

Rubicon Technology, Inc.  
Form DEF 14A  
April 30, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant       Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Rubicon Technology, Inc.**

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**RUBICON TECHNOLOGY, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 26, 2013**

As a stockholder of RUBICON TECHNOLOGY, INC., a Delaware corporation (the Company), you are cordially invited to be present, either in person or by proxy, at the Annual Meeting of Stockholders of the Company (the Annual Meeting) to be held at the Herrington Inn, 15 South River Lane, Geneva, Illinois 60134, at 8:00 a.m. local time, on June 26, 2013, for the following purposes:

1. To elect Don N. Aquilano and Donald R. Caldwell as directors, each with a three-year term;
2. To ratify the selection of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013; and
3. To transact such other business as may properly come before the meeting or any continuation or adjournment thereof.

Only stockholders of record at the close of business on April 29, 2013 will be entitled to vote at the Annual Meeting and any adjournment thereof.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to stockholders via the Internet. These rules allow us to provide you with the information you need while lowering the costs and environmental impact associated with printing and mailing proxy materials for the Annual Meeting. On or about May 14, 2013, we will mail to our stockholders a notice containing instructions on how to access the proxy materials and vote on the matters described above. In addition, the notice will include instructions on how you can request a paper copy of the proxy materials.

We hope that you can attend the Annual Meeting. Whether you attend the Annual Meeting or not, your vote is important, and we encourage you to vote your shares promptly. We are pleased to offer multiple options for voting your shares. You may vote your shares via the Internet or by telephone, mail or written ballot at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

WILLIAM F. WEISSMAN

SECRETARY

Bensenville, Illinois

April 30, 2013

**Important Notice Regarding the Availability of Proxy Materials**

**for the Annual Meeting of Stockholders To Be Held on June 26, 2013.**

**This Proxy Statement and the 2012 Annual Report are available at:**

[www.proxyvote.com](http://www.proxyvote.com)

**Table of Contents**

**TABLE OF CONTENTS**

<b><u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING</u></b>	1
<b><u>PROPOSAL 1: ELECTION OF DIRECTORS</u></b>	6
<u>Nominees For Election to Three-Year Terms</u>	6
<u>Directors Whose Terms Do Not Expire This Year</u>	7
<b><u>CORPORATE GOVERNANCE</u></b>	8
<u>Director Independence</u>	8
<u>Board Leadership Structure</u>	8
<u>Board Oversight of Risk</u>	8
<u>Committees of the Board of Directors and Meetings</u>	9
<u>Code of Ethics</u>	10
<u>Compensation Committee Interlocks and Insider Participation</u>	10
<u>Policies and Procedures Governing Director Nominations</u>	11
<u>Interested Party Communications with the Board of Directors</u>	11
<u>Attendance at Annual Meeting</u>	11
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	12
<b><u>DIRECTOR COMPENSATION</u></b>	12
<b><u>EXECUTIVE COMPENSATION</u></b>	14
<u>Executive Officers</u>	14
<u>Compensation Discussion and Analysis</u>	14
<u>Compensation Committee Report</u>	20
<u>Compensation Risks</u>	21
<u>Summary Compensation Table</u>	21
<u>2012 Grants of Plan-Based Awards</u>	22
<u>Outstanding Equity Awards at 2012 Fiscal Year-End</u>	22
<u>2012 Option Exercises and Stock Vested</u>	23
<u>2012 Pension Benefits</u>	23
<u>2012 Nonqualified Deferred Compensation</u>	23
<u>Employment and Severance Arrangements</u>	23
<u>Potential Payments upon Termination of Employment</u>	25
<u>Employee Benefit Plans</u>	26
<u>Limitation on Liability and Indemnity</u>	29
<b><u>PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	30
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED</u></b>	
<b><u>STOCKHOLDER MATTERS</u></b>	31
<b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u></b>	34
<b><u>ADDITIONAL INFORMATION</u></b>	35

**Table of Contents**

**RUBICON TECHNOLOGY, INC.**

**900 EAST GREEN STREET**

**BENSENVILLE, ILLINOIS 60106**

**Corporate Internet Site: [www.rubicon-es2.com](http://www.rubicon-es2.com)**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 26, 2013**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**1. Why did I receive these proxy materials?**

We are providing this meeting notice, proxy statement and proxy card (the Proxy Materials), or a notice regarding the Internet availability of such Proxy Materials (the Notice of Internet Availability of Proxy Materials), in connection with the solicitation by the Board of Directors of Rubicon Technology, Inc., a Delaware corporation (Rubicon, the Company, we, us, or our), of proxies to be voted at our 2013 Annual Meeting of Stockholders (the Annual Meeting). The proxies also may be voted at any continuations, adjournments or postponements of the Annual Meeting. This proxy statement contains information you may use when deciding how to vote in connection with the Annual Meeting. We are first sending the Proxy Materials (or Notice of Internet Availability of Proxy Materials) to stockholders on or about May 14, 2013.

**2. When and where is the Annual Meeting, and who may attend?**

The Annual Meeting will be held on June 26, 2013 at 8:00 a.m. local time, at the Herrington Inn, 15 South River Lane, Geneva, Illinois 60134. Stockholders who are entitled to vote and our invited guests may attend the Annual Meeting.

**3. What do I need to attend the Annual Meeting?**

**Stockholders of Record.** If you are a Stockholder of Record and plan to attend the Annual Meeting, please bring photo identification.

**Beneficial Owners.** If you are a Beneficial Owner and you plan to attend the Annual Meeting, you must present proof of your ownership of Rubicon shares as of April 29, 2013, such as a bank or brokerage account statement or a letter from the bank, broker or other nominee indicating that you are the beneficial owner of the shares, as well as photo identification. If you wish to vote at the Annual Meeting, you must also obtain a signed proxy from your bank, broker or other nominee who holds the shares on your behalf in order to cast your vote.

The answer to Question 11 describes the difference between Stockholders of Record and Beneficial Owners.

**4. What proposals are being presented for stockholder vote at the Annual Meeting?**

There are two proposals from Rubicon to be considered and voted on at the Annual Meeting:

1. Proposal 1: To elect Don N. Aquilano and Donald R. Caldwell as directors, each with a three-year term (see page 6).

- 2.

## Edgar Filing: Rubicon Technology, Inc. - Form DEF 14A

Proposal 2: To ratify the selection of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013 (see page 30).



## **Table of Contents**

### **5. How does the Board of Directors recommend that I vote?**

Our Board of Directors recommends that you vote your shares (1) FOR the election of Don N. Aquilano and Donald R. Caldwell and (2) FOR the ratification of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013.

### **6. Are there any other matters to be acted upon at the Annual Meeting?**

We do not know of any other matter to be presented or acted upon at the Annual Meeting. If any matters not set forth in the meeting notice included in the Proxy Materials are properly brought before the Annual Meeting, the persons named in the enclosed proxy will vote thereon in accordance with their best judgment.

### **7. Who is entitled to vote at the Annual Meeting?**

You are entitled to vote if you owned shares of our common stock, par value \$0.001 per share, as of the close of business on the record date, April 29, 2013. Each share of common stock is entitled to one vote and there is no cumulative voting. At April 29, 2013 we had 22,579,712 shares of common stock outstanding. Both Delaware law and our bylaws require our Board to establish a record date in order to determine who is entitled to receive notice of the Annual Meeting, and to attend and vote at the Annual Meeting and any continuations, adjournments or postponements thereof.

### **8. How many votes must be present to hold the Annual Meeting?**

In order for us to conduct the Annual Meeting, holders of a majority of our outstanding shares of common stock as of the close of business on April 29, 2013 must be present in person or by proxy. This is referred to as a quorum. At April 29, 2013, we had 22,579,712 shares of common stock outstanding. Accordingly, the presence of the holders of common stock representing at least 11,289,857 shares will be required to establish a quorum. Your shares are counted as present if you attend the Annual Meeting and vote in person or if you properly return a proxy over the Internet, by telephone or by mail. Abstentions and broker non-votes will be counted for purposes of establishing a quorum.

### **9. What are broker non-votes?**

Your broker or nominee is not permitted to use discretion and vote your shares on non-routine matters, such as the election of directors, without instructions. Shares that are not permitted to be voted by your broker are called broker non-votes. Votes that are withheld and broker non-votes will not be included in determining the number of votes cast and, therefore, will have no effect on these non-routine matters. Therefore, we urge you to give voting instructions to your broker on Proposal 1 Election of Directors.

### **10. How many votes are needed to approve the proposals?**

**Proposal 1:** The election of Don N. Aquilano and Donald R. Caldwell as directors requires the affirmative vote of the holders of shares representing a plurality of the votes cast in the election of directors. Votes that are withheld and broker non-votes will have no effect on the election of directors. Each nominee will be appointed to a three-year term if he receives enough votes.

**Proposal 2:** The affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the matter will be required to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the current fiscal year.

If any other matter is properly submitted to the stockholders at the Annual Meeting, its adoption generally will require the affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on that matter.

## **Table of Contents**

In accordance with Delaware law, only votes cast for a matter constitute affirmative votes. A properly executed proxy marked abstain with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Since abstentions will not be votes cast for the particular matter, they will have the same effect as negative votes or votes against that matter.

If you are a Beneficial Owner, your broker or nominee may not be permitted to exercise voting discretion with respect to non-discretionary matters such as Proposal 1 Election of Directors. Thus, if you do not give your broker or nominee specific instructions with respect to this non-discretionary matter, your shares will not be voted on such matter and will not be counted as shares entitled to vote on such matter. Therefore, we urge you to give voting instructions to your broker on the election of directors. Shares represented by such broker non-votes will be counted in determining whether there is a quorum. As broker non-votes are not considered entitled to vote, they will have no effect on the outcome other than reducing the number of shares present in person or by proxy and entitled to vote from which a majority is calculated.

The answer to Question 11 describes the difference between Stockholders of Record and Beneficial Owners.

### **11. What is the difference between holding shares as a Stockholder of Record and as a Beneficial Owner?**

If your shares are registered in your name on the books and records of our transfer agent, you are a Stockholder of Record. Rubicon sent the Proxy Materials (or Notice of Internet Availability of Proxy Materials) directly to you.

If your shares are held for you in the name of your broker or bank, your shares are held in Street Name and you are considered the Beneficial Owner. The Proxy Materials have been forwarded to you by your broker, bank or other holder of record, who is considered, with respect to those shares, the Stockholder of Record. As the Beneficial Owner, you have the right to direct your broker, bank or other Stockholder of Record on how to vote your shares by using the voting instruction card included in the mailing. The answer to Question 15 describes brokers' discretionary voting authority and when your bank or broker is permitted to vote your shares of stock without instructions from you. The answer to Question 3 describes how Beneficial Owners may attend the Annual Meeting.

### **12. How do I vote?**

**Stockholders of Record.** If you are a Stockholder of Record and you received a printed copy of the Proxy Materials by mail, you may vote in person at the Annual Meeting or by one of the following methods:

**By Mail.** Complete, sign and date the enclosed proxy card and return it in the prepaid envelope provided;

**By Telephone.** Call the toll-free telephone number set forth on the proxy card (1-800-690-6903) and follow the recorded instructions; or

**By Internet.** Access the secure Internet website registration page identified on the proxy card, and follow the instructions. Please refer to the specific instructions set forth on the proxy card you received.

If you are a Stockholder of Record and you received a Notice of Internet Availability of Proxy Materials, you may vote in person at the Annual Meeting, by accessing the secure Internet website registration page identified on the Notice of Internet Availability of Proxy Materials and following the instructions, or by mail or telephone if you request a printed copy of the Proxy Materials by calling the toll-free telephone number set forth on the Notice of Internet Availability of Proxy Materials (1-800-579-1639). Please refer to the specific instructions set forth in the Notice of Internet Availability of Proxy Materials you received.

## **Table of Contents**

Please note that the Internet and telephone voting facilities for Stockholders of Record will close at 11:59 p.m. Eastern Time on June 25, 2013. The individuals named as proxies on the proxy card will vote your shares in accordance with your instructions.

**Beneficial Owners.** If your shares are held by a bank, broker or other nominee, you should have received instructions on how to vote or instruct the broker to vote your shares from your bank, broker or other nominee. Please follow their instructions carefully. If you give the broker voting instructions, your shares will be voted as you direct. **Please note that banks, brokers and other nominees may not vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please provide your voting instructions so your vote can be counted.** If you wish to vote in person at the Annual Meeting, you must obtain a legal proxy, executed in your favor, from your bank, broker or other nominee. Please consult the voting instruction card provided to you by your broker, bank or other nominee to determine how to obtain a legal proxy in order to vote in person at the Annual Meeting.

### **13. What can I do if I change my mind after I vote my shares?**

If you are a Stockholder of Record, you can revoke your proxy before it is exercised by (1) sending written notice of revocation that is later dated than the date of your proxy to our Secretary at 900 East Green Street, Bensenville, Illinois 60106, (2) timely delivering a valid, later-dated proxy or (3) voting in person at the Annual Meeting.

If you are a Beneficial Owner of shares, you may submit new voting instructions by contacting your bank, broker or other Stockholder of Record. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to Question 12.

### **14. What if I do not specify a choice for a matter when returning a proxy?**

Proxies that are signed and returned but do not contain voting instructions will be voted (1) FOR the election of Don N. Aquilano and Donald R. Caldwell, each to a three-year term and (2) FOR the ratification of Grant Thornton LLP as our independent registered accounting firm for the current fiscal year. If you are a Beneficial Owner, see Question 15 below.

If necessary, and unless the shares represented by the proxy are voted in a manner contrary to the manner described in the preceding paragraph, the persons named in the proxy may also vote in favor of a proposal to recess the Annual Meeting and to reconvene it on a subsequent date or dates, without further notice, in order to solicit and obtain sufficient votes to approve or disapprove any matters being considered at the Annual Meeting.

### **15. Will my shares be voted if I do not provide my proxy or instruction form?**

If you are a Stockholder of Record and do not provide a proxy, you must attend the Annual Meeting in order to vote. If you are a Beneficial Owner and hold shares through an account with a bank or broker, your shares may be voted on certain matters if you do not provide voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on routine matters. The ratification of the selection of independent auditors is considered a routine matter. The election of directors is not considered a routine matter. When a proposal is not routine and the brokerage firm has not received voting instructions from the beneficial owner, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote. We urge you to give voting instructions to your broker on Proposal 1 Election of Directors.

### **16. What does it mean if I receive more than one proxy card?**

If you received multiple proxy cards, it means that you hold your shares in different ways (e.g., trust, custodial accounts, joint tenancy) or in multiple accounts. You should complete, sign, date and return your proxy card(s), as described in each proxy card you receive.

**Table of Contents**

**17. Who will pay for the cost of this proxy solicitation?**

We will bear the cost of this proxy solicitation. In addition to solicitation by mail, some of our directors, officers and employees may solicit proxies in person or by telephone at no additional compensation. We will also ask Stockholders of Record who are brokerage firms, custodians and fiduciaries to forward the Proxy Materials to the Beneficial Owners of such shares and upon request we will reimburse such Stockholders of Record for the customary costs of forwarding the Proxy Materials.

**Table of Contents**

**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

Our Board of Directors currently consists of five directors, who are divided into three classes with staggered terms. Our bylaws permit our Board of Directors to establish by resolution the authorized number of directors. The terms of Don N. Aquilano and Donald R. Caldwell as directors of the Company will expire at this Annual Meeting. Following the recommendation of the Nominating and Governance Committee, the Board of Directors recommends the re-election of Messrs. Aquilano and Caldwell, each to a three-year term.

Although the nominees have indicated their willingness to serve if elected, if at the time of the Annual Meeting any nominee is unable or unwilling to serve, shares represented by properly executed proxies will be voted at the discretion of the persons named therein for such other person as the Board may designate.

All of our directors bring to our Board a wealth of executive leadership experience derived from their service as corporate executives as well as service as directors on other boards. When evaluating director candidates, the Nominating and Governance Committee takes into account all factors it considers appropriate, which include (a) ensuring that the Board of Directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise (including expertise that could qualify a director as a financial expert, as that term is defined by the rules of the Securities and Exchange Commission (the "SEC")), and local or community ties and (b) minimum individual qualifications, including strength of character, mature judgment, familiarity with the Company's business and industry, independence of thought and an ability to work collegially. The Committee also considers geographical, cultural, experiential and other forms of diversity when evaluating director candidates. In addition, the Committee also may consider the extent to which the candidate would fill a present need on the Board of Directors. Information about the nominees for election as directors and about our other directors whose terms of office do not expire this year, including their business experience for the past five years, appears below.

**NOMINEES FOR ELECTION TO A THREE-YEAR TERM**

**Our Board of Directors recommends that you vote FOR the election of these directors, each to a three-year term.**

**Don N. Aquilano**, 46, has served as a member of our Board of Directors since May 2002 and as the chairman of our Board of Directors since May 2005. He currently serves as a member of our Audit Committee and Nominating and Governance Committee. Since 2000, Mr. Aquilano has served as managing director and president of Gazelle TechVentures, a venture capital fund. Also, since 2004, Mr. Aquilano has served as managing partner of Blue Chip Venture Capital, a venture capital fund, and since 2010 as general partner of Allos Ventures, a venture capital fund. Mr. Aquilano holds a BS from the University of Arizona and an MBA from Harvard Business School. We believe that Mr. Aquilano is qualified to serve on the Board of Directors based on his extensive experience on corporate boards and experience in managing venture funds, which has resulted in financial expertise and knowledge of good governance practices. As chairman, Mr. Aquilano has been actively involved with the Company's operations and the markets we serve for many years.

**Donald R. Caldwell**, 66, joined us in February 2001 as a member of our Board of Directors. He currently serves on our Compensation Committee and Nominating and Governance Committee. In March 1999, Mr. Caldwell founded Cross Atlantic Capital Partners, Inc., a venture capital fund manager, and he presently serves as its chairman and chief executive officer. Prior to founding Cross Atlantic Capital Partners, Mr. Caldwell was president and chief operating officer and a director of Safeguard Scientifics, Inc., a holding company which provides management resources and capital, from 1996 to 1999. In addition, from 1994 to 2010, Mr. Caldwell served as a director of Diamond Management & Technology Consultants, Inc., a management and technology consulting firm, and he also serves as a director of Quaker Chemical Corporation, a provider of process

**Table of Contents**

chemicals and chemical specialties, Haverford Trust Company, a provider of wealth advisory and investment management services, Voxware, Inc., a supplier of voice driven solutions, InsPro Technologies Corporation (formerly Health Benefits Direct Corporation), a leader in the direct marketing and distribution of health and life insurance products, Beltraith Capital LLC, an investment management company, Amber Road (formerly Management Dynamics, Inc.), a provider of global trade management solutions for importers, exporters and logistic service providers, Rootstock Software, a provider of enterprise software solutions for discrete manufacturers, Sagence Group, Inc., a management advisory firm dedicated to helping clients maximize data assets, Stoneridge Investment Partners, LLC, a money management firm, and Lightning Gaming, Inc., a developer and marketer of automated poker tables and slot machines. Mr. Caldwell was a CPA in the State of New York and holds a BS in accounting from Babson College and an MBA from the Harvard Business School. We believe that Mr. Caldwell is qualified to serve on the Board of Directors because of his extensive experience in corporate strategy development and financial expertise acquired through forty years of business experience.

**DIRECTORS WHOSE TERMS DO NOT EXPIRE THIS YEAR****Continuing Directors for Term Ending Upon the 2014 Annual Meeting of Stockholders**

**Raja M. Parvez**, 55, has served as our President and Chief Executive Officer since January 2006 and as a member of our Board of Directors since August 2006. Prior to joining us, Mr. Parvez served as chief operating officer and chief manufacturing officer at CyOptics, Inc., a leading optical chip and component supplier to the data communications and telecommunications markets from July 2001 through December 2005. From July 2000 to July 2001, Mr. Parvez was president and chief manufacturing officer at Optigain, Inc., a subsidiary of FiTel Technologies, a designer and manufacturer of amplifiers for communications systems. From 1984 to 2000, he was at Lucent Technologies, where he served as a distinguished and consulting member of the technical staff. His focus was on operational excellence for Lucent-Optoelectronics products, including indium phosphide and lithium niobate components. Mr. Parvez holds a BS in mechanical engineering from the University of Peshawar, an MS in industrial engineering and an MS in management, each from the Polytechnic Institute of New York University. Mr. Parvez's qualifications to sit on our Board of Directors include his more than twenty-five years of experience in the opto-electronics and materials science industries, including his seven years of experience as our President and Chief Executive Officer.

**Raymond J. Spencer**, 62, joined us in January 2008 as a member of our Board of Directors and also serves on our Compensation, Audit, and Nominating and Governance Committees. Since January 2011, Mr. Spencer has been the chairman of the South Australian Economic Development Board. From February 2007 to December 2009, Mr. Spencer served as chief executive officer of the Financial Services Strategic Business Unit of Capgemini SA, a provider of consulting, technology and outsourcing services. From February 1989 to February 2007, Mr. Spencer served as chairman and chief executive officer of Kanbay International, Inc., an information technology services firm. From 1970 to 1989, Mr. Spencer was employed by the Institute of Cultural Affairs (ICA), a not-for-profit development organization. At ICA, Mr. Spencer was the country head for India from 1970 to 1976 and was later involved in worldwide fundraising, government relations and investment operations. Mr. Spencer attended the Adelaide University School of Law. Mr. Spencer's qualifications to sit on our Board of Directors include his global perspective and knowledge gained through experience in founding several successful businesses and as a chief executive officer of a publicly traded global information technology firm.

**Continuing Director for Term Ending Upon the 2015 Annual Meeting of Stockholders**

**Michael E. Mikolajczyk**, 61, served as a member of our Board of Directors from June 2001 until May 2002 and rejoined our Board of Directors in March 2004. Additionally, Mr. Mikolajczyk currently serves as a member of our Audit Committee and Compensation Committee. Since September 2003, Mr. Mikolajczyk has served as managing director of Catalyst Capital Management, LLC, a private equity firm. From 2001 through 2003, Mr. Mikolajczyk worked as an independent consultant providing business and financial advisory services to early stage and mid-cap companies. Mr. Mikolajczyk also served as vice chairman of Diamond Management &

## **Table of Contents**

Technology Consultants, Inc., a management and technology consulting firm, from 2000 to 2001, president from 1998 to 2000 and chief financial officer from 1994 to 1998. Mr. Mikolajczyk served as chief financial officer of Technology Solutions Company, a business solutions provider, from 1993 to 1994. Mr. Mikolajczyk served as a director of Diamond Management & Technology Consultants, Inc. from 1994 to 2010 and served as director of Kanbay International, Inc. from 2004 to 2007. Mr. Mikolajczyk is a CPA in the State of Michigan and holds a BS in business from Wayne State University and an MBA from Harvard Business School. Mr. Mikolajczyk's qualifications to sit on our Board of Directors include his experience as an operating executive and his years of experience of providing business and financial advisory services. Mr. Mikolajczyk is a financial expert with extensive experience in corporate governance.

## **CORPORATE GOVERNANCE**

### **Director Independence**

Our Board of Directors undertook a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our Board of Directors determined that Messrs. Aquilano, Caldwell, Mikolajczyk and Spencer, representing four of our five directors, are independent directors as defined under the rules of the NASDAQ Global Market, constituting a majority of our Board of Directors as required by the rules of the NASDAQ Global Market.

### **Board Leadership Structure**

Our Board of Directors is led by an independent Chairman, Mr. Aquilano. Our Chief Executive Officer, Mr. Parvez, is the only member of the Board who is not an independent director. We believe that this is the most appropriate structure for the Company in light of the differences between the roles of Chairman of the Board and Chief Executive Officer. The Chief Executive Officer is responsible for setting the strategic direction of the Company and for the day-to-day leadership and performance of the Company, whereas the Chairman of the Board provides guidance to the Chief Executive Officer. Furthermore, this structure enhances the accountability of the Chief Executive Officer to the Board and strengthens the Board's independence from management. We have maintained this leadership structure since our inception.

### **Board Oversight of Risk**

Our executive management team is responsible for our day-to-day risk management activities. The Board of Directors oversees these risk management activities, delegating its authority in this regard to the standing committees of the Board of Directors. The Audit Committee is responsible for discussing with executive management policies with respect to financial risk and enterprise risk management. The Audit Committee also oversees the Company's corporate compliance programs. The Compensation Committee considers risk in connection with its design of compensation programs for our executives. The Nominating and Governance Committee reviews the Company's corporate governance principles and their implementation. Each committee regularly reports to the Board. In addition to each committee's risk management oversight, the Board of Directors regularly engages in discussions of the most significant risks that the Company is facing and how these risks are being managed.

The Board believes that the each committee's risk oversight function, together with the efforts of the full Board and the Chief Executive Officer in this regard, enables the Board to effectively oversee the Company's risk management activities.

## **Table of Contents**

### **Committees of the Board of Directors and Meetings**

Our Board of Directors has established three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Described below are the membership and principal responsibilities of all of the committees of the Board of Directors, as well as the number of meetings held during fiscal year 2012. Each of these committees is composed entirely of non-employee directors who have been determined by our Board of Directors to be independent under the current requirements of the NASDAQ Global Market and the rules and regulations of the SEC. Each committee operates under a charter approved by the Board of Directors setting out the purposes and responsibilities of the committee. All committee charters are available for review on our website, [www.rubicon-es2.com](http://www.rubicon-es2.com). The information contained on our website is not a part of this proxy statement and shall not be deemed incorporated by reference into this proxy statement or any other public filing made by us with the SEC.

The Board of Directors held six meetings during fiscal year 2012. All directors attended at least 75% of the meetings of our Board and the committees on which he served during 2012. Our non-employee directors meet regularly without our Chief Executive Officer present.

#### *Audit Committee*

Don N. Aquilano, Michael E. Mikolajczyk and Raymond J. Spencer serve on our Audit Committee. Mr. Mikolajczyk is the chairman of our Audit Committee. Our Board of Directors has determined that each member of our Audit Committee meets the requirements for financial sophistication and independence for Audit Committee membership under the current requirements of the NASDAQ Global Market and SEC rules and regulations. Our Board of Directors has also determined that Mr. Mikolajczyk is an audit committee financial expert as defined in the SEC rules. The Audit Committee's responsibilities include, but are not limited to:

selecting and hiring our independent auditors, and approving the audit and permitted non-audit services to be performed by our independent auditors;

evaluating the qualifications, experience, performance and independence of our independent auditors;

monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;

reviewing the adequacy, effectiveness and integrity of our internal control policies and procedures;

discussing the scope and results of the audit with the independent auditors and reviewing with management and the independent auditors our interim and year-end operating results;

preparing the Audit Committee report required by the SEC in our annual proxy statement; and

overseeing management with respect to enterprise and financial risk management.

Our Audit Committee held nine meetings during fiscal year 2012.

#### *Compensation Committee*

Donald R. Caldwell, Michael E. Mikolajczyk and Raymond J. Spencer serve on the Compensation Committee. Mr. Caldwell is the chairman of our Compensation Committee. The Compensation Committee's responsibilities include, but are not limited to:



reviewing and approving our chief executive officer s and other executive officers annual base salaries and annual bonuses;

evaluating and recommending to the Board of Directors incentive compensation plans;

overseeing an evaluation of the performance of our executive officers;

## **Table of Contents**

administering, reviewing and making recommendations with respect to our equity compensation plans;

reviewing and making recommendations to the Board of Directors with respect to director compensation; and

preparing the Compensation Committee report required by the SEC in our annual proxy statement.

The Compensation Committee engaged the consulting firm of Meridian Compensation Partners, LLC to assist us in analyzing our compensation structure and making suggestions for our future compensation structure. In accordance with the requirements of Regulation S-K, the Company has determined that no conflict of interest has arisen with respect to the work of Meridian as compensation consultants to the Compensation Committee.

Our Compensation Committee held four meetings during fiscal year 2012.

### *Nominating and Governance Committee*

Don N. Aquilano, Donald R. Caldwell and Raymond J. Spencer serve on the Nominating and Governance Committee. Mr. Spencer is the chairman of our Nominating and Governance Committee. The Nominating and Governance Committee's responsibilities include, but are not be limited to:

developing and recommending to the board criteria for board and committee membership;

assisting our board in identifying prospective director nominees and recommending to the board director nominees for each annual meeting of stockholders;

recommending members for each board committee to our Board of Directors;

reviewing developments in corporate governance practices and developing and recommending governance principles applicable to our Board of Directors; and

overseeing the evaluation of the Board of Directors.

Our Nominating and Governance Committee held one meeting during fiscal year 2012.

### **Code of Ethics**

We have adopted a code of business conduct and ethics (the "Code of Ethics") that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The Code of Ethics is available on our website at [www.rubicon-es2.com](http://www.rubicon-es2.com). We will post any amendments to the Code of Ethics, or any waivers of its requirements, to that website.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of our Compensation Committee is or previously served as one of our officers or employees. None of our named executive officers serve, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

One member of our Compensation Committee, Mr. Caldwell, is affiliated with entities that entered into certain registration rights agreements, stockholder agreements, stock purchase agreements and voting agreements with us. See "Certain Relationships and Related Party Transactions."



## **Table of Contents**

### **Policies and Procedures Governing Director Nominations**

The Nominating and Governance Committee considers candidates for nomination to the Board of Directors from a number of sources, including recommendations by current members of the Board of Directors and members of management. Current members of the Board of Directors are considered for re-election unless they have notified us that they do not wish to stand for re-election. The Nominating and Governance Committee will also consider director candidates recommended by our stockholders. Stockholders desiring to submit recommendations for director candidates must follow the following procedures:

The Nominating and Governance Committee will accept recommendations of director candidates throughout the year; however, in order for a recommended candidate to be considered by the Committee for nomination for election at an upcoming annual meeting of stockholders, the recommendation must be received by the Secretary of the Company not less than 60 days and not more than 90 days prior to the anniversary date of our most recent annual meeting of stockholders, unless the date of the annual meeting is more than 30 days before or more than 60 days after June 26, 2014, in which case notice must be delivered not earlier than 90 days prior to such annual meeting and not later than the 60 days prior to such annual meeting or the 10th day following the day on which we first publicly announce the date of such annual meeting.

This recommendation must be in writing and must include the following initial information: (i) the stockholder's name and address, number of shares owned and proof of ownership; (ii) the name of the candidate; (iii) the candidate's resumé or a listing of his or her qualifications to be a director of the Company; (iv) all other information regarding the candidate that would be required to be disclosed in a proxy statement filed with the SEC if the candidate were nominated for election to the Board of Directors; and (v) the candidate's written consent to be named as a director if selected by the Nominating and Governance Committee and nominated by the Board of Directors. The Nominating and Governance Committee may subsequently request additional information regarding the candidate.

Recommendations must be sent by U.S. Mail, courier or expedited delivery service to William F. Weissman, Secretary, Rubicon Technology, Inc., 900 East Green Street, Bensenville, Illinois 60106.

In evaluating nominees for director, the Nominating and Governance Committee is guided by, among other things, the objective that the Board be composed of qualified, dedicated and highly regarded individuals who have experience relevant to our operations and who understand the complexities of our business environment. See Proposal 1: Election of Directors on page 6 for a discussion of the evaluation of director candidates. The Nominating and Governance Committee may also consider other factors such as whether the candidate is independent within the meaning of the listing standards of the NASDAQ Global Market and whether the candidate meets any additional requirements for service on the Audit Committee. The Nominating and Governance Committee does not intend to evaluate candidates recommended by stockholders any differently than other candidates.

### **Interested Party Communications with the Board of Directors**

Interested parties, including stockholders, may communicate by mail with all or selected members of the Board of Directors. Correspondence should be addressed to the Board of Directors or any individual director(s) or group or committee of directors either by name or title (for example, Chairman of the Nominating and Governance Committee or All Non-Management Directors). All correspondence should be sent c/o William F. Weissman, Secretary, Rubicon Technology, Inc., 900 East Green Street, Bensenville, Illinois 60106.

### **Attendance at Annual Meeting**

Directors are encouraged, but not required, to attend our annual stockholders' meeting. All directors attended the 2012 Annual Meeting of Stockholders.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

The primary purpose of the Audit Committee is to assist the Board of Directors in its general oversight of Rubicon's financial reporting process.

Rubicon's management is responsible for the preparation, consistency, integrity and fair presentation of the financial statements, accounting and financial reporting principles, and systems of internal control and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. Rubicon's independent auditors, Grant Thornton LLP, are responsible for performing an independent audit of the financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States.

The Audit Committee conducted its oversight activities in accordance with the duties and responsibilities outlined in the Audit Committee charter. These activities included, but were not limited to, the following during the fiscal year ended December 31, 2012:

Reviewed and discussed with management and the independent auditors the audited financial statements, the quarterly financial statements, and the earnings press releases for the year ended December 31, 2012. Management has the primary responsibility for such financial statements and press releases.

Discussed with the independent auditors the matters requiring discussion by the statement on Auditing Standards No. 61, as amended ( "Communication with Audit Committees" ), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Received the written disclosures and the letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent auditors their independence.

In reliance on the committee's review and discussions of the matters referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Rubicon's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Michael E. Mikolajczyk, Chairman

Don N. Aquilano

Raymond J. Spencer

**DIRECTOR COMPENSATION**

Directors who are our employees or employees of our subsidiaries receive no cash remuneration for serving as directors. All non-employee directors receive an annual fee of \$70,000, plus \$5,500 per year for service on the Audit Committee, \$2,750 per year for service on the Compensation Committee, and \$3,250 per year for service on the Nominating and Governance Committee. The chairmen of the Audit, Compensation and Nominating and Governance Committees receive, per year, \$11,750, \$6,000 and \$5,000, respectively, in each case in lieu of committee service compensation. No additional payment is made for meeting attendance. All fees are paid in quarterly installments and are payable 50% in cash and 50% in either common stock, restricted stock or stock options (in fiscal 2012, fees were paid in cash and restricted stock only). In addition, each of our non-employee directors who is not a representative of a principal stockholder of our Company receives a one-time grant of restricted stock upon appointment to the Board of Directors. Each restricted stock award is valued at \$100,000, based on the market price of our common stock at the time of the grant, and vests ratably on each of the first three anniversaries of the date of grant. We also have a policy of reimbursing directors for travel, lodging and

**Table of Contents**

other reasonable expenses incurred in connection with their attendance at board or committee meetings or conducting Company business.

The following table sets forth information regarding the aggregate compensation we paid to the members of our Board of Directors for fiscal 2012:

Name	Fees		Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards <sup>(1)</sup> (\$)	
Don N. Aquilano	\$ 147,715 <sup>(6)(7)</sup>	\$ 39,372 <sup>(2)</sup>	\$ 187,087
Raja M. Parvez			
Donald R. Caldwell	39,628	39,626 <sup>(3)</sup>	79,254
Michael E. Mikolajczyk	85,588 <sup>(7)</sup>	42,246 <sup>(4)</sup>	127,834
Raymond J. Spencer	84,961 <sup>(7)</sup>	41,626 <sup>(5)</sup>	126,587

- (1) Amounts reflect the aggregate grant date fair value of equity awards granted in 2012 in accordance with FASB ASC Topic 718, as discussed in Note 7 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012.
- (2) On January 1, 2012, we granted Mr. Aquilano 4,193 shares of restricted stock, which vested in four equal installments at the end of each quarter of 2012, beginning March 31, 2012. As of December 31, 2012, Mr. Aquilano held options with respect to 17,570 shares and 1,048 unvested shares of restricted stock.
- (3) On January 1, 2012, we granted Mr. Caldwell 4,220 shares of restricted stock, which vested in four equal installments at the end of each quarter of 2012, beginning March 31, 2012. As of December 31, 2012, Mr. Caldwell held options with respect to 17,587 shares and 1,055 unvested shares of restricted stock.
- (4) On January 1, 2012, we granted Mr. Mikolajczyk 4,490 shares of restricted stock, which vested in four equal installments at the end of each quarter of 2012, beginning March 31, 2012. As of December 31, 2012, Mr. Mikolajczyk held options with respect to 19,491 shares and 1,125 unvested shares of restricted stock.
- (5) On January 1, 2012, we granted Mr. Spencer 4,433 shares of restricted stock, which vested in four equal installments at the end of each quarter of 2012, beginning March 31, 2012. As of December 31, 2012, Mr. Spencer held options with respect to 16,588 shares and 1,108 unvested shares of restricted stock.
- (6) Includes \$75,000 paid to Mr. Aquilano, for his service as chairman of the board.
- (7) Includes \$33,334, \$43,333 and \$43,333 paid to Mr. Aquilano, Mr. Mikolajczyk and Mr. Spencer, respectively, for their service on a special committee that was formed in 2012.

**Table of Contents****EXECUTIVE COMPENSATION****EXECUTIVE OFFICERS**

The following table sets forth certain information concerning each of our executive officers. Both of these executive officers served as our named executive officers for 2012.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Raja M. Parvez	55	President, Chief Executive Officer and Director
William F. Weissman	54	Chief Financial Officer, Treasurer and Secretary

*Raja M. Parvez* has served as our president and chief executive officer since January 2006 and as a member of our Board of Directors since August 2006. Prior to joining us, Mr. Parvez served as chief operating officer, chief manufacturing officer and vice president at CyOptics, Inc., a designer, developer and marketer of indium phosphide optical chips and components for access, metro and long-haul communications systems from July 2001 through December 2005. From July 2000 to July 2001, Mr. Parvez was president and vice president of manufacturing at Optigain, Inc. a subsidiary of FiTel Technologies, a designer and manufacturer of amplifiers for communications systems. From 1984 to 2000, he was at Lucent Technologies, where he served as distinguished and consulting member of the technical staff. His focus was on operational excellence for Lucent-Optoelectronics products, including indium phosphide and lithium niobate components. Mr. Parvez holds a BS in mechanical engineering from the University of Peshawar, an MS in industrial engineering and an MS in management, each from Polytechnic University in New York.

*William F. Weissman* joined us in July 2007 as our chief financial officer, treasurer and secretary. From 1995 to 2007, Mr. Weissman served in various capacities at Kanbay International, Inc., an information technology services firm, including chief financial officer, vice president, executive vice president and secretary. Additionally, Mr. Weissman served as a manager of Kanbay LLC, Kanbay International, Inc.'s immediate predecessor company, from December 1997 to August 2000. Mr. Weissman has also held various finance positions at Lockheed Electronics and Airco BOC. Mr. Weissman is a certified public accountant and holds a BA in business administration from Seton Hall University.

**COMPENSATION DISCUSSION AND ANALYSIS**

*The following discussion and analysis of compensation arrangements of our named executive officers for 2012 should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.*

**Executive Summary**

Our compensation programs are intended to align our named executive officers' interests with those of our stockholders by rewarding performance that meets or exceeds the goals the Compensation Committee establishes with the objective of increasing stockholder value. Consistent with our pay for performance philosophy, the total compensation received by our named executive officers will vary based on individual and corporate performance measured against annual and long-term performance goals. Our named executive officers' total compensation is comprised of a mix of base salary, annual incentive compensation and long-term incentive awards.

**Table of Contents**

Below is a comparison of 2012 and 2011 revenue and earnings, which are key metrics on which the Compensation Committee measures management performance. Please see *Management's Discussion and Analysis of Financial Conditions and Results of Operations* in our Annual Report on Form 10-K for a more detailed description of our fiscal year 2012 financial results.

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>Revenue (in millions)</b>	\$ 67.2	\$ 134.0
<b>Net income (loss) (in millions)</b>	\$ (5.5)	\$ 38.1
<b>Diluted income (loss) per share</b>	\$ (0.25)	\$ 1.61

Our financial performance is a key factor in the compensation decisions and outcomes for the fiscal year. In 2010, based on the exceptional performance of the business, executive officers were awarded bonuses at target levels and were awarded additional cash bonuses in recognition of substantially exceeding performance targets. In 2011, executive officers were awarded bonuses at 70% of target levels in recognition of achieving approximately 70% of performance targets. In 2012, executive officers were awarded no bonuses as target levels were not achieved.

We believe that the compensation of our executive officers should facilitate the achievement of short-term corporate goals as well as the performance of long-term business objectives. It is the responsibility of the Compensation Committee of our Board of Directors to administer our compensation practices to ensure that they are competitive and include incentives which are designed to appropriately drive corporate performance. Our Compensation Committee reviews and approves all of our compensation policies, including executive officer salaries, bonuses and equity incentive compensation.

We endeavor to maintain a high level of corporate governance over our executive pay programs. The following policies were in effect during 2011 and remained in effect in 2012:

*No significant perquisites offered:* Our executives participate in broad-based Company-sponsored programs on the same basis as other full-time employees.

*Separation of Governance Positions:* In line with corporate governance best practices, we have separated the roles of Board chairman and chief executive officer.

*No SERPs:* Our executives participate in the same retirement plan generally available to other full-time employees, and we do not offer supplemental executive retirement programs to our executives.

*Executive ownership guidelines:* We have implemented stock ownership guidelines for our executive officers, which are more fully described in *Elements of Our Executive Compensation Programs* *Stock Ownership Guidelines* below.

*No excise tax gross-ups:* We do not provide change in control excise tax gross-ups in any of our executive employment agreements or compensation plans.

*Independence of executive compensation consultant:* The compensation consultant historically used by the Compensation Committee does not provide any services to management and has no prior relationship with our named executive officers.

**Objectives of Our Executive Compensation Programs**

Our compensation programs for our named executive officers are designed to achieve the following objectives:



attract and retain talented and experienced executives in our industry;

motivate and reward executives whose knowledge, skills and performance are critical to our success;

## **Table of Contents**

align the interests of our executives and stockholders, by encouraging executives to increase long-term stockholder value and rewarding executives when stockholder value increases; and

motivate our executives to manage our business to meet our short-term and long-term corporate goals and business objectives, and reward them for meeting these objectives.

We use a mix of short-term compensation in the form of base salaries and cash incentive bonuses and long-term compensation in the form of equity incentive compensation to provide a total compensation structure that is designed to encourage our executives to achieve these objectives.

### **Determining Executive Compensation**

The Compensation Committee is responsible for developing, administering and interpreting the compensation program for executive officers and other key employees. Our Compensation Committee was appointed by our Board of Directors and consists entirely of directors who are outside directors for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), and non-employee directors for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

The Compensation Committee may delegate some or all of its responsibilities to one or more subcommittees whenever necessary to comply with any statutory or regulatory requirements or otherwise deemed appropriate by the committee. The Compensation Committee has the authority to retain consultants and other advisors to assist with its duties and has sole authority to approve the fees and other retention terms of such consultants and advisors.

Historically, our chief executive officer makes recommendations to the Compensation Committee regarding the salaries, bonus arrangements and option grants, if any, for all key employees other than himself. For executive officers whose bonus awards are based partly on individual performance, the chief executive officer's evaluation of such performance is provided to and reviewed by the Compensation Committee. Based on the foregoing, the Compensation Committee uses its judgment in making compensation decisions that will best carry out our philosophy and objectives for executive compensation.

Within the context of the overall objectives of our compensation programs, we determined the specific amounts of compensation to be paid to each of our executives in 2012 based on a number of factors, including, but not limited to:

the roles and responsibilities of our executives;

the individual experience and skills of our executives;

the amounts of compensation being paid to our other executives;

the performance of the company against targets pre-established by the Board;

our executives' historical compensation at our Company; and

our understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities.

In evaluating the compensation generally paid by similarly situated companies, our Compensation Committee has obtained guidance on appropriate executive compensation practices from executive search firms in the course of recruiting executives for Rubicon. In addition, we have historically taken into account available data relating to the compensation practices of other companies within and outside our industry. The Compensation Committee engaged the consulting firm of Meridian Compensation Partners, LLC in 2012 to assist us in analyzing our compensation structure and making suggestions for our future compensation structure. The Compensation Committee does not engage in formal

benchmarking of compensation, but rather considers the data provided by

## **Table of Contents**

our compensation consultant along with the other factors described above in making suggestions for our compensation structure.

### **Stockholder Say on Pay**

At our 2011 Annual Meeting of Stockholders, our stockholders approved, on an advisory basis, our executive compensation program with approximately 98% support. In addition, our stockholders approved a three-year frequency of stockholder advisory voting to approve our executive compensation with approximately 54% support. In accordance with the voting results, we intend to provide our stockholders with an opportunity to cast an advisory vote on executive compensation every three years. During 2011 and 2012, taking into account the favorable outcome of our stockholder advisory approval vote at the 2011 Annual Meeting of Stockholders, we did not make specific changes to our executive compensation program in 2011 and 2012. We will continue to take into account the result of future stockholder advisory votes when reviewing and monitoring our compensation program and structure.

### **Elements of Our Executive Compensation Programs**

Our executive compensation primarily consists of base salary, cash incentive and discretionary bonuses, equity-based incentives and benefit programs. We believe it is important that the interests of our executives are aligned with those of our long-term stockholders; therefore, equity incentive compensation constitutes a significant portion of our total executive compensation.

We discuss each of the primary elements of our executive compensation in detail below. While we have identified particular compensation objectives that each element of executive compensation serves, our compensation programs are designed to complement each other and collectively serve all of our executive compensation objectives described above.

#### *Annual cash compensation*

##### *Base salary*

Base salaries are intended to provide a level of compensation sufficient to attract and retain an effective management team when considered in combination with the performance-based and other components of our compensation program. The base salary of each executive officer is reviewed annually to determine if it is equitably aligned with our other executive officers and is at a sufficient level to attract and retain top talent. Salaries are adjusted to reflect individual roles and performance and may be increased at other times if a change in the scope of the officer's responsibilities justifies such consideration or in order to maintain salary equity among executive officers. We believe that a competitive base salary is a necessary element of any compensation program designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can serve as an effective reward for the executives' overall performance.

Our executives' base salaries reflect the initial base salaries that we negotiated with each of them at the time of his or her initial employment and our subsequent adjustments to these amounts. We formally evaluate executive performance on an annual basis, and these evaluations are one of the factors considered in making adjustments to base salaries. The base salaries for our executive officers, including our chief executive officer, were not increased in 2012.

##### *Cash incentive bonuses*

The primary objectives of our incentive bonus plan are to provide an incentive for superior work, to motivate our executives toward even higher achievement and business results, to tie our executives' goals and interests to ours and our stockholders' and to enable us to attract and retain highly qualified individuals. Under the plan, each

**Table of Contents**

executive is entitled to receive a bonus based on our attainment of corporate performance targets set by the Compensation Committee. These targets are typically set in the first four months of the year. The targets under our incentive bonus plan are based on internal financial goals set in connection with our Board of Directors' consideration and approval of our annual operating plan. These targets are set at levels that we believe can be achieved if our executive officers perform at a high level and if the assumptions underlying our annual operating plan prove correct. For 2012, these targets were gross revenues of \$95.0 million and net income of \$2.7 million. The Compensation Committee believed these were the most appropriate criteria for a company at our stage of development and considering current and projected market conditions. Incentive bonuses are set at a percentage of salary, which, in 2012, averaged 28% for our named executive officers. Revenue for 2012 was \$67.2 million and net loss for 2012 was \$5.5 million. The financial performance did not equal or exceed performance targets. Therefore, no incentive bonuses and no discretionary cash bonuses were paid to executive officers for fiscal 2012.

*Equity incentive compensation*

We grant equity incentive awards in the form of stock options to align the interests of our executives with our stockholders by providing our executives with strong incentives to increase stockholder value. These awards typically represent a significant portion of total executive compensation. In most cases, stock options vest at the rate of 25% of the total option shares on each of the first four anniversaries of the date of grant, thus providing added incentive for the executive to continue his or her employment with us. However, in connection with the beginning of an aggressive two year expansion plan, in December 2009, we also granted stock options to our named executive officers that are performance-based and vest upon the achievement of specified annual revenue and earnings targets. The first level of revenue (\$120 million) and earnings (\$20 million) targets were achieved for fiscal year ended December 31, 2011, and the related options vested with the close of our fiscal 2011 year. The second level of revenue (\$150 million) and earnings (\$25 million) targets were not achieved for fiscal year ended December 31, 2012, and the related options did not vest with the close of our fiscal 2012 year.

Historically, the Board of Directors has granted stock options at various times during the year based on recommendations from the Compensation Committee. However, in 2008, the board adopted a policy generally to grant stock options to executives once per year to the extent options are to be granted during such year (except in the case of newly hired executives, as described below). As such, in the future, such grants normally will be made at a meeting of the Board of Directors held within a prescribed period following our release of year-end financial results. This period runs from the fourth until the 12<sup>th</sup> business day following the release. However, following our grant of stock options to our named executive officers in December 2009 in connection with our expansion plan, no stock options were granted to our named executives in 2010, 2011, or 2012. Otherwise, we do not have any program, plan or practice to time stock option grants in coordination with the release of material non-public information. With respect to newly hired executives, our practice is typically to make stock option grants at the first meeting of the Board of Directors following such executive's hire date. In 2012, we granted options to purchase a total of 89,050 shares of common stock, none of which were granted to our named executive officers.

The exercise price of each stock option granted under our stock incentive plans is based on the fair market value of our common stock on the grant date. Prior to our initial public offering, the fair market value of our common stock for purposes of determining the exercise price of stock options was determined by our Board of Directors based on a number of factors applicable to common stock of privately-held companies.

In connection with and shortly prior to our initial public offering, our Board of Directors and stockholders adopted the 2007 Stock Incentive Plan, or 2007 Plan. The 2007 Plan permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and bonus shares. The 2007 Plan replaced our 2001 Equity Plan effective upon the consummation of our initial public offering. For a further description, please see "Employee Benefit Plans - 2007 Stock Incentive Plan" below.

## **Table of Contents**

As discussed above, we did not grant any stock options to our named executive officers in 2010, 2011, or 2012, following the grant of stock options at the beginning of our two year expansion project in December 2009. The December 2009 stock options were granted in order to incentivize our named executive officers to execute on the aggressive expansion project, which included establishing two new production facilities and significantly increasing revenue and earnings. The Compensation Committee, in consultation with Hewitt Associates, LLC, determined that performance-based vesting would be used for the majority of this option grant. The revenue and net income chosen as the applicable performance measures that govern the vesting were based on internal financial goals set in connection with the expansion plan. The performance targets for one half of the performance-based options issued in this grant were set at levels that we believed could be achieved if our executive officers perform at a high level and if the assumptions underlying our annual operating plan proved correct. The performance targets on the other half of the options were set at levels that we believed would require our executives to significantly outperform the plan. The stock options with time-based vesting were granted in recognition of the effort required to execute on the expansion plan.

### *Stock ownership guidelines*

On September 18, 2012, the Compensation Committee approved stock ownership guidelines for executive officers of the Company. Under the stock ownership guidelines, the executive officers are expected to hold common stock with a value equal to a designated multiple of annual base salary. The Chief Executive Officer target share ownership level is a value equal to three times his annual base salary and the Chief Financial Officer and other executive officers target share ownership level is one times their annual base salary. The executive officers are to comply within five years from the date the guidelines become applicable to them. Shares that count toward satisfaction of the stock ownership guidelines include:

shares owned outright;

in-the-money value of vested stock options;

unvested restricted stock;

restricted stock units; and

vested shares in 401(k) plan.

### *Benefits*

All of our executive officers are eligible for benefits offered to employees generally, including life, health, disability and dental insurance and our 401(k) plan. Consistent with our compensation philosophy, we intend to continue to maintain our current benefits for our executive officers. The Compensation Committee, in its discretion, may revise the executive officers' benefits if it deems it advisable.

### *Severance and change in control arrangements*

Our named executive officers have employment and/or other agreements that provide various benefits triggered by such employment-related actions as termination without cause, resignation with good reason and/or termination without cause following a change in control. Such benefits may include salary continuation, guaranteed bonuses, lump sum severance and/or the acceleration of stock option vesting. See [Employment and Severance Arrangements](#) below for a description of the severance and change in control arrangements for our named executive officers. In addition, each of our equity incentive plans provides for a potential acceleration of vesting of outstanding awards in the event that we undergo a change in control, as defined in such plans. See [Employee Benefit Plans](#) below for a description of the change in control provisions contained in our equity incentive plans.

## **Table of Contents**

In setting the terms of and determining whether to approve these severance and change in control arrangements, our Compensation Committee or Board of Directors, as applicable, recognized that executives often face challenges securing new employment following a termination of their existing employment and that distractions created by uncertain job security may have a detrimental impact on their performance. With the exception of the acceleration of stock option vesting, none of these benefits are triggered by a change in control unless the named executive officer's employment is terminated without cause following such change in control. The acceleration of stock option vesting upon a change in control occurs only if the option is not assumed, or an equivalent right substituted, by the successor corporation. We believe the acceleration of option vesting under such circumstances is appropriate to preserve the benefit intended to be provided to the executive while avoiding the acceleration of benefits where the executive is enjoying a continuation of the same or comparable benefit following the change in control. The levels of severance benefits were set based on our Board of Directors' collective experience and insight regarding severance benefits offered to executives at comparable companies.

### *Effect of accounting and tax treatment on compensation decisions*

In the review and establishment of our compensation programs, we consider the anticipated accounting and tax implications to us and our executives. In this regard, we may begin utilizing restricted stock and/or restricted stock units as additional forms of equity compensation incentives in response to changes in the accounting treatment of equity awards under FASB ASC Topic 718 Stock Compensation. While we consider the applicable accounting and tax treatment, these factors alone are not dispositive, and we also consider the cash and non-cash impact of the programs and whether a program is consistent with our overall compensation philosophy and objectives.

Section 162(m) of the Code imposes a limit on the amount of compensation that we may deduct in any one year with respect to our chief executive officer and each of our next three most highly compensated executive officers other than our chief financial officer, unless certain specific and detailed criteria are satisfied. Performance-based compensation, as defined in the Code, is fully deductible if the programs are approved by stockholders and meet other requirements. We will continue to assess the impact of Section 162(m) on our compensation practices and determine whether to qualify equity and cash awards as performance-based compensation.

## **COMPENSATION COMMITTEE REPORT**

As detailed in its charter, the Compensation Committee of the Board of Rubicon oversees Rubicon's executive compensation program on behalf of the Board. In the performance of this function, the Compensation Committee, among other things, reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement and the Annual Report on Form 10-K. Based upon the review and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and the Annual Report on Form 10-K.

### **Compensation Committee**

Donald R. Caldwell, *Chairperson*

Michael E. Mikolajczyk

Raymond J. Spencer

**Table of Contents****COMPENSATION RISKS**

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

The Compensation Committee reviewed the elements of executive compensation to determine whether any portion of executive compensation encouraged excessive risk taking and concluded:

significant weighting towards equity incentive compensation discourages short-term risk taking;

the majority of equity incentive compensation is based on time vesting rather than performance vesting, which discourages short-term risk taking;

rolling three-year performance targets discourage short-term risk taking; and

cash incentive bonus awards are capped by the Compensation Committee and awards for exceeding targets are discretionary. Furthermore, as described in our Compensation Discussion and Analysis, compensation decisions include subjective considerations, which restrain the influence of formulae or objective factors on excessive risk taking.

**SUMMARY COMPENSATION TABLE**

The table below sets forth, for the 2012, 2011, and 2010 calendar years, the compensation earned by our president and chief executive officer and our chief financial officer. Such persons are referred to herein as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Option Awards <sup>(2)</sup> (\$)	Non-Equity	All Other Compensation (\$)	Total(\$)
					Incentive Plan Compensation (\$)		
Raja M. Parvez President and Chief Executive Officer	2012	\$ 465,088	\$		\$	\$	\$ 465,088
	2011	465,088			122,500		587,588
Executive Officer	2010	447,200	400,000		175,000		1,022,200
William F. Weissman Chief Financial Officer	2012	227,136					227,136
	2011	227,136			61,152		288,288
	2010	218,400	130,000		87,360		435,760

(1) Amounts represent discretionary cash bonuses paid in recognition of Company financial performance that significantly exceeded performance targets. Because Company financial performance did not equal or exceed the performance targets for 2012, no discretionary cash bonuses were paid for 2012.

(2) No options were granted to Mr. Parvez or Mr. Weissman in 2010, 2011, or 2012.



**Table of Contents****2012 GRANTS OF PLAN-BASED AWARDS**

The following table provides information for each of the Company's named executive officers regarding 2012 plan-based awards, including annual and long-term incentive award opportunities.

Name	Type of Award	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target <sup>(1)</sup>	
			(\$)
Raja M. Parvez	Annual Incentive Award	\$	175,000
William F. Weissman	Annual Incentive Award	\$	87,360

(1) Amounts represent the potential annual cash incentive award for each executive officer under our incentive bonus plan if the 2012 targets under the plan were achieved. No actual cash incentive awards were earned in fiscal 2012 as reported in the Summary Compensation Table.

**Discussion of Summary Compensation and Grants of Plan-Based Awards Tables**

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the 2012 Grants of Plan-Based Awards table was paid or awarded, are described above under Compensation Discussion and Analysis. See also Employment and Severance Arrangements.

**OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR-END**

The following table sets forth our outstanding equity awards as of December 31, 2012. There were no Stock Awards outstanding as of December 31, 2012.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)			Option Exercise Price (\$)	Option Expiration Date
			Unexercised Options (#)	Unexercised Options (#)	Unexercised Options (#)		
Raja M. Parvez	136,942 <sup>(1)</sup>				8.45	June 18, 2017	
	107,692 <sup>(2)</sup>				14.00	November 21, 2017	
	150,000 <sup>(3)</sup>	75,000 <sup>(3)</sup>			4.01	February 27, 2019	
	50,000 <sup>(4)</sup>	50,000 <sup>(4)</sup>			19.21	December 8, 2019	
	100,000 <sup>(5)</sup>				19.21	December 8, 2019	
William F. Weissman	1,514 <sup>(6)</sup>				8.45	June 18, 2017	
	95,174 <sup>(3)</sup>				8.45	August 29, 2017	
	50,000 <sup>(3)</sup>	25,000 <sup>(3)</sup>			4.01	February 27, 2019	
	25,000 <sup>(4)</sup>	25,000 <sup>(4)</sup>			19.21	December 8, 2019	
	50,000 <sup>(5)</sup>				19.21	December 8, 2019	

## Edgar Filing: Rubicon Technology, Inc. - Form DEF 14A

- (1) One-half of the options were immediately vested upon grant. The remaining options vested at the rate of 25% of the option shares on each of the first four anniversaries of the date of grant. The options expire 10 years from the date of grant.
- (2) One-half of the options vested on November 21, 2007, the consummation of our initial public offering. The remaining options vested at the rate of 25% of the option shares on each of the first four anniversaries of our initial public offering. The options expire 10 years from the date of grant.

## **Table of Contents**

- (3) These options vest at the rate of 25% of the total option shares on each of the first four anniversaries of the date of grant. The options expire 10 years from the date of grant.
- (4) One-half of the options vest three years after the date of grant and one-half four years after the date of grant. The options expire 10 years from the date of grant.
- (5) One-half of the options vested upon the achievement of the targeted \$120 million in revenue and \$20 million in net income in the Company's audited financial statements for the year ended December 31, 2011. The remaining one-half of the options did not vest as targeted \$150 million in revenue and \$25 million in net income in the Company's audited financial statements for the year ended December 31, 2012 were not achieved. The options expire 10 years from the date of grant.
- (6) These options were immediately vested on November 21, 2007, the consummation of our initial public offering. The options expire 10 years from the date of grant.

### **2012 OPTION EXERCISES AND STOCK VESTED**

None of our named executive officers exercised stock options or had any stock awards vest during the year ended December 31, 2012.

### **2012 PENSION BENEFITS**

None of our named executive officers participates in or has any account balance in qualified or nonqualified defined benefit plans sponsored by us.

### **2012 NONQUALIFIED DEFERRED COMPENSATION**

None of our named executive officers participates in or has any account balance in nonqualified defined contribution plans or other nonqualified deferred compensation plans maintained by us.

### **EMPLOYMENT AND SEVERANCE ARRANGEMENTS**

#### **Raja M. Parvez**

We entered into an employment agreement with Raja Parvez, our president and chief executive officer, dated January 29, 2009. Mr. Parvez previously had an employment agreement with the Company that expired January 2, 2009. The terms of Mr. Parvez's current agreement are as follows:

*Term.* The term of the agreement commenced on January 1, 2009 and shall expire no less than 60 days following the date on which the Company or Mr. Parvez provides notice of termination or resignation to the other party.

*Compensation.* Under the terms of the agreement, Mr. Parvez is entitled to an annual base salary of \$427,500, subject to annual review and adjustment, and an annual discretionary bonus of up to \$175,000 based upon the achievement of certain business objectives. Mr. Parvez's actual salary and bonus for 2012 are shown in the Summary Compensation Table above. The agreement also provides for the grant of an option to purchase 300,000 shares of common stock of the Company, which option was granted on February 27, 2009 (the Parvez Options) at an exercise price of \$4.01 per share. Subject to certain exceptions, the Parvez Options are subject to the Company's standard terms and conditions for stock option grants under the 2007 Plan.

*Severance.* In the event that Mr. Parvez's employment is terminated by us without cause or if he resigns for good reason, he will be entitled to receive a severance payment equal to his annual base salary in effect at that time, payable 50% on the termination date and 50% on the six month anniversary of the termination date, and health and welfare benefits for a period of 12 months after his termination date. Furthermore, the vesting of the Parvez Options will be accelerated by rounding up to the full vesting year, provided that Mr. Parvez delivers a

## **Table of Contents**

release of claims to the Company. For purposes of the agreement, (i) *cause* generally is defined as Mr. Parvez's willful misconduct materially and adversely affecting us; theft, fraud, embezzlement or similar behavior; indictment or conviction of a felony; or willfully failing to substantially perform the material duties of his position, other than a failure resulting from incapacity due to physical or mental illness, following a demand for performance delivered by the Board of Directors and a specified cure period of not less than 30 days; and (ii) *good reason* generally is defined as a material reduction in base salary or a material diminution in benefits; substantial diminution in Mr. Parvez's duties, responsibilities or title; or relocation for a period of greater than six consecutive months greater than 100 miles from the Chicago metropolitan area, in each case if uncured 60 days after written notice of the condition is delivered to us by Mr. Parvez. Mr. Parvez's employment agreement provides further that if, within two years after a change in control of the Company, the Company terminates Mr. Parvez without *cause* or he resigns for *good reason*, he will be entitled to the benefits described above, except that he will receive a lump sum severance payment equal to two times his annual base salary and maximum annual bonus amount in effect at that time and all of Mr. Parvez's options will immediately vest.

*Restrictive covenants.* Mr. Parvez's agreement contains customary non-competition and non-solicitation covenants on the part of Mr. Parvez. These restrictions survive for a period of 12 months after Mr. Parvez's resignation or termination; and, in the event of a breach of his employment agreement by Mr. Parvez, the period automatically will be extended by the period of the breach.

### **William F. Weissman**

We entered into an employment agreement with Mr. Weissman, our chief financial officer, effective as of July 30, 2007. The key terms of the agreement are summarized below.

*Term.* The term of the agreement commenced on July 30, 2007 and expires on June 30, 2008, subject to automatic one-year extensions unless either party provides the other with written notice of non-renewal at least 60 days prior to the end of the then-current term.

*Compensation.* Under the terms of his agreement, Mr. Weissman was originally entitled to a 2007 annual base salary of \$200,000 and an annual discretionary bonus targeted at 25% (now between 35% and 40%) of his annual base salary. Mr. Weissman's actual salary and bonus for 2012 are shown in the Summary Compensation Table above.

*Severance terms.* In the event that Mr. Weissman's employment agreement is terminated by us without *cause* or if he resigns for *good reason*, he will receive a continuation of his annual base salary for six months thereafter and certain of his options will become vested, provided that Mr. Weissman delivers a release of claims to the Company. In addition, he will receive a continuation of his medical and welfare benefits for a period of six months thereafter. If within one year after a change in control, we terminate Mr. Weissman without *cause*, he will be entitled to a lump sum payment equal to six months of his annual base salary in lieu of the salary continuation described above.

For purposes of Mr. Weissman's agreement (i) *cause* generally is defined as willful misconduct materially and adversely affecting us; theft, fraud, embezzlement or similar behavior; indictment or conviction of a felony; or willfully failing to substantially perform the material duties of his position, other than failure resulting from incapacity due to physical or mental illness, following a demand for performance delivered by the Board of Directors and a specified cure period of not less than 10 days; and (ii) *good reason* generally is defined as a material reduction in base salary or benefits; substantial diminution in Mr. Weissman's duties, responsibilities or title, if uncured by us within 30 days of receipt of notice from Mr. Weissman; or relocation for a period of greater than six consecutive months greater than 100 miles from the Chicago metropolitan area.

**Table of Contents**

**Restrictive covenants.** Mr. Weissman's agreement contains customary non-competition and non-solicitation covenants on the part of Mr. Weissman. These restrictions survive for a period of 12 months after Mr. Weissman's resignation or termination, and in the event of a breach of his employment agreement, the period is automatically extended by the period of the breach.

**Amendments of Employment Agreement.** In January 2009, the Company and Mr. Weissman entered into a first amendment (the "First Amendment") of Mr. Weissman's employment agreement. Under the First Amendment, Mr. Weissman received an option to purchase 100,000 shares of common stock of the Company on or about February 27, 2009 (the "Weissman Options") at an exercise price determined in accordance with the 2007 Plan at the time of the grant. Subject to certain exceptions, the Weissman Options are subject to the Company's standard terms and conditions for stock option grants under the 2007 Plan. Under the First Amendment, if Mr. Weissman is terminated without cause or he resigns for good reason, (i) the vesting of the Weissman Options will be accelerated by rounding up to the full vesting year and (ii) he will continue to be entitled to the severance benefits described under "Severance terms" above, provided that Mr. Weissman delivers a release of claims to the Company.

In August 2009, the Company and Mr. Weissman entered into a second amendment (the "Second Amendment") of Mr. Weissman's employment agreement. Under the Second Amendment, if within two years following a change in control, the Company terminates Mr. Weissman without cause or he resigns for good reason, any unvested options under any then existing option agreements will become fully vested, provided that Mr. Weissman delivers a release of claims to the Company.

**POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT**

The table below shows the estimated amount of payments and benefits that we would provide to the named executive officers assuming that their employment was terminated as of December 31, 2012 by us without cause, including following a change in control, or by the officer with good reason (each as defined in the respective named executive officer's employment agreement). The table also shows the estimated amount of benefits that we would provide upon the occurrence of a change in control as of December 31, 2012, if the named executive officer's options were not assumed, or an equivalent right substituted, by the successor corporation.

	Cash Severance			Continuation of Medical and Welfare Benefits (\$)	Accelerated Vesting of Stock Options <sup>(1)</sup> (\$)	Total Benefits (\$)
	Salary Continuation (\$)	Bonus (\$)	Lump Sum (\$)			
<b>Raja M. Parvez</b>						
Termination without cause			\$ 465,088	\$ 11,043	\$ 157,500	\$ 633,631
Termination for good reason			465,088	11,043	157,500	633,631
Termination following a change in control			930,176	11,043	157,500	1,098,719
Change in control <sup>(2)</sup>					157,500	157,500
<b>William F. Weissman</b>						
Termination without cause	113,568			5,522	52,500	171,590
Termination for good reason	113,568			5,522	52,500	171,590
Termination following a change in control			113,568	5,522	52,500	171,590
Change in control <sup>(2)</sup>					52,500	52,500

- (1) The value of option vesting acceleration shown in the table above was calculated by multiplying the number of shares subject to each accelerated option by the difference between the fair market value of our common stock as of December 31, 2012 (the last trading day of the year) and the exercise price of the option. The fair market value of our common stock as of December 31, 2012 was \$6.11.
- (2) Assumes stock options are not assumed, or equivalent rights substituted, by the successor corporation.

## **Table of Contents**

### **EMPLOYEE BENEFIT PLANS**

#### **2007 Stock Incentive Plan**

Our 2007 Stock Incentive Plan, or 2007 Plan, was adopted by our Board of Directors and approved by our stockholders in August 2007. The 2007 Plan was further amended and restated, as adopted by our Compensation Committee in March 2011 and approved by our stockholders at the 2011 Annual Meeting of Stockholders, to (among other things) increase the maximum number of shares of our common stock with respect to which awards may be granted. Our 2007 Plan will automatically terminate in 2017, unless we terminate it sooner. In addition, our Board of Directors has the authority to amend, suspend or terminate the 2007 Plan, provided such action does not impair the rights of any participant.

The 2007 Plan permits us to make grants of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any parent and subsidiary corporation's employees, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, bonus shares, and dividend equivalents to our employees, directors and consultants and our parent and subsidiary corporation's employees and consultants. These are referred to in the 2007 Plan as awards. No awards covering more than 300,000 shares of our common stock may be granted to any one individual during any single calendar year, except for calendar year 2009, when this limit was 600,000 shares (including awards that are denominated with reference to our common stock that may be payable in cash). In addition, the maximum amount of awards denominated in cash (including awards that are denominated in cash that may be payable in shares of our common stock) that may be granted to any one individual in any single year is \$2,400,000.

At the 2011 Annual Meeting of Stockholders, our stockholders approved the amendment and restatement of the 2007 Plan, which increased the maximum number of shares of our common stock with respect to which awards may be granted under the 2007 Plan from 2,307,692 to 4,407,692. This number is subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. Under certain circumstances, shares that are the subject of a previously-issued award can become available again for future grants under the 2007 Plan. As of December 31, 2012, awards with respect to 1,821,707 shares were outstanding under the 2007 Plan.

*Plan Administration.* The 2007 Plan is administered by the Compensation Committee. The Board of Directors may appoint different committees to administer the 2007 Plan for different groups of persons eligible to receive awards.

*Options.* Options to purchase our common stock may be granted under our 2007 Plan. The exercise price of options awarded under the 2007 Plan may not be less than the fair market value of our common stock on the date of the option grant. The term of each option may not exceed ten years from the date of grant. The Compensation Committee will specify in the option agreement at what time or times each option may be exercised, including the period of time after disability, death, or other termination of employment during which options that have become exercisable may be exercised.

To qualify as incentive stock options, options must meet additional federal tax requirements, including a \$100,000 limit on the value of shares subject to incentive options which first become exercisable in any one calendar year, and a shorter term and higher minimum exercise price in the case of certain large stockholders.

*Stock Appreciation Rights.* Stock appreciation rights may be granted under our 2007 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. The Compensation Committee determines the terms of the stock appreciation rights granted, including when such rights become exercisable and whether to pay the increased appreciation in cash or with shares of our common stock, or a combination thereof.

## **Table of Contents**

*Restricted Stock.* Restricted stock may be granted under our 2007 Plan. Restricted stock awards are shares of our common stock issued to an employee or other service provider that vest in accordance with terms and conditions established by the Compensation Committee. The Compensation Committee will determine the number of shares of restricted stock granted to any employee or other service provider. The Compensation Committee may impose whatever conditions to vesting it determines to be appropriate and may grant restricted stock without requiring the payment of any purchase price. For example, the Compensation Committee may set restrictions based on continuous employment and (or) the achievement of specific performance goals. However, restricted stock that vests solely based on employment and the passage of time may not fully vest less than three years from the grant date, and restricted stock that vests solely based on the achievement of performance factors or other performance conditions may not fully vest less than one year from the grant date, unless the Compensation Committee determines that the vesting of a restricted stock award may be accelerated in the event of the recipient's death, disability, retirement or involuntary termination or a change in control. Shares of restricted stock that do not vest are forfeited. Except as otherwise provided in the applicable restricted stock agreement, the recipient of a restricted stock award has all the rights of a stockholder of our common stock, including the right to vote shares and the right to receive any cash dividends.

*Restricted Stock Units.* Our 2007 Plan also permits us to grant restricted stock units. A restricted stock unit is a contingent right to receive a share of our common stock in the future in accordance with terms and conditions established by the Compensation Committee. The Compensation Committee will determine the number of shares of restricted stock granted to any employee or other service provider and the conditions under which the restricted stock units will vest. The Compensation Committee may impose vesting conditions based on continuous employment and (or) the achievement of specific performance goals. However, restricted stock units that vest solely based on employment and the passage of time may not fully vest less than three years from the grant date, and restricted stock units that vest solely based on the achievement of performance factors or other performance conditions may not fully vest less than one year from the grant date, unless the Compensation Committee determines that the vesting of restricted stock units may be accelerated in the event of the recipient's death, disability, retirement or involuntary termination or a change in control. Restricted stock units that do not vest are forfeited.

*Performance Awards.* Our 2007 Plan also permits us to grant performance awards. A performance award is a right to receive a payment that is contingent upon the attainment of one or more performance objectives established by the Compensation Committee for a performance period. A performance award may be denominated in cash or in shares of our common stock. The Compensation Committee will determine the number of performance awards granted to any employee or other service provider, the length of the performance period, the performance objectives, the formula for determining the amount earned under the performance award, any related forfeiture conditions, and any other terms and conditions that it determines to establish.

*Bonus Shares.* Our 2007 Plan also permits us to grant bonus shares. A bonus share is a grant of common stock to an employee, director or consultant without any payment from the recipient and without any restrictions, in recognition of past performance or as an incentive to become an employee or to provide services to us or any of our subsidiaries.

*Repricing.* The Compensation Committee is prohibited from repricing any option or stock appreciation right without the prior approval of the Company's stockholders. The prohibition applies to the lowering of the exercise price following the grant date, and the cancellation of an option or stock appreciation right at a time when the exercise price exceeds the fair market value of the underlying shares in exchange for cash or another award (unless the cancellation and exchange occurs in connection with a change in control). In addition, the Company may not offer to buy out any option or stock appreciation right in exchange for cash or shares at a time when the exercise price exceeds the fair market value of the underlying shares.

---

## **Table of Contents**

*Change in Control.* The 2007 Plan provides that in the event of our change in control, as defined in the 2007 Plan, each outstanding award will be treated as the Compensation Committee determines, including that the successor corporation or its parent or subsidiary may be required to assume or substitute an equivalent award for each outstanding award. The Compensation Committee is not required to treat all awards similarly. If there is no assumption or substitution of outstanding awards, the award recipient will fully vest in and have the right to exercise all of his or her outstanding options and stock appreciation rights, all restrictions on restricted stock and restricted stock units will lapse and all performance goals or other vesting requirements for performance awards will be deemed achieved at 100% of target levels and all other terms and conditions will be deemed met. If an option or stock appreciation right is not assumed or substituted, the Compensation Committee will provide notice to the award recipient that the option or stock appreciation right will be fully vested and exercisable for a period of time determined by the Compensation Committee in its discretion, and the option or stock appreciation right will terminate upon the expiration of such period.

*Section 162(m) Awards and Other Awards.* Under Section 162(m), in order for compensation in excess of \$1 million paid in any year to certain executive officers to be deductible by the Company, such compensation must qualify as performance-based. The 2007 Plan allows the Compensation Committee to make awards that would be performance-based for purposes of exemption from the limitations of Section 162(m). Nothing precludes the Compensation Committee from making any payments or granting any awards that do not qualify for tax deductibility under Section 162(m).

### **2001 Equity Plan**

Our 2001 Equity Plan, or 2001 Plan, was adopted by our Board of Directors on July 30, 2001 and approved by our stockholders on August 2, 2001. Our Board of Directors determined not to grant any additional awards under the 2001 Plan after the completion of our initial public offering on November 21, 2007. As of December 31, 2011, options to purchase 295,404 shares of our common stock were issued and outstanding under the 2001 Plan. The 2001 Plan permitted us to make grants of incentive stock options, non-qualified stock options, and stock purchase rights. No stock purchase rights were ever granted under the 2001 Plan. The 2001 Plan automatically terminated according to its terms in 2011; however, the 2001 Plan (further described below) continues to govern the terms and conditions of the outstanding awards granted under it.

*Administrative committee.* The administrator of our 2001 Plan is either the Board of Directors or any of its committees or any delegate of the board or of the committee appointed by the Board of Directors. The 2001 Plan may be administered by different committees for different groups of persons eligible to receive awards.

*Options.* The exercise price of incentive stock options awarded under the 2001 Plan was not less than the fair market value of our common stock on the date of the option grant. The term of each option could not exceed ten years from the date of grant. The committee specified in the option agreement at what time or times each option could be exercised, including the period of time after disability, death, or other termination of employment during which options that become exercisable could be exercised.

*Dissolution, liquidation, merger, reorganization or sale.* Our 2001 Plan provided for the following in the event of a dissolution, merger, reorganization or sale:

In the event of any proposed dissolution or liquidation, the administrator may provide holders of outstanding options with a 10-day period in which to exercise all outstanding options and may provide for the lapse of any Company repurchase option right.

In the event of any merger, consolidation or similar reorganization in which the outstanding options and stock purchase rights will not be assumed or an equivalent option or right is not substituted by the successor entity, the options and stock purchase rights will fully vest and become exercisable for a period of 15 days, after which, the unexercised options and stock purchase rights will terminate.



**Table of Contents**

**LIMITATION ON LIABILITY AND INDEMNITY**

Our amended and restated certificate of incorporation contains provisions that limit or eliminate the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as a director, except liability for:

any breach of the director's duty of loyalty to us or our stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions as provided in Section 174 of the Delaware General Corporation Law; or

any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered into agreements and intend to continue to enter into agreements to indemnify our executive officers and directors. With certain exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding for which indemnification is available. We believe these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' insurance.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

**Table of Contents**

**PROPOSAL 2:**  
**RATIFICATION OF SELECTION OF**  
**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has selected Grant Thornton LLP ( Grant Thornton ) to serve as the Company s independent auditors for the fiscal year ending December 31, 2013 and is submitting this matter to the stockholders for their ratification. Grant Thornton has served as the Company s independent auditors since 2002. One or more representatives of Grant Thornton will be present at the Annual Meeting to make a statement if they desire to do so and to be available to respond to appropriate questions that may be asked by stockholders.

In the event the proposal to ratify the selection of Grant Thornton is defeated, the adverse vote will be considered as a direction to the Board of Directors to select other independent auditors for the next fiscal year ending December 31, 2014. However, because of the expense and difficulty in changing independent auditors after the beginning of a year, the Board of Directors intends to allow the appointment for fiscal 2013 to stand unless the Board of Directors finds other reasons for making a change.

**Audit Fees**

The aggregate fees billed by Grant Thornton for audit services (audit of the Company s annual financial statements, reviews of the Company s interim unaudited financial statements, and assistance with and review of SEC filings) for fiscal 2012 and fiscal 2011 were \$306,914 and \$308,707, respectively.

**Audit-Related Fees**

There were no audit-related fees billed by Grant Thornton in fiscal 2012 or fiscal 2011.

**Tax Fees**

The aggregate fees billed by Grant Thornton in fiscal 2012 and fiscal 2011 for tax planning services were \$15,500 and \$22,500, respectively.

**All Other Fees**

There were no other fees billed by Grant Thornton in fiscal 2012 or fiscal 2011 for any other services.

**Pre-Approval Policy and Procedures**

In accordance with provisions of the Sarbanes-Oxley Act of 2002, the Audit Committee pre-approves all audit and non-audit services provided to the Company by its independent auditors.

**Our Board of Directors recommends that you vote FOR the ratification of the selection of Grant Thornton LLP to serve as the Company s independent auditors for the fiscal year ending December 31, 2013.**

**Table of Contents**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND  
MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Security Ownership of Certain Beneficial Owners and Management**

Unless otherwise noted, the following table sets forth, as of April 29, 2013, the beneficial ownership of our common stock by:

each person that is a beneficial owner of 5% of more of our outstanding shares of common stock;

each of our named executive officers;

each of our directors, including the director nominees; and

all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. Except as described below, in computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of April 29, 2013 are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all of the shares reflected in the table are shares of common stock and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Percentage of beneficial ownership is based on 22,579,712 shares of common stock outstanding as of April 29, 2013. Unless otherwise indicated in the footnotes below, the address for each beneficial owner is c/o Rubicon Technology, Inc., 900 East Green Street, Bensenville, Illinois 60106.

Name of beneficial owner	Shares beneficially owned	
	Number	Percent
<b>5% stockholders:</b>		
The Co-Investment 2000 Fund, L.P. <sup>(1)(2)</sup> and Cross Atlantic Technology Fund II, L.P. <sup>(1)(3)</sup>	5,019,045	22.0%
BlackRock, Inc. <sup>(4)</sup>	1,418,014	6.3%
Signia Capital Management, LLC <sup>(5)</sup>	1,388,450	6.1%
<b>Executive officers and directors:</b>		
Raja M. Parvez <sup>(6)</sup>	621,634	2.7%
William F. Weissman <sup>(7)</sup>	248,688	1.1%
Don N. Aquilano <sup>(8)</sup>	32,784	*%
Donald R. Caldwell <sup>(9)</sup>	5,026,145	22.0%
Michael E. Mikolajczyk <sup>(10)</sup>	127,573	*%
Raymond J. Spencer <sup>(11)</sup>	36,314	*%
<b>All executive officers and directors as a group<sup>(12)</sup></b>	<b>6,093,138</b>	<b>25.6%</b>

\* Represents less than 1% of the outstanding shares of common stock.

(1)

## Edgar Filing: Rubicon Technology, Inc. - Form DEF 14A

Cross Atlantic Technology Fund II, L.P. ( Cross Atlantic Technology Fund II ) and The Co-Investment 2000 Fund, L.P. (the Co-Investment Fund ) are limited partnerships in the business of venture capital investing. Each of these funds has appointed Cross Atlantic Capital Partners, Inc. as its investment manager. Donald R. Caldwell, a member of our Board of Directors, is a director of and owns 100% of Cross Atlantic Capital Partners, Inc. The address for each of these entities is Five Radnor Corporate Center, Suite 555, 100 Matsonford Road, Radnor, Pennsylvania 19087. Includes options to purchase 17,587 shares of common stock, which are exercisable within 60 days of April 29, 2013, 10,917 shares of common stock and 4,864

**Table of Contents**

- shares of restricted stock that are held by Donald R. Caldwell for the benefit of Cross-Atlantic Technology Fund II and the Co-Investment Fund as credit against the management fees owed by such entities to Cross Atlantic Capital Partners, Inc. Cross-Atlantic Technology Fund II and the Co-Investment Fund disclaim beneficial ownership of such shares except to the extent of their pecuniary interest therein.
- (2) Includes 2,487,653 shares of common stock and immediately exercisable warrants to purchase 139,823 shares of common stock beneficially owned by The Co-Investment Fund. The general partner of The Co-Investment Fund is Co-Invest Management, L.P. ( Co-Invest Management ). Co-Invest Capital Partners, Inc. ( Co-Invest Capital ) is the general partner of Co-Invest Management. Mr. Caldwell is a stockholder, director and officer of Co-Invest Capital. Brian Adamsky and Frederick Tecce are officers of Co-Invest Capital and Messrs. Caldwell and Tecce are sometimes identified as managing directors of The Co-Investment Fund. Messrs. Caldwell, Adamsky and Tecce may be deemed to share voting and investment power with respect to all shares held by The Co-Investment Fund.
  - (3) Includes 2,230,198 shares of common stock and immediately exercisable warrants to purchase 128,003 shares of common stock beneficially owned by Cross Atlantic Technology Fund II. XATF Management II, L.P. ( XATF Management II ) is the general partner of Cross Atlantic Technology Fund II. Cross Atlantic Capital Partners II, Inc. is the general partner of XATF Management II. Mr. Caldwell is a director, stockholder and officer of Cross Atlantic Capital Partners II. Messrs. Adamsky and Tecce are officers of Cross Atlantic Capital Partners II, and together with Mr. Caldwell, are sometimes identified as managing directors of Cross Atlantic Technology Fund II and may be deemed to share voting and investment power with respect to all shares held by Cross Atlantic Technology Fund II.
  - (4) The ownership information set forth in the table is based on information contained in a statement on Form 13F, filed on April 12, 2013 (the BRI 13F ), with the SEC by BlackRock, Inc. with respect to ownership of shares of our common stock. The BRI 13F reflects that BlackRock, Inc., an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, has sole dispositive power with respect to 1,418,014 shares of our outstanding common stock as a result of BlackRock, Inc. acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The address of BlackRock, Inc. is: 40 East 52<sup>nd</sup> Street, New York, New York 10022.
  - (5) The ownership information set forth in the table is based on information contained in a statement on Schedule 13G, filed on January 18, 2013 (the SCM 13G ), with the SEC by Signia Capital Management, LLC with respect to ownership of shares of our common stock. The SCM 13G reflects that Signia Capital Management, LLC, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, has sole dispositive power with respect to 1,388,450 shares of our outstanding common stock as a result of Signia Capital Management, LLC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The address of Signia Capital Management, LLC is: 108 N. Washington Street, Suite 305, Spokane, Washington 99201.
  - (6) Includes options to purchase 619,634 shares of common stock, which are exercisable within 60 days of April 29, 2013 and 2,000 shares of common stock owned by the Raja M. Parvez Trust dtd 11/14/2008.
  - (7) Includes 2,000 shares of common stock and options to purchase 246,688 shares of common stock, which are exercisable within 60 days of April 29, 2013.
  - (8) Includes 10,381 shares of common stock, 4,833 shares of restricted common stock and options to purchase 17,570 shares of common stock, which are exercisable within 60 days of April 29, 2013, owned by Mr. Aquilano.
  - (9) Includes 18,017 shares of common stock, 4,864 shares of restricted common stock and options to purchase 17,587 shares of common stock, which are exercisable within 60 days of April 29, 2013, owned by Mr. Caldwell. Also includes 4,717,851 shares of common stock and immediately exercisable warrants to purchase 267,826 shares of common stock beneficially owned by Cross Atlantic Technology Fund II, L.P. and The Co-Investment Fund 2000 L.P. See footnotes (1) through (3) above for a description of the relationship among Mr. Caldwell and Cross Atlantic Technology Fund II, L.P. and The Co-Investment Fund 2000 L.P.
  - (10) Includes 102,281 shares of common stock, 5,186 shares of restricted common stock and options to purchase 19,491 shares of common stock, which are exercisable within 60 days of April 29, 2013. Also includes 615 options to purchase shares of common stock, which are exercisable within 60 days of April 29, 2013, held

**Table of Contents**

by his son, Mark Mikolajczyk. Michael Mikolajczyk disclaims beneficial ownership of the shares underlying the common stock option held by Mark Mikolajczyk.

- (11) Includes 14,616 shares of common stock, 5,110 shares of restricted common stock and options to purchase 16,588 shares of common stock, which are exercisable within 60 days of April 29, 2013.
- (12) Includes 4,867,146 shares of common stock, 19,993 shares of restricted stock, warrants to purchase 267,826 shares of our common stock, which are exercisable within 60 days of April 29, 2013, and options to purchase 938,173 shares of our common stock, which are exercisable within 60 days of April 29, 2013, beneficially owned by our named executive officers and directors.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and to provide us copies of these reports. Based solely on a review of the copies of these reports furnished to us and written representations that no other reports were required to be filed, we believe that all filing requirements applicable to our officers, directors and beneficial owners of greater than 10% of our common stock were made timely during the fiscal year ended December 31, 2012.

---

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

**Policy and Procedures for Review, Approval or Ratification**

We recognize that transactions between Rubicon and related persons present a potential for actual or perceived conflicts of interest. Our general policies with respect to such transactions are included in our Code of Ethics which is administered by our Audit Committee. All employees and members of our Board of Directors agree to be bound by the Code of Ethics. As a supplement to the Code of Ethics, the Audit Committee adopted a policy setting out the procedures and standards to be followed for the identification and evaluation of related party transactions. For purposes of the policy, a related party transaction is any transaction or series of related transactions in excess of \$120,000 in which we are a party and in which a related person has a material interest. Related persons include our directors, director nominees, executive officers, beneficial owners of 5% or more of any class of our voting securities and members of their immediate families. The Audit Committee has determined that certain transactions are deemed to be pre-approved under this policy. These include (i) transactions with another company in which the related person's only interest is as a director or beneficial owner of less than 10% of the equity interests in that other company and (ii) certain compensation arrangements that have either been disclosed in our public filings with the SEC or approved by our Compensation Committee.

We collect information about potential related party transactions in our annual questionnaires completed by directors, executive officers and certain beneficial owners of 5% or more of any class of our voting securities. Potential related party transactions are first reviewed and assessed by our corporate secretary to consider the materiality of the transactions and then reported to the Audit Committee. If a related party transaction is identified during the year, it is reported promptly to the Audit Committee. The Audit Committee reviews and considers all relevant information available to it about each related party transaction. A related party transaction is approved or ratified only if the Audit Committee determines that it is in, or is not inconsistent with, our best interests and those of our stockholders and is in compliance with the Code of Ethics.

The following related party transactions have been ratified by the Audit Committee in accordance with the policy described above. We believe that we have executed all of the transactions set forth below on terms no less favorable to us than we could have obtained from unaffiliated third parties.

**Registration Rights Agreement**

We granted registration rights to the holders of our preferred stock pursuant to an amended and restated registration rights agreement, dated November 30, 2005. Under the terms of that agreement, the registration rights were extended to the common stock into which our preferred stock was converted immediately prior to the closing of our initial public offering in November 2007. The stockholders entitled to such registration rights with respect to their shares of common stock were Cross Atlantic Technology Fund, L.P., Cross Atlantic Technology Fund II, L.P. and The Co-Investment 2000 Fund, L.P. Each of these entities is affiliated with Donald R. Caldwell, one of our directors. The agreement provided these stockholders with demand and piggyback registration rights and included customary expense reimbursement and cross indemnification provisions. The registration rights terminated on November 21, 2012.

**Employment and Severance Arrangements with Executive Officers**

We have entered into employment and severance arrangements with our executive officers as described under the caption Executive Compensation Employment and Severance Arrangements.

**Indemnification Agreements**

We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. For a description of these agreements, see Executive Compensation Limitation on Liability and Indemnity.

---

**Table of Contents**

**ADDITIONAL INFORMATION**

**Stockholder Proposals for Inclusion in the Proxy Statement**

Any proposal that a stockholder intends to present for action at the 2014 Annual Meeting of Stockholders ( 2014 Annual Meeting ) must be received by the Company no later than January 14, 2014, in order for the proposal to be included in the proxy statement and form of proxy for the 2014 Annual Meeting. Any such proposal must meet the applicable requirements of the Exchange Act and the rules and regulations thereunder. Such proposals should be sent to William F. Weissman, Secretary, Rubicon Technology, Inc., 900 East Green Street, Bensenville, Illinois 60106.

**Other Stockholder Proposals and Nominations**

Our bylaws prescribe the procedures that a stockholder must follow to nominate persons for election to the Board of Directors at an annual meeting or to bring other business before an annual meeting (other than matters that have been included in our proxy statement for such meeting). Any nomination or proposed business that is not made in accordance with these procedures will be disregarded. The following summary of these procedures is qualified by reference to our bylaws, a copy of which may be obtained, without charge, from William F. Weissman, Secretary, Rubicon Technology, Inc., 900 East Green Street, Bensenville, Illinois 60106.

A stockholder who intends to nominate a director for election or bring other business before the 2014 Annual Meeting must deliver timely written notice thereof to William F. Weissman, our Secretary, at the address shown above and must be a Stockholder of Record at the time notice is delivered. To be timely, the notice must be delivered not later than April 27, 2014 and not earlier than March 28, 2014 unless the date of the 2014 Annual Meeting is more than 30 days before or more than 60 days after June 26, 2014, in which case notice must be so delivered not earlier than the close of business on the 90<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 60<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which we first publicly announce the date of such annual meeting.

Any such notice must contain the information specified in the bylaws regarding the stockholder giving the notice and, as applicable, each person whom the stockholder wishes to nominate for election as a director and the other business proposed to be brought before the 2014 Annual Meeting.

With respect to stockholder proposals not included in the Company s proxy statement for the 2013 Annual Meeting, the persons named in the Board of Directors proxy for such meeting will be entitled to exercise the discretionary voting power conferred by such proxy under the circumstances specified in Rule 14a-4(c) under the Exchange Act, including with respect to proposals not received by the Company within a reasonable time before the mailing of this proxy statement.

**Householding of Proxy Materials**

We have delivered only one Notice of Internet Availability of Proxy Materials to multiple stockholders who share an address, unless we received contrary instructions from the affected stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the Notice and, if applicable, Proxy Materials, as requested, to any stockholder at the shared address to which a single copy of these documents was delivered. Stockholders should contact their broker or, if a stockholder is a direct holder of shares of our common stock, they should submit their request to: William F. Weissman, Secretary, Rubicon Technology, Inc., 900 East Green Street, Bensenville, Illinois 60106.

**COPIES OF THE COMPANY S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, CAN BE OBTAINED WITHOUT CHARGE UPON WRITTEN REQUEST TO WILLIAM F. WEISSMAN, SECRETARY, RUBICON TECHNOLOGY, INC., 900 EAST GREEN STREET, BENSENVILLE, ILLINOIS 60106.**

April 30, 2013

By Order of the Board of Directors,

William F. Weissman

Secretary





**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**Electronic Delivery of Future PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: X

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

<p><b>The Board of Directors recommends you vote</b></p> <p><b>FOR the following:</b></p>	<table border="0"> <tr> <td style="padding-right: 10px;"><b>For</b></td> <td style="padding-right: 10px;"><b>Withhold</b></td> <td style="padding-right: 10px;"><b>For All</b></td> <td rowspan="2" style="vertical-align: top; padding-left: 20px;">           To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below.         </td> </tr> <tr> <td style="padding-right: 10px;"><b>All</b></td> <td style="padding-right: 10px;"><b>All</b></td> <td style="padding-right: 10px;"><b>Except</b></td> </tr> </table>	<b>For</b>	<b>Withhold</b>	<b>For All</b>	To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below.	<b>All</b>	<b>All</b>	<b>Except</b>
<b>For</b>	<b>Withhold</b>	<b>For All</b>	To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below.					
<b>All</b>	<b>All</b>	<b>Except</b>						

Edgar Filing: Rubicon Technology, Inc. - Form DEF 14A

1. Election of Directors

**Nominees**

01 Don N. Aquilano                      02 Donald R. Caldwell

**The Board of Directors recommends you vote FOR the following proposal:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2 Proposal to ratify the selection of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013.	..	..	..

**NOTE:** In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

For address change/comments, mark here.                      ..

(see reverse for instructions)

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	JOB #	Signature (Joint Owners)	Date	SHARES CUSIP #	SEQUENCE #
0000178225_1 R1.0.0.51160					02	0000000000

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, Annual Report is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**RUBICON TECHNOLOGY, INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF**

**DIRECTORS**

The undersigned hereby appoints Raja M. Parvez and William F. Weissman, and each of them, proxies with full power of substitution, to vote the shares of Common Stock of Rubicon Technology, Inc. which the undersigned would be entitled to vote if personally present at the Annual Meeting of Shareholders of the Company to be held on June 26, 2013 or any adjournments thereof, and to have all powers that the undersigned would have if personally present.

**Shares represented by this proxy will be voted as directed by the shareholder. If no directions are given, the proxies will have authority to vote FOR item 1 (election of directors), and FOR item 2 (ratification of selection of independent registered public accounting firm).**

**Address change/comments:**

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

0000178225\_2 R1.0.0.51160