

Rubicon Technology, Inc.
Form DEF 14A
June 20, 2008

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

(AMENDMENT NO.)

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 Section 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)(4) and 0-11.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

RUBICON TECHNOLOGY, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JULY 25, 2008

As a shareholder 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 Shareholders of the Company to be held at the Westin Hotel, 6100 North River Road, Rosemont, Illinois 60018, at 8:00 a.m. local time, on July 25, 2008, for the following purposes:

1. To elect two directors named in the attached proxy statement to three-year terms;
2. To ratify the selection of Grant Thornton LLP as independent auditors of the Company for the fiscal year ending December 31, 2008; and
3. To transact such other business as may properly come before the meeting or any continuation or adjournment thereof.

Only shareholders of record at the close of business on June 2, 2008 will be entitled to vote at the Annual Meeting and any adjournment thereof. The transfer books will not be closed.

We hope you can attend the Annual Meeting in person. However, even if you plan to attend, we ask that you **MARK, SIGN, DATE** and **RETURN** the enclosed proxy promptly in the enclosed self-addressed envelope, so that we may be assured of a quorum to transact business. If you receive more than one proxy because you own shares registered in different names or addresses, each proxy should be completed and returned. Your proxy is revocable and will not affect your right to vote in person in the event you are able to attend the meeting.

Your attention is directed to the attached Proxy Statement.

BY ORDER OF THE BOARD OF DIRECTORS,

WILLIAM F. WEISSMAN

SECRETARY

Franklin Park, Illinois

June 20, 2008

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RUBICON TECHNOLOGY, INC.

9931 FRANKLIN AVENUE

FRANKLIN PARK, ILLINOIS 60131

Corporate Internet Site: www.rubicon-es2.com

PROXY STATEMENT

FOR

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JULY 25, 2008

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) in connection with the solicitation by the Board of Directors of Rubicon Technology, Inc., a Delaware corporation (Rubicon, the Company, we, us, and our), of proxies to be voted at our 2008 Annual Meeting of Shareholders (the Annual Meeting). The proxies also may be voted at any continuations, adjournments or postponements of the 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 to shareholders on or about June 20, 2008.

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

The Annual Meeting will be held on July 25, 2008 at 8:00 a.m. local time, at the Westin Hotel, 6100 North River Road, Rosemont, Illinois 60018. Shareholders who are entitled to vote may attend the meeting, as well as our invited guests.

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

Shareholders of Record. If you are a Shareholder of Record and plan to attend the meeting, please bring photo identification.

Beneficial Owners. If you are a Beneficial Owner and you plan to attend the meeting, you must present proof of your ownership of Rubicon shares as of June 2, 2008, such as a bank or brokerage account statement, as well as photo identification. If you wish to vote at the meeting, you must also bring a legal proxy.

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

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

1. Proposal 1: To elect two directors named in this proxy statement to three-year terms (see page 5); and
2. Proposal 2: To ratify the selection of Grant Thornton LLP as independent auditors of the Company for the fiscal year ending December 31, 2008 (see page 12).

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 the two directors named in this proxy statement and (2) FOR the ratification of Grant Thornton LLP as independent auditors of the Company for the fiscal year ending December 31, 2008.

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 meeting. If any matters not set forth in the meeting notice included in the Proxy Materials are properly brought before the 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, as of the close of business on the record date, June 2, 2008. Each share of common stock is entitled to one vote and there is no cumulative voting. As of June 2, 2008, we had 20,996,913 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 of the meeting.

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 June 2, 2008 must be present in person or by proxy. This is referred to as a quorum. As of June 2, 2008, there were 20,996,913 shares of common stock issued and outstanding. Accordingly, the presence of the holders of common stock representing at least 10,498,457 shares will be required to establish a quorum. Your shares are counted as present if you attend the 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. How many votes are needed to approve the proposals?

Proposal 1: The election of each nominee for director named in this proxy statement 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 not be included in determining the number of votes cast and, therefore, will have no effect on the election of directors. The nominees would each be appointed to three-year terms if they individually receive 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 shareholders 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.

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 hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions with respect to a 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. However, 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.

10. What is the difference between holding shares as a shareholder 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 Shareholder of Record. Rubicon sent the 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 Shareholder of Record. As the Beneficial Owner, you have the right to direct your broker, bank or other Shareholder of Record on how to vote your shares by using the voting instruction card included in the mailing. The answer to Question 14 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 meeting.

11. How do I vote?

By mail: Be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a Shareholder of Record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors. If you are a Beneficial Owner, please also see Question 14 below.

By telephone: You may vote by telephone using the toll-free phone number indicated on the proxy card. Be sure to have your proxy card in hand when you call and then follow the instructions.

By internet: You may vote by internet at the web site indicated on the proxy card. Be sure to have your proxy card when accessing the web site and then follow the instructions.

In person at the Annual Meeting: All shareholders may vote in person at the Annual Meeting. If you are a Beneficial Owner, you must obtain a legal proxy from your broker, bank or other Shareholder of Record and present it to the inspectors of election with your ballot to be able to vote at the meeting.

12. What can I do if I change my mind after I vote my shares?

If you are a Shareholder of Record, you can revoke your proxy before it is exercised by (1) sending written notice to our Secretary, (2) timely delivering a valid, later-dated proxy, or (3) voting by ballot 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 Shareholder 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 11.

13. 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 the two directors named in this proxy statement to three-year terms, (2) FOR the ratification of Grant Thornton LLP as our independent auditors and (3) in accordance with the best judgment of the named proxies on any other matters properly brought before the meeting. If you are a Beneficial Owner, see Question 14 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.

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

If you are a Shareholder 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 if you do not provide voting instructions. Brokerage firms have the authority under the NASDAQ

Global Market rules to vote shares for which their customers do not provide voting instructions on routine matters. The election of directors and the ratification of the selection of independent auditors are considered routine matters. 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.

15. 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.

16. 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 Shareholders of Record who are brokerage firms, custodians and fiduciaries to forward proxy materials to the beneficial owners of such shares and upon request we will reimburse such Shareholders of Record for the customary costs of forwarding the proxy materials.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Board of Directors currently consists of six 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 Raja M. Parvez and Raymond J. Spencer as directors of the Company will expire at the time of the Annual Meeting. Following the recommendation of the Nominating and Governance Committee, the Board of Directors recommends the re-election of Messrs. Parvez and Spencer to three-year terms.

Although both the nominees have indicated their willingness to serve if elected, if at the time of the 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.

Information, including their business experience for the past five years, about the nominees for election as directors and about our other directors whose terms of office do not expire this year appears below.

NOMINEES FOR ELECTION TO THREE-YEAR TERMS

Raja M. Parvez, 50, 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.

Raymond J. Spencer, 57, joined us in January 2008 as a member of our Board of Directors and the Compensation Committee. Since February 2007, Mr. Spencer has served as chief executive officer of the Financial Services Strategic Business Unit of Cap Gemini 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.

Our Board of Directors recommends that you vote FOR the election of these two directors to three-year terms.

DIRECTORS WHOSE TERMS DO NOT EXPIRE THIS YEAR

Continuing Directors for Term Ending Upon the 2009 Annual Meeting of Shareholders

Gordon Hunter, 56, joined us in August 2007 as a member of our Board of Directors, and currently serves on the Audit Committee and the Nominating and Governance Committee. Since June 2002, Mr. Hunter has served as a director and, since January 2005, he has served as the chairman of the board, president and chief executive officer of Littelfuse, Inc., an international supplier of fuses and other circuit protection products for the electronics industry. Mr. Hunter served as the chief operating officer of Littelfuse from November 2003 through December 2004. Prior to joining Littelfuse, Mr. Hunter was vice president, Intel Communications Group, and

general manager, Optical Products Group for Intel Corporation. Mr. Hunter was responsible for managing Intel's access and optical communications business segments within the Intel Communications Group after joining Intel in February 2002. Mr. Hunter currently serves on the Council of Advisors of Shure Incorporated. Mr. Hunter holds a BS in electrical engineering from the University of Liverpool, England, and an MBA from London Business School.

Michael E. Mikolajczyk, 56, served as a member of our Board of Directors from June 2001 until May 2002 and rejoined our Board of Directors in March 2004. 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 & 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 1992 to 1994. Mr. Mikolajczyk currently serves as a director of Diamond Management & Technology Consultants, Inc. 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.

Continuing Directors for Term Ending Upon the 2010 Annual Meeting of Shareholders

Don N. Aquilano, 41, 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. Mr. Aquilano holds a BS from the University of Arizona and an MBA from Harvard Business School.

Donald R. Caldwell, 61, 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, since June 1994, Mr. Caldwell has served as a director of Diamond Management & Technology Consultants, Inc., a management and technology consulting firm, and he also serves as a director and a member of the compensation committees of Quaker Chemical Corporation, a provider of process chemicals and chemical specialties, and Voxware, Inc., a supplier of voice driven solutions, and as a director of Health Benefits Direct Corporation, a leader in the direct marketing and distribution of health and life insurance products, and Lightning Gaming, Inc., a developer and marketer of poker tables. Mr. Caldwell is 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.

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, Hunter, Mikolajczyk and Spencer, representing five of our six 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.

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. 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 Securities and Exchange Commission (SEC) and 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 web site, www.rubicon-es2.com. A copy of any committee charter may be obtained, without charge, upon written request to William F. Weissman, Secretary, Rubicon Technology, Inc., 9931 Franklin Avenue, Franklin Park, Illinois 60131.

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 2007. In addition, the Board of Directors held six meetings during fiscal 2007. All directors attended 75% or more of these meetings, including regularly scheduled and special meetings, and the meetings of all committees of the board on which they served that were held in the past fiscal year during the periods in which they were directors or served on such committees.

Audit Committee

Don N. Aquilano, Gordon Hunter and Michael E. Mikolajczyk 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; and

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

Our Audit Committee held three meetings during fiscal 2007.

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 incentive compensation plans;

overseeing an evaluation of the performance of our executive officers;

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. Our Compensation Committee held three meetings during fiscal 2007.

Nominating and Governance Committee

Don N. Aquilano, Gordon Hunter and Donald R. Caldwell serve on the Nominating and Governance Committee. Mr. Hunter is the chairman of our Nominating and Governance Committee. The Nominating and Governance Committee's responsibilities include, but are not 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 shareholders;

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 was created in connection with our initial public offering in November 2007 and did not meet until after fiscal 2007.

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. We will post any

amendments to the code, 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, shareholder agreements, stock purchase agreements and voting agreements with us. See Certain Relationships and Related Party Transactions.

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 shareholders. Shareholders 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, beginning in 2009, in order for a recommended candidate to be considered by the committee for nomination for election at an upcoming annual meeting of shareholders, the recommendation must be received by the Secretary of the Company not less than 120 days prior to the anniversary date of our most recent annual meeting of shareholders.

This recommendation must be in writing and must include the following initial information: (i) the shareholder'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., 9931 Franklin Avenue, Franklin Park, Illinois 60131.

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. The Nominating and Governance Committee does not set specific, minimum qualifications that nominees must meet, but rather, in identifying and evaluating candidates for nomination, the committee considers, in addition to the objectives described above, whether the candidate (i) demonstrates high ethical standards and accountability, (ii) has demonstrated substantial achievement and leadership in business, government, academic or other relevant fields, (iii) is dedicated to exercising independent and informed business judgment, (iv) is prepared and able to participate fully in Board activities, including service on committees, and (v) is not engaged in any activity adverse to, and does not serve on the board of another company whose interests are adverse to, or in conflict with, our interests. 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 shareholders any differently than other candidates.

Interested Party Communications with the Board of Directors

Interested parties, including shareholders, 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., 9931 Franklin Avenue, Franklin Park, Illinois 60131.

Attendance at Annual Meeting

Directors are encouraged, but not required, to attend our annual shareholders' meeting. Prior to our becoming a public company, all shareholder actions were effected through written consents.

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, 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, 2007:

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, 2007. Management has the primary responsibility for such financial statements and press releases.

Discussed with the independent auditors the matters requiring discussion by Statement on Auditing Standards No. 61 - Communication with Audit Committees.

Received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 - Independence Discussions with Audit Committees 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, 2007.

Michael E. Mikolajczyk, *Chairman*

Donald N. Aquilano

Gordon Hunter

DIRECTOR COMPENSATION

Prior to our initial public offering in November 2007, most of our directors did not receive any compensation for their services as members of our Board of Directors or any committee of our Board of Directors because they were representatives of principal shareholders of our company and, as a privately-held company, we believed such compensation to be unnecessary. However, we paid Mr. Aquilano \$50,000 in June 2007 and \$50,000 in August 2007 for his past service as the chairman of our Board of Directors. We awarded to Messrs. Hunter and Mikolajczyk participation rights in our Management Incentive Bonus Plan (the "MIB Plan"), which terminated upon completion of our initial public offering, that provided for the payment of bonuses in the event that we were sold. We also awarded to Messrs. Hunter and Mikolajczyk, in June 2007, options to purchase 9,903 and 23,653 shares, respectively, of our common stock. The awards to Mr. Mikolajczyk were made in recognition of his past service as a member of our Board of Directors and Audit and Compensation Committees. The awards to Mr. Hunter were made in recognition of his past service as a board advisor. Neither Mr. Hunter nor Mr. Mikolajczyk is affiliated with any of our principal shareholders.

Upon the completion of our initial public offering in November 2007, our Board of Directors adopted a new compensation policy applicable to all of our non-employee directors. Under this new compensation policy, which became effective for fiscal 2008, each non-employee director receives an annual fee of \$50,000, plus \$5,000 per

year for service on the Audit Committee, \$2,500 per year for service on the Compensation Committee and \$1,000 per year for service on the Nominating and Governance Committee. The chairmen of the Audit, Compensation and Nominating and Governance Committees receive, per year, \$10,000, \$5,000 and \$3,000, 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 restricted stock. In addition, each of our non-employee directors who is not a representative of a principal shareholder of our Company received a one-time grant of restricted stock upon the later of the closing of our initial public offering and his appointment to the Board of Directors. Each restricted stock award was valued at \$100,000, based on the market price of our common stock at the time, 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 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 2007:

Name	Fees earned or paid in cash	Stock awards ⁽¹⁾	Option awards ⁽¹⁾	Non-equity incentive plan compensation	Change in pension value and non qualified deferred compensation earnings	All other compensation	Total
Don N. Aquilano	\$	\$	\$	\$	\$	\$	\$
Raja M. Parvez							
Brian Adamsky ⁽²⁾							
Donald R. Caldwell							
Byron Denenberg ⁽²⁾							
Gordon Hunter		99,988 ⁽³⁾	12,756 ⁽⁴⁾				112,744
Michael E. Mikolajczyk		99,988 ⁽³⁾	28,230 ⁽⁵⁾				128,218
Raymond J. Spencer							

- (1) Amounts represent stock-based compensation recognized in 2007 on all outstanding stock option awards in accordance with Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS 123R), as discussed in Note 8 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.
- (2) Messrs. Adamsky and Denenberg resigned from our Board of Directors effective August 29, 2007.
- (3) On November 21, 2007, we awarded 7,142 shares of restricted stock valued at \$14.00 per share on such date to each of Messrs. Hunter and Mikolajczyk which vest ratably over three years beginning on November 15, 2008.
- (4) In June 2007, we awarded Mr. Hunter an option to purchase 9,903 shares of common stock at an exercise price of \$8.45 per share, with a one-year vesting period.
- (5) In June 2007, we awarded Mr. Mikolajczyk an option to purchase 23,653 shares of common stock at an exercise price of \$8.45 per share, with a one-year vesting period.

PROPOSAL 2

RATIFICATION OF SELECTION OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected Grant Thornton LLP to serve as the Company's independent auditors for the fiscal year ending December 31, 2008 and is submitting this matter to the shareholders 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 of Shareholders to make a statement if they desire to do so and to be available to respond to appropriate questions that may be asked by shareholders.

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, 2009. 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 2008 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, including those in connection with the Company's initial public offering) for fiscal 2007 and fiscal 2006 were \$206,500 and \$957,664, respectively. The fiscal 2006 audit services include services performed in connection with our initial public offering which closed in November 2007.

Audit-Related Fees

There were no audit-related fees billed by Grant Thornton in fiscal 2007 or fiscal 2006.

Tax Fees

The aggregate fees billed by Grant Thornton in fiscal 2007 and fiscal 2006 for tax planning services were \$23,115 and \$32,470, respectively.

All Other Fees

There were no other fees billed by Grant Thornton in fiscal 2007 or fiscal 2006 for any other services. None of the services provided by Grant Thornton consisted of financial information systems design or implementation 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, 2008.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of our named executive officers for 2007 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.

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.

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;

align the interests of our executives and shareholders, by encouraging executives to increase shareholder value and rewarding executives when shareholder 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 key employees, including all executive officers. In setting compensation for key employees in 2007, the Compensation Committee made certain revisions to the chief executive officer's recommendations. Following the completion of our initial public offering in November 2007, our chief executive officer has made, and will continue making, such recommendations 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 2007 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;

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 i