for reorganization items			(51)	(1,522)		(1,573)
Net cash provided by (used in) operating activities	3,679	(3,098)	115,148	(9,259)	(78)	106,392
Cash flows from investing activities						

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Proceeds from disposal of plant, property and equipment			8	2		10
Purchases of plant, property and equipment			(43,554)	(62)		(43,616)
Payment for intellectual property registration			(553)			(553)
Decrease in short-term financial instruments				329		329
Decrease in guarantee deposits			219	979		1,198
Collection of long-term intercompany loans	126,953				(126,953)	
Other			(1,015)	(81)		(1,096)
Net cash provided by (used in) investing activities	126,953		(44,895)	1,167	(126,953)	(43,728)
Cash flow from financing activities						
Proceeds from issuance of senior notes		246,685				246,685
Debt issuance costs paid		(8,313)				(8,313)
Repayment of long-term borrowings		(188,703)			126,953	(61,750)
Repayment of obligations under capital lease			(3,294)	(182)		(3,476)
Distribution to stockholders	(130,689)					(130,689)
Net cash provided by (used in) financing activities	(130,689)	49,669	(3,294)	(182)	126,953	42,457
Effect of exchanges rate on cash and cash equivalents			(32)	2,080	78	2,126
Net increase (decrease) in cash and cash equivalents	(57)	46,571	66,927	(6,194)		107,247
Cash and cash equivalents						
Beginning of the year	136	24	45,443	19,322		64,925
End of the year	\$ 79	\$ 46,595	\$ 112,370	\$ 13,128	\$	\$ 172,172

Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)****Condensed Consolidating Statement of Cash Flows****For the two-month period ended December 31, 2009****(Successor Company)**

	MagnaChip Semiconductor Corporation (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net loss	\$ (1,963)	\$ (1,871)	\$ (11,636)	\$ (2,056)	\$ 15,563	\$ (1,963)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization			11,168	50		11,218
Provision for severance benefits			1,781	70		1,851
Loss (gain) on foreign currency translation, net		8,976	(10,293)	(8,760)		(10,077)
Loss on disposal of property, plant and equipment, net			17			17
Loss on disposal of intangible assets, net			5			5
Stock-based compensation			1,993	206		2,199
Cash used for reorganization items	1,500	448	1,406	909		4,263
Loss of related investment	2,032	2,225		11,772	(16,029)	
Other			(815)	148		(667)
Changes in operating assets and liabilities						
Accounts receivable			4,307	6,290	5,846	16,443
Inventories			9,413	(3,113)	439	6,739
Other receivables			1,880	(338)	213	1,755
Deferred tax assets				664	14	678
Accounts payable			(12,074)	3,750	(5,820)	(14,144)
Other accounts payable	(129)	2	(10,860)	(1,311)	(213)	(12,511)
Accrued expenses	(1,847)	337	5,058	9,806	(19,041)	(5,687)
Long term other payable				(48)	(829)	(877)
Other current assets	13	(9,678)	3,787	(9,308)	18,378	3,192
Other current liabilities			405	(704)	1,487	1,188
Payment of severance benefits			(1,331)	(58)		(1,389)
Other			(127)	(4)	6	(125)
Net cash provided by (used in) operating activities before reorganization items	(394)	439	(5,916)	7,965	14	2,108
Cash used for reorganization items	(1,500)	(448)	(1,406)	(909)		(4,263)
Net cash provided by (used in) operating activities	(1,894)	(9)	(7,322)	7,056	14	(2,155)
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment			37			37
Purchases of plant, property and equipment			(1,254)	(1)	(3)	(1,258)

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Payment for intellectual property registration			(70)		(70)
Purchase of short-term financial instruments			(329)		(329)
Other		20	3		23
Net cash used in investing activities		(1,267)	(327)	(3)	(1,597)
Cash flow from financing activities					
Net cash provided by (used in) financing activities					
Effect of exchanges rate on cash and cash equivalents		1,261	(152)	(11)	1,098
Net increase (decrease) in cash and cash equivalents	(1,894)	(9)	(7,328)	6,577	(2,654)
Cash and cash equivalents					
Beginning of the period	2,030	33	52,771	12,745	67,579
End of the period	\$ 136	\$ 24	\$ 45,443	\$ 19,322	\$ 64,925

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MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)

Condensed Consolidating Statement of Cash Flows**For the ten-month period ended October 25, 2009****(Predecessor Company)**

	MagnaChip Semiconductor LLC (Parent)	Co-Issuers	Non- Guarantors	Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net income	\$ 841,106	\$ 68,143	\$ 51,617	\$ 31,495	\$ (151,255)	\$ 841,106
Adjustments to reconcile net income to net cash provided by (used in) operating activities						
Depreciation and amortization			36,274	1,981		38,255
Provision for severance benefits			8,512	323		8,835
Amortization of debt issuance costs		685	151			836
Loss (gain) on foreign currency translation, net		(14,384)	(43,701)	13,861		(44,224)
Loss (gain) on disposal of property, plant and equipment, net			(235)	330		95
Gain on disposal of intangible assets, net			(9,230)			(9,230)
Restructuring and impairment charges			(1,120)			(1,120)
Unit-based compensation			210	23		233
Cash used for reorganization items		16		1,060		1,076
Noncash reorganization items	(779,304)	508	(31,026)	4,173		(805,649)
Earnings of related investment	(64,573)	(35,283)		(51,604)	151,460	
Other			1,877	845		2,722
Changes in operating assets and liabilities						
Accounts receivable			(34,658)	(9,735)	31,463	(12,930)
Inventories			(2,421)	1,479	(221)	(1,163)
Other receivables			(1,174)	2,894	(1,689)	31
Deferred tax assets				1,054		1,054
Accounts payable			22,745	14,984	(31,413)	6,316
Other accounts payable	2,622	260	(17,303)	1,280	1,689	(11,452)
Accrued expenses	(27)	22,395	45,513	41,324	(80,910)	28,295
Long term other payable			626	412	(531)	507
Other current assets	(40)	(42,252)	11,842	(39,412)	75,758	5,896
Other current liabilities		(95)	725	(6,098)	5,507	39
Payment of severance benefits			(4,010)	(310)		(4,320)
Other			(520)	1,098	(1,094)	(516)
Net cash provided by (used in) operating activities before reorganization items	(216)	(7)	34,694	11,457	(1,236)	44,692
Cash used for reorganization items		(16)		(1,060)		(1,076)
Net cash provided by (used in) operating activities	(216)	(23)	34,694	10,397	(1,236)	43,616
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment			290	299	(260)	329

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Proceeds from disposal of intangible assets			9,374	1		9,375
Purchases of plant, property and equipment			(7,753)	(20)	260	(7,513)
Payment for intellectual property registration			(366)			(366)
Decrease in restricted cash			11,409			11,409
Other			(282)	1,949	(1,763)	(96)
Net cash provided by investing activities			12,672	2,229	(1,763)	13,138
Cash flow from financing activities						
Issuance of new common units pursuant to the reorganization plan	35,280					35,280
Repayment of short-term borrowings	(33,250)					(33,250)
Repayment of long-term borrowings				(1,763)	1,763	
Net cash provided by (used in) financing activities	2,030			(1,763)	1,763	2,030
Effect of exchange rates on cash and cash equivalents			5,200	(1,678)	1,236	4,758
Net increase (decrease) in cash and cash equivalents	1,814	(23)	52,566	9,185		63,542
Cash and cash equivalents						
Beginning of the period	216	56	205	3,560		4,037
End of the period	\$ 2,030	\$ 33	\$ 52,771	\$ 12,745	\$	\$ 67,579

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Table of Contents**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE/UNIT DATA)****Condensed Consolidating Statement of Cash Flows****For the year ended December 31, 2008****(Predecessor Company)**

	MagnaChip		Non-			
	Semiconductor	Co-Issuers	Guarantors	Guarantors	Eliminations	Consolidated
	LLC (Parent)					
Cash flow from operating activities						
Net loss	\$ (417,294)	\$ (413,179)	\$ (380,763)	\$ (382,851)	\$ 1,176,793	\$ (417,294)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation and amortization			68,698	3,262		71,960
Provision for severance benefits			13,552	474		14,026
Amortization of debt issuance costs		13,079	3,211			16,290
Loss (gain) on foreign currency translation, net		8,808	212,287	(5,524)		215,571
Loss (gain) on disposal of property, plant and equipment, net			(3,095)	1		(3,094)
Restructuring and impairment charges			25,420	17,119		42,539
Unit-based compensation	16		375	74		465
Loss of related investment	413,183	382,574		380,731	(1,176,488)	
Other		1	(773)	372		(400)
Changes in operating assets and liabilities						
Accounts receivables			21,089	7,602	2,334	31,025
Inventories			9,157	2,169	(152)	11,174
Other receivables			(2,073)	6,373	(3,284)	1,016
Deferred tax assets				1,462	28	1,490
Accounts payable			15,478	(18,207)	(2,334)	(5,063)
Other accounts payable	3,238		(25,092)	(1,317)	3,284	(19,887)
Accrued expenses	101	20,428	22,857	12,619	(32,052)	23,953
Long term other payable			(331)	450	2	121
Other current assets	1,122	(12,623)	8,671	(18,870)	29,101	7,401
Other current liabilities		(408)	(1,537)	179	3,061	1,295
Payment of severance benefits			(6,432)	(73)		(6,505)
Other		128	(4,948)	(8,323)	8,672	(4,471)
Net cash provided by (used in) operating activities	366	(1,192)	(24,249)	(2,278)	8,965	(18,388)
Cash flows from investing activities						
Proceeds from disposal of plant, property and equipment			3,122			3,122
Purchases of plant, property and equipment			(26,772)	(1,836)		(28,608)
Payment for intellectual property registration			(791)	(261)		(1,052)
Increase in restricted cash			(13,517)			(13,517)
Other		(45,000)	550	(45,066)	90,000	484
Net cash used in investing activities		(45,000)	(37,408)	(47,163)	90,000	(39,571)
Cash flow from financing activities						

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Proceeds from short-term borrowings		175,000	155,000	150,000	(300,000)	180,000
Issuance of old common units	183					183
Repayment of short-term borrowings		(160,000)	(110,000)	(105,000)	210,000	(165,000)
Repurchase of old common units	(496)					(496)
Net cash provided by (used in) financing activities	(313)	15,000	45,000	45,000	(90,000)	14,687
Effect of exchanges rate on cash and cash equivalents			(7,439)	(632)	(8,965)	(17,036)
Net increase (decrease) in cash and cash equivalents	53	(31,192)	(24,096)	(5,073)		(60,308)
Cash and cash equivalents						
Beginning of the year	163	31,248	24,301	8,633		64,345
End of the year	\$ 216	\$ 56	\$ 205	\$ 3,560	\$	\$ 4,037

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MagnaChip Semiconductor Corporation

Depository Shares

Representing Shares of Common Stock

Barclays Capital

Citi

Deutsche Bank Securities

Goldman, Sachs & Co.

UBS Investment Bank

Through and including _____, 2011 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Table of Contents**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****ITEM 13. *Other Expenses of Issuance and Distribution.***

The following table sets forth all expenses other than the underwriting discount, payable by the registrant in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee.

SEC Registration Fee	\$	*
FINRA Fees	25,500	*
New York Stock Exchange Listing Fee		*
Legal Fees and Expenses		*
Printing Expenses		*
Blue Sky Fees	20,000	*
Transfer Agent's Fees	12,500	*
Accounting Fees and Expenses		*
Miscellaneous		*
Total	\$	*

* To be provided by amendment

ITEM 14. *Indemnification of Officers and Directors.*

Section 145 of the Delaware General Corporation Law (DGCL) provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party or who is threatened to be made a party by reason of such person being or having been a director, officer, employee of or agent to the registrant. The statute provides that it is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

As permitted by the DGCL, our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability is not permitted by DGCL.

As permitted by the DGCL, our bylaws provide that (1) we are required to indemnify our directors and officers to the fullest extent permitted by the DGCL, subject to certain exceptions; (2) we are permitted to indemnify our other employees and agents to the extent that we indemnify our officers and directors; (3) we are required to advance expenses, as incurred, to our directors and officers in connection with any legal proceeding, subject to certain exceptions; and (4) the rights conferred in our bylaws are not exclusive.

We intend to enter into indemnification agreements with our directors and officers. The indemnification agreements will provide for indemnification and advancement of expenses to our directors and officers under certain circumstances for acts or omissions to the extent permissible under Delaware law. We also obtained directors' and officers' liability insurance, which insures against liabilities that our directors or officers may incur in such capacities. At present, we are not aware of any pending or threatened litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification would be required or permitted. We believe that our charter and bylaw provisions are necessary to attract and retain qualified persons as directors and officers.

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Item 15. *Recent Sales of Unregistered Securities.*

The following relates to sales of securities that have occurred since January 1, 2008 and that have not been registered under the Securities Act:

Prior to the effectiveness of the registration statement of which this prospectus is a part, we will convert from a Delaware limited liability company into a Delaware corporation. At the time of the corporate conversion, all of the outstanding common units of MagnaChip Semiconductor LLC will be automatically converted into shares of our common stock and all of the outstanding warrants to purchase common units of MagnaChip Semiconductor LLC will be automatically converted into warrants to purchase shares of our common stock. The issuance of common stock and warrants to purchase common stock to our members in the corporate conversion will be exempt from registration under the Securities Act by virtue of the exemption provided under Section 3(a)(9) thereof as the common stock and warrants will be exchanged by us with our existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. The issuance of common stock and warrants will also be exempt from registration under the Securities Act by virtue of Section 4(2) thereof as a transaction not involving a public offering or, with respect to certain of our existing security holders, Regulation S thereof as an issuance to non-U.S. persons in transactions that will take place outside of the U.S. In addition, as part of our corporate conversion, we will convert outstanding options to purchase common units of MagnaChip Semiconductor LLC into options to purchase shares of our common stock. The issuance of such options to purchase shares of our stock pursuant to such corporate conversion will be exempt from registration in reliance upon exemptions from the registration requirements provided by Rule 701 under the Securities Act relating to transactions occurring under compensatory benefit plans or provided by Regulation S to non-U.S. persons in transactions that will take place outside of the U.S.

In April 2010, our subsidiaries, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, sold (and certain of our subsidiaries guaranteed) \$250 million aggregate principal amount of 10.500% senior notes due 2018. We received net proceeds of \$238.4 million pursuant to the sale of such notes. The initial purchasers of the foregoing notes were Goldman, Sachs & Co., Barclays Capital Inc., Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and UBS Securities LLC. The issuance of the notes to the initial purchasers was made in reliance on Section 4(2) under the Securities Act and the notes were subsequently resold by the initial purchasers pursuant to Rule 144A and Regulation S thereunder.

In March 2010, we issued to our director Nader Tavakoli a restricted unit bonus for 150,000 common units pursuant to the MagnaChip Semiconductor LLC 2009 Common Unit Plan. In March 2010, we also issued to certain of our directors and employees options to purchase up to 914,000 common units pursuant to the MagnaChip Semiconductor LLC 2009 Common Unit Plan at an exercise price of \$2.12 per unit. The issuance of such restricted unit bonuses and options to purchase our common units was exempt from registration in reliance upon exemptions from the registration requirements provided by Rule 701 under the Securities Act relating to transactions occurring under compensatory benefit plans or provided by Regulation S to non-U.S. persons in transactions that took place outside of the U.S.

In December 2009, we issued to certain of our employees restricted unit bonuses for an aggregate of 7,084,000 common units pursuant to the MagnaChip Semiconductor LLC 2009 Common Unit Plan. In December 2009, we also issued to certain of our employees options to purchase up to 15,365,000 common units pursuant to the MagnaChip Semiconductor LLC 2009 Common Unit Plan at an exercise price of \$1.16 per unit. The issuance of such restricted unit bonuses and options to purchase our common units was exempt from registration in reliance upon exemptions from the

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registration requirements provided by Rule 701 under the Securities Act relating to transactions occurring under compensatory benefit plans or provided by Regulation S to non-U.S. persons in transactions that took place outside of the U.S.

In November 2009, in connection with our emergence from reorganization proceedings, we issued an aggregate of 17,999,996 common units and warrants to purchase 15,000,000 common units to certain of our former creditors in satisfaction and retirement of their claims. The issuance of such common units and warrants and the distribution thereof was exempt from registration under applicable securities laws pursuant to Section 1145(a) of the U.S. Bankruptcy Code.

In November 2009, in connection with our emergence from reorganization proceedings, we issued an aggregate of 252,000,000 common units in a rights offering to affiliated funds of Avenue Capital Management II, L.P. and certain of our other former creditors who were accredited investors, as defined in Regulation D of the Securities Act, for an aggregate purchase price of \$35,280,000. In connection with such rights offering we issued an additional 30,000,000 common units to affiliated funds of Avenue Capital Management II, L.P. as payment of a backstop commitment fee payable pursuant to our Chapter 11 plan of reorganization. The sale and issuance of such securities was exempt from registration under applicable securities laws pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 4, 2008, one of our former employees exercised options to acquire 4,375 of our common units at a purchase price of \$12,040.87. The issuance of these securities was exempt from registration under Section 4(2) of the Securities Act, by reason of the fact that the offering was a limited private placement to one knowledgeable investor who agreed not to resell the securities to the public.

On April 14, 2008, one of our former executives exercised options to acquire 143,272.50 of our common units at a purchase price of \$143,272.50. Because the offering transaction took place outside the U.S. and the optionee was not a U.S. person, the issuance of these securities was exempt from registration under Regulation S.

On March 12, 2008, one of our former employees exercised options to acquire 2,437.50 of our common units at a purchase price of \$7,312.50. Because the offering transaction took place outside the U.S. and the optionee was not a U.S. person, the issuance of these securities was exempt from registration under Regulation S.

On February 19, 2008, two of our former employees exercised options to acquire 11,375 of our common units for an aggregate purchase price of \$20,890. Because the offering transactions took place outside the U.S. and neither of the optionees was a U.S. person, the issuance of these securities was exempt from registration under Regulation S.

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ITEM 16. Exhibits.

- 1.1 Form of Underwriting Agreement*
- 2.1 Second Amended Chapter 11 Plan of Reorganization Proposed by the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al., dated as of September 24, 2009(3)
- 3.1 Certificate of Formation of MagnaChip Semiconductor LLC (formerly System Semiconductor Holding LLC)(2)
- 3.2 Certificate of Amendment to Certificate of Formation of MagnaChip Semiconductor LLC(2)
- 3.3 Fifth Amended and Restated Limited Liability Company Operating Agreement of MagnaChip Semiconductor LLC(3)
- 3.4 Form of Certificate of Incorporation of MagnaChip Semiconductor Corporation(2)
- 3.5 Form of Bylaws of MagnaChip Semiconductor Corporation(2)
- 3.6 Form of Plan of Conversion of MagnaChip Semiconductor LLC(4)
- 4.1 Registration Rights Agreement, dated as of November 9, 2009, by and among MagnaChip Semiconductor LLC and each of the securityholders named therein(3)
- 4.2 Form of Deposit Agreement, among MagnaChip Semiconductor Corporation, American Stock Transfer & Trust Company, LLC, as the depository, custodian and registrar, and the holders and beneficial owners of depository shares(4)
- 4.3 [reserved]
- 4.4 Indenture, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors as named therein and Wilmington Trust FSB, as trustee(3)
- 4.5 Form of 10.500% Senior Notes due 2018 and related notation of guarantee (included in Exhibit 4.4)
- 4.6 Exchange and Registration Rights Agreement, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, and Goldman, Sachs & Co., Barclays Capital Inc., Deutsche Bank Securities Inc. and Morgan Stanley & Co. Incorporated, as representatives of the several purchasers named therein(3)
- 5.1 Opinion of Jones Day*
- 5.2 Opinion of David Brill, General Counsel of American Stock Transfer & Trust Company, LLC*
- 8.1 Tax Opinion of Jones Day*
- 10.1 Amended and Restated Credit Agreement, dated as of November 6, 2009, among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, the lenders named therein, and Wilmington Trust FSB, as Administrative Agent(3)
- 10.2 Intellectual Property License Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(3)
- 10.3 Land Lease and Easement Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
- 10.4 First Amendment to Land Lease and Easement Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(3)
- 10.5 General Service Supply Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(5)

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10.6	First Amendment to the General Service Supply Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(3)
10.7	License Agreement (ModularBCD), dated as of March 18, 2005, by and between Advanced Analogic Technologies, Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(2)
10.8	Amended & Restated License Agreement (TrenchDMOS), dated as of September 19, 2007, by and between Advanced Analogic Technologies, Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(5)
10.9	Technology License Agreement, dated as of December 16, 1996, by and between Advanced RISC Machines Limited and MagnaChip Semiconductor, Ltd. (Korea) (successor in interest to LG Semicon Company Limited)(1)(2)
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10.24	MagnaChip Semiconductor LLC 2009 Common Unit Plan form of Restricted Unit Agreement (U.S. Participants)(2)
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10.47	Notice of Grant of Restricted Units, dated as of December 8, 2009, by and between MagnaChip Semiconductor LLC and John McFarland(2)
10.48	[reserved]
10.49	MagnaChip Semiconductor Corporation Form of Indemnification Agreement with Directors and Officers(2)
10.50	Form of Accredited Investor Certification delivered to the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al.(3)
10.51	Form of Subscription Agreement for common units of MagnaChip Semiconductor LLC (in connection with the Committee's Plan of Reorganization under Chapter 11 of the Bankruptcy Code)(3)
10.52	Subscription Form for Rights Offering in connection with the Committee's Plan of Reorganization under Chapter 11 of the Bankruptcy Code(3)
10.53	\$35,000,000 Common Stock Backstop Commitment letter, dated as of September 23, 2009, from Avenue Capital Management II, L.P., solely in its capacity as investment advisor to Avenue Investments, L.P., Avenue International Master, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P. and Avenue CDP-Global Opportunities Fund, L.P. (included in Exhibit 2.1)
10.54	MagnaChip Semiconductor LLC Profit Sharing Plan as adopted on December 31, 2009 and as amended on February 15, 2010(1)(5)
21.1	Subsidiaries of the Registrant(2)
23.1	Consent of Samil PricewaterhouseCoopers
23.2	Consent of Jones Day (contained in Exhibit 5.1 and Exhibit 8.1)
23.3	Consent of David Brill (contained in Exhibit 5.2)
24.1	Power of Attorney of officers and directors of MagnaChip Semiconductor LLC(2)

* To be filed by amendment.

Footnotes:

- (1) Certain portions of this document have been omitted pursuant to a grant of confidential treatment by the SEC.
- (2) Previously filed as an exhibit to the Registration Statement on Form S-1 filed on March 15, 2010 (Registration No. 333-165467).
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- (4) Previously filed as an exhibit to Amendment No. 2 to Registration Statement on Form S-1 filed on May 11, 2010 (Registration No. 333-165467).
- (5) Incorporated by reference to the respective exhibit to Amendment No. 2 to MagnaChip Semiconductor S.A.'s and MagnaChip Semiconductor Finance Company's Registration Statement on Form S-4 (Registration No. 333-168516) filed on October 14, 2010.

Item 17. Undertakings.

We hereby undertake to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed

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in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer, or controlling person of us in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, we will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) for purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, MagnaChip Semiconductor LLC has duly caused this Amendment No. 8 to Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Seoul, Republic of Korea on February 1, 2011.

MagnaChip Semiconductor LLC
 By: /s/ SANG PARK
**Sang Park, Chief Executive
 Officer (Principal Executive Officer)**

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 8 to Registration Statement on Form S-1 has been signed below by the following persons on behalf of MagnaChip Semiconductor LLC and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ SANG PARK		February 1, 2011
Sang Park	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	
*	Chief Financial Officer (Principal Financial and Accounting Officer)	February 1, 2011
Margaret Sakai		
*		February 1, 2011
Michael Elkins	Director	
*		February 1, 2011
Randal Klein	Director	
*		February 1, 2011
R. Douglas Norby	Director	
*		February 1, 2011
Gidu Shroff	Director	
*		February 1, 2011
Steven Tan	Director	
*		February 1, 2011
Nader Tavakoli	Director	
/s/ SANG PARK		

*By _____

Attorney-in-fact

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Exhibit Index

1.1	Form of Underwriting Agreement*
2.1	Second Amended Chapter 11 Plan of Reorganization Proposed by the Official Committee of Unsecured Creditors of MagnaChip Semiconductor Finance Company, et al., dated as of September 24, 2009(3)
3.1	Certificate of Formation of MagnaChip Semiconductor LLC (formerly System Semiconductor Holding LLC)(2)
3.2	Certificate of Amendment to Certificate of Formation of MagnaChip Semiconductor LLC(2)
3.3	Fifth Amended and Restated Limited Liability Company Operating Agreement of MagnaChip Semiconductor LLC(3)
3.4	Form of Certificate of Incorporation of MagnaChip Semiconductor Corporation(2)
3.5	Form of Bylaws of MagnaChip Semiconductor Corporation(2)
3.6	Form of Plan of Conversion of MagnaChip Semiconductor LLC(4)
4.1	Registration Rights Agreement, dated as of November 9, 2009, by and among MagnaChip Semiconductor LLC and each of the securityholders named therein(3)
4.2	Form of Deposit Agreement, among MagnaChip Semiconductor Corporation, American Stock Transfer & Trust Company, LLC, as the depository, custodian and registrar, and the holders and beneficial owners of depository shares(4)
4.3	[reserved]
4.4	Indenture, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors as named therein and Wilmington Trust FSB, as trustee(3)
4.5	Form of 10.500% Senior Notes due 2018 and notation of guarantee (included in Exhibit 4.4)
4.6	Exchange and Registration Rights Agreement, dated as of April 9, 2010, by and among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, and Goldman, Sachs & Co., Barclays Capital Inc., Deutsche Bank Securities Inc. and Morgan Stanley & Co. Incorporated, as representatives of the several purchasers named therein(3)
5.1	Opinion of Jones Day*
5.2	Opinion of David Brill, General Counsel of American Stock Transfer & Trust Company, LLC*
8.1	Tax Opinion of Jones Day*
10.1	Amended and Restated Credit Agreement, dated as of November 6, 2009, among MagnaChip Semiconductor S.A., MagnaChip Semiconductor Finance Company, the guarantors named therein, the lenders named therein, and Wilmington Trust FSB, as Administrative Agent(3)
10.2	Intellectual Property License Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(3)
10.3	Land Lease and Easement Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(3)
10.4	First Amendment to Land Lease and Easement Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(3)
10.5	General Service Supply Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(1)(5)
10.6	First Amendment to the General Service Supply Agreement, dated as of December 30, 2005, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea)(3)

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