

Rubicon Technology, Inc.  
Form S-1/A  
May 06, 2008  
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As filed with the Securities and Exchange Commission on May 6, 2008

Registration No. 333-150205

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

WASHINGTON, D.C. 20549

**Amendment No. 2**

**to**

**FORM S-1**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**Rubicon Technology, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**3674**  
(Primary Standard Industrial  
Classification Number)  
9931 Franklin Avenue

**36-4419301**  
(I.R.S. Employer

Identification Number)

Franklin Park, Illinois 60131

(847) 295-7000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Raja M. Parvez**

**President and Chief Executive Officer**

**9931 Franklin Avenue**

**Franklin Park, Illinois 60131**

**(847) 295-7000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. " \_\_\_\_\_

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " \_\_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " \_\_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " \_\_\_\_\_

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer "      Accelerated filer "      Non-accelerated filer b  
 (Do not check if a  
 smaller reporting company)      Smaller reporting company "

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Proposed Maximum Amount of Registration Fee
			Proposed Maximum Aggregate Offering Price(1)(2)	Proposed Maximum Amount of Registration Fee
Common Stock, \$0.001 par value per share	4,025,000	\$23.03	\$92,695,750	\$3,643(3)

(1) Includes 525,000 shares that the underwriters have an option to purchase from certain of the selling stockholders to cover overallocments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, as amended (the Securities Act ). The offering price and registration fees are based on the high and low sale price on April 24, 2008 on the NASDAQ Global Market.

(3) Previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS**

**Subject To Completion**

**May 6, 2008**

**3,500,000 Shares**

**Common Stock**

All the shares of common stock are being sold by the selling stockholders identified in this prospectus. We will not receive any proceeds from the shares sold by the selling stockholders.

Our common stock is listed on the NASDAQ Global Market under the symbol RBCN. The last reported sale price of the common stock on May 5, 2008 was \$24.23 per share.

**Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in Risk factors beginning on page 9 of this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per share	Total
Public offering price	\$	\$
Underwriting discount and commissions	\$	\$
Proceeds, before expenses, to selling stockholders	\$	\$

The underwriters may also purchase up to an additional 525,000 shares of our common stock from certain of the selling stockholders at the public offering price, less the underwriting discounts and commissions payable by the selling stockholders, to cover overallocments, if any, within 30 days from the date of this prospectus. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be \$ and the total proceeds to the selling stockholders, before expenses, will be \$ .

The underwriters are offering the common stock as set forth under Underwriting. Delivery of the shares will be made on or about 2008.

**UBS Investment Bank**

**Canaccord Adams**

**Needham & Company, LLC**

**William Blair & Company**

**Janney Montgomery Scott LLC**

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You should rely only on the information contained in this prospectus. We have not, and the selling stockholders and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of our common stock.

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ES2 is a service mark of Rubicon Technology, Inc. This prospectus also includes other registered and unregistered service marks and trademarks of Rubicon Technology, Inc. and other persons.

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## Prospectus summary

*This summary highlights selected information appearing elsewhere in this prospectus. While this summary highlights what we consider to be important information about us, you should carefully read this prospectus and the registration statement of which this prospectus is a part in their entirety before investing in our common stock, especially the risks of investing in our common stock, which we discuss under Risk factors, and our financial statements and related notes beginning on page F-1.*

*Unless the context requires otherwise, all references herein to Rubicon, we, us and our refer to Rubicon Technology, Inc.*

### **OUR BUSINESS**

We are an advanced electronic materials provider that develops, manufactures and sells monocrystalline sapphire and other innovative crystalline products for Light-Emitting Diodes ( LEDs ), radio frequency integrated circuits ( RFICs ), blue laser diodes, optoelectronics and other optical applications. The emergence of sapphire in commercial volumes at competitive prices has enabled the development of new technologies such as high brightness ( HB ) white, blue and green LEDs and highly-integrated RFICs. We apply our proprietary crystal growth technology to produce high-quality sapphire products efficiently to supply a large and growing end-market demand, and we work closely with our customers to meet their quality and delivery needs. We believe we are the leading supplier of sapphire products to the LED industry.

Advancements in solid state lighting utilizing HB white, blue and green LEDs over the past decade represent a disruptive technology in the lighting industry, providing significant performance, environmental and economic improvements compared to traditional incandescent or fluorescent lighting. These factors, along with LEDs' durability, small form factor, excellent color performance and decreasing costs, have led to a rapidly growing demand for LEDs in consumer electronic and general and specialty lighting applications. Applications using LEDs have unit volumes in the billions and are expected to grow significantly. For instance, in the next four years, HB LED sales are expected to double according to Strategies Unlimited, an independent market research firm, based in Mountain View, California. The production volume of HB LEDs is expected to increase from 37.1 billion units in 2007 to 87.1 billion units in 2011. Further, the percentage of gallium nitride ( GaN )-based LEDs, which predominantly use sapphire substrates, is expected to rise from 64.0% to 66.9% of the total HB LED production volume in the same time period. Therefore, as the HB LED market grows, we believe the sapphire substrate market will grow as well.

We are a vertically-integrated manufacturer of high-quality sapphire substrates and optical windows that are used in a variety of high-growth, high-volume end-market applications. Our largest product line is two inch to four inch sapphire wafers for use in LEDs and blue laser diodes for solid state lighting and electronic applications. In addition, we have developed six inch sapphire wafers that are used for Silicon-on-Sapphire ( SOS ) RFICs, as well as products for military, aerospace, sensor and other applications. We are also extending our technology to manufacture eight inch and larger diameter products to support next-generation LED, RFIC and optical window applications.

As a leading producer of sapphire and other crystals, we believe that the following are our principal competitive advantages:

Ø **Proprietary technology for crystal growth.** Due to our understanding of sapphire crystal growth seeding and crystal growth furnace operational parameters, we have developed a full in-house

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capability to design, build and maintain crystal growth furnaces with proprietary features. We believe that our enhanced methodology significantly outperforms other methods of sapphire production with respect to capital costs, operating costs, throughput, quality and diameter size.

Ø **High quality sapphire products.** Through our operational expertise in crystal growth, post-growth processing and in-process manufacturing controls of sapphire wafer production, we are able to meet or exceed our customers' key product specifications, such as crystalline quality, dimensional tolerances and crystal orientation, while maintaining high production yields.

Ø **Vertical integration.** We grow sapphire crystals and have extensive capabilities to process sapphire into products that meet our customers' needs from cores to wafer and window blanks to large diameter epi-polished wafers. By vertically integrating, we are able to achieve significant operating efficiencies and produce high-quality, high-precision products that offer cost and quality benefits to our customers.

Ø **High volume and flexible manufacturing capability.** We have developed automated manufacturing and metrology platforms at each stage of our production process that allow us to increase capacity rapidly and to switch products in manufacturing easily so that we can meet our customers' specific product demands.

Ø **Lowest total cost for customers.** We believe our high sustained yields, our dedication to consistent production and performance and our commitment to lasting customer relationships help assure our customers of a reliable source of high-quality sapphire products at stable prices. Our in-process quality control practices lead to predictable customer process yields, reduced inspection costs and overall high customer satisfaction.

## **OUR STRATEGY**

Our goal is to be the leading global provider of advanced monocrystalline substrate and window materials to the solid state lighting, SOS RFIC, aerospace and optical markets. Our strategy includes the following key elements:

Ø **Extend our technology and manufacturing leadership position.** We intend to continue to develop advanced technology platforms to further increase crystal boule size and offer market-leading product specifications, while maintaining product quality and manufacturing efficiencies.

Ø **Capitalize on opportunities in high-growth markets.** We intend to continue to expand our opportunities by adding new categories and sizes of products with the goal of providing our customers in multiple high-growth end markets with a robust set of sapphire solutions.

Ø **Enhance operational excellence.** We plan to further refine our proprietary ES2 crystal growth techniques, sapphire processing platforms and process controls to produce even higher throughput capabilities. Our objective is to continue to achieve operational excellence through lowering cycle times, raising yields and reducing overhead costs.

Ø **Expand our sales and marketing efforts.** We intend to increase the scale and geographical coverage of our sales efforts globally. In addition, we plan to enhance our brand recognition by increasing our marketing and communications programs and resources.

Ø **Penetrate new market segments.** We intend to use our proprietary manufacturing technology to produce additional single-crystal materials that can be used in optical applications as well as alternative substrates for certain electronic materials applications.



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**RISKS RELATED TO OUR BUSINESS**

Our business is subject to a number of risks that you should be aware of before making an investment decision. These risks are discussed more fully in the section entitled "Risk factors" immediately following this prospectus summary. These risks could prevent us from successfully implementing our strategy and growing our business. Some of these risks include:

- Ø We have incurred significant losses in prior periods and may incur losses in the future.
  
- Ø Our results of operations, financial condition and business will be harmed if we are unable to manage the expansion of our capacity effectively to meet customer demand.
  
- Ø If LED lighting does not achieve greater market acceptance, or if alternative technologies are developed and gain market traction, prospects for our growth and profitability would be limited.
  
- Ø If the development and acceptance of our products for the SOS RFIC market do not meet our expectations, our future operating results may be harmed.
  
- Ø The average selling prices of sapphire products have historically decreased over their life-cycles and continuing price decreases could adversely affect our results of operations.
  
- Ø We may not be able to effectively manage our growth, which could adversely affect our business, financial condition and operating results.

**Table of Contents****RECENT DEVELOPMENTS**

On April 24, 2008, we announced our preliminary unaudited financial results for the quarter ended March 31, 2008. The information below summarizes these preliminary results.

**PRELIMINARY CONDENSED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>(in thousands, except per share amounts)</b>	
	<b>(Unaudited)</b>	
Revenue	\$ 10,508	\$ 7,202
Cost of goods sold	6,644	5,056
Gross profit	3,864	2,146
General and administrative expenses	1,884	850
Sales and marketing expenses	236	165
Research and development expenses	267	216
Total operating expenses	2,387	1,231
Income from operations	1,477	915
Other income (expense):		
Change in carrying value of convertible preferred stock warrants		(386)
Interest income (expense) and other, net	858	(246)
Total other income (expense)	858	(632)
Income before income taxes	2,335	283
Income taxes	63	
Net income	\$ 2,272	\$ 283
Dividends on preferred stock		(1,584)
Accretion of redeemable preferred stock		(12,916)
Net income (loss) attributable to common stockholders	\$ 2,272	\$ (14,217)
Net income (loss) per common share attributable to common stockholders:		
Basic	\$ 0.11	\$ (56.38)
Diluted	\$ 0.10	\$ (56.38)
Weighted average common shares outstanding used in computing net income (loss) attributable to common stockholders:		
Basic	20,551,642	252,183
Diluted	22,366,654	252,183

**Table of Contents****PRELIMINARY CONDENSED BALANCE SHEETS**

	March 31, 2008 (unaudited)	December 31, 2007 (audited)
	(in thousands)	
<b>Assets</b>		
Cash and cash equivalents	\$ 4,240	\$ 4,380
Restricted cash	12	10
Short-term investments	57,477	67,765
Accounts receivable, net	5,601	4,673
Inventory, net	2,478	2,522
Other current assets	3,115	2,558
<b>Total current assets</b>	<b>72,923</b>	<b>81,908</b>
Property and equipment, net	30,013	26,303
Investments	10,288	3,200
<b>Total assets</b>	<b>\$ 113,224</b>	<b>\$ 111,411</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 3,268	\$ 2,572
Current maturities of capital lease obligation		43
Accrued and other current liabilities	2,135	3,114
<b>Total liabilities</b>	<b>5,403</b>	<b>5,729</b>
<b>Stockholders' equity</b>	<b>107,821</b>	<b>105,682</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 113,224</b>	<b>\$ 111,411</b>

Revenue was \$10.5 million for the three months ended March 31, 2008 compared to \$7.2 million for the three months ended March 31, 2007, an increase of \$3.3 million, or 46%. Revenue for the three months ended March 31, 2008 from larger diameter products, which we define as three inch or greater, represented 53% of revenue, compared to 24% of revenue for the three months ended March 31, 2007. Revenue increased across all product lines except for as ground wafers, which declined by \$1.2 million, as we shifted capacity to other product lines, mainly six inch polished production. Our revenue increase was primarily attributable to an increase in shipments of larger diameter substrates to the LED industry resulting in additional revenue of \$1.7 million and sales of six inch polished products to the SOS RFIC market, which increased by \$2.5 million mainly on higher volumes offset by a slight decline in sales prices totaling \$119,000. We had slightly higher contract research revenue of \$169,000 and achieved higher revenue of \$154,000 from optical products due to increased sales of sapphire and fluorides for military, aerospace, sensor and other applications.

Gross margin for the first quarter of fiscal year 2008 was 36.8% compared to 29.8% in the same period of the prior year. The increase is primarily due to the shift in product mix toward higher margin, large diameter products. Operating profit increased to \$1.5 million, or 14.1% of revenue, in the three months ended March 31, 2008 from \$0.9 million, or 12.7% of revenue, for the three months ended March 31, 2007. The increase in operating margin is the result of the significant increase in gross margin offset in part by higher operating costs consisting primarily of additional general and administrative expenses associated with being a public company. Net income attributable to common stockholders for the three months ended March 31, 2008 was \$2.3 million, or \$0.10 per diluted share, compared to a loss attributable to common stockholders of \$(14.2 million), or \$(56.38) per diluted share, for the three months ended March 31, 2007. The improvement in our net income attributable to common stockholders is primarily the result of the recognition in our quarter ended March 31, 2007 of certain



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non-cash charges, including those related to changes in carrying value of convertible preferred stock warrants, dividends on preferred stock, and accretion of redeemable preferred stock, which were not recognized in the quarter ended March 31, 2008. As a result of our initial public offering in November 2007 (our IPO), our preferred stock was converted into common stock, and we no longer recognize these non-cash charges. The difference in earnings per share is also a function of a significant increase in share count as a result of our IPO.

Our balance sheet at March 31, 2008 included cash and short-term investments of \$62 million, with long-term investments of \$10 million and no debt outstanding. Capital expenditures in the three months ended March 31, 2008 were \$4.7 million which was spent on infrastructure and machinery for our Bensenville crystal growth manufacturing facility which opened for operations in the first quarter of 2008 and on additional equipment for the expansion of our coring, cutting, grinding and polishing operations. Cash provided from operating activities totaled \$1.7 million in the three months ended March 31, 2008.

The financial results for the quarter ended March 31, 2008 contained in this prospectus are preliminary. Final results for the quarter may be materially different from those described above when we complete and file our quarterly report on Form 10-Q for the quarter ended March 31, 2008. This information should be read in conjunction with our consolidated financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations and the Risks Factors contained elsewhere in this prospectus.

## **OUR CORPORATE INFORMATION**

We were incorporated under the laws of the State of Delaware in 2001. Our principal executive offices are located at 9931 Franklin Avenue, Franklin Park, Illinois 60131. The telephone number at our principal executive offices is (847) 295-7000. Our website address is [www.rubicon-es2.com](http://www.rubicon-es2.com). Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to form any part of this prospectus.

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**The offering**

Common stock offered by the selling stockholders 3,500,000 shares

Common stock outstanding 20,488,608 shares

Overallotment option 525,000 shares

NASDAQ Global Market symbol RBCN

Use of proceeds We will not receive any proceeds from the sale of our common stock by the selling stockholders.

The number of shares of common stock outstanding is based on 20,488,608 shares outstanding as of December 31, 2007, and excludes:

Ø 795,845 shares of common stock issuable upon exercise of warrants outstanding as of December 31, 2007, with a weighted average exercise price of \$3.8419 per share;

Ø 1,366,381 shares of common stock subject to outstanding options under our 2001 Equity Plan as of December 31, 2007, with a weighted average exercise price of \$3.6227 per share, 319,450 shares of common stock subject to outstanding options under our 2007 Stock Incentive Plan as of December 31, 2007, with a weighted average exercise price of \$15.5447 per share, and 24,663 shares of common stock subject to outstanding options issued as compensation to former board members and board advisors as of December 31, 2007, with a weighted average exercise price of \$4.9400 per share; and

Ø 1,973,958 shares of common stock reserved for future issuance under our 2007 Stock Incentive Plan as of December 31, 2007.

**Table of Contents****Summary financial data**

The following tables summarize our financial data. The summary statements of operations data for the years ended December 31, 2005, 2006 and 2007 have been derived from our audited financial statements included elsewhere in this prospectus. You should read this data together with our financial statements and the notes to those statements included elsewhere in this prospectus and the information under Selected financial data and Management's discussion and analysis of financial condition and results of operations. Our historical results are not necessarily indicative of the results to be expected in any future period.

<b>Statements of operations data:</b>	<b>Year ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>(in thousands, other than share and per share data)</b>		
Revenue	\$ 16,315	\$ 20,752	\$ 34,110
Cost of goods sold	18,508	18,885	22,045
Gross profit (loss)	(2,193)	1,867	12,065
Operating expenses:			
General and administrative	4,688	3,298	6,157
Sales and marketing	1,266	1,062	675
Research and development	861	679	769
Asset impairment		933	
Loss on disposal of assets	383	42	139
Total operating expenses	7,198	6,014	7,740
Income (loss) from operations	(9,391)	(4,147)	4,325
Other income (expense) <sup>(1)</sup>	(2,735)	(3,272)	(7,104)
Loss before income taxes and cumulative effect of change in accounting principle	(12,126)		