

MAGNACHIP SEMICONDUCTOR Corp  
Form 424B4  
March 11, 2011  
Table of Contents

Filed Pursuant to Rule 424(b)(4)  
Registration No. 333-165467

## MagnaChip Semiconductor Corporation

9,500,000 Depositary Shares

Representing 9,500,000 Shares of Common Stock

This is the initial public offering of common stock of MagnaChip Semiconductor Corporation. MagnaChip Semiconductor Corporation is offering 950,000 shares of common stock. The selling stockholders identified in this prospectus are offering 8,550,000 shares of common stock. We will not receive any of the proceeds from the sale of the shares by the selling stockholders.

All of the shares of common stock sold in this offering will be sold in the form of depositary shares. Each depositary share represents an ownership interest in one share of common stock. On April 24, 2011 (45 days after the date of this prospectus), each holder of depositary shares will be credited with a number of shares of common stock equal to the number of depositary shares held by such holder on that date, and the depositary shares will be canceled. Until the cancellation of the depositary shares on April 24, 2011, holders of depositary shares will be entitled to all proportional rights and preferences of the shares of common stock.

Prior to this offering, there has been no public market for our depositary shares or our common stock. The initial public offering price per depositary share is \$14.00. The depositary shares and the common stock have been approved for listing on the New York Stock Exchange under the symbol **MX** with the listing being only for the depositary shares upon the completion of this offering and only for the common stock following the cancellation of the depositary shares.

See Risk Factors beginning on page 14 to read about factors you should consider before buying the depositary shares and shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Per depositary share	Total
-------------------------	-------

## Edgar Filing: MAGNACHIP SEMICONDUCTOR Corp - Form 424B4

Initial public offering price	\$	14.00	\$ 133,000,000.00
Underwriting discounts and commissions	\$	0.98	\$ 9,310,000.00
Proceeds, before expenses to MagnaChip Semiconductor Corporation	\$	13.02	\$ 12,369,000.00
Proceeds, before expenses to Selling Stockholders	\$	13.02	\$ 111,321,000.00

To the extent that the underwriters sell more than 9,500,000 depository shares, the underwriters have the option to purchase up to an additional 142,500 depository shares from us and up to an additional 1,282,500 depository shares from the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the depository shares against payment in New York, New York on March 16, 2011.

**Barclays Capital**

**Citi**

**Deutsche Bank Securities**

**Goldman, Sachs & Co.**

**UBS Investment Bank**

Prospectus dated March 10, 2011

**Table of Contents**

**Table of Contents****TABLE OF CONTENTS**

<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	14
<u>Industry and Market Data</u>	35
<u>Special Cautionary Statement Concerning Forward-Looking Statements</u>	35
<u>Use of Proceeds</u>	36
<u>Dividend Policy</u>	36
<u>Corporate Conversion</u>	36
<u>Capitalization</u>	37
<u>Dilution</u>	38
<u>Selected Historical Consolidated Financial and Operating Data</u>	40
<u>Unaudited Pro Forma Consolidated Financial Information</u>	46
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	50
<u>Business</u>	93
<u>Management</u>	109
<u>Principal and Selling Stockholders</u>	136
<u>Certain Relationships and Related Transactions</u>	144
<u>Description of Capital Stock</u>	146
<u>Description of Depositary Shares</u>	152
<u>Description of Certain Indebtedness</u>	155
<u>Shares Eligible for Future Sale</u>	158
<u>Material U.S. Federal Income Tax Consequences</u>	160
<u>Underwriting</u>	164
<u>Legal Matters</u>	169
<u>Experts</u>	169
<u>Where You Can Find More Information</u>	169
<u>Index to Consolidated Financial Statements</u>	F-1

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

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

**Table of Contents**

**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully, including the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections contained in this prospectus and our consolidated financial statements before making an investment decision. On March 10, 2011, we converted from a Delaware limited liability company to a Delaware corporation and changed our name from MagnaChip Semiconductor LLC to MagnaChip Semiconductor Corporation. In this prospectus, we refer to such transactions as the corporate conversion. In this prospectus, unless the context otherwise requires, the terms we, us, our and MagnaChip refer to MagnaChip Semiconductor LLC and its consolidated subsidiaries for the periods prior to the consummation of the corporate conversion, and such terms refer to MagnaChip Semiconductor Corporation and its consolidated subsidiaries for the periods after the consummation of the corporate conversion. The term Korea refers to the Republic of Korea or South Korea. All references to shares of common stock being sold in this offering include shares held in the form of depositary shares, as described under Description of Depositary Shares.*

**Overview**

MagnaChip is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. We believe we have one of the broadest and deepest analog and mixed-signal semiconductor technology platforms in the industry, supported by our 30-year operating history, large portfolio of approximately 2,730 novel registered patents and 760 pending novel patent applications, and extensive engineering and manufacturing process expertise. Our business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our Display Solutions products include display drivers that cover a wide range of flat panel displays and mobile multimedia devices. Our Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. Our Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

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

We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. As a result, we have been able to strengthen our technology platform and develop products and services that are in high demand by our customers and end consumers. We sold over 2,400 and 2,300 distinct products to over 500 and 185 customers for the year ended December 31, 2010 and combined twelve-month period ended December 31, 2009, respectively, with a substantial portion of our revenues derived from a concentrated number of customers. The increase in number of customers is due to the continuing growth of our Power Solutions business. Our largest semiconductor manufacturing services customers include some of the fastest growing and leading semiconductor companies that design analog and mixed-signal products for the consumer, computing and wireless end markets.

## **Table of Contents**

Our business is largely driven by innovation in the consumer electronics markets and the growing adoption by consumers worldwide of electronic devices for use in their daily lives. The consumer electronics market is large and growing rapidly, largely due to consumers increasingly accessing a wide variety of available rich media content, such as high definition audio and video, mobile television and games on advanced consumer electronic devices. According to Gartner, production of liquid crystal display, or LCD televisions, smartphones, mobile personal computers, or PCs, and media tablets is expected to grow from 2010 to 2013 by a compound annual growth rate of 8%, 39%, 25%, and 99%, respectively. Electronics manufacturers are continuously implementing advanced technologies in new generations of electronic devices using analog and mixed-signal semiconductor components, such as display drivers that enable display of high resolution images, encoding and decoding devices that allow playback of high definition audio and video, and power management semiconductors that increase power efficiency, thereby reducing heat dissipation and extending battery life. According to iSuppli Corporation, in 2009, the display driver semiconductor market was \$6.2 billion and the power management semiconductor market was \$22.4 billion.

For the year ended December 31, 2010, we generated net sales of \$770.4 million, income from continuing operations of \$74.1 million, Adjusted EBITDA of \$157.9 million and Adjusted Net Income of \$89.2 million. See Prospectus Summary Summary Historical and Unaudited Pro Forma Consolidated Financial Data, beginning on page 8 for an explanation of our use of Adjusted EBITDA and Adjusted Net Income.

## **Our Products and Services**

Our Display Solutions products include source and gate drivers and timing controllers that cover a wide range of flat panel displays used in LCD, light emitting diode, or LED, and 3D televisions and displays, mobile PCs and mobile communications and entertainment devices. Our display solutions support the industry's most advanced display technologies, such as low temperature polysilicon, or LTPS, and active matrix organic light emitting diode, or AMOLED, as well as high-volume display technologies such as thin film transistor, or TFT. Our Display Solutions business represented 39.7%, 50.5% and 50.5% of our net sales for the fiscal years ended December 31, 2010, 2009 (on a combined basis) and 2008, respectively.

We expanded our business and market opportunity by establishing our Power Solutions business in late 2007. We have introduced a number of products for power management applications, including metal oxide semiconductor field effect transistors, or MOSFETs, analog switches, LED drivers, DC-DC converters and linear regulators for a range of devices, including LCD and LED digital televisions, mobile phones, computers and other consumer electronics products. Our Power Solutions business represented 7.4%, 2.2% and 0.9% of our net sales for the fiscal years ended December 31, 2010, 2009 (on a combined basis) and 2008, respectively.

We offer semiconductor manufacturing services to fabless analog and mixed-signal semiconductor companies that require differentiated, specialty analog and mixed-signal process technologies. We believe the majority of our top twenty semiconductor manufacturing services customers use us as their primary manufacturing source for the products that we manufacture for them. Our process technologies are optimized for analog and mixed-signal devices and include standard complementary metal-oxide semiconductor, or CMOS, high voltage CMOS, ultra-low leakage high voltage CMOS and bipolar complementary double-diffused metal oxide semiconductor, or BCDMOS, and electronically erasable programmable read only memory, or EEPROM. Our semiconductor manufacturing services customers use us to manufacture a wide range of products, including display drivers, LED drivers, audio encoding and decoding devices, microcontrollers,

## **Table of Contents**

electronic tags and power management semiconductors. Our Semiconductor Manufacturing Services business represented 52.6%, 46.7% and 47.7% of our net sales for the fiscal years ended December 31, 2010, 2009 (on a combined basis) and 2008, respectively.

We manufacture all of our products at our three fabrication facilities located in Korea. We have approximately 240 proprietary process flows we can utilize for our products and offer to our semiconductor manufacturing services customers. Our manufacturing base serves both our display driver and power management businesses and semiconductor manufacturing services customers, allowing us to optimize our asset utilization and leverage our investments across our product and service offerings. Analog and mixed-signal manufacturing facilities and processes are typically distinguished by design and process implementation expertise rather than the use of the most advanced equipment. These processes also tend to migrate more slowly to smaller geometries due to technological barriers and increased costs. For example, some of our products use high-voltage technology that requires larger geometries and that may not migrate to smaller geometries for several years, if at all. As a result, our manufacturing base and strategy does not require substantial investment in leading edge process equipment, allowing us to utilize our facilities and equipment over an extended period of time with moderate required capital investments.

### **Our Competitive Strengths**

We believe our strengths include:

Broad and advanced analog and mixed-signal semiconductor technology and intellectual property platform that allows us to develop new products and meet market demands quickly;

Established relationships and close collaboration with leading global consumer electronics companies, which enhance our visibility into new product opportunities, markets and technology trends;

Longstanding presence of our management, personnel and manufacturing base in Asia and proximity to our largest customers and to the core of the global consumer electronics supply chain, which allows us to respond rapidly and efficiently to our customers' needs;

Flexible, service-oriented culture and approach to customers;

Distinctive analog and mixed-signal process technology and manufacturing expertise; and

Manufacturing facilities with specialty processes and a low-cost operating structure, which allow us to maintain price competitiveness across our product and service offerings.

### **Our Strategy**

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

Leverage our advanced analog and mixed-signal technology platform to continuously innovate and deliver products with high levels of performance and integration, as well as to expand our technology offerings within our target markets, such as our power management products;

Increase business with our global customer base of leading consumer electronics original equipment manufacturers, or OEMs, and fabless companies by collaborating on critical design, product and manufacturing process development and leveraging our deep knowledge of customer needs;





## **Table of Contents**

Broaden our customer base by expanding our global design centers and local application engineering support and sales presence, particularly in China and other high-growth regions;

Aggressively grow our power management product portfolio business by introducing new products, expanding distribution and cross-selling products to our existing customers;

Drive execution excellence in new product development, manufacturing efficiency and quality, customer service and personnel development; and

Optimize asset utilization and return on capital investments by maintaining our focus on specialty process technologies that do not require substantial investment in leading edge process equipment and by utilizing our manufacturing facilities for both our display driver and power management businesses and manufacturing services customers.

## **Risks Related to Our Company**

Investing in our company entails a high degree of risk, including those summarized below and those more fully described in the Risk Factors section beginning on page 14 of this prospectus. You should consider carefully these risks before deciding to invest in our common stock.

We have a history of losses and may not be profitable in the future;

On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code and our plan of reorganization became effective on November 9, 2009;

The cyclical nature of the semiconductor industry may limit our ability to maintain or increase net sales and profit levels during industry downturns;

If we fail to develop new products and process technologies or enhance our existing products and services in order to react to rapid technological change and market demands, our business will suffer;

A significant portion of our sales comes from a relatively limited number of customers and the loss of any of such customers or a significant decrease in sales to any of such customers would harm our revenue and gross profit;

The average selling prices of our semiconductor products have at times declined rapidly and will likely do so in the future, which could harm our revenue and gross profit; and

Upon completion of this offering, our largest stockholder, consisting of affiliated funds of Avenue Capital Management II, L.P., will control approximately 52.1% of our outstanding common stock, assuming no exercise by the underwriters of their option to purchase additional shares.

## **Corporate Information**

On March 10, 2011, MagnaChip Semiconductor LLC converted from a Delaware limited liability company to a Delaware corporation. We refer to this as the corporate conversion. In connection with the corporate conversion, each common unit of MagnaChip Semiconductor LLC was converted into 0.125 shares of common stock of MagnaChip Semiconductor Corporation, the members of MagnaChip Semiconductor LLC

## Edgar Filing: MAGNACHIP SEMICONDUCTOR Corp - Form 424B4

became stockholders of MagnaChip Semiconductor Corporation and MagnaChip Semiconductor Corporation succeeded to the business of MagnaChip Semiconductor LLC and its consolidated subsidiaries. See [Corporate Conversion](#) for further information regarding the corporate conversion.

Our principal executive offices are located at: c/o MagnaChip Semiconductor S.A., 74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S., Luxembourg B-97483, and our telephone number is

**Table of Contents**

(352) 45-62-62. Our website address is *www.magnachip.com*. You should not consider the information contained on our website to be part of this prospectus or in deciding whether to purchase shares of our common stock.

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

On June 12, 2009, MagnaChip Semiconductor LLC, along with certain of its subsidiaries, including MagnaChip Semiconductor S.A., filed a voluntary petition for relief in the United States Bankruptcy Court for the District of Delaware under Chapter 11 of the United States Bankruptcy Code, which we refer to as the reorganization proceedings. On November 9, 2009, our plan of reorganization became effective and we emerged from the reorganization proceedings with our management team remaining in place. Our Chapter 11 plan of reorganization implemented a comprehensive financial reorganization that significantly reduced our outstanding indebtedness. Additionally, on that date, a new board of directors of MagnaChip Semiconductor LLC was appointed, MagnaChip Semiconductor LLC's previously outstanding common and preferred units, and options were cancelled, MagnaChip Semiconductor LLC issued approximately 300 million common units (approximately 37.5 million shares of common stock following the corporate conversion) and warrants to purchase 15 million common units (approximately 1.9 million shares of common stock following the corporate conversion) to two classes of creditors and affiliated funds of Avenue Capital Management II, L.P. became the majority unitholder of MagnaChip Semiconductor LLC.

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

**Table of Contents**

**The Offering**

Shares offered by us	950,000 shares in the form of depositary shares
Shares offered by selling stockholders	8,550,000 shares in the form of depositary shares
Shares offered by us pursuant to the underwriters option to purchase additional shares	142,500 shares in the form of depositary shares(1)
Shares offered by the selling stockholders pursuant to the underwriters option to purchase additional shares	1,282,500 shares in the form of depositary shares(1)
Shares of common stock to be outstanding after this offering	39,351,985 shares
Use of proceeds	We intend to use the net proceeds received by us in connection with this offering, including any net proceeds received by us in connection with the underwriters option to purchase additional shares, to make employee incentive payments. We will not receive any proceeds from the sale of shares of common stock offered by the selling stockholders, including upon the sale of shares if the underwriters exercise their option to purchase additional shares from the selling stockholder in this offering.
Risk factors	See Risk Factors beginning on page 14 and the other information included in this prospectus for a discussion of the factors you should consider carefully before deciding to invest in shares of our common stock.
Dividend policy	We do not anticipate paying any cash dividends on our common stock after this offering.
Depositary shares	All of the shares of common stock sold in this offering will be sold in the form of depositary shares. Each depositary share represents an ownership interest in one share of common stock. On April 24, 2011 (45 days after the date of this prospectus), each holder of depositary shares will be credited with a number of shares of common stock equal to the number of depositary shares held by such holder on that date, and the depositary shares will be canceled. Until the cancellation of the depositary shares on April 24, 2011, holders of depositary shares will be entitled to all proportional rights and preferences of the shares of common stock. This offering has been structured using depositary shares to enable our unitholders to obtain the preferred income tax treatment for the corporate

(1) We have provided the underwriters an option to purchase up to 142,500 additional depositary shares and the selling stockholders have provided the underwriters an option to purchase up to 1,282,500 additional depositary shares. If the underwriters exercise their option to purchase additional shares, we will not receive any of the proceeds from the additional sale of depositary shares by the selling stockholders.



**Table of Contents**

conversion. For more information regarding the depositary shares, see Description of Depositary Shares.

Depositary

American Stock Transfer & Trust Company, LLC

Proposed New York Stock Exchange symbol

MX with the listing being only for the depositary shares upon the completion of this offering and only for the common stock following the cancellation of the depositary shares.

The number of shares of our common stock outstanding after this offering is based on the shares of our common stock outstanding as of the date of this prospectus and:

reflects the consummation of the corporate conversion, pursuant to which all of the outstanding common units of MagnaChip Semiconductor LLC were automatically converted into shares of our common stock at a ratio of eight-for-one and all of the outstanding options and warrants to purchase common units of MagnaChip Semiconductor LLC were automatically converted into options and warrants to purchase shares of our common stock;

excludes 1,875,017 shares of our common stock reserved for issuance upon exercise of warrants outstanding as of December 31, 2010 at a weighted average exercise price of \$15.76 per share, based upon the conversion of all such warrants into warrants to purchase shares of our common stock at a ratio of eight-for-one;

excludes 1,957,760 shares of our common stock reserved for issuance upon exercise of options outstanding as of December 31, 2010 at a weighted average exercise price of \$6.33 per share, based upon the conversion of all such options into options to purchase shares of our common stock at a ratio of eight-for-one; and

excludes 1,680,190 shares of our common stock reserved for issuance following the offering pursuant to future grants under our 2011 Equity Incentive Plan and 2011 Employee Stock Purchase Plan, based in part on the number of shares of common stock reserved for issuance under our 2009 Plan as of December 31, 2010, which does not include the additional shares which may become available for issuance pursuant to the automatic share reserve increase provisions of such plans described below.

The number of shares authorized for future issuance under our 2011 Equity Incentive Plan and our 2011 Employee Stock Purchase Plan reflected above does not include additional shares that may become available for future issuance pursuant to the automatic share reserve increase provisions of these plans. On January 1 of each year from 2012 through 2021, up to 2% and 1%, respectively, of the shares of our common stock issued and outstanding on the immediately preceding December 31 or, in each case, a lesser amount determined by our board of directors, will be added automatically to the number of shares remaining available for future grants under the 2011 Equity Incentive Plan and the 2011 Employee Stock Purchase Plan.

Unless specifically stated otherwise, the information in this prospectus:

reflects completion of the corporate conversion; and

assumes no exercise of the underwriters' option to purchase up to 142,500 additional depositary shares from us and up to 1,282,500 additional depositary shares from our selling stockholders.



**Table of Contents**

**Summary Historical and Unaudited Pro Forma Consolidated Financial Data**

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

We have derived the summary historical consolidated financial data as of December 31, 2010 and 2009, and 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 from the historical audited consolidated financial statements of MagnaChip Semiconductor Corporation prepared in accordance with generally accepted accounting principles in the United States, or GAAP, included elsewhere in this prospectus. The summary historical financial data for the year ended December 31, 2010 and the two-month period ended December 31, 2009 give retroactive effect to the corporate conversion. The historical results of MagnaChip Semiconductor Corporation for any prior period are not necessarily indicative of the results to be expected in any future period, and financial results for any interim period are not necessarily indicative of results for a full year.

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

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



**Table of Contents**

	Pro Forma(1)	Successor	Historical	Predecessor	
	Year Ended December 31, 2010	Year Ended December 31, 2010	Two- Month Period Ended December 31, 2009	Ten- Month Period Ended October 25, 2009	Year Ended December 31, 2008
	(In millions, except per common unit/share data)				
<b>Statements of Operations Data:</b>					
Net sales	\$ 770.4	\$ 770.4	\$ 111.1	\$ 449.0	\$ 601.7
Cost of sales	526.0	526.8	90.4	311.1	445.3
Gross profit	244.4	243.6	20.7	137.8	156.4
Selling, general and administrative expenses	66.6	66.6	14.5	56.3	81.3
Research and development expenses	83.5	83.5	14.7	56.1	89.5
Restructuring and impairment charges	2.0	2.0		0.4	13.4
Operating income (loss) from continuing operations	92.3	91.4	(8.6)	25.0	(27.7)
Interest expense, net	(27.9)	(22.9)	(1.3)	(31.2)	(76.1)
Foreign currency gain (loss), net	14.7	14.7	9.3	43.4	(210.4)
Reorganization items, net				804.6	
Others	(0.7)	(0.7)			
	(13.9)	(8.9)	8.1	816.8	(286.5)
Income (loss) from continuing operations before income taxes	78.4	82.5	(0.5)	841.8	(314.3)
Income tax expenses	12.0	8.4	1.9	7.3	11.6