

Rubicon Technology, Inc.  
Form DEFC14A  
April 11, 2017

**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.

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**RUBICON TECHNOLOGY, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 3, 2017**

As a stockholder of Rubicon Technology, Inc., a Delaware corporation (the “Company,” “we,” “us” or “our”), you are cordially invited to attend the Annual Meeting of Stockholders of the Company (the “Annual Meeting”) to be held at our principal executive offices, which are located at 900 East Green Street, Bensenville, Illinois 60106, at 8:00 a.m. local time on May 3, 2017, for the following purposes:

1. To approve an amendment to our Eighth Amended and Restated Certificate of Incorporation (as amended, our “Certificate of Incorporation”), to declassify the Board of Directors and provide for the annual election of directors;
2. To approve an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock at a ratio in a range of 1-for-10 to 1-for-20, such ratio to be determined in the sole discretion of the Board of Directors;
3. To approve an amendment to our Certificate of Incorporation to decrease our authorized number of shares of common stock to three times the number of shares of our common stock outstanding immediately following a reverse stock split implemented by the Board of Directors, rounded up to the nearest 100,000 shares;
4. To elect one director to serve for a one-year term (or if the amendment of our Certificate of Incorporation to declassify our Board of Directors set forth in Proposal 1 is not approved, to elect a Class I director to serve for a three year term);
5. To ratify the selection of Grant Thornton LLP our independent registered public accounting firm for the fiscal year ending December 31, 2017;
6. To approve, on a non-binding advisory basis, the compensation of our named executive officers (Say-on-Pay);
7. To vote, on a non-binding advisory basis, on the frequency of future Say-on-Pay votes (every one, two or three years); and
8. To transact such other business as may properly come before the Annual Meeting or any continuation or adjournment thereof.

Our Board of Directors has fixed the close of business on March 10, 2017 as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting and at any postponement or adjournment thereof.

Your vote will be especially important at the Annual Meeting. As you may be aware, Paragon Technologies, Inc., a Delaware corporation (“Paragon”), has notified us that it intends to nominate one individual for election as a director at the Annual Meeting in opposition to the nominee proposed by our Board of Directors. Our Board of Directors does not endorse Paragon’s nominee and unanimously recommends that you vote FOR the election of the nominee proposed by our Board of Directors on the **WHITE** proxy card.

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING WHETHER OR NOT YOU ARE PERSONALLY ABLE TO ATTEND. ACCORDINGLY, AFTER READING THE ACCOMPANYING PROXY STATEMENT, PLEASE PROMPTLY SUBMIT YOUR PROXY BY TELEPHONE, INTERNET OR MAIL AS DESCRIBED ON THE WHITE PROXY CARD.**

If you vote using a proxy card sent to you by Paragon, you can subsequently revoke it by following the instructions on the **WHITE** proxy card in the postage-paid envelope provided. Only your latest dated proxy will count. Any proxy may be revoked at any time prior to its exercise at the Annual Meeting as described in the accompanying proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ MARDEL A. GRAFFY  
MARDEL A. GRAFFY  
SECRETARY

Bensenville, Illinois  
April 10, 2017

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

**for the Annual Meeting of Stockholders to Be Held on May 3, 2017.**

**This Proxy Statement and the 2016 Annual Report are available with your 16-digit control number at:**

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

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**RUBICON TECHNOLOGY, INC.**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 3, 2017**

*This proxy statement, along with a WHITE proxy card or voting instruction form and our 2016 Annual Report, is first being mailed to stockholders on or about April 11, 2017*

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, ANNUAL MEETING AND VOTING**

**1. Why am I receiving these materials?**

The Board of Directors (the “Board”) of Rubicon Technology, Inc., a Delaware corporation (“Rubicon,” the “Company,” “we,” “us,” or “our”), is soliciting your proxy to vote at our 2017 Annual Meeting of Stockholders (the “Annual Meeting” or the “2017 Annual Meeting”) because you owned shares of our common stock at the close of business on March 10, 2017, the record date for the Annual Meeting, and, therefore, are entitled to vote at the Annual Meeting. The proxies also may be voted at any continuations, adjournments or postponements of the Annual Meeting.

This proxy statement, along with a **WHITE** proxy card or voting instruction form and our 2016 Annual Report, is first being mailed to stockholders on or about April 11, 2017. We will also post this proxy statement, the meeting notice and our 2016 Annual Report on the Internet at [www.proxyvote.com](http://www.proxyvote.com) and on our website at <http://ir.rubicontechnology.com> on or about April 11, 2017. This proxy statement contains information you may use when deciding how to vote in connection with the Annual Meeting.

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



The Annual Meeting will be held on May 3, 2017 at 8:00 a.m. local time, at our principal executive offices, which are located at 900 East Green Street, Bensenville, Illinois 60106. 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 shares of our common stock as of March 10, 2017, 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, trustee or other nominee who holds the shares on your behalf in order to cast your vote.

The answer to Question 12 describes the difference between stockholders of record and beneficial owners.

#### **4. Who is soliciting my proxy?**

The Board, on behalf of the Company, is soliciting your proxy to vote your shares of our common stock on all matters scheduled to come before the Annual Meeting, whether or not you attend in person. By completing, signing, dating and returning the **WHITE** proxy card or voting instruction form, or by submitting your proxy and voting instructions by telephone or via the Internet, you are authorizing the persons named as proxies to vote your shares of our common stock at the Annual Meeting as you have instructed. Paragon Technologies, Inc. (“Paragon”) has notified us of its intention to nominate one individual for election at the Annual Meeting in opposition to the nominee proposed by our Board. **Paragon’s nominee has NOT been endorsed by our Board.** You may receive proxy solicitation materials from Paragon, including a proxy statement and proxy cards. **The Board recommends that you disregard them.** We are not responsible for the accuracy of any information provided by or relating to Paragon or the nominees contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Paragon or any other statements that Paragon or its representatives have made or may otherwise make.

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

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

Proposal 1: To approve an amendment to our Eighth Amended and Restated Certificate of Incorporation, as amended (our “Certificate of Incorporation”), to declassify the Board and provide for the annual election of directors (see page 8).

Proposal 2: To approve an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock at a ratio in a range of 1-for-10 to 1-for-20, such ratio to be determined in the sole discretion of the Board (see page 9).

Proposal 3: To approve an amendment to our Certificate of Incorporation to decrease our authorized number of shares of common stock to three times the number of shares of our common stock outstanding immediately following a reverse stock split implemented by the Board of Directors, rounded up to the nearest 100,000 shares (see page 16).

Proposal 4: To elect one director to serve for a one-year term (or to elect a Class I Director to serve for a three-year term if Proposal 1 to amend our Certificate of Incorporation to declassify our Board of Directors is not approved); (see page 18).

5. Proposal 5: To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017 (see page 34).
6. Proposal 6: To approve, on a non-binding advisory basis, the compensation of our named executive officers (Say-on-Pay) (see page 35).
7. Proposal 7: To vote, on a non-binding advisory basis, on the frequency of future Say-on-Pay votes (every one, two or three years) (see page 36).

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

Our Board recommends that you vote your shares:

**FOR** the approval of an amendment to the Certificate of Incorporation to declassify the Board and provide for the annual election of directors;

**FOR** the approval of an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock at a ratio in a range of 1-for-10 to 1-for-20, such ratio to be determined in the sole discretion of the Board;

**FOR** the approval of an amendment to our Certificate of Incorporation to decrease our authorized number of shares of common stock to three times the number of shares of our common stock outstanding immediately following a reverse stock split implemented by the Board, rounded up to the nearest 100,000 shares;

**FOR** the election of the Board's nominee, Susan M. Westphal, as director for a one-year term (or as a Class I Director for a three-year term if Proposal 1 to amend our Certificate of Incorporation to declassify our Board of Directors is not approved);

**FOR** the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;

**FOR** the resolution approving the compensation of our named executive officers (Say-on-Pay); and

**FOR** the frequency of **ONE YEAR** for future Say-on-Pay votes.

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

We do not expect any matters to be presented for action at the Annual Meeting other than the matters described in this proxy statement. However, by signing, dating and returning a **WHITE** proxy card or submitting your proxy and voting instructions by telephone or via the Internet, you will give to the persons named as proxies discretionary voting authority with respect to any matter that may properly come before the Annual Meeting and of which we did not have notice at least a reasonable time before we send out proxy materials for the Annual Meeting or by March 4, 2017, which is the date specified by the advance notice provisions set forth in our bylaws, and they intend to vote on any such other matter in accordance with their best judgment.

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

You are entitled to vote at the Annual Meeting if you owned shares of our common stock as of the close of business on the record date, March 10, 2017. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting and there is no cumulative voting. As of March 10, 2017, we had 26,878,891 shares of common stock outstanding. Both Delaware law and our Second Amended and Restated Bylaws (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 vote at the Annual Meeting and any continuations, adjournments or postponements thereof.

**9. How many stockholders must be present to hold the Annual Meeting?**

Under Delaware law and our bylaws, holders of a majority of our outstanding shares of common stock as of the close of business on March 10, 2017 must be present in person or represented by proxy at the Annual Meeting. This is referred to as a quorum. The inspector of election will determine whether a quorum is present at the Annual Meeting. As of March 10, 2017, we had 26,878,891 shares of common stock outstanding. Accordingly, the presence of the holders of common stock representing at least 13,439,446 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, if any, will be counted for purposes of establishing a quorum.

**10. What happens if I do not submit voting instructions for a proposal? What is discretionary voting? What is a broker non-vote?**

If you properly complete, sign, date and return a **WHITE** proxy card or voting instruction form, your shares of our common stock will be voted as you specify. If you are a stockholder of record and you sign and return a **WHITE** proxy card, but make no specifications on such proxy card, your shares of our common stock will be voted in accordance with the recommendations of our Board, as provided above. If you are a beneficial owner and you do not provide voting instructions to your bank, broker, trustee or other nominee holding shares of our common stock for you, your shares of our common stock will not be voted with respect to any proposal for which the stockholder of record does not have discretionary authority to vote. Rules of the New York Stock Exchange (“NYSE”) determine whether proposals presented at stockholder meetings are “discretionary” or “non-discretionary.” If a proposal is determined to be discretionary, your bank, broker, trustee or other nominee is permitted under NYSE rules to vote on the proposal without receiving voting instructions from you. If a proposal is determined to be non-discretionary, your bank, broker, trustee or other nominee is not permitted under NYSE rules to vote on the proposal without receiving voting instructions from you. A “broker non-vote” occurs when a bank, broker, trustee or other nominee holding shares for a beneficial owner returns a valid proxy, but does not vote on a particular proposal because it does not have discretionary authority to vote on the matter and has not received voting instructions from the stockholder for whom it is holding shares.

Because Paragon has initiated a proxy contest, to the extent that Paragon provides a voting instruction form to stockholders in street name, none of the proposals at the Annual Meeting are considered a discretionary matter. As a result, we encourage you to provide voting instructions to the bank, broker, trustee or other nominee that holds your shares by carefully following the instructions provided in their notice to you.

**11. How many votes are needed to approve the proposals? What is the effect of abstentions and broker non-votes on the outcome of the proposals?**

<b>Proposal</b>	<b>Voting Options</b>	<b>Vote Required to Adopt the Proposal</b>	<b>Effect of Abstentions</b>	<b>Effect of Broker Non-Votes</b>
1: Approval of an amendment to our Certificate of Incorporation to declassify the Board and provide for annual elections of directors	For, against or abstain	Affirmative vote of at least 75% of the shares of common stock outstanding and entitled to vote	Treated as votes against	Treated as votes against
2: Approval of an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock at a ratio to be determined by our Board within a specified range	For, against or abstain	Affirmative vote of a majority of the shares of common stock outstanding and entitled to vote	Treated as votes against	Treated as votes against
3: Approval of an amendment to our Certificate of Incorporation to decrease our authorized number of shares of common stock	For, against or abstain	Affirmative vote of a majority of the shares of common stock outstanding and entitled to vote	Treated as votes against	Treated as votes against
4: Election of one director	For or withhold	Affirmative vote of a plurality of the shares present in person or by proxy and entitled to vote	N/A	No effect
5: Ratification of the selection of our independent registered public accounting firm	For, against or abstain	Affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote	Treated as votes against	No effect
				No effect

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6: Approval, on a non-binding advisory basis, of executive compensation (Say-on-Pay)	For, against or abstain	Affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote	Treated as votes against	
7: Vote, on a non-binding advisory basis, on the frequency of future Say-on-Pay votes	One year, two years, three years or abstain	The frequency which receives the highest number of votes will be deemed the choice of the stockholders	No effect	No effect

In contested elections (where the number of nominees exceeds the number of directors to be elected) and in uncontested elections, our directors are elected by a plurality of the shares of our common stock present in person or by proxy and entitled to vote. At the Annual Meeting, one director seat is up for election. That means the director candidate receiving the highest number of “FOR” votes will be elected. Under our bylaws, all other matters require the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote, except as otherwise provided by statute, our Certificate of Incorporation or our bylaws. A properly executed card marked “WITHHOLD” with respect to the election of a director nominee will be counted for purposes of determining whether there is a quorum at the Annual Meeting, but will not be considered to have been voted on the director election.

As a result of Paragon’s intention to propose an alternative director nominee in opposition to our Board’s nominee, there may be more than one nominee at the Annual Meeting, resulting in a contested election. ***THE ONLY WAY TO SUPPORT OUR BOARD’S NOMINEE IS TO VOTE “FOR” THE BOARD’S NOMINEE ON THE WHITE PROXY CARD. PLEASE DO NOT COMPLETE OR RETURN A PROXY CARD FROM PARAGON EVEN IF YOU WITHHOLD ON PARAGON’S DIRECTOR NOMINEE, BECAUSE DOING SO MAY CANCEL ANY PREVIOUS VOTE YOU CAST ON THE COMPANY’S WHITE PROXY CARD.***

**12. 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 directly to you.

If your shares are held for you in the name of your bank, broker, trustee or other nominee, your shares are held in “street name” and you are considered the “beneficial owner.” The proxy materials have been forwarded to you by your bank, broker, trustee or other nominee, who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee on how to vote your shares by using the voting instruction form provided by your nominee. The answer to Question 10 describes brokers’ discretionary voting authority and when your bank, broker, trustee or other nominee is permitted to vote your shares without instructions from you. The answer to Question 3 describes how beneficial owners may attend the Annual Meeting.

**13. How do I vote?**

**Stockholders of Record.** If you are a stockholder of record, you may submit your **WHITE** proxy card and voting instructions by telephone or using the Internet or by mail as further described below. Your **WHITE** proxy card,



whether submitted via telephone, the Internet or mail, authorizes the individuals named as proxies on your **WHITE** proxy card to act as your proxies at the Annual Meeting, each with the power to appoint his or her substitute, to represent and vote your shares of our common stock as you directed, if applicable.

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

**By Internet.** Access the secure Internet website registration page on the enclosed **WHITE** proxy card and follow the instructions.

**By Mail.** Sign, date and return your **WHITE** proxy card in the postage-paid envelope provided

If you submit your **WHITE** proxy card and voting instructions via telephone or the Internet, you do not need to mail your **WHITE** proxy card. The individuals named as proxies on your **WHITE** proxy card will vote your shares of our common stock at the Annual Meeting as instructed by the latest dated proxy received from you, whether submitted via the Internet, telephone or mail. You may also vote in person at the Annual Meeting.

**Beneficial Owners.** If your shares of our common stock are held in a stock brokerage account by a bank, broker, trustee or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your bank, broker, trustee or other nominee that is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee on how to vote your shares of our common stock via the Internet or by telephone, if the bank, broker, trustee or other nominee offers these options or by completing, signing, dating and returning a voting instruction form. Your bank, broker, trustee or other nominee will send you instructions on how to submit your voting instructions for your shares of our common stock. If you wish to vote in person at the Annual Meeting, you must obtain a signed proxy from your bank, broker, trustee or other nominee who holds the shares on your behalf in order to cast your vote. For a discussion of the rules regarding the voting of shares of our common stock held by beneficial owners, please see the question above titled “What happens if I do not submit voting instructions for a proposal? What is discretionary voting? What is a broker non-vote?”

**14. 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 counted by (1) sending written notice of revocation that is dated later than the date of your proxy to Mardel A. Graffy, our Secretary, at our principal executive offices, which are located at 900 East Green Street, Bensenville, Illinois 60106, (2) timely delivering a valid, later-dated proxy that we receive no later than the conclusion of voting at the Annual Meeting, or (3) if you are present at the Annual Meeting, either voting in person or notifying the Secretary in writing at the Annual Meeting of your wish to revoke your proxy. Your attendance alone at the Annual Meeting will not be enough to revoke your proxy.

If you have previously submitted a proxy card sent to you by Paragon, you may change your vote by completing and returning the enclosed **WHITE** proxy card in the accompanying postage-paid envelope or by voting by telephone or via the Internet by following the instructions on your **WHITE** proxy card or voting instruction form. Submitting a proxy card sent to you by Paragon will revoke votes you have previously made via the Company’s **WHITE** proxy card.

If you are a beneficial owner of shares of our common stock, you may submit new voting instructions by contacting your bank, broker, trustee or other nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to Question 13.

**15. What does it mean if I receive more than one set of proxy materials?**

Since Paragon has submitted an alternative director nominee to the Board in opposition to the nominee proposed by our Board, we may conduct multiple mailings prior to the Annual Meeting Date to ensure stockholders have our latest proxy information and materials to vote. In that event, we will send you a new **WHITE** proxy card or voting instruction form with each mailing, regardless of whether you have previously voted. You may also receive multiple sets of proxy materials, including multiple **WHITE** proxy cards, if you hold shares in more than one account—please vote the **WHITE** proxy card for every account you own. The latest dated proxy you submit will be counted, and, **IF YOU WISH TO VOTE AS RECOMMENDED BY THE BOARD OF DIRECTORS then you should only submit WHITE proxy cards.**

**16. What should I do if I receive a proxy card from Paragon?**

Paragon has informed us it intends to propose an alternative director nominee for election at the Annual Meeting in opposition to the nominee proposed by our Board. We expect that you may receive proxy solicitation materials from Paragon, including an opposition proxy statement and proxy card. **Our Board recommends that you disregard it.** We are not responsible for the accuracy of any information provided by or relating to Paragon or its nominee contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Paragon or any other statements that Paragon or its representatives have made or may otherwise make. If you have already voted using the proxy card provided by Paragon, you have every right to change your vote by completing and returning the enclosed **WHITE** proxy card or by voting by telephone or via the Internet by following the instructions provided on the enclosed **WHITE** proxy card. Only the latest proxy you submit will be counted. **If you withhold on Paragon's nominee using the proxy card sent to you by Paragon, your vote will not be counted as a vote for the director nominee recommended by our Board, but will result in the revocation of any previous vote you may have cast on the WHITE proxy card.** If you wish to vote pursuant to the recommendation of our Board, you should disregard any proxy card that you receive other than the **WHITE** proxy card.

**17. Who will pay for the cost of this proxy solicitation and how will the Company solicit votes?**

We pay all expenses incurred in connection with this solicitation of proxies to vote at the Annual Meeting. We will also request banks, brokers, trustees and other nominees holding shares of our common stock beneficially owned by others to forward these proxy materials to the beneficial owners and upon request we will reimburse such nominees for the customary costs of forwarding the proxy materials. The question of reimbursement will not be submitted to a vote by stockholders. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by our directors, officers or employees. No additional compensation will be paid to directors, officers or employees for such solicitation efforts. Our aggregate expenses related to our solicitation of proxies, including costs of attorneys, accountants, printing and other incidental costs in excess of the amount we would expect to spend in the absence of a proxy contest (but excluding salaries and wages of our regular employees), are expected to be approximately \$30,000, of which approximately \$25,000 has been incurred as of the date of this proxy statement.

Appendix C sets forth information relating to persons who are considered “participants” in our solicitation under the rules of the Securities and Exchange Commission (“SEC”).



## **BACKGROUND TO THE SOLICITATION**

### **PARAGON'S 2016 PROXY CONTEST**

As further detailed in our proxy statement for our 2016 Annual Meeting of Stockholders (the "2016 Annual Meeting") filed with the SEC on May 18, 2016, in November 2015, Hesham M. Gad, Chairman and Chief Executive Officer of Paragon, delivered a letter on behalf of Paragon to certain of our directors requesting, among other things, that the Board appoint two Paragon director representatives to our Board.

In January 2016, Mr. Gad delivered another letter on behalf of Paragon proposing a meeting between himself and certain directors, and the nomination of himself and Jack H. Jacobs, a director of Paragon, for election to the Board at our 2016 Annual Meeting.

As described in our 2016 proxy statement, the Nominating and Governance Committee of the Board reviewed Paragon's nominations and interviewed the nominees. Upon this review, the Board determined not to nominate Mr. Gad, but indicated its willingness to appoint Mr. Jacobs to the Board to avoid a costly and distracting proxy contest.

On March 28, 2016, Paragon rejected the Company's offer to appoint solely Mr. Jacobs to the Board and indicated he would continue the proxy contest to elect both Messrs. Gad and Jacobs.

On April 22, 2016, Paragon issued a press release announcing that it had initiated a proxy contest to elect Messrs. Gad and Jacobs as members of the Board.

The 2016 Annual Meeting was held on June 24, 2016. Although Paragon's proxy statement for the 2016 Annual Meeting indicated that a representative of Paragon would attend the meeting, no representative of Paragon attended the meeting to cast votes on behalf of stockholders who gave a proxy to Paragon. Thus, no votes were cast with respect to these proxies and all stockholders that gave their proxies to Paragon in 2016 were disenfranchised.

At the 2016 Annual Meeting, the Company's two director nominees, Don Acquilano and Donald R. Caldwell, were re-elected to the Board of Directors with 15,279,459 and 15,065,202 votes, respectively. Paragon's nominees did not receive any votes at the 2016 Annual Meeting.

The Company incurred substantial costs in 2016 as a result of Paragon's failed 2016 proxy contest.

## **PARAGON'S 2017 PROXY CONTEST**

The Company sent its stockholders a letter, dated February 21, 2017, announcing, among other things, the Board's decision to reduce the size of the Board from six members to five members effective as of the Annual Meeting date, and that Raymond J. Spencer would not stand for re-election at the Annual Meeting. The letter also described the Company's efforts to refocus its operations and management's expectations regarding its future. A copy of this letter was included as Exhibit 99.1 to the Company's Form 8-K filed with the SEC on February 21, 2017.

On March 1, 2017, Paragon sent the Company a formal notice of intent to nominate Messrs. Gad and Jacobs as nominees for election to the Board at the Annual Meeting, or in the event that only one director will be lawfully elected at the Annual Meeting and only one director may lawfully be nominated by Paragon, nominate Mr. Gad for election to the Board at the Annual Meeting. Since only one director is to be lawfully elected at the Annual Meeting, we have assumed for the purposes of this proxy statement that Mr. Gad is Paragon's sole nominee for election as a director. This was the first communication from Paragon since it sought to elect Messrs. Gad and Jacobs at our 2016 Annual Meeting.

On March 2, 2017, Paragon issued a press release announcing its potential nomination of candidate(s) for election at our Annual Meeting.

The Board reviewed the correspondence from Paragon and the press release. The Board considered its review of Paragon's nominees in connection with the 2016 Annual Meeting. The Board also took into account the substantial costs incurred by the Company in connection with the 2016 Annual Meeting, and the fact that Paragon did not attend the 2016 Annual Meeting to cast any votes with respect to the proxies it received from the Company's stockholders, thus disenfranchising stockholders who had given their proxies to Paragon. Based on these considerations, the Board determined that the proposed proxy contest by Paragon was not in the best interests of the Company or its stockholders. The Board determined to engage in discussions with Paragon to avoid a costly and distracting proxy contest and offered to appoint Mr. Jacobs to the Board as it did in 2016.

Our outside corporate legal counsel sent a letter dated March 6, 2017 to inform Paragon's counsel that Paragon's notice of nomination omitted certain information required under the Company's bylaws and federal securities laws. Paragon sent the Company a letter, dated March 6, 2017, seeking to correct its notice.

During March 2017 the Company and its counsel spoke with Paragon and its counsel in an effort to resolve the potential proxy contest. In connection with these discussions, the Company indicated to Paragon that, as in 2016, it was willing to appoint Mr. Jacobs to the Board. This offer was rejected by Paragon. The Company continues to

engage in discussions with Paragon and remains open to negotiated alternatives to a proxy contest.

## **PROPOSAL 1:**

### **DECLASSIFICATION OF BOARD OF DIRECTORS**

#### **Overview**

Article 7 of the Certificate of Incorporation currently provides that our Board is divided into three classes, as nearly equal in number as possible, with each class of directors serving a staggered term, so that the term of only one class expires at each annual meeting of stockholders and each class is elected to a three-year term.

Our Board has unanimously approved and recommended to our stockholders for approval an amendment to our Certificate of Incorporation to declassify the Board and provide for the annual election of directors. If Proposal 1 is approved by our stockholders, at the Annual Meeting our Certificate of Incorporation will be amended and our stockholders will be asked to elect one Class I director for a term of one year. If our stockholders do not approve this proposal, our Board of Directors will remain classified and our stockholders will instead be asked to elect one Class I director for a term of three years. (See Proposal 4, Election of Director on page 18.)

The proposed amendment would eliminate the classification of our Board effective as of our 2018 annual meeting of stockholders (the “2018 Annual Meeting”). The proposed amendment would not shorten the terms of our incumbent Class II directors, which expire in 2018. Our Class III directors, whose terms expire at our 2019 annual meeting of stockholders, have indicated their support for the declassification of our Board by agreeing to resign from their terms effective as of the date of the 2018 Annual Meeting if stockholders approve Proposal 1. As a result, if Proposal 1 is approved by our stockholders, all of our directors will be up for election for a one-year term at the 2018 Annual Meeting and each year thereafter. Upon effectiveness of the proposed amendment, any person appointed to fill any vacancy in the Board (including a vacancy by reason of an increase in the size of the Board, or the death, resignation, retirement, disqualification or removal of a director) will hold office until the next succeeding annual meeting of stockholders and until such director’s successor has been duly elected and qualified or until such person’s earlier death, resignation, retirement, disqualification or removal.

The Certificate of Incorporation currently provides for a classified Board of Directors and permits the removal of directors only for cause and only by the affirmative vote of the holders of at least 75% of shares entitled to vote at an election of directors. Consistent with Delaware law for unclassified boards, the amendment to the Certificate of Incorporation will permit stockholders holding a majority of shares entitled to vote at an election of directors to remove directors either with or without cause from and after the 2018 Annual Meeting.

The proposed amendment to Article 7 of the Certificate of Incorporation is in substantially the form set forth in [Appendix A](#) to this proxy statement. If approved, the Company expects to promptly file a certificate of amendment to



our Certificate of Incorporation with the Secretary of State of the State of Delaware and the proposed amendment will become effective upon the filing of the certificate of amendment or at a later time determined at the discretion of our Board. If our stockholders do not approve this Proposal 1, our Board will remain classified.

The Board has considered carefully the advantages and disadvantages of maintaining a classified board structure. The Board has decided that it is an appropriate time to propose an amendment to the Certificate of Incorporation eliminating the classified Board. This amendment will bring the Company's governance structure into line with the stockholder-favorable market practice of all directors being elected annually, thereby enhancing the rights of stockholders and improving the Company's corporate governance to maximize accountability to stockholders. If approved, the proposal will give stockholders the opportunity each year to register their views on the performance of the entire Board.

### **Vote Required**

Approval of this proposal requires the affirmative vote of at least 75% of the shares of our common stock outstanding and entitled to vote. For more information on the voting requirements, see "Questions and Answers about the Proxy Materials, Annual Meeting and Voting."

### **Recommendation of the Board of Directors**

**OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS.**

## **PROPOSAL 2:**

### **REVERSE STOCK SPLIT**

#### **Overview**

Our Board has unanimously approved and recommended to our stockholders for approval an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock by a ratio of not less than 1-for-10 and not greater than 1-for-20, with the exact ratio to be determined by our Board in its sole discretion (the “Reverse Stock Split”). If this Proposal 2 is approved, our Board may (but is not required to) effect the Reverse Stock Split, in its sole discretion, without further stockholder approval. Even if this Proposal 2 is approved, our Board may decide not to effect the Reverse Stock Split at all if it determines that the Reverse Stock Split is no longer in the best interests of the Company or its stockholders.

The Company will pay cash in lieu of any fractional share interests resulting from the Reverse Stock Split, as described below. The authorized number of shares of our common stock will only be reduced in connection with the Reverse Stock split if Proposal 3, relating to an amendment to our Certificate of Incorporation to decrease the authorized number of shares of our common stock, is approved by our stockholders and implemented by the Board. For more information, see “Proposal 3: Decrease in Authorized Shares of Common Stock” below. The Reverse Stock Split will have no effect on the par value of our common stock.

The proposed amendment to our Certificate of Incorporation to implement the Reverse Stock Split is in substantially the form set forth in [Appendix B](#) to this proxy statement.

#### **Reasons for Reverse Stock Split**

Our common stock is currently listed on the NASDAQ Capital Market. NASDAQ imposes listing standards that a company must meet to maintain the listing of its securities on the NASDAQ Capital Market. One of those standards is the minimum closing bid price requirement, which requires that the bid price of the common stock of listed companies be at least \$1.00 per share (the “Minimum Bid Price Requirement”). On April 19, 2016, while our common stock was listed on the NASDAQ Global Market, we received notice from the Listing Qualifications Department of NASDAQ indicating that we no longer complied with the Minimum Bid Price Requirement because the closing bid price for our stock was below \$1.00 for 30 consecutive business days. In accordance with the NASDAQ listing rules, we had an

initial grace period of 180 calendar days to regain compliance with the Minimum Bid Price Requirement. On October 18, 2016, we received approval from NASDAQ to transfer the listing of our common stock from the NASDAQ Global Market to the NASDAQ Capital Market. This transfer was effective at the opening of business on October 20, 2016. As a result of this transfer, we were granted an additional 180-day grace period, or until April 17, 2017, to regain compliance with the Minimum Bid Price Requirement. To regain compliance and qualify for continued listing on the NASDAQ Capital Market, the bid price per share of our common stock must be at least \$1.00 for at least 10 consecutive business days. In the event we do not regain compliance by April 17, 2017, our common stock will be subject to delisting by NASDAQ and we expect that NASDAQ will provide a written delisting determination to the Company. At that time, we may appeal the delisting determination to a NASDAQ Hearings Panel. Such appeal would stay the delisting and our common stock would remain listed pending the panel's decision. The Board does not expect the Company to regain compliance by April 17, 2017 because the Annual Meeting will be held after this date. However, based on the Company's discussions with the NASDAQ Staff, the Board currently believes that effecting the Reverse Stock Split and demonstrating compliance with the Minimum Bid Price Requirement during the appeal process would assist the Company in maintaining its listing on NASDAQ. The Board currently intends to effect the Reverse Stock Split if stockholders approve this Proposal 2 and the Board believes at such time that the implementation of the Reverse Stock Split will assist the Company in regaining compliance with the Minimum Bid Price Requirement. If we appeal the delisting determination, there can be no assurance that such appeal would be successful even if we regain compliance with the Minimum Bid Price Requirement during the appeal process.

Our Board is submitting this Reverse Stock Split amendment to our stockholders for approval with the primary intent of giving us the flexibility to increase the market price of our common stock to enhance our ability to maintain the listing requirements of the NASDAQ Capital Market. We value our listing on the NASDAQ Capital Market and currently plan to implement the Reverse Stock Split in order to assist in maintaining such listing. Our Board has considered the potential harm to the Company and our stockholders should NASDAQ delist our common stock. Delisting from NASDAQ could significantly affect our ability to raise funds through the issuance of equity and the ability of investors to trade our common stock. Delisting could also negatively affect the value and liquidity of our common stock because alternatives, such as the OTC Bulletin Board and the pink sheets, are generally considered to be less efficient markets.

### **Determination of Final Reverse Stock Split Ratio**

In order to provide maximum flexibility, we are submitting this proposal with a range of exchange ratios for the Reverse Stock Split of not less than 1-for-10 and not greater than 1-for-20. In selecting this range, the Board considered the desired trading price of the post-split shares, the number of post-split shares to be outstanding following any Reverse Stock Split, and the volatility of the trading price of our common stock on the Nasdaq Capital Market. This trading price has ranged from a high of \$1.02 to a low of \$0.47 during the twelve months prior to March 10, 2017.

We believe that enabling our Board to set the exchange ratio within the stated range will provide us with the flexibility to implement the Reverse Stock Split in a manner designed to maximize the anticipated benefits for our stockholders. In determining whether to implement the Reverse Stock Split and selecting the final exchange ratio, our Board will consider factors such as:

Our ability to remain listed and maintain the listing standards of the NASDAQ Capital Market;

The status of the common stock listing on the NASDAQ Capital Market and the listing standards of other stock exchanges;

Our capitalization, including the number of shares of our common stock outstanding;

The historical trading price and trading volume of our common stock;

The then-prevailing trading price and trading volume for our common stock; and

The anticipated impact of the Reverse Stock Split on the trading price of and market for our common stock.

Our Board will have sole discretion as to the exact timing of the Reverse Stock Split and final exchange ratio within the range of ratios specified in this Proposal 2. Our Board may also determine that the Reverse Stock Split is no longer in the best interests of the Company and its stockholders and decide to abandon the Reverse Stock Split, at any time before, during or after the Annual Meeting and prior to its effectiveness, without further action by the stockholders.

**Effect of the Reverse Stock Split on Our Common Stock**

Depending on the final exchange ratio of the Reverse Stock Split determined by our Board, a minimum of 10 shares and a maximum of 20 shares of existing common stock will be combined into one new share of common stock. The table below shows, as of March 10, 2017, the approximate number of outstanding shares of our common stock and the approximate number of shares of our common stock reserved for issuance resulting from the listed hypothetical exchange ratios for the Reverse Stock Split, without giving effect to the treatment of fractional shares, based on 26,878,891 shares of common stock issued and outstanding as of such date: This table does not reflect transactions after March 10, 2017, including the grant of restricted stock units to Timothy E. Brog in connection with his appointment as our President and Chief Executive Officer.

Status	No. of Shares of Common Stock Issued and Outstanding	No. of Shares of Common Stock Reserved for <u>Issuance</u> <sup>(1)</sup>
Pre-Reverse Stock Split	26,878,891	5,051,724
Post-Reverse Stock Split 1-for-10	2,687,889	505,172
Post-Reverse Stock Split 1-for-12	2,239,908	420,977
Post-Reverse Stock Split 1-for-14	1,919,921	360,837
Post-Reverse Stock Split 1-for-16	1,679,931	315,733
Post-Reverse Stock Split 1-for-18	1,493,272	280,651
Post-Reverse Stock Split 1-for-20	1,343,945	252,586

<sup>(1)</sup> The pre-split number of shares of our common stock reserved for future issuance includes, as of March 10, 2017: (i) 2,440,857 shares reserved for issuance pursuant to outstanding options and restricted stock units, and (ii) 2,610,867 shares of common stock available for future grants under the Rubicon Technology, Inc. 2016 Stock Incentive Plan.

The actual number of shares of common stock issued and outstanding, and the number of shares of common stock reserved for issuance, after giving effect to the Reverse Stock Split, if implemented, will depend on the final exchange ratio that is ultimately determined by our Board and will be subject to the treatment of fractional shares. The Reverse Stock Split itself will not change the number of authorized shares of our common stock or preferred stock. However, at the Annual Meeting, we are also seeking approval from our stockholders for an amendment to decrease the authorized number of shares of our common stock. (See Proposal 3 below.)

The Reverse Stock Split will affect all stockholders of record uniformly and will not affect any stockholder's percentage ownership interest in the Company, except that, as described below in "— Treatment of Fractional Shares," stockholders of record otherwise entitled to a fractional share as a result of the Reverse Stock Split will receive cash in lieu of such fractional share interest. In addition, the Reverse Stock Split will not affect any stockholder's proportionate voting power (subject to the treatment of fractional shares).

After the Effective Time (defined below) of the Reverse Stock Split, our common stock will have a new Committee on Uniform Securities Identification Procedures ("CUSIP") number, which is a number used to identify our equity securities, and stock certificates with the older CUSIP number will need to be exchanged for post-split shares represented by the new CUSIP number by following the procedures described under "—Stockholders of Record Holding Certificates".

Our common stock is currently registered under Section 12(b) of the Exchange Act, and we are subject to the periodic reporting and other requirements of the Exchange Act. As noted above, the purpose of the Reverse Stock Split is for the Company to regain compliance and qualify for continued listing on the NASDAQ Capital Market. As further discussed below, we are not proposing the Reverse Stock Split as the first step in a "going private" transaction and we expect that the Reverse Stock Split would not have a negative effect on our continued listing status on NASDAQ. We therefore believe that the Reverse Stock Split would not affect the registration of our common stock under the Exchange Act."

### **Certain Risks Associated with the Reverse Stock Split**

We cannot assure you that the proposed Reverse Stock Split will increase our stock price and have the desired effect of maintaining compliance with NASDAQ listing rules. Reducing the number of outstanding shares of our common stock through a Reverse Stock Split is intended, absent other factors, to increase the per share market price of our common stock. However, other factors, such as our financial results, market conditions and the market perception of our business may adversely affect the market price of our common stock. As a result, there can be no assurance that the Reverse Stock Split, if completed, will result in the intended benefits described above, that the market price of our common stock will increase following the Reverse Stock Split or that the market price of our common stock will not decrease in the future. If we are not able to increase the stock price sufficient to meet NASDAQ listing standards,

our common stock will be subject to delisting. Additionally, we cannot assure you that the market price per share of our common stock after the Reverse Stock Split will increase in proportion to the reduction in the number of shares of our common stock outstanding before the Reverse Stock Split. Accordingly, the total market capitalization of our common stock after the Reverse Stock Split may be higher or lower than the total market capitalization before the Reverse Stock Split.

We expect NASDAQ to begin proceedings to delist our common stock before the Annual Meeting. While we intend to utilize all of our appeal rights and to regain compliance during the appeal period, we cannot assure you that we will be able to successfully appeal NASDAQ's determination to delist our common stock, regardless of the effect of any Reverse Stock Split on the market price of our common stock.

The proposed Reverse Stock Split may decrease the liquidity of our common stock. The liquidity of our common stock may be harmed by the proposed Reverse Stock Split given the reduced number of shares that would be outstanding after the Reverse Stock Split, particularly if the stock price does not increase as a result of the Reverse Stock Split.

The Reverse Stock Split may result in some stockholders owning "odd lots" of less than 100 shares of common stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in "round lots" of even multiples of 100 shares.

The Reverse Stock Split would have the effect of increasing the number of authorized but unissued shares of common stock available for future issuance, which may be construed as having an anti-takeover effect by permitting the issuance of shares to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions of our Certificate of Incorporation or bylaws. However, at the Annual Meeting, we are also seeking approval from our stockholders for an amendment to decrease the authorized number of shares of our common stock. (See "Proposal 3" below)

### **Effective Time of Reverse Stock Split**

The Reverse Stock Split would become effective upon the later of the filing of a certificate of amendment to our Certificate of Incorporation with the Secretary of State of the State of Delaware, or such later effective time as is specified in such certificate of amendment as permitted under Delaware law (such effective time of the Reverse Stock Split referred to as the "Effective Time"). The date of the filing of the certificate of amendment that will effect the Reverse Stock Split and the Effective Time will be determined by our Board based on its evaluation as to when such action will be the most advantageous to us and our stockholders. In addition, our Board reserves the right, notwithstanding stockholder approval and without further action by the stockholders, to elect not to proceed with the Reverse Stock Split if, at any time prior to filing the amendment to our Certificate of Incorporation, our Board, in its sole discretion, determines that it is no longer in our best interests or the best interests of our stockholders to proceed with the Reverse Stock Split.

At the Effective Time, shares of our common stock issued and outstanding and shares of common stock held in treasury, in each case, immediately prior thereto will be combined and converted, automatically and without any action on the part of the stockholders, into new shares of common stock in accordance with the final exchange ratio of the Reverse Stock Split determined by the Board within the limits set forth in this proposal. If the proposed amendment is not approved by our stockholders, a Reverse Stock Split will not occur.



Because no fractional shares will be issued, holders of our common stock could be eliminated in the event that the proposed Reverse Stock Split is implemented. We are not proposing the Reverse Stock Split as the first step in a “going private” transaction. As of March 10, 2017, we had approximately 26 holders of record. In addition, we had approximately 5,320 beneficial owners who hold common stock in street name. The NASDAQ Listing Rules require that we have more than 300 Public Holders, which is defined as “holders of a security that includes both beneficial holders and holders of record, but does not include any holder who is, either directly or indirectly, an Executive Officer, director, or the beneficial holder of more than 10% of the total shares outstanding” under Rule 5005. Because a decrease in the number of shares owned by our stockholders due to the Reverse Stock Split will not decrease the number of our Public Holders below the required minimum of 300, we expect that the Reverse Stock Split would not have a negative effect on our continued listing status on NASDAQ.

### **Treatment of Fractional Shares**

No fractional shares will be issued in connection with the Reverse Stock Split. If as a result of the Reverse Stock Split, a stockholder of record would otherwise be entitled to receive a fractional share, the stockholder will be entitled to receive cash payment in lieu of the issuance of any such fractional share interest in an amount (without interest or deduction) equal to the product obtained by multiplying:

the average closing price of our common stock as reported by the NASDAQ Stock Market for the 30 consecutive trading days immediately preceding the date of the Reverse Stock Split, or if our common stock is not at such time traded on the NASDAQ Stock Market, then as reported on the primary trading market for our common stock; and

the number of shares of our common stock held by such stockholder that would otherwise have been converted into a fractional share interest as a result of the Reverse Stock Split.

Except for the right to receive cash payment in lieu of any fractional share interest, stockholders will not have any voting, dividend or other rights with respect to the fractional shares they would have otherwise been entitled to receive in the Reverse Stock Split.

Stockholders who hold less than the number of shares set forth in the final exchange ratio will be eliminated as a result of the cash payment in lieu of the issuance of any fractional share interests in connection with the Reverse Stock Split.

Stockholders should be aware that, under the escheat laws of the various jurisdictions where stockholders may reside, where we are domiciled, and where the funds will be deposited, sums due for fractional share interests that are not timely claimed after the Effective Time may be required to be paid to the designated agent for each such jurisdiction, unless correspondence has been received by us or the exchange agent concerning ownership of such funds within the time permitted in such jurisdiction. Thereafter, stockholders otherwise entitled to receive such funds will have to seek to obtain them directly from the state to which they were paid.

#### **“Book-Entry” Stockholders of Record**

Certain of our stockholders of record may hold some or all of their shares of common stock electronically in book-entry form with the transfer agent under the direct registration system for securities. These stockholders do not have stock certificates evidencing their ownership of the common stock. They are, however, provided with a statement of holding reflecting the number of shares registered in their accounts.

Stockholders who hold shares electronically in book-entry form with the transfer agent will not need to take action (the exchange will be automatic) to receive whole shares of post-split common stock, subject to adjustment for treatment of fractional shares. These stockholders will receive a statement of holding at their address of record indicating the number of new post-split shares of our common stock they hold after the Reverse Stock Split along with payment in lieu of any fractional share interests. By signing and cashing the check, you will warrant that you own the shares for which you received cash payment.

#### **Stockholders of Record Holding Certificates**

As soon as practicable after the Effective Time of a Reverse Stock Split, stockholders who held pre-split shares of our common stock in certificate form will receive a letter of transmittal accompanied by instructions specifying how they can exchange their certificates representing the pre-split shares of our common stock for a statement of holding

indicating the number of post-split shares issued electronically to them and payment in lieu of any fractional share interest. The post-split shares of our common stock will be issued electronically in book-entry form with the transfer agent under the direct registration system for securities. This means that, instead of receiving a new stock certificate, these stockholders will receive a statement of holding reflecting the number of post-split shares owned in book-entry form. We will no longer issue physical stock certificates unless a stockholder makes a specific request for a share certificate representing such holder's post-split ownership interest.

No statement of holding reflecting post-split share ownership or check for cash payment in lieu of any fractional share interest will be issued to a stockholder until such stockholder has surrendered all certificates representing shares of our pre-split common stock, together with a properly completed and executed letter of transmittal, to the exchange agent. Our transfer agent is expected to act as the "exchange agent" for purposes of implementing the exchange of stock certificates and the cash payment in lieu of fractional share interests.

Until surrendered, we will deem outstanding certificates representing the pre-split shares of our common stock to be cancelled and to only represent the number of whole shares of post-split stock to which these stockholders are entitled. Any certificates submitted for exchange, whether because of sale, transfer or other disposition of stock, will automatically be exchanged for post-split shares issued electronically in book-entry form.

**Stockholders should NOT destroy any stock certificates or submit their stock certificates now. You should submit them only after you receive instructions from us or our exchange agent.**

No service charges, brokerage commissions or transfer taxes will be payable by any stockholder, except that if any new stock certificates are to be issued in a name other than that in which the surrendered certificate(s) are registered it will be a condition of such issuance that (i) the person requesting such issuance pays all applicable transfer taxes resulting from the transfer (or prior to transfer of such certificate, if any) or establishes to our satisfaction that such taxes have been paid or are not payable, (ii) the transfer complies with all applicable federal and state securities laws, and (iii) the surrendered certificate is properly endorsed and otherwise in proper form for transfer.

### **Beneficial Holders of Common Stock**

Non-registered stockholders holding common stock through a bank, broker, trustee or other nominee should note that such banks, brokers, trustees or other nominees may have different procedures for processing the Reverse Stock Split than those that would be put in place by us for stockholders of record. Stockholders who hold shares of our common stock with a bank, broker, trustee or other nominee and who have any questions in this regard are encouraged to contact their banks, brokers, trustees or other nominees.

### **Effect of the Reverse Stock Split on Stock Incentive Plan, Options, Restricted Stock and Restricted Stock Unit Awards**

Based upon the final exchange ratio of the Reverse Stock Split determined by our Board, proportionate adjustments are generally required to be made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding options entitling the holders to purchase shares of common stock. This would result in approximately the same aggregate price being required to be paid under such options upon exercise, and approximately the same value of shares of common stock being delivered upon such exercise immediately following the Reverse Stock Split as was the case immediately preceding the Reverse Stock Split. The number of shares deliverable upon settlement or vesting of restricted stock or restricted stock units will be similarly adjusted, subject to our treatment of fractional shares. The number of shares reserved for issuance pursuant to these securities will be proportionately reduced based upon the final exchange ratio determined by the Board, subject to our treatment of fractional shares.

### **No Effect on Par Value; Accounting Matters**

This proposed amendment to our Certificate of Incorporation will not affect the par value of our common stock per share, which will remain \$0.001 par value per share. As a result, as of the Effective Time, the stated capital attributable to common stock will be proportionately reduced based on the applicable final exchange ratio used in the Reverse Stock Split and the additional paid-in capital account on our balance sheet will not be materially affected due to the Reverse Stock Split. Reported per share net income or loss will be higher because there will be fewer shares of common stock outstanding.

### **Certain Federal Income Tax Consequences**

The following summary describes certain material U.S. federal income tax consequences of the Reverse Stock Split to holders of our common stock. This summary does not purport to be a complete discussion of all the possible U.S. federal income tax consequences of the Reverse Stock Split and is included for general information only.

Unless otherwise specifically indicated herein, this summary addresses the U.S. federal income tax consequences only to a beneficial owner of our common stock that is a citizen or individual resident of the United States, or a corporation organized in or under the laws of the United States or any state thereof or the District of Columbia (each, a “U.S. Holder”). A trust may also be a U.S. Holder if (i) a U.S. court is able to exercise primary supervision over administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person. An estate whose income is subject to U.S. federal income taxation regardless of its source may also be a U.S. Holder.

This summary does not address any state, local, foreign or other tax consequences of the Reverse Stock Split, nor does it address all of the tax consequences that may be relevant to any particular stockholder in light of their circumstances, including tax consequences arising to (i) stockholders that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, U.S. expatriates, persons subject to the alternative minimum tax, traders in securities that elect to use a mark-to-market method of accounting, individual retirement accounts or tax-deferred accounts, and dealers in securities, commodities or currencies, (ii) stockholders that hold our common stock as part of a position in a “straddle” or as part of a “hedging,” “conversion,” “straddle” or other integrated investment transaction for U.S. federal income tax purposes, (iii) stockholders who acquired shares of our common stock pursuant to employee stock options or otherwise as compensation, (iv) stockholders whose functional currency is not the U.S. dollar, or (v) stockholders that do not hold our common stock as “capital assets” (generally, property held for investment). If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our common stock, and partners in such partnerships, and all other holders of our common stock that are subject to special treatment under U.S. federal income tax law should consult their own tax advisors regarding the U.S. federal income tax consequences of the Reverse Stock Split.

This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date of this proxy statement. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of the Reverse Stock Split. In addition, we have not sought, and will not seek, an opinion of counsel or a ruling from the Internal Revenue Service (the “IRS”) regarding the U.S. federal income tax consequences of the Reverse Stock Split, and there can be no assurance the IRS will not challenge the statements and conclusions set forth in this discussion or that a court would sustain any such challenge.

**PLEASE CONSULT YOUR OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT IN YOUR PARTICULAR CIRCUMSTANCES UNDER THE INTERNAL REVENUE CODE AND THE LAWS OF ANY OTHER TAXING JURISDICTION.**

The Reverse Stock Split is intended to constitute a “reorganization” within the meaning of Section 368 of the Code. Therefore, no gain or loss should be recognized by a U.S. Holder upon such holder’s exchange of pre-split shares for post-split shares pursuant to the Reverse Stock Split, except to the extent of cash, if any, received in lieu of a fractional share interest in the post-split shares. The U.S. Holder’s aggregate tax basis of the post-split shares received should be equal to the aggregate tax basis of the pre-split shares exchanged therefor (excluding any portion of the U.S. Holder’s basis allocated to fractional shares), and the holding period of the post-split shares received should include the holding period of the pre-split shares exchanged.

In general, a U.S. Holder of pre-split shares who receives cash in lieu of a fractional share interest should recognize gain or loss equal to the difference between the amount of cash received by such U.S. Holder and the amount of tax basis in the pre-split shares allocated to the fractional share interest. Such gain or loss should generally constitute capital gain or loss, as short term if the pre-split shares were held for one year or less and long term if held more than one year.

No gain or loss should be recognized by the Company as a result of the Reverse Stock Split.

A non-corporate U.S. Holder may be subject to backup withholding at a 28% rate on cash payments received pursuant to the Reverse Stock Split unless such U.S. Holder provides a correct taxpayer identification number to its broker or to the Company and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under these rules will be creditable against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

### **No Appraisal Rights**

Stockholders have no rights under Delaware law or under our Certificate of Incorporation or bylaws to exercise dissenters' rights of appraisal with respect to the Reverse Stock Split.

### **Vote Required**

Approval of this proposal requires the affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote. For more information on the voting requirements, see "Questions and Answers about the Proxy Materials, Annual Meeting and Voting."

### **Recommendation of the Board of Directors**

**OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO EFFECT THE REVERSE STOCK SPLIT.**

### **PROPOSAL 3:**

#### **DECREASE IN AUTHORIZED SHARES OF COMMON STOCK**

##### **Overview**

Our Certificate of Incorporation currently provides that 40 million shares of common stock are authorized for issuance. Any Reverse Stock Split would reduce the number of outstanding shares, but the authorized number of shares of our common stock would remain unchanged without further action. Our Board has unanimously approved and recommended to our stockholders for approval an amendment to our Certificate of Incorporation to decrease our authorized number of shares of common stock. The proposed amendment would reduce our outstanding shares to three times the number of shares of our common stock outstanding immediately following any Reverse Stock Split, rounded up to the nearest 100,000 shares. The treatment of fractional shares in the Reverse Stock Split will be disregarded for the purposes of this calculation.

This Proposal 3 is conditioned on our stockholders' approval of Proposal 2 relating to the proposed amendment to our Certificate of Incorporation to effect a Reverse Stock Split. In other words, this Proposal 3 will not be submitted to a vote of stockholders at the Annual Meeting if Proposal 2 is not approved by our stockholders. Notwithstanding stockholder approval of this Proposal 3 and without further action by the stockholders, our Board also reserves the right to elect not to proceed with this proposed amendment to our Certificate of Incorporation if, at any time prior to its filing, our Board, in its sole discretion, determines that it is no longer in our best interests or the best interests of our stockholders to decrease our authorized number of shares of common stock.

The proposed amendment to our Certificate of Incorporation to decrease our authorized number of shares is in substantially the form set forth in Appendix B to this proxy statement.

##### **Reasons for Decrease in Authorized Shares of Common Stock**

A Reverse Stock Split will have the effect of increasing the number of authorized but unissued shares of common stock available for future issuance, which may be construed as having an anti-takeover effect by increasing the number of shares available for issuance to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions of our Certificate of Incorporation or bylaws.



Our Board has determined that the proposed decrease in the authorized number of shares of our common stock is in the Company's and our stockholders' best interests because it will (i) ensure that we do not have what certain stockholders might view as an unreasonably high number of authorized shares which are not issued or reserved for issuance following the Reverse Stock Split, (ii) provide us with the ability to pursue financing and corporate opportunities involving our common stock, which may include acquisitions or private or public offerings of our equity securities, and (iii) provide us with the ability to grant appropriate equity incentives for our directors, officers and/or employees over time. At present, our Board has no immediate plans, arrangements or understandings to issue the additional shares of common stock.

### Illustrative Examples of Decrease in Authorized Shares

The table below shows illustrative examples of the reduction authorized shares, based on selected potential exchange ratios for the Reverse Stock Split. The number of authorized shares will be reduced to three times the number of shares of our common stock outstanding immediately following a Reverse Stock Split, rounded up to the nearest 100,000 shares. The treatment of fractional shares in the Reverse Stock Split will be disregarded for purposes of this calculation.

Status	No. of Shares of Common Stock <u>Authorized</u>	No. of Shares of Common Stock Issued and <u>Outstanding</u>	No. of Shares of Common Stock Reserved for <u>Issuance</u> <sup>(1)</sup>	No. of Shares of Common Stock Authorized but Unissued and <u>Unreserved</u>
Pre-Reverse Stock Split	40,000,000	26,878,891	5,051,724	8,069,385
Post-Reverse Stock Split 1-for-10	8,100,000	2,687,889	505,172	4,906,939
Post-Reverse Stock Split 1-for-12	6,800,000	2,239,908	420,977	4,139,115
Post-Reverse Stock Split 1-for-14	5,800,000	1,919,921	360,837	3,519,242
Post-Reverse Stock Split 1-for-16	5,100,000	1,679,931	315,733	3,104,336
Post-Reverse Stock Split 1-for-18	4,500,000	1,493,272	280,651	2,726,077
Post-Reverse Stock Split 1-for-20	4,100,000	1,343,945	252,586	2,503,469

<sup>(1)</sup> The pre-split number of shares of our common stock reserved for future issuance includes, as of March 10, 2017: (i) 2,440,857 shares reserved for issuance pursuant to outstanding options and restricted stock units, and (ii) 2,610,867 shares of common stock available for future grants under the Rubicon Technology, Inc. 2016 Stock Incentive Plan.

The number of authorized shares of common stock to be included in the filed Certificate of Incorporation will be calculated based upon the final exchange ratio for the Reverse Stock Split, as determined by the Board in its sole discretion. The final exchange ratio may be any ratio not less than 1-for-10 and not greater than 1-for-20, and may be different than any ratio set forth in the above table.

Each authorized share of common stock following the implementation of the proposed amendment would have the same rights and privileges as each share of currently authorized common stock. All shares of common stock will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to the common stock now authorized. Holders of our common stock have no preemptive, subscription, redemption or conversion rights.

### **Certain Risks and Potential Disadvantages Associated with the Decrease in Authorized Common Stock**

The proposed decrease in the authorized number of shares of our common stock could have an adverse effect on us because the Board will have less ability to issue shares of common stock in connection with a potential merger or acquisition, or capital raising transaction. Authorized but unissued shares of our common stock and preferred stock are available for future issuance as may be determined by our Board without further action by our stockholders, unless stockholder approval is required by applicable law or securities exchange listing requirements in connection with a particular transaction. These additional shares may be issued in the future for a variety of corporate purposes including, but not limited to, raising additional capital, corporate acquisitions and equity incentive plans. Except for a stock split or stock dividend, future issuances of shares of common stock will dilute the voting power and ownership of our existing stockholders and, depending on the amount of consideration received in connection with the issuance, could also reduce stockholders' equity on a per share basis. Future issuances of shares of common stock could also have the effect of making it more difficult for a third party to acquire control of our Company. In addition, the issuance of additional shares, or the perception that additional shares may be issued could also adversely affect the market price of our common stock.

### **Effective Time of Decrease in Authorized Shares of Common Stock**

Following stockholder approval of this Proposal 3, the decrease in authorized shares of common stock would become effective upon the filing of a certificate of amendment to our Certificate of Incorporation with the Secretary of State of the State of Delaware, or such later effective time as is specified in such certificate of amendment as permitted under Delaware law. The exact timing of the amendment will be determined by our Board based on its evaluation as to when such action will be the most advantageous to us and our stockholders. Our Board reserves the right, notwithstanding stockholder approval and without further action by the stockholders, to elect not to proceed with the amendment to decrease the authorized number of shares if, at any time prior to filing the amendment to our Certificate of Incorporation, our Board, in its sole discretion, determines that it is no longer in our best interests or the best interests

of our stockholders to decrease the authorized number of shares of common stock or to proceed with the Reverse Stock Split.

If the amendment is filed, at the effective time of the amendment, shares of our common stock authorized for issuance will be decreased to three times the number of post-split shares of our c