

RUBICON PROJECT, INC.  
Form DEF 14A  
April 11, 2017

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**  
**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 §240.14a-12

**THE RUBICON PROJECT, 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):

Fee not required.

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

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

- (1) Amount previously paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

**The Rubicon Project, Inc.**

**12181 Bluff Creek Drive, 4th Floor**

**Los Angeles, California 90094**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 23, 2017**

The annual meeting of stockholders of The Rubicon Project, Inc. (the company) will be held at the company's headquarters, located at 12181 Bluff Creek Drive, 4<sup>th</sup> Floor, Los Angeles, California 90094, on Tuesday, May 23, 2017, at 12:00 noon local time, to consider and act upon the following matters:

1. Election of two Class III directors to serve for the ensuing three years.
2. Ratification of the selection of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for the current fiscal year.
3. Transaction of such other business as may properly come before the meeting or any postponement or adjournment thereof.

Stockholders of record at the close of business on March 27, 2017 will be entitled to notice of and to vote at the meeting or any postponement or adjournment thereof. The stock transfer books of the company will remain open following the record date.

By Order of the Board of Directors,

Brian W. Copple  
Secretary

Los Angeles, California

April 11, 2017

**WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES PLEASE VOTE AS PROMPTLY AS POSSIBLE VIA THE INTERNET OR TELEPHONE AS INSTRUCTED IN THESE MATERIALS OR, IF THIS PROXY STATEMENT WAS MAILED TO YOU, BY COMPLETING, DATING AND SIGNING THE ENCLOSED PROXY CARD AND MAILING IT IN THE ENCLOSED ENVELOPE. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.**

**Important Notice Regarding the Internet Availability of Proxy Materials for the Stockholders Meeting to be Held on May 23, 2017:**

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The company's 2017 Proxy Statement and Annual Report for the fiscal year ended December 31, 2016 are available at <http://www.astproxyportal.com/ast/18899>.

## **SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS**

*This Proxy Statement contains forward-looking statements, including statements based upon or relating to our expectations, assumptions, estimates, and projections. In some cases, you can identify forward-looking statements by terms such as may, might, will, objective, intend, should, could, can, would, expect, believe, design, anticipate, estimate, predict, potential, plan or the negative of these terms, and similar expressions. Forward-looking statements may include, but are not limited to, statements concerning our anticipated financial performance; strategic objectives, including focus on header bidding, mobile, video, and Orders opportunities, and implementation of solutions to improve the advertising experience of consumers; investments in our business; development of our technology; introduction of new offerings; scope and duration of client relationships; business mix and expansion of our mobile, video, and Orders offerings; sales growth; client utilization of our offerings; our competitive differentiation; market conditions, trends, and opportunities; and factors that could affect these and other aspects of our business. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. These risks include, but are not limited to:*

*our ability to grow and to manage our growth effectively;*

*our ability to develop innovative new technologies and remain a market leader;*

*our ability to attract and retain buyers and sellers and increase our business with them;*

*our vulnerability to loss of, or reduction in spending by, buyers;*

*our ability to maintain a supply of advertising inventory from sellers;*

*the effect on the advertising market and our business from difficult economic conditions;*

*the freedom of buyers and sellers to direct their spending and inventory to competing sources of inventory and demand;*

*our ability to use our solution to purchase and sell higher value advertising and to expand the use of our solution by buyers and sellers utilizing evolving digital media platforms;*

*our ability to introduce new offerings and bring them to market in a timely manner in response to client demands and industry trends, including shifts in digital advertising growth from display to mobile channels;*

*our ability to implement solutions to improve the advertising experience of consumers;*

*the increased prevalence of header bidding and its effect on our competitive position;*

*our header bidding solution not resulting in revenue growth and causing infrastructure strain and added cost;*

*uncertainty of our estimates and expectations associated with new offerings, including header bidding, private marketplace, mobile, Orders, video, and guaranteed audience solutions;*

*uncertainty of our estimates and assumptions about the mix of gross and net reported transactions;*

*declining fees and take rate, including as a result of implementation of alternative pricing models, and the need to grow through advertising spend increases rather than fee increases;*

*our limited operating history and history of losses;*

*our ability to continue to expand into new geographic markets;*

*our ability to adapt effectively to shifts in digital advertising to mobile and video channels;*

*increased prevalence of ad blocking technologies;*

*the slowing growth rate of online digital display advertising;*

*the growing percentage of online and mobile advertising spending captured by owned and operated sites (such as Facebook and Google);*

*the effects of increased competition in our market and increasing concentration of advertising spending, including mobile spending, in a small number of very large competitors;*

*acts of competitors and other third parties that can adversely affect our business;*

*our ability to differentiate our offerings, compete effectively and to maintain our pricing and take rate in a market trending increasingly toward commodification, transparency, and disintermediation;*

*requests from buyers and sellers for discounts, fee concessions or revisions, rebates, refunds and greater levels of pricing transparency and specificity;*

*potential adverse effects of malicious activity such as fraudulent inventory and malware;*

*the effects of seasonal trends on our results of operations;*

*costs associated with defending intellectual property infringement and other claims;*

*our ability to attract and retain qualified employees and key personnel;*

*our ability to identify future acquisitions of or investments in complementary companies or technologies and our ability to consummate the acquisitions and integrate such companies or technologies; and*

*our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and consumer privacy and evolving labor standards.*

*We discuss many of these risks and additional factors that could cause actual results to differ materially from those anticipated by our forward-looking statements under the headings Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the year ended December 31, 2016 and in other filings we have made and will make from time to time with the Securities and Exchange Commission, or SEC. These forward-looking statements represent our estimates and assumptions only as of the date of this Proxy Statement. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Without limiting the foregoing, any guidance we may provide will generally be given only in connection with quarterly and annual earnings announcements, without interim updates, and we may appear at industry conferences or make other public statements without disclosing material nonpublic information in our possession. Given these uncertainties, investors should not place undue reliance on these forward-looking statements.*

*Investors should read this Proxy Statement, our Annual Report on Form 10-K, and the documents that we reference in this Proxy Statement and our Annual Report on Form 10-K and have filed or will file with the SEC completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.*



**The Rubicon Project, Inc.**

**12181 Bluff Creek Drive, 4th Floor**

**Los Angeles, California 90094**

**PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 23, 2017**

This proxy statement is provided in connection with the solicitation of proxies by the board of directors (the "board of directors" or "board") of The Rubicon Project, Inc. (the "company" or "Rubicon Project") for use at the Rubicon Project annual meeting of stockholders to be held at the company's principal executive offices, located at 12181 Bluff Creek Drive, 4<sup>th</sup> Floor, Los Angeles, California 90094, on May 23, 2017 at 12:00 noon local time, and at any postponement or adjournment thereof (the "Annual Meeting"). You are invited to attend the Annual Meeting, and we request that you vote on the proposals described in this proxy statement. You can vote your shares without attending the Annual Meeting by appointing a proxy to vote your shares as explained below.

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials, we are furnishing proxy materials to our stockholders on the Internet and mailing printed copies of the proxy materials only to a limited number of our stockholders. If you have received a printed copy of these proxy materials by mail, you may simply complete, sign and return your proxy card by mail or follow the instructions on your proxy card to submit your proxy via the Internet or telephone. Stockholders receiving a Notice of Internet Availability of Proxy Materials by mail will generally not receive a printed copy of the proxy materials unless they specifically request a printed copy in accordance with the instructions included in the Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials provides instructions as to how to (i) access and review the information contained in the proxy materials, (ii) submit voting instructions via the Internet or telephone or by mail, and (iii) request a printed copy of the proxy materials. Proxies must be received by 11:59 p.m. Pacific Time on May 22, 2017 to be counted. We intend to begin distributing our proxy materials to stockholders via paper copy mailing and the Notice of Internet Availability of Proxy Materials on or about April 11, 2017.

Each properly submitted proxy will be voted in accordance with the stockholder's instructions contained therein. If no choice is specified, properly executed proxies that have not been revoked will be voted in accordance with the recommendations of the board of directors:

FOR election of each of the Class III directors of the company designated herein as the board's nominees (see Proposal 1 "Election of Directors" beginning at page 4 of this proxy statement); and

FOR ratification of the selection of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for the current fiscal year (see Proposal 2 "Ratification of the Selection of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm" beginning at page 16 of this proxy statement).

If you are a stockholder holding shares through a bank or broker (*i.e.* in street name), you may revoke a proxy you have given at any time before its exercise by entering new voting instructions via the Internet or



telephone or by otherwise contacting your bank or broker by 11:59 p.m. Pacific Time on May 22, 2017; if you are a stockholder of record you may revoke a proxy you have given by delivery of written revocation or a subsequently dated proxy to our Secretary or by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not cause your previously executed proxy to be revoked unless you specifically request such revocation. Each stockholder may appoint only one proxy holder or representative to attend the meeting on his or her behalf.

The company will pay all costs of proxy solicitation. In addition to solicitations by mail, our directors, officers and employees, without additional remuneration, may solicit proxies by telephone, facsimile and personal interviews, and we reserve the right to retain outside agencies for the purpose of soliciting proxies. Brokers, custodians, and fiduciaries will be requested to forward proxy soliciting materials to the owners of stock held in their names and, as required by law, we will reimburse them for their out-of-pocket expenses in this regard.

### **Voting**

On March 27, 2017, the record date for the determination of stockholders entitled to vote at the Annual Meeting, there were outstanding and entitled to vote an aggregate of 49,505,587 shares of our common stock, constituting all of our voting stock. Holders of our common stock are entitled to one vote per share. The holders of a majority of the shares of our common stock outstanding on the record date and entitled to vote at the Annual Meeting, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting and any adjournments and postponements thereof. Shares of our common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Annual Meeting.

You may vote FOR, AGAINST or ABSTAIN with respect to each director nominee (Proposal 1) and ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public account firm for the current fiscal year (Proposal 2). This is an uncontested election and our bylaws provide that a director nominee will be elected in an uncontested election only if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election, assuming a quorum is present. For the election of directors, shares of our common stock voting abstain and broker non-votes will be excluded from the vote and will not be counted in determining the outcome of a director nominee's election, but will count for purposes of determining whether a quorum exists. The affirmative vote of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote on the matter, assuming a quorum is present, is required to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year. For the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm, broker non-votes are not considered shares entitled to vote on such matters and therefore have no effect on the voting, whereas abstentions are considered shares present and entitled to vote on such matters and thus will have the same effect as votes against.

Our board of directors does not know of any other matters that may come before the Annual Meeting. However, if any other matters are properly presented at the Annual Meeting, the persons acting as proxies will vote, or otherwise act, in accordance with their judgment on such matters.

### **Broker Discretionary Voting**

If you hold your shares in street name through a bank, broker, or other nominee, you should follow the instructions that you receive from your bank, broker, or other nominee regarding steps to take to instruct your bank, broker, or other nominee how to vote your shares. If you do not provide voting instructions, your bank, broker, or other nominee is permitted to use its own discretion and vote your shares on routine matters. However,



for non-routine matters, your bank, broker, or other nominee does not have discretionary authority to vote your shares, so your failure to provide voting instructions will result in a broker non-vote. The election of directors is considered a non-routine matter, so brokers are not permitted to vote your shares with respect to that matter without receiving voting instructions from you.

### **Householding of Proxy Materials**

Some banks, brokers, and other nominee record holders may participate in the practice of householding proxy materials. This means that only one copy of our proxy materials or the Notice of Internet Availability of Proxy Materials, as applicable, may have been sent to multiple stockholders in your household. We will promptly deliver a separate Notice of Internet Availability of Proxy Materials and, if applicable, a separate proxy statement and Annual Report, to you if you contact us by mail at The Rubicon Project, Inc., 12181 Bluff Creek Drive, 4<sup>th</sup> Floor, Los Angeles, California 90094, Attention: Corporate Secretary or by telephone at (310) 207-0272. If you want to receive separate copies of our proxy materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address or phone number.

## PROPOSAL 1 ELECTION OF DIRECTORS

Our board of directors is classified into three classes (designated Class I, Class II and Class III), with members of each class holding office for staggered three-year terms. There are currently two Class I directors, whose terms expire at the 2018 annual meeting of stockholders; three Class II directors, whose terms expire at the 2019 annual meeting of stockholders; and three Class III directors, whose terms expire at the Annual Meeting, in all cases subject to the election and qualification of their successors and to their earlier death, resignation or removal.

Our process for nominating director candidates is described below under the caption Director Candidate Nominating Procedures. Our board of directors nominated incumbents Mr. Coleman and Ms. Troe to stand for election as Class III directors at the Annual Meeting. Each nominee has indicated his or her willingness to serve if elected, but if he or she is unable or unwilling to serve, proxies may be voted for a substitute nominee designated by our board of directors. Each nominee, if elected, will hold office until the 2020 annual meeting of stockholders, subject to the election and qualification of his successor and to his earlier death, resignation or removal. Gregory Raifman, our former President and a current Class III director, is not a nominee for re-election at the Annual Meeting.

The table below lists the seven directors expected to continue in service following the Annual Meeting and their committee assignments. A summary of the background for each nominee and continuing incumbent is set forth after the table. These background summaries include the specific experience, qualifications, attributes, and/or skills that, together with the general characteristics and qualifications described below under the caption Director Candidate Nominating Procedures, contributed to our board's conclusion that the person should serve as a director of the company.

Name	Age <sup>(1)</sup>	Position	Committee Assignments			Member Since
			Audit <sup>(2)</sup>	Compensation	Nominating & Governance	
Frank Addante	40	Chairman				April 2007
Michael G. Barrett	55	President, Chief Executive Officer and Director				March 2017
Lewis W. Coleman	75	Director	X	X		December 2015
Robert J. Frankenberg	69	Lead Director	X	X	X	April 2014
Sumant Mandal	47	Director		Chair		May 2007
Robert F. Spillane	66	Director		X	Chair	April 2014
Lisa L. Troe	55	Director	Chair		X	February 2014

(1) As of April 11, 2017

(2) Mr. Mandal served on the Audit Committee until July 2016.

### Director Nominees Class III

**Lewis W. Coleman** has been a member of our board of directors since December 2015. He is the retired Vice Chairman of DreamWorks Animation, a position he held from July 2014 to January 2015. Prior to that, he served in various executive-level positions with DreamWorks since December 2005, including as President from

December 2005 to August 2014, Chief Financial Officer from February 2007 to September 2015, and acting Chief Accounting Officer from June to September 2014. Prior to joining DreamWorks, Mr. Coleman was the President of the Gordon and Betty Moore Foundation from its founding in November 2000 to December 2004. Prior to that, Mr. Coleman was a Senior Managing Director at Montgomery Securities and then President and Chief Operating Officer of its successor, Banc of America Securities, where he also served as Chairman from 1998 to 2000. Before then, Mr. Coleman spent ten years at Bank of America where he served as Vice Chairman and Chief Financial Officer. He spent the previous 21 years at Wells Fargo Bank, where his positions included Chief Credit Officer and Chairman of the Credit Policy Committee, and at Bank of California. Mr. Coleman currently serves on the board of directors of Immune Design, a publicly traded clinical-stage immunotherapy company focused on oncology, as well as DCI, LLC, a private fund management company, and Vista Capital Advisors (formerly eBond Advisors), a private financial technology company. Mr. Coleman's previous board experience includes Chiron Corporation, Regal Entertainment, Bank of America, DreamWorks Animation and Northrop Grumman, where he was the Lead Independent Director. Mr. Coleman brings to the board an extensive background in consumer media and technology, and successful track record of expanding businesses into emerging markets, as well as significant executive level and public company board experience.

**Lisa L. Troe** has been a member of our board of directors since February 2014. She is a Senior Managing Director and co-founder of Athena Advisors LLC, a business advisory firm, a position she has held since January 2014. From October 2005 to December 2013, Ms. Troe was a Senior Managing Director in the forensic and litigation consulting practice at FTI Consulting, Inc., a global business advisory firm. From January 1995 to October 2005, Ms. Troe served on the staff of the Division of Enforcement of the U.S. Securities and Exchange Commission's Pacific regional office, including seven years as an enforcement branch chief and six years as regional chief enforcement accountant. Her career includes accounting positions in public and private companies and with a Big Four public accounting firm. Ms. Troe is a credentialed National Association of Corporate Directors Governance Fellow and member of the National Association of Corporate Directors, a CPA and member of the American Institute of CPAs. Ms. Troe brings to the board an extensive background in public company governance and oversight, enterprise risk and crisis management, and public company accounting and financial reporting, as well as a diverse experience with many industries allowing her to bring additional perspective to our board.

#### **Incumbent Directors – Class I**

**Frank Addante** is our founder and has been a member and Chairman of our board of directors since 2007 and served as our Chief Executive Officer from April 2007 to March 2017 and our Chief Product Architect from November 2014 to February 2016. He remains an employee of the company focused on our strategy and vision in support of our President and Chief Executive Officer. In 2002, Mr. Addante founded the email infrastructure provider StrongMail Systems, Inc. From January 1998 to November 2000, Mr. Addante was CTO and Technology Founder of L90, an Internet advertising company, where he pioneered one of the Internet's first ad serving platforms, adMonitor. Mr. Addante started his Internet career with the creation of Starting Point, a search engine. Mr. Addante brings to our board of directors thorough knowledge of our company and extensive experience in advertising automation and related systems engineering, innovation, and executive leadership.

**Robert J. Frankenberg** joined our board of directors in connection with our initial public offering in April 2014. Mr. Frankenberg has owned NetVentures, a management consulting and investment firm focused on the high tech industry, since 1996. He has served on the board of directors of public company Nuance Communications since March 2000. He previously served as a member of the boards of directors of public companies Polycom from October 2013 to September 2016, Wave Systems from December 2011 to June 2015 and National Semiconductor until October 2011. He also serves on the boards of private companies Veracity Networks, SQLStream, and Sylvan Source, as well as the Sundance Institute board and the board of the Governor's Office of Economic Development for the State of Utah. Prior to its sale in 2004, Mr. Frankenberg chaired Kinzan, a leading provider of Internet services platforms. Mr. Frankenberg was the chairman, president, and CEO of Encanto Networks from June 1997 to July 2000 when the



company's major business was sold to

Avaya. Encanto was a leading provider of eBusiness software and services to small business. From April 1994 to August 1996, Mr. Frankenberg was the Chairman/CEO of Novell, a networking software company. Prior to Novell, Mr. Frankenberg was the Vice President & Group General Manager of Hewlett-Packard's Personal Information Products Group, responsible for HP's personal computer, server, networking, office software, calculator, and consumer product lines. Mr. Frankenberg joined Hewlett-Packard in 1969 as a manufacturing technician, later became a design engineer, software designer, project manager, engineering and marketing executive, and general manager. He became a corporate vice president in 1990 and general manager of the Personal Information Products Group in 1991. He served in the US Air Force from 1965 to 1969. Mr. Frankenberg previously served on various other boards, including for America OnLine (AOL), and holds several computer design patents. He brings to the board a deep knowledge of software, computer networks and systems, business operations, the technology industry, and public company governance and board service.

### **Incumbent Directors Class II**

**Michael G. Barrett** has been a member of our board of directors and has served as our President and Chief Executive Officer since March 2017. Mr. Barrett has served as the President of Ichabod Farm Ventures LLC, an investment company that he founded, since December 2012. From January 2014 to December 2015, he served as President and Chief Executive Officer of Millennial Media, Inc. From July 2012 to December 2012, Mr. Barrett served as Global Chief Revenue Officer and Executive Vice President at Yahoo! Inc. Prior to Yahoo!, from January 2012 to July 2012, Mr. Barrett served as Director at Google Inc., where he led the integration efforts following Google's acquisition of AdMeld Inc., a global supply side platform solution for premium publishers. Mr. Barrett previously served as Chief Executive Officer at AdMeld from November 2008 to December 2011. Mr. Barrett also held senior positions at AOL, Fox Interactive Media and Disney Online. Mr. Barrett serves on the board of directors of MediaMath, a demand-side platform. Mr. Barrett brings to the board extensive experience in digital advertising and advertising technology, as well as significant executive management expertise.

**Sumant Mandal** has been a member of our board of directors since May 2007. Mr. Mandal has been a Managing Director at Clearstone Venture Partners, a leading early stage venture capital firm that has been the initial investor in companies such as Paypal, Netzero, MP3.com, Overture and many others, since 2004. Since June 2014, he has also been a Managing Director at March Capital Partners, an early stage venture capital firm. Mr. Mandal has been investing in technology businesses for over 12 years. He is co-founder of The Hive and The Fabric, companies that incubate and invest in early stage technology businesses. Mr. Mandal sits on the boards of multiple private companies where he is lead investor. Prior to his venture capital career, Mr. Mandal co-founded multiple businesses in the online media, energy and industrial systems sectors, both in the U.S. and India. Mr. Mandal is also a Charter Member of TiE, a not-for-profit global network of entrepreneurs and professionals. Mr. Mandal brings to the board a deep knowledge of the company, its business and history and years of experience in founding, investing in, and growing technology and online media businesses.

**Robert F. Spillane** joined our board of directors in connection with our initial public offering in April 2014. Since 1998, Mr. Spillane has been a Managing Principal at DigaComm, L.L.C., a private investment firm that leads early-stage venture capital transactions, primarily involving companies in technology and digital media. Mr. Spillane was formerly a Principal and President and CEO of the investment group DM Holdings, Inc., which was formed in 1991 to acquire Donnelley Marketing, Inc. from The Dun and Bradstreet Corporation. Donnelley Marketing was a leading direct marketing and information services company. Mr. Spillane served as President and CEO, and on the board of directors of Donnelley Marketing, Inc. Prior to joining DM Holdings, Mr. Spillane was the Executive Vice President of Diamandis Communications, Inc., then a leading consumer magazine publisher, formed in 1987 in a leveraged buyout of CBS Magazines from CBS Inc., and also served as a member of the Diamandis board of directors from 1987 to 1990. Prior to Diamandis, Mr. Spillane held various executive positions with CBS, Inc., including Senior Vice President Group Publisher, Vice President of Circulation, Vice President General Manager of the CBS Special Interest Magazine Group, and Vice President Sales and Marketing of Fawcett Books. His ten-year career at CBS

culminated in service from 1985 to 1987 as

Senior Vice President, Publishing of CBS Magazines. In that capacity, he was directly responsible for 10 magazines. From 1972 to 1977, Mr. Spillane held various positions with Chesebrough Ponds, Inc. Mr. Spillane also served on the board of directors of TVSM, Inc., a private media company, from 1992-1998. Mr. Spillane brings to the board expertise in the publishing and advertising businesses, as well as significant experience with operations and mergers and acquisitions.

### **Vote Required and Recommendation of our Board of Directors**

Our bylaws provide that, in an uncontested election, each director nominee must receive a majority of votes cast in order to be elected to our board of directors. A majority of votes cast means the number of shares voted FOR a director nominee exceeds the number of shares voted AGAINST that director nominee. Each of our director nominees currently serves on the board. If a nominee who currently serves as a director is not re-elected, Delaware law provides that the director would continue to serve on the board as a holdover director. Our Corporate Governance Guidelines provide that each incumbent director nominee who is not re-elected is expected to submit to the board his or her resignation from our board of directors and all committees thereof. The nominating & governance committee, composed entirely of independent directors, will evaluate and make a recommendation to the board with respect to any submitted resignation and the board must decide whether to accept or reject the resignation, or to take other action, within 90 days following certification of the stockholder vote. No director may participate in the nominating & governance committee or the board's consideration of his or her own resignation.

**The Board of Directors recommends a vote FOR the election of each of Mr. Coleman and Ms. Troe as Class III directors.**

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## CORPORATE GOVERNANCE

### Director Independence

Rubicon Project is listed on the New York Stock Exchange, which requires that a majority of a listed company's board of directors be independent. In addition, the rules of the New York Stock Exchange require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating/corporate governance committees be independent. Under the rules of the New York Stock Exchange, a director will only qualify as an independent director if the board of directors affirmatively determines that the director has no material relationship with the company.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has any material relationships with us. As a result of this review, our board of directors has determined that Ms. Troe and Messrs. Coleman, Frankenberg, Mandal and Spillane are independent directors as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the New York Stock Exchange for purposes of service on the board and its committees.

Audit committee members must also satisfy the additional, heightened independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), which provides that a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (i) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries.

Members of our compensation committee must also satisfy the additional, heightened independence criteria set forth under Rule 10C-1 of the Exchange Act and under the rules and regulations of the New York Stock Exchange. In determining independence for these purposes, a listed company's board of directors must consider: (i) the source of all compensation paid by the company to a director serving on the compensation committee, other than compensation for serving on the board, including any consulting, advisory or other fees; and (ii) whether the director is an affiliated person of the listed company, any of its subsidiaries or any affiliate of a subsidiary.

### Board Leadership Structure

Our Corporate Governance Guidelines provide that our board of directors will determine in its discretion from time to time whether the roles of Chairman and Chief Executive Officer should be combined or separated. With the appointment of Mr. Barrett as Chief Executive Officer in March 2017, our board of directors determined to separate these roles and retained Mr. Addante as non-executive Chairman. Because our board believes that strong, independent board leadership is a critical aspect of effective corporate governance, and to promote open discussion among our non-management directors, our Corporate Governance Guidelines provide that, when the Chairman is a non-independent director, the independent directors will designate an independent director to act as Lead Director.

The responsibilities of the Lead Director include: (1) preside at executive sessions of the board in place of the Chairman, as well as at meetings of the board at which the Chairman is not present and meetings of independent or non-management directors; (2) approve information sent to the board; (3) approve the agenda and schedule for board meetings at which the Lead Director will preside, as well as other board meetings if the Chief Executive Officer and Chairman are the same person; (4) serve as liaison between the independent directors and the Chairman and/or Chief Executive Officer on sensitive matters; (5) be available for consultation and communication with major stockholders upon request; and (6) call executive sessions of our board and independent or non-management directors. The independent directors have selected Robert J. Frankenberg to serve as Lead Director because of his significant experience as both an executive officer and director and his familiarity with technology companies and public

company governance and board operation.

## **Board and Committee Meetings**

In 2016, our board of directors met 15 times, the audit committee met 11 times, the compensation committee met four times, and the nominating & governance committee met three times. The independent directors met in executive sessions without management in connection with seven of the board meetings, eight of the audit committee meetings, all of the compensation committee meetings, and two of the nominating & governance committee meetings. During 2016, each continuing director attended at least 75% of the aggregate number of board meetings and meetings held by all committees on which the director then served.

Our Corporate Governance Guidelines call for us to schedule annual meetings of stockholders to coincide when possible with one of the four regular quarterly board meetings. Directors are expected to attend the annual stockholders meeting absent unusual circumstances. A copy of the Guidelines is posted on the Corporate Governance section of our Investor Relations website at <http://investor.rubiconproject.com>. All of our directors attended the 2016 annual meeting with the exception of Mr. Barrett, who was not a director at the time of the 2016 annual meeting.

## **Board Committees**

Our board of directors has established three standing committees – audit, compensation, and nominating & governance each of which operates under a written charter that has been approved by our board. Committee membership is indicated in the table above on page 4. A current copy of each committee’s charter is posted on the Corporate Governance section of our Investor Relations website at <http://investor.rubiconproject.com>. Each committee reviews and evaluates, at least annually, the performance of the committee and its members and the adequacy of its charter.

## **Audit Committee**

The audit committee is responsible for, among other things, providing assistance to the board of directors in fulfilling its oversight responsibilities regarding the integrity of our financial statements, our compliance with applicable legal and regulatory requirements, the integrity of our financial reporting processes, including our systems of internal accounting and financial controls, the performance of our internal audit function and our independent registered public accounting firm, and our financial policy matters. The audit committee approves the services performed by our independent registered public accounting firm and reviews their reports regarding our accounting practices and systems of internal control over financial reporting, as applicable. The audit committee also oversees the audit efforts and confirms the independence of our independent registered public accounting firm. Our board of directors has determined that each member of our audit committee satisfies SEC requirements for independence and the independence and financial literacy requirements of the New York Stock Exchange, and that each qualifies as an audit committee financial expert, as defined in the SEC rules.

## **Compensation Committee**

The compensation committee is responsible for, among other things, overseeing our overall compensation structure, policies and programs, and assessing whether our compensation structure establishes appropriate incentives for officers and employees. The compensation committee also reviews and approves corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives, sets the compensation of these officers based on such evaluations and reviews, and, except with respect to his own compensation, based on the recommendation of the Chief Executive Officer, determines any employment-related agreements and any proposed severance arrangements or change in control or similar agreements with these officers. The compensation committee also administers the issuance of equity awards under our stock plans. The compensation committee is also responsible for the preparation of a report on executive compensation, when and as required by the SEC rules, to be included in our Annual Report and annual proxy statement. Our board of directors has





determined that each member of our compensation committee satisfies the requirements for independence under the rules and regulations of both the New York Stock Exchange and the SEC, and is an outside director for purposes of Section 162(m) of the Internal Revenue Code, and a non-employee director for purposes of Rule 16b-3 under the Exchange Act.

The compensation committee has the authority, in its sole discretion, to retain or obtain the advice of such consultants, outside counsel and other advisers as it determines appropriate to assist it in the full performance of its functions, at the Company's expense. In December 2014, the compensation committee engaged Semler Brossy Consulting Group, LLC ( Semler Brossy ) to act as its independent compensation consultant and Semler Brossy continues to serve in that capacity. Semler Brossy provides analysis and advice regarding our executive compensation practices, including with respect to the amount and form of executive and non-employee director compensation. A representative of Semler Brossy attends meetings at which the compensation committee undertakes significant review of, and/or action with respect to, executive officer or non-employee director compensation. Semler Brossy also consults regularly with the Chair of the compensation committee. Semler Brossy reports directly and solely to the compensation committee and performs compensation consulting services for the compensation committee at its request. Semler Brossy is not engaged to perform services directly for our management. The compensation committee has concluded that no conflict of interest exists with respect to its engagement of Semler Brossy nor are there other factors that would adversely impact Semler Brossy's independence in advising the compensation committee under applicable SEC and New York Stock Exchange rules. The compensation committee reached this conclusion after considering the following six factors, as well as Semler Brossy's views regarding its independence and other information the compensation committee deemed relevant: (i) the provision of other services to us by Semler Brossy; (ii) the amount of fees received from us by Semler Brossy, as a percentage of the total revenue of Semler Brossy; (iii) the policies and procedures of Semler Brossy that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Semler Brossy consultants with a member of the compensation committee; (v) any of our stock owned by the Semler Brossy consultants; and (vi) any business or personal relationship of the Semler Brossy consultants or Semler Brossy with any of our executive officers.

### **Nominating & Governance Committee**

The nominating & governance committee is responsible for, among other things, developing and recommending to the board of directors criteria for identifying and evaluating candidates for directorships and making recommendations to the board of directors regarding candidates for election or reelection to the board of directors at each annual stockholders' meeting. In addition, the nominating & governance committee is responsible for overseeing our Corporate Governance Guidelines and reporting and making recommendations to the board of directors concerning corporate governance matters. The nominating & governance committee also is responsible for making recommendations to the board of directors concerning the structure, composition and function of the board of directors and its committees. Our board of directors has determined that each member of our nominating & governance committee satisfies the requirements for independence under the rules and regulations of the New York Stock Exchange.

### **Director Candidate Nominating Procedures**

The process followed by the nominating & governance committee to identify and evaluate director candidates includes requests for recommendations (which may include through retained third-party search firms, as well as less formal methods such as personal contacts), committee meetings from time to time to evaluate biographical information and material relating to potential candidates, and interviews of candidates by board members.

In identifying and evaluating director candidates and determining whether to nominate any particular candidate, the nominating & governance committee considers the director candidates' specific experience,



qualifications, attributes and skills, together with the following general characteristics and qualifications, which are set forth in our Corporate Governance Guidelines:

highest personal and professional ethics, integrity and values;

independent, creative and disciplined thought processes;

practical wisdom and mature judgment;

broad training and experience at the policy-making or strategic level;

a record of achievement and expertise that is useful to the company and complementary to the background and experience of other board members, so that a useful balance of members on the board can be achieved and maintained;

willingness to devote the required amount of time to carrying out the duties and responsibilities of board membership;

commitment to serve on the board over a period of several years to develop knowledge about the company;

unless management directors, independence under relevant standards; and

diversity of occupational and personal backgrounds among the members of the board.

While the nominating & governance committee does not have a formal policy regarding board diversity, it is a factor that the nominating & governance committee takes into account in identifying director nominees. The nominating & governance committee believes that diversity is important because different points of view and varied board member backgrounds and practical experience can contribute to the quality of the board's operations and decision-making, and assesses board diversity, among other things, in its periodic assessment of the composition, operation, and effectiveness of the board.

The nominating & governance committee does not assign specific weights to particular criteria, but does believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will facilitate our board's fulfillment of its responsibilities.

Stockholders may recommend individuals to the nominating & governance committee for consideration as potential director candidates and inclusion in our proxy statement for the 2018 annual meeting of stockholders by submitting their names, together with appropriate biographical information and background materials. Such information should be sent to the Nominating & Governance Committee, c/o Corporate Secretary, The Rubicon Project, Inc., 12181 Bluff Creek Drive, 4th Floor, Los Angeles, California 90094. Assuming that appropriate biographical and background

material has been provided on a timely basis, the nominating & governance committee will evaluate stockholder-recommended candidates by following the same process, and applying the same criteria, as it follows for other candidates. If our board determines to nominate a stockholder-recommended candidate, then his or her name will be included in our proxy materials, including our proxy card, for the 2018 annual meeting of stockholders.

**Communicating with the Independent Directors**

Stockholders and other interested parties who wish to communicate on any topic with our board, or with a specific director or directors, including the Lead Director or the independent directors as a group, may address such communications to our Board of Directors c/o Corporate Secretary, The Rubicon Project, Inc., 12181 Bluff Creek Drive, 4th Floor, Los Angeles, California 90094.

Our board of directors will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. The Lead Director, or the Chair of the nominating & governance committee, with the assistance of our General Counsel and Chief Financial Officer, is primarily responsible for reviewing communications from stockholders and for providing copies or summaries to the other directors as considered appropriate. In accordance with the procedures outlined in Rubicon Project's Corporate Governance Guidelines, communications (or summaries thereof) that relate to corporate governance, long-term corporate strategy, and other important substantive matters should be forwarded to the other directors, unless there is a compelling reason not to forward such communications. In general, the director who reviews such communications may decline to forward communications that relate to ordinary business affairs or personal grievances, or are repetitive or duplicative, unless there is a compelling reason to forward such communications.

### **Board's Role in Risk Oversight**

Our board of directors exercises oversight of risk management consistent with its duty to direct the management of the business and affairs of the company. The audit committee, pursuant to its charter, is responsible for reviewing company practices with respect to risk assessment and risk management. The audit committee works directly with members of senior management and the company's internal audit staff to fulfill this responsibility and reports as appropriate to our board. Our board's other committees also participate in risk oversight by considering risk aspects of matters within the scope of their responsibilities.

Oversight of risk is also effected by our board as a whole in various ways.

The board reviews the structure and operation of various departments and functions of the company. In those reviews, the board discusses with management risks affecting those departments and functions and management's approaches to mitigating those risks.

The board reviews and approves each year's operating plan and budget, and these reviews cover risks that could affect the plan and measures to cope with those risks.

In its review and approval of our Annual Reports on Form 10-K, the board reviews and discusses with management the company's business and related risks, including as described in the Business, Risk Factors and Management's Discussion and Analysis sections of the document. The audit committee conducts a similar process quarterly in connection with the preparation of Quarterly Reports on Form 10-Q.

When the board reviews particular transactions and initiatives that require board approval as a legal matter, or that otherwise merit board involvement, the board generally includes related risk analysis and mitigation plans among the matters addressed with management.

The day-to-day identification and management of risk is the responsibility of the company's management. As the market environment, industry practices, regulatory requirements, and the company's business evolve, it is expected that management and our board will respond with appropriate adaptations to risk management and oversight.

### **Code of Business Conduct and Ethics**

Our board of directors has adopted a Code of Business Conduct and Ethics that applies to each of our directors, officers and employees. The full text of our Code of Business Conduct and Ethics is posted on the Corporate

Governance section of our Investor Relations website at <http://investor.rubiconproject.com>. We intend to post any amendment to our Code of Business Conduct and Ethics, and any waivers of the Code for directors and executive officers, on the same website.

## Policy Against Hedging and Pledging

We recognize that hedging against losses in company shares may disturb the alignment between stockholders and employees that our equity awards are intended to build. Accordingly, we have incorporated prohibitions on various hedging activities within our Insider Trading Policy, which applies to directors, officers and other employees who we have designated as insiders. The policy prohibits all transactions that are designed to hedge or offset any decrease in the market value of our securities, including prepaid variable forward contracts, equity swaps, futures, collars, exchange funds, options, puts, and calls and purchases or sales of puts or calls for speculative purposes.

## Compensation Committee Interlocks and Insider Participation

Messrs. Coleman, Frankenberg, Mandal, and Spillane served on our compensation committee during the last completed fiscal year. None of the members of our compensation committee is or has at any time been an officer or employee of Rubicon Project. There are no interlocking relationships (and there were no such interlocking relationships during 2016) between our board of directors, executive officers or our compensation committee and the board of directors, executive officers or the compensation committee of any other company.

## DIRECTOR COMPENSATION

Each non-employee director is compensated for service on our board through a combination of annual cash retainers and equity awards. In order to align the interests of non-employee directors and stockholders, equity awards constitute a substantial majority of total director compensation.

Directors are reimbursed for travel, food, lodging and other expenses directly related to their activities as directors, such as attendance at board or committee meetings. Directors are also entitled to the protection provided by their indemnification agreements and the indemnification provisions in our certificate of incorporation and bylaws.

### Annual Cash Fees

Our non-employee directors receive annual retainer fees as described in the table below for board and committee service. The fees are paid in four equal quarterly advance installments and prorated for any partial year of board service.

<b>Position</b>	<b>Retainer</b>
Board Member	\$ 30,000
Audit Committee Chair	20,000
Compensation Committee Chair	12,500
Nominating & Governance Committee Chair	7,500
Audit Committee Member	10,000
Compensation Committee Member	5,000
Nominating & Governance Committee Member	3,500
Lead Director	15,000

### Equity Awards

Equity compensation for non-employee directors consists of (i) an initial equity award with a calculated value of \$450,000 for each newly-elected or appointed non-employee director, and (ii) annual awards with a calculated value of \$175,000. The first annual award for non-employee directors who join the board at any time other than the date of an annual meeting is subject to proration for the partial year of service ending on the next





annual meeting. An initial equity award is granted at the time a non-employee director joins the board, or, if such time is during a regularly scheduled corporate blackout period under our Insider Trading Policy, upon termination of such blackout period. Annual awards are granted following each regular annual meeting of stockholders.

Each equity award consists of stock options for a number of shares determined by dividing half of the calculated value of the award by the fair value of a single option on the grant date as determined for financial accounting purposes, and restricted stock units covering a number of shares determined by dividing half of the calculated value of the award by the closing price of a share of our common stock on the grant date. Stock options are granted with a per share exercise price equal to the closing price of a share of our common stock on the grant date. Notwithstanding the foregoing, if the closing price of our common stock is less than \$12.00 on the grant date, then for stock options, \$12.00 will be used as the fair value of a single option in calculating the number of stock options to be covered by the award, and for restricted stock units, \$12.00 will be used as the closing price of a share of our common stock in calculating the number of restricted stock units to be covered by the award.

Initial equity awards vest, subject to continued board service, in three equal annual increments, on the first, second, and third anniversaries of the date of commencement of board service or, if earlier, upon (but effective immediately prior to) the occurrence of a change in control of the company. Annual equity awards vest, subject to continued board service, on the first anniversary of the date of grant or, if earlier, upon the occurrence of either (1) a change in control of the company (effective immediately prior thereto) or (2) the first regular annual meeting following the grant of such annual equity awards. In addition, if a non-employee director ceases board service for any reason other than removal for cause before vesting in full of equity awards, then the stock options and restricted stock units comprising that director's awards vest with respect to a pro-rata portion of the underlying shares (up to but not exceeding the number of unvested shares remaining subject to such awards) determined based upon the period of board service. Vesting of equity awards will cease, and unvested equity awards will lapse, upon a recipient's removal for cause from board service.

### **Director Equity Retention Guidelines**

Under equity retention guidelines implemented by the board in April 2016, each director is required to accumulate within five years from the later of the date the guidelines were implemented and the date of commencement of service for a new director, and thereafter to retain for the duration of board service, an amount of equity equal to five times the director's base board cash compensation. Equity that counts toward the ownership requirement includes: (1) shares owned outright by the director or beneficially owned by the director by virtue of being held by a member of the director's immediate family members residing in the same household or in a trust for the benefit of the director or his or her immediate family residing in the same household; (2) shares held in qualified plans or IRAs; (3) vested shares (or vested restricted stock units) deemed to be held in non-qualified plans; (4) the in-the-money portion of vested stock options; and (5) unvested time-based restricted shares (or restricted stock units). Until the minimum level of company equity is achieved, a director is prohibited from selling or otherwise transferring beneficial ownership of more than one-half of: (a) the vested after-tax shares of our common stock obtained as a result of the vesting of any restricted stock or restricted stock unit award made after implementation of the equity retention guidelines; or (b) the shares of our common stock subject to the vested portion of any stock option award made after implementation of the equity retention guidelines, net of any shares surrendered or sold to cover exercise price and/or income tax resulting from the exercise.

**2016 Director Compensation Table**

The following table sets forth all compensation provided to our non-employee directors for 2016.

<b>Name</b>	<b>Fees Earned or Paid in Cash<sup>(1)</sup></b>	<b>Stock Awards<sup>(2)(3)</sup></b>	<b>Option Awards<sup>(2)(4)</sup></b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Lewis W. Coleman	45,000	348,759	348,652	742,411
Robert J. Frankenberg	63,500	87,505	87,522	238,527
Sumant Mandal <sup>(5)</sup>	50,000	87,505	87,522	225,027
Robert F. Spillane	42,500	87,505	87,522	217,527
Lisa L. Troe	53,500	87,505	87,522	228,527

- (1) Consists of annual board retainer and fees for service as a committee chair, committee member, or Lead Director, as the case may be. See the narrative disclosure above for a description of such fees.
- (2) In accordance with the rules of the SEC, the amounts shown for the stock awards and option awards are the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation, but excluding the effect of estimated forfeitures. The company's stock awards valuation approach and related assumptions are described in Note 2 Organization and Summary of Significant Accounting Policies—Stock-Based Compensation and Note 14 Stock-Based Compensation to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. The reported amounts do not necessarily reflect aggregate income that may be recognized by the individual for income tax purposes upon vesting of awards or sale of shares, or the value that may be realized by the individual upon sale of shares, which amounts will depend upon the fair market value of the shares at the times that the awards vest and shares are sold and may be more or less than the amount shown.
- (3) Stock awards consist of an annual award of 6,171 restricted stock units issued in May 2016 to each director, with an aggregate grant date fair market value as described in footnote 2 of \$87,505. Mr. Coleman's stock awards also include the initial awards for services as a board member, which he received in March 2016. As of December 31, 2016, the aggregate number of shares of our common stock covered by stock awards held by each of our non-employee directors was as follows:

Lewis W. Coleman	15,005
Robert J. Frankenberg	11,171
Sumant Mandal	11,171
Robert F. Spillane	11,171
Lisa L. Troe	11,171

- (4) Option awards include an annual award of options for 12,557 shares with an exercise price of \$14.18 per share issued in May 2016 to each director, with an aggregate grant date fair market value as described in footnote 2 of \$87,522. Mr. Coleman's option awards also include the initial awards for services as a board member, which he received in March 2016. As of December 31, 2016, the aggregate number of shares of our common stock covered by stock options held by each of our non-employee directors was as follows:

Lewis W. Coleman	45,841
Robert J. Frankenberg	66,708
Sumant Mandal	66,708
Robert F. Spillane	66,708
Lisa L. Troe	66,708

- (5) Mr. Mandal's equity compensation for board service is beneficially owned by Clearstone Venture Management III, LLC, which is the general partner of the Clearstone entities that own shares of our stock, as described below in Common Stock Ownership of Certain Beneficial Owners and Management.

**PROPOSAL 2 RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP  
AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee has selected the firm of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year. PricewaterhouseCoopers LLP has served as our independent registered public accounting firm since 2010. Although stockholder approval of the selection of PricewaterhouseCoopers LLP is not required by law, our board of directors believes it is advisable as a matter of good corporate governance to give stockholders an opportunity to ratify this selection. If this proposal is not ratified at the Annual Meeting, the audit committee may (but will not be required to) reconsider its selection of PricewaterhouseCoopers LLP. Even if the selection is ratified, the audit committee may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be appropriate.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from stockholders.

**The Board of Directors unanimously recommends that stockholders vote FOR the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm.**

**Independent Registered Public Accounting Firm Fees**

The aggregate fees billed for audit and other services provided in the last two fiscal years by our independent registered public accounting firm, PricewaterhouseCoopers LLP, are as follows:

<b>Fee Category</b>	<b>2016</b>	<b>2015</b>
Audit Fees <sup>(1)</sup>	\$ 1,518,900	\$ 1,689,350
Audit-Related Fees <sup>(2)</sup>	58,878	108,629
Tax Fees <sup>(3)</sup>	12,759	42,117
All Other Fees <sup>(4)</sup>	3,600	3,600
<b>Total</b>	<b>\$ 1,594,137</b>	<b>\$ 1,843,696</b>

- (1) Audit Fees cover professional services rendered for the audit of our annual financial statements and review of financial statements included in our quarterly reports on Form 10-Q, and services normally provided by the accountant in connection with statutory and regulatory filings or engagements.
- (2) Audit-Related Fees cover assurance and related services that are reasonably related to the performance of audit or review of our financial statements and not reported as Audit Fees.
- (3) Tax Fees cover tax compliance, advice, and planning services and consisted primarily of review of consolidated federal income tax returns and foreign tax issues.
- (4) All Other Fees in 2016 and 2015 related to license fees for accounting research software.

**Pre-Approval Policy and Procedures**

The audit committee has adopted policies and procedures relating to the pre-approval of all audit and non-audit services that are to be provided by our independent registered public accounting firm. The audit committee will not approve non-audit services that the independent registered public accounting firm is not permitted to perform under the rules of the SEC and Public Company Accounting Oversight Board.

On an annual basis, the independent registered public accounting firm will propose to the audit committee an audit plan and engagement letter describing the services the auditor expects to provide and related fees. The final engagement letter and fees agreed by Rubicon Project acting pursuant to the direction of the audit committee, and all of the services covered by the final engagement letter, will be considered pre-approved by the audit committee.

The audit committee or the Chair of the audit committee acting by delegated authority will approve, if necessary, any changes in terms, conditions and fees under the engagement letter resulting from changes in the audit scope, company structure or other matters.

The audit committee has delegated to the Chair of the audit committee the authority to approve on a case-by-case basis any audit or non-audit services, in amounts up to \$200,000 (1) per engagement, (2) per additional category of services, or (3) in excess of pre-approved amounts for the specified service. The Chair then reports any services so approved to the audit committee at its next regularly scheduled meeting.

**REPORT OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

The audit committee of Rubicon Project's board of directors is composed of three members and acts under a written charter that has been approved by Rubicon Project's board of directors. The members of the audit committee are independent directors, based upon standards set forth in applicable laws, rules, and regulations. The audit committee has reviewed and discussed the audited financial statements with management, and has discussed with Rubicon Project's independent registered public accounting firm (the independent accounting firm) the matters required to be discussed by the applicable standards of the Public Company Accounting Oversight Board.

The audit committee has also received the written disclosures and the letter from the independent accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accounting firm's communications with the audit committee concerning independence, and has discussed with the independent accounting firm its independence.

Management is responsible for the company's financial reporting process and the system of internal controls, including internal control over financial reporting, and procedures designed to promote compliance with accounting standards and applicable laws and regulations. The independent accounting firm is responsible for the audit of the consolidated financial statements. The audit committee's responsibility is to monitor and oversee these processes and procedures. The members of the audit committee are not professionally engaged in the practice of accounting or auditing and are not professionals in these fields. The audit committee relies, without independent verification, on the information provided by and on the representations made by management regarding the effectiveness of internal control over financial reporting, that the financial statements have been prepared with integrity and objectivity, and that such financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The audit committee also relies on the opinion of the independent accounting firm on the consolidated financial statements. The independent accounting firm is not required to attest to the effectiveness of the company's internal control over financial reporting until the company's first Annual Report required to be filed with the SEC following the later of the date the company is deemed to be an accelerated filer or a large accelerated filer, each as defined in the Exchange Act, or the date the company is no longer an emerging growth company, as defined in the Jumpstart Our Businesses Act of 2012.

The audit committee's meetings facilitate communication among the members of the audit committee, management, the internal auditors, and the independent accounting firm. The audit committee separately met with each of the internal auditors and independent accounting firm, with and without management, to discuss the results of their examinations and their observations and recommendations regarding Rubicon Project's internal controls. The audit committee also met separately with management.

Based on its discussions with management and the independent accounting firm, and its review of the representations and information provided by management and the independent accounting firm, the audit committee recommended to Rubicon Project's board of directors that Rubicon Project's audited financial statements for the fiscal year ended December 31, 2016 be included in Rubicon Project's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

By order of the audit committee of the board of directors of Rubicon Project,

AUDIT COMMITTEE

Lisa L. Troe, Chair  
Lewis W. Coleman  
Robert J. Frankenberg



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## EXECUTIVE OFFICERS

The table below sets forth certain information regarding our executive officers.

Name	Age <sup>(1)</sup>	Position
Michael G. Barrett	55	President, Chief Executive Officer and Director
David L. Day	55	Chief Financial Officer and Chief Accounting Officer
Thomas Kershaw	49	Chief Technology Officer
Brian W. Copple	56	General Counsel and Corporate Secretary

(1) As of April 11, 2017

**Michael G. Barrett.** See Proposal 1: Election of Directors for Mr. Barrett's biography.

**David L. Day** has served as our Chief Financial Officer since May 2016 and our Chief Accounting Officer since March 2013. From May 2011 to March 2013, Mr. Day served as the Chief Accounting Officer at ReachLocal, Inc., a public company servicing small and medium-sized businesses as their digital ad agency. Prior to that, Mr. Day provided finance and accounting-related consulting services to technology and telecommunications companies and was co-founder of SignJammer Corporation, a start-up in the out-of-home advertising market, from 2008 to 2011. His career also includes experience as Vice President of Finance for Spot Runner, a technology-based ad agency for small and medium-sized business, Senior Vice President of Finance for Yahoo! Search Marketing, Senior Vice President of Finance and Corporate Controller of Overture, and public accounting experience with PricewaterhouseCoopers and Arthur Andersen.

**Thomas Kershaw** has served as our Chief Technology Officer since October 2016. Previously, Mr. Kershaw served as Director of Product Management of Google, a multinational technology company specializing in Internet-related services and products, from March 2013 to October 2016, and Senior Vice President and General Manager of the Iconectiv business unit of Ericsson, a communications technology company, from March 2008 to March 2013. Mr. Kershaw has also held executive positions at VeriSign, Clarent Corporation and Unisys, and was Chief Technical Officer of SS8 Networks.

**Brian W. Copple** has served as our General Counsel since July 2013. Previously, Mr. Copple served as General Counsel and Corporate Secretary of two other publicly traded companies: Eclipsys Corporation, a provider of electronic health record software and related services to hospitals, from May 2005 until December 2010, and Exult, Inc., a provider of business process outsourcing services, from February 2000 until January 2005. Prior to his service at Exult, Inc., Mr. Copple practiced law for 11 years with Gibson, Dunn & Crutcher LLP, including three years as a partner. Before joining Rubicon Project, Mr. Copple was engaged in private law practice from January 2011 to April 2012, and served as General Counsel and Corporate Secretary of Accumen, Inc. from April 2012 to July 2013.

### Election of Officers

Our executive officers are elected by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.



## EXECUTIVE COMPENSATION

The following tables and narratives describe the 2016, 2015 and 2014 compensation provided to the persons who served as our named executive officers in 2016, Frank Addante, Gregory R. Raifman, Harry Patz Jr. and Todd Tappin.

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)(2)</sup> (\$)	Option Awards (\$)	Non-Equity Incentive		Total (\$)
						Plan Compensation (\$)	All Other Compensation (\$)	
Frank Addante <sup>(4)</sup> Chief Executive Officer	2016	515,000		2,298,629	508,117	712,748		4,034,494
	2015	507,500 <sup>(5)</sup>		3,108,542	695,375	808,158		5,119,575
	2014	388,750		9,938,671 <sup>(6)</sup>		739,500		11,066,921
Gregory R. Raifman <sup>(7)</sup> President	2016	455,000		1,521,401	336,306	629,710		2,942,417
	2015	453,583 <sup>(5)</sup>		2,057,442	460,247	714,004		3,685,276
	2014	403,500		5,798,525		434,496	29,217 <sup>(8)</sup>	6,665,738
Harry Patz Jr. <sup>(9)</sup> Chief Revenue Officer	2016	223,863		1,431,000	299,340	220,178		2,174,381
Todd Tappin <sup>(10)</sup> Chief Operating Officer & Chief Financial Officer	2016	222,500		1,455,249	321,687	111,250		2,110,686
	2015	442,917 <sup>(5)</sup>		1,967,990	440,237	698,312		3,549,456
	2014	390,000		5,205,625		445,760		6,041,385

- (1) In accordance with the rules of the SEC, these amounts are the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, but excluding the effect of estimated forfeitures. The company's stock awards valuation approach and related assumptions are described in Note 2 Organization and Summary of Significant Accounting Policies Stock-Based Compensation and Note 14 Stock-Based Compensation to the Consolidated Financial Statements in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016. The reported amounts do not necessarily reflect aggregate income that may be recognized by the individual for income tax purposes upon vesting of awards or sale of shares, or the value that may be realized by the individual upon sale of shares, which amounts will depend upon the fair market value of the shares at the times that the awards vest and shares are sold and may be more or less than the amount shown.
- (2) A portion of the awards are performance-based restricted stock. The value of the performance-based restricted stock included in the table, based upon assumptions regarding the probable outcome of the applicable performance conditions, is as follows:

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<b>Name</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Frank Addante	1,282,387	1,718,543	1,315,000
Gregory R. Raifman	848,780	1,137,449	1,216,375
Harry Patz Jr.	--	--	--
Todd Tappin	811,870	1,087,996	1,150,625

If we had assumed the highest level of performance conditions will be achieved, the value of such awards would have been as follows:

<b>Name</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Frank Addante	1,524,362	2,085,007	1,622,000
Gregory R. Raifman	1,008,938	1,379,999	1,500,350
Harry Patz Jr.	--	--	--
Todd Tappin	965,062	1,320,001	1,419,250

- (3) Cash incentive amounts earned by the named executive officers for service during the year, including amounts paid subsequent to that year based upon performance during that year.
- (4) Mr. Addante resigned as our Chief Executive Officer in March 2017, but continues to serve as the Chairman of our board of directors and is also an employee of the company focused on our strategy and vision in support of our President and Chief Executive Officer.
- (5) Increases in base salary were effective February 2, 2015. Represents 11 months of base salary at annual rates of \$515,000 for Mr. Addante, \$455,000 for Mr. Raifman, and \$445,000 for Mr. Tappin, and one month of base salary at annual rates of \$425,000 for Mr. Addante, \$438,000 for Mr. Raifman, and \$420,000 for Mr. Tappin.
- (6) In determining Mr. Addante's 2014 restricted stock awards, the compensation committee considered, among other things, the fact that Mr. Addante had not received any equity incentive awards since founding the company in 2007 and that his total compensation package (which to that point had lacked any stock or option awards) was below that of other chief executive officers at comparable companies.
- (7) Mr. Raifman's employment with the company terminated in February 2017.
- (8) Relocation expenses, including rental of a corporate apartment.
- (9) Mr. Patz joined the company as Chief Revenue Officer in April 2016, with an annual salary of \$300,000. Mr. Patz's employment with the company terminated in March 2017.
- (10) Mr. Tappin's employment with the company terminated in June 2016.

## Outstanding Equity Awards as of December 31, 2016

The following table provides information regarding outstanding equity awards made to our named executive officers as of December 31, 2016.

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards: Market or Payout	
	Number of Securities Underlying Unexercised Options (#) <sup>(1)</sup>	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$) <sup>(2)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights that Have Not Vested (#)	Value of Unearned Shares, Units or Rights that Have Not Vested (\$) <sup>(2)</sup>	
Frank Addante	43,339	88,906 \$13.16 51,219 \$16.75	2/17/2026 5/19/2025	77,222 <sup>(3)</sup> 46,680 <sup>(4)</sup> 37,500 <sup>(5)</sup>	572,987 346,366 278,250	115,833 <sup>(6)</sup> 124,478 <sup>(7)</sup> 46,801 <sup>(8)</sup>	859,481 923,627 347,263	
Gregory R. Raifman	28,684 569,322	58,844 \$13.16 33,901 \$16.75 16,378 \$7.80	2/17/2026 5/19/2025 2/22/2023	51,111 <sup>(3)</sup> 30,896 <sup>(4)</sup> 52,030 <sup>(9)</sup> 24,375 <sup>(5)</sup>	379,244 229,248 386,063 180,863	76,667 <sup>(6)</sup> 82,388 <sup>(7)</sup> 43,291 <sup>(8)</sup>	568,869 611,319 321,219	
Harry Patz Jr.	40,000	\$14.31	5/16/2026	100,000 <sup>(10)</sup>	742,000			

Todd Tappin

30,236<sup>(7)</sup>

224,351

- (1) The grant date of each stock option is ten years before the expiration date shown in the table, and all of the stock options vest (or vested) as a result of service to the company with respect to 25% of the underlying shares on or shortly following the first anniversary of the grant date and with respect to the remaining 75% of the underlying shares in equal monthly installments over the following 36 months.
- (2) In accordance with the rules of the SEC, the values represent the product of the number of shares that have not vested and \$7.42, which was the closing market price of our common stock on December 30, 2016. The reported amount does not necessarily reflect the value that may be realized by the individual because the awards vest over four or five years from the date of grant contingent upon continued employment, and the actual amount received upon sale of shares will depend upon the fair market value of the shares at the times they are sold.
- (3) These shares vest with respect to 31% of such shares on May 15, 2017, with respect to 63% of such shares in five equal installments on each May 15 and November 15 through November 15, 2019, and with respect to 6% of such shares on May 15, 2020.
- (4) These shares vest with respect to 89% of such shares in four equal installments on each May 15 and November 15 through November 15, 2018, and with respect to 11% of such shares on May 15, 2019.
- (5) These shares vest in equal installments on each May 15 and November 15 through May 15, 2018.
- (6) These awards are Market Stock Awards, or MSAs. The number of shares issued represents target levels, and the actual number of shares that may ultimately vest will be the product of the target number of shares and a performance factor determined as the quotient obtained by dividing the stock price on the

measurement date by the stock price on the grant date. The measurement date for the MSAs is the first to occur of (i) February 1, 2019, (ii) the effective date of a change in control of the company, or (iii) the date of the executive's involuntary termination, death, or disability. If the performance factor is less than 50%, there is no vesting. If the performance factor is 150% or more, 50% of the number of target shares will vest. If the performance factor is at least 50% but less than 150%, the number of shares vesting will equal the product of the target shares and the performance factor. For this purpose, stock price appreciation is obtained by dividing the 20-day trailing average closing price of our common stock as of the measurement date by the 20-day trailing average closing price of our common stock as of the grant date, and is adjusted for stock splits and the like. In the event that the measurement date is the date of the executive's involuntary termination, death or disability, and that date occurs prior to April 15, 2018, the number of target shares shall be pro-rated to reflect the period of service from the grant date prior to applying the performance factor.

- (7) These awards are MSAs. The number of shares issued represents target levels, and the actual number of shares that may ultimately vest will be the product of the target number of shares and a performance factor determined as the quotient obtained by dividing the stock price on the measurement date by the stock price on the grant date. The measurement date for the MSAs is the first to occur of (i) April 15, 2018, (ii) the effective date of a change in control of the company, or (iii) the date of the executive's involuntary termination, death, or disability. If the performance factor is less than 50%, there is no vesting. If the performance factor is 150% or more, 50% of the number of target shares will vest. If the performance factor is at least 50% but less than 150%, the number of shares vesting will equal the product of the target shares and the performance factor. For this purpose, stock price appreciation is obtained by dividing the 20-day trailing average closing price of our common stock as of the measurement date by the 20-day trailing average closing price of our common stock as of the grant date, and is adjusted for stock splits and the like. In the event that the measurement date is the date of the executive's involuntary termination, death or disability, and that date occurs prior to April 15, 2018, the number of target shares shall be pro-rated to reflect the period of service from the grant date prior to applying the performance factor. Mr. Tappin's awards reflect this proration.
- (8) These shares can become vested on a quarterly basis each February 15, May 15, August 15, and November 15 over a seven-year performance period ending on May 15, 2021, or at the time of a change in control of the company, as a result of achievement of superior performance of the company's common stock compared to the NASDAQ Internet Total Return index. If the shares become vested on a May 15 or November 15, or at the time of a change in control of the company, such awards are immediately fully earned. If the shares become vested on a February 15 or August 15, such awards are fully earned on the ensuing May 15 or November 15 based on further continued service until that date.
- (9) These shares vest with respect to 44% of such shares in two equal installments on May 15, 2017 and November 15, 2017, with respect to 33% of such shares in two equal installments on May 15, 2018 and November 15, 2018, and with respect to 22% of such shares in two equal installments on May 15, 2019 and November 15, 2019.
- (10) These shares vest with respect to 25% of such shares on May 15, 2017, and with respect to 75% of such shares in six equal installments on each May 15 and November 15 through May 15, 2020.

#### **Rubicon Project's Compensation Framework**

The compensation committee considers, determines, reviews, and revises all components of each named executive officer's compensation. It may not delegate that responsibility. The compensation committee also has oversight of and consults with management regarding executive and non-executive employee compensation plans and programs, including administration of our equity incentive plans. The compensation committee also periodically reviews the compensation of directors for service on the board and its committees and recommends any changes in compensation to the board. The board makes the final decisions with respect to the compensation of directors.



The compensation committee retains an independent executive compensation consultant, Semler Brossy, to provide input, analysis, and consultation about the company's executive compensation. During 2016, Semler Brossy's work with the compensation committee included analysis, advice, and recommendations on total compensation philosophy; peer groups and benchmarking; pay positioning (by pay component and in total); compensation program design, including program goals, components, and metrics; equity usage and allocation; compensation trends in comparable business sectors and in the general marketplace for senior executives; regulatory factors; risk assessment under the company's compensation programs; and the compensation of the Chief Executive Officer and the other named executive officers, including advice on the design of cash-based and equity-based compensation.

Executive officers do not propose or seek approval for, or have any decision-making authority with respect to, their own compensation. The Chief Executive Officer makes recommendations to the compensation committee on the base salary, annual incentive cash targets, and equity awards for each named executive officer other than himself, based on his assessment of each executive officer's performance during the year and other factors, including the Chief Executive Officer's review of compensation survey data.

Performance reviews for the Chief Executive Officer and other named executive officers consider various factors that may vary depending on the role of the individual officer, including: strategic capability—how well the executive officer identifies and develops relevant business strategies and plans; execution—how well the executive officer executes strategies and plans; and leadership capability—how well the executive officer leads and develops the organization and its people. An annual performance review of the Chief Executive Officer is managed by the compensation committee based upon various factors including Chief Executive Officer, management team, and company performance, discussion with the independent directors, and input from senior management. The compensation committee considers this review in determining the Chief Executive Officer's base salary, annual incentive cash target, and equity awards.

We have engaged in discussions regarding our compensation philosophy with several of our large stockholders, and we intend to engage in further compensation-related discussions from time to time at such stockholders' request.

### **Risk Assessment in Compensation Programs**

Management assessed the company's executive and broad-based compensation and benefits programs on an overall basis to determine whether the programs' provisions and operations create undesired or unintentional material risk. This risk assessment process takes into account numerous compensation terms and practices that the company maintains that aid in controlling risk, including the mix of cash, equity, and near- and long-term incentive programs, the use of multi-year vesting periods for equity awards, and a variety of performance criteria for incentive compensation, the claw-back provisions that apply to our annual incentive cash plan and equity plan, and the cap on the maximum cash incentive awards that can be earned in a given year regardless of company performance and the cap on equity incentive grants that can be made in a single calendar year for our top executives for purposes of potentially qualifying as performance-based compensation not subject to the \$1,000,000 deductibility limitation under Section 162(m) of the Internal Revenue Code. This risk assessment process also included a review of program policies and practices, program analysis to identify risk and risk controls, and determinations as to the sufficiency of risk identification and risk control, the balance of potential risk to potential reward, and the significance of the programs and their risks to company strategy. Although we reviewed all significant compensation programs, we focused on programs with variable payout, in particular assessing the ability of participants to directly affect payouts, and the controls on such situations. In addition, the compensation committee oversees management's annual assessment of the risks associated with the company's compensation programs.

Based on the foregoing, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to the company as a whole. We also believe that our incentive compensation programs do not encourage risk-taking beyond the organization's ability to effectively identify and manage significant risks; are compatible with effective internal controls and the company's risk-management practices; and are supported by the compensation committee's oversight of our executive compensation programs.

## Employment Arrangements

The named executive officers serve on an at-will basis. The company has employment agreements with the named executive officers that confirm the at-will nature of their employment and provide for a base salary, eligibility to receive an annual performance bonus, and eligibility to participate in employee benefit or group insurance plans maintained from time to time by the company. The company is also party to agreements with the named executive officers providing for the severance benefits described below under Post-Employment Compensation and Change in Control Payments and Benefits.

## Executive Summary

The company, like many ad-tech companies, experienced a challenging year in 2016, and the ad-tech industry continues to evolve rapidly. In response, we have made several organizational changes to better calibrate the business going forward. We continue to believe that the strategic and operational work completed at the end of 2016 and into 2017 positions the company well to capitalize on market opportunities. Below, we provide highlights that contextualize our performance and compensation-related decisions.

**Business and Financial Highlights.** Despite challenging market performance, we continued to grow in several key operational and financial areas. Following our initial public offering, or IPO, in 2014, we significantly improved advertising spending on our platform and experienced meaningful growth in adjusted EBITDA and revenue. Unfortunately, our stock price has performed below our expectations over the last year.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	2015 to 2016	2014 to 2016
Measure	(in millions)	(in millions)	(in millions)	Change	CAGR <sup>(1)</sup>
Revenue	\$125	\$248	\$278	+12%	+49%
Advertising Spend	\$668	\$1,005	\$1,026	+2%	+24%
Net income (loss)	\$(19)	--	\$(18)	--	--
Adjusted EBITDA	\$19	\$59	\$71	+20%	+93%

(1) CAGR = Compound Annual Growth Rate

For a reconciliation of revenue to advertising spend and adjusted EBITDA to net income (loss), please refer to pages 60-62 of our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 15, 2017.

We believe our market value has been adversely affected by a decline in the growth of our business during 2016, driven largely by the shift in digital ad spending away from traditional desktop display advertising, which accounted for approximately two-thirds of the advertising spending on our platform in 2016, as well as the rapid emergence early in 2016 of header bidding in North America. Header bidding increased competition for some inventory that we would

otherwise have been able to sell through our platform, and our decision to focus on other growth priorities and consequently not to invest earlier in our own header bidding solution, called FastLane, resulted in adverse revenue effects for us. Another factor impacting our business is that a large share of the growth in digital advertising spending worldwide is being captured by owned and operated sites, such as

Facebook and Google. As a result of these rapid developments in the industry, advertising spend from our traditional desktop display business has declined and can no longer be relied upon to drive the growth of our business.

In response to these dynamics, during 2016 and into early 2017, we undertook a strategic review, resulting in some significant organizational changes and refinement of our strategic focus in growth areas. In the third quarter of 2016, we terminated our static bidding offering, which accounted for only approximately 1% of total revenue in 2016 and was continuing to contract due to shifts in market spending from static bidding to real-time bidding (RTB). In the fourth quarter of 2016, we restructured our workforce, reducing our headcount by approximately 125 persons. In the first quarter of 2017, we exited our intent marketing business, closed our Toronto office, and implemented a management restructuring involving the departure of seven senior leaders and the hiring of an industry veteran as our new President and Chief Executive Officer, resulting in a simpler and nimbler management structure.

These measures are intended to facilitate investment in market share growth, technology, and research and development for our strategic growth areas including mobile, video, Orders, and header bidding, that are expected to represent a majority of our advertising spend in 2017.

**Mobile:** We have significantly advanced our mobile capabilities through a combination of internal product development, strategic customer wins, increased mobile activity driven from existing buyer and seller customers, and international expansion, resulting in an increase in our mobile revenue of 36% during the year ended December 31, 2016 compared to the year ended December 31, 2015. We believe we can significantly expand the penetration of our mobile offerings among existing buyer and seller customers by creating and introducing new mobile ad formats, extending mobile advertising to brands by providing better signaling and decisioning data, and leveraging header bidding to improve returns for developers.

**Video:** In 2016, we began to focus further on development of our video solution, helping grow our product footprint to allow our sellers to sell video advertising across desktop or mobile platforms, and include instream, outstream and mobile-specific formats such as interstitials. Today, more than half of our top 100 customers are using our ad exchange for video. We plan to expand our video presence by providing turnkey monetization services for over-the-top content providers as they emerge, as well as continuing to video-enable our existing publishers with new formats and stronger measurement and targeting capabilities.

**Orders:** During 2012, we launched our private marketplace orders application, which allows sellers to connect directly with pre-approved buyers to execute direct sales of previously unsold advertising inventory. In 2014, we introduced the first-generation of our solution to automate the buying and selling of premium digital inventory on a fully reserved, or guaranteed, basis, and made two strategic acquisitions which, combined with our pre-existing orders technology, enabled us in 2015 to create a fully integrated solution for automating, streamlining, and managing the processes of direct buying and selling of guaranteed and non-guaranteed advertising. Our Orders product has a 71% GAAP revenue CAGR since we achieved critical mass of supply, and we believe we can develop technology to enable buyers and sellers to safely leverage their first-party data assets and third-party data assets in our platform to increase the value of the seller's inventory and precision of the buyer's targeting efforts, and to drive more precise matching of buyer demand to seller inventory.

**Header Bidding:** Header bidding makes available to us premium inventory that we were previously unable to access, and FastLane, which we launched in 2016, grew from zero to more than \$120 million of advertising spend in just over three quarters with more than 300 customer deployments. We believe that FastLane has the potential to improve our competitiveness in the traditional desktop display market in 2017. In an effort to capitalize on FastLane's potential, we will invest in continued improvement in our header bidding capabilities, including through support of open-source wrapper technologies that eliminate exchange bias, broad integrations to maximize access to inventory supply, and development of enhanced customer service capabilities.

**Compensation Highlights.** Our compensation program is designed to support our competitiveness in the rapidly changing advertising technology industry by enabling us to attract, retain, and motivate our executive team and align incentives with stockholder value creation. Our compensation program is designed to reward our executives when the company performs well and to create a link between pay, performance, and stockholder value. The company's executive compensation structure and practices continue to evolve in the post-IPO environment and focus primarily on variable, at-risk compensation.

From a pay design and structural standpoint, the compensation committee took the following actions:

**Decreased 2016 target compensation levels by an average of 15% for continuing named executive officers.** For Messrs. Addante, Raifman, and Tappin, the compensation committee held salaries and target annual incentive levels constant, while reducing the grant date fair value of equity awards by 20%. Target compensation is defined as base salary, target annual bonus opportunity, and grant date fair value of equity awards granted during the year.

**Delivered annual bonus payouts that aligned with our core financial results.** In early 2017, the compensation committee approved 2016 annual bonus payments for the named executive officers based on performance against revenue (50% of the bonus) and adjusted EBITDA (50% of the bonus); the payouts were largely driven by the strong performance in adjusted EBITDA against the company's goals. Please refer to the *Incentive Compensation* section for more information.

**Adopted executive ownership guidelines and retention requirements.** In April 2016, we adopted ownership guidelines requiring executives to hold a level of equity equal to 5.0x base salary (Chief Executive Officer) and 3.0x base salary (other named executive officers) with a 50% net retention requirement until the guideline is met. Please refer to the *Executive Officer Equity Retention Guidelines* section for more information.

**Conducted targeted stockholder outreach.** The compensation committee Chair engaged in discussions regarding our compensation philosophy with several of our large stockholders, and we intend to engage in further compensation-related discussions from time to time at such stockholders' request.

**Modified the go-forward peer group approach to better align with the current industry and organizational realities.** Previously, the compensation committee used an approach with two peer groups, intended to reflect the competitive market for companies similar to us both in terms of revenue and advertising spend. In response to changing company and industry dynamics, the compensation committee determined that it was appropriate to move to a single group of public peer companies that (i) is oriented around revenue only and (ii) better reflects expectations around future growth and scale. The resulting group had a median revenue of around \$301 million (compared to our 2017 revenue of approximately \$278 million). Please refer to the *Peer Benchmarking Assessment* section for more information.

**Lowered equity opportunities, generally, when making 2017 grants.** In early 2017, the compensation committee approved an overall equity pool for the entire organization that would result, on average, in more than 40% lower grant values compared to 2016 for those participants in the same role. This

continued the downward trajectory of pay since our IPO and was appropriate given the share price performance in 2016.

*Pay for Performance Highlights.*

**A majority of compensation is tied to at-risk, or variable pay outcomes.** Our pay program is heavily weighted towards variable annual and long-term incentives that tie compensation to financial performance and stockholder returns. In 2016, 87% of the Chief Executive Officer's compensation was at risk:

**Target pay opportunities have decreased in each year following our IPO.** As previously mentioned, target pay opportunities have generally declined since our IPO, acknowledging the current performance context. Pay levels in the year of our IPO (2014) generally reflected the increased responsibilities as a public company and for the Chief Executive Officer included a one-time equity grant in recognition that the Chief Executive Officer did not receive equity since founding the company in 2007. Pay levels in 2015 and 2016 are more representative of the ongoing competitive market pay opportunities. For actual values earned, please refer to the Summary Compensation Table. As mentioned above, total compensation for executive officers in 2017 is further reduced.



**Realizable pay over the same time period is materially lower than target pay, demonstrating a strong connection between pay and performance.** Realizable pay for the Chief Executive Officer (factoring in financial performance from the annual bonus program and share price performance for the long-term equity program) is materially less than the granted value as a result of the poor share price performance. Specifically, the realizable pay value (based on a 12/31/2016 share price) of the awards granted to the Chief Executive Officer between 2014 and 2016 reflect 50% of the total target pay on the date of grant. The realizable value from equity grants is 35% of the original grant date value. We believe this outcome is appropriate given the performance context and demonstrates a strong connection between performance and pay.

NOTE: Aggregate Target Pay = Base Salary, Target Bonus, and Grant Date Fair Value of Awards Granted in 2014, 2015 and 2016. Aggregate Realizable Pay = Base Salary, Actual Bonus Earned, and Dec 2016 Value (share price of \$7.42) of Equity Awards Granted in 2014, 2015 and 2016. For the 2014 relative TSR performance-based restricted stock, we have assumed performance has been earned at target.

**Governance Highlights.** We have a commitment to strong corporate governance practices to ensure our executive compensation program aligns with stockholder interests:

What we do:

Ensure majority of pay is based on financial or stock price performance

Maintain a clawback policy

Maintain at-will employment for named executive officers

Maintain executive and director ownership guidelines (adopted in 2016)

What we don't do:

Allow hedging or short sales

Reprice options without stockholder approval

Allow single trigger equity vesting

Offer excessive perquisites or benefits

**Peer Benchmarking Assessment**

**Fiscal Year 2016 Peer Group Approach.** The compensation committee works with Semler Brossy to develop a reasonable comparator set and benchmark executive compensation against relevant market levels. Beginning in 2014, the compensation committee assembled and reviewed two different peer groups, each consisting of over 50 companies – one group of companies deemed comparable based on our revenue calculated

in accordance with generally accepted accounting principles (GAAP revenue), and the other deemed comparable based on our advertising spend, which would approximate our revenue if we recorded revenue on a gross basis. This two-group approach was used in 2014 and 2015 in setting 2015 and 2016 pay opportunities. The compensation committee decided to use two peer groups to balance multiple factors: first, the compensation committee believed that relying solely on GAAP revenue may understate the complexity and scope of the business relative to other peers; and second, the compensation committee believed that focusing solely on advertising spend (a key volume measure in our industry) would overstate the size and scope of the business (particularly when looking at other scale factors such as gross income, number of employees and market value). Both peer groups included companies in the software and Internet services industries. For 2016 pay, the smaller peer group had a median revenue of \$359 million, while the larger peer group had a median revenue of \$975 million. For reference purposes, our 2014, 2015 and 2016 revenues reported under generally accepted accounting principles were \$125.3 million, \$248.5 million and \$278.2 million, respectively, and our advertising spend was \$667.8 million, \$1.0 billion and \$1.0 billion, respectively. These groups were calibrated in the fall of 2015 (leading up to 2016 pay decisions) at a time when our revenue growth trajectory was well above the top quartile for both peer groups. For example, the small group had a median revenue growth of approximately 24%, while the large group had a median revenue growth of approximately 18%. Our expected revenue growth at the time was approximately 45%, and based on the balance of size and growth dynamics, the compensation committee determined that the approach was relevant and reasonable.

When reviewed together, the two peer groups provided a detailed and comprehensive view of the range of pay practices and levels across comparable companies and potential talent competitors. In establishing the base salaries and incentive compensation for our named executive officers for 2016, the compensation committee analyzed a full range of competitive data (i.e., bottom, mid, and top quartile data) from both peer groups and considered each named executive officer's performance, criticality, and expected future contributions to our company.

**Fiscal Year 2017 Peer Group Approach.** As previously stated, in the fall of 2016 (leading up to 2017 pay decisions) in response to our organizational changes and evolving outlook for the business in 2017, the compensation committee approved a new approach centered around one peer group of public companies using GAAP revenue as the key scoping measure. The comparator group used for 2017 pay decisions includes 18 public companies. These companies were determined based on establishing a set of financial, market value, and business criteria. The key criteria included companies within the ad-tech industry and Internet software and services industry between \$125 million and \$800 million in revenues and market value between \$100 million and \$3.2 billion (generally market value to revenue ratios between 0.5x and 6.0x).

For reference, the sizes of the peer groups were as follows:

	Peer Group Details for Setting 2016 Pay Levels (Approved in October 2015) 2015 GAAP		Peer Group Details for Setting 2017 Pay Levels (Approved in October 2016) 2016 Public Proxy
Values in Millions	Revenue Group	2015 Advertising Spend Group	Peer Group
Peer Group Median	\$359	\$975	\$301
<b>Rubicon Project GAAP Revenue</b>	<b>\$248</b>	--	<b>\$278</b>
<i>Rubicon Project Advertising Spend</i>	--	<i>\$1,004</i>	--

For a reconciliation of revenue to advertising spend, please refer to page 60 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on March 15, 2017.



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## Base Salaries

Base salaries for our named executive officers are designed to be competitive when compared with prevailing market rates and are based on a variety of factors, including level of responsibility, performance, and the recommendations of the Chief Executive Officer for named executive officers other than the Chief Executive Officer. Base salaries are reviewed annually or at the time of promotion or other changes in responsibilities. In determining whether to award base salary increases, the compensation committee considers the company's overall business outlook, the company's budget, the executive's individual performance, historical compensation, market compensation levels for comparable positions, internal pay equity, and other factors, including any retention concerns.

Based on the data from the two peer groups described above, the compensation committee set the annual base salaries for 2016 for Messrs. Addante, Raifman and Tappin at \$515,000, \$455,000 and \$445,000, respectively, which remained unchanged from 2015. Mr. Patz joined the company in April 2016, with an annual base salary of \$300,000, based upon market survey data and negotiations with Mr. Patz. The compensation committee did not set base salaries for our named executive officers at any specific level against the two peer groups.

## Incentive Compensation

**Annual Incentive.** During 2016, our named executive officers were eligible to receive cash incentive payments determined based upon the achievement of pre-established performance goals that the compensation committee believed were challenging yet achievable. Annual incentive compensation is an at risk performance-based cash award that is designed to motivate our named executive officers to achieve pre-established corporate financial objectives. For 2016, the target award opportunities were \$515,000 for Mr. Addante, \$455,000 for Mr. Raifman, \$300,000 for Mr. Patz and \$445,000 for Mr. Tappin. For 2016, the performance measures and their weightings for all but Mr. Patz were 50% revenue and 50% adjusted EBITDA, and cash incentive awards of up to 200% of target were attainable with specified levels of outperformance. Performance was measured at the end of each quarter and at fiscal year-end, with up to 25% of target payable as an advance based upon performance for each of our first three fiscal quarters and a final calculation and true-up based upon full-year performance. Actual cash incentive awards for the 2016 fiscal year were \$712,748, \$629,710, \$220,178 and \$111,250 for each of Messrs. Addante, Raifman, Patz, and Tappin, respectively. The amounts earned by Mr. Tappin were prorated for the portion of the fiscal year during which he was employed by the company. Actual revenue performance for the year was \$278.2 million, reflecting a 12% year-over-year increase. Actual adjusted EBITDA performance was \$70.9 million for the year, reflecting a 19% year-over-year increase. As a result of the outperformance in adjusted EBITDA, the payouts for Messrs. Addante and Raifman were 138% of target. Mr. Patz's performance objectives included sales objectives as well as company financial metrics.

**Equity Incentive.** We grant equity-based compensation to our named executive officers in order to attract, retain and reward our executives and strengthen the mutuality of interests between our named executive officers and stockholders. The compensation committee annually determines the form and amount of equity-based incentives granted to executives. In making its determinations, the compensation committee considers factors such as peer group market data, recommendations from Semler Brossy, the executive's and the company's performance in the last year and the results achieved by the executive, the executive's base salary, target annual incentive opportunity and prior grants of equity awards, and the compensation committee's view regarding the future potential of long-term contributions of the executive. Recommendations of the Chief Executive Officer are also taken into consideration for our named executive officers other than the Chief Executive Officer. We maintain a 2014 Equity Incentive Plan pursuant to which we may make grants of stock options, stock appreciation rights, restricted stock and/or restricted stock units, performance cash or other stock awards to eligible participants, including our named executive officers, in the determination of our board of directors, compensation committee or other authorized person based upon an assessment of their performance.



In February 2016, each of our named executive officers other than Mr. Patz received grants of stock options, time-based restricted stock, and performance-based restricted stock in the form of MSAs. The aggregate target value determined as described above for each such named executive officer was allocated 20% to stock options, 40% to time-based restricted stock, and 40% to MSAs. If our stock price were not to increase, the stock options will not deliver any economic value. The number of MSAs that may ultimately vest will be the product of the number of shares issued and a performance factor determined as the quotient obtained by dividing the stock price on the measurement date by the stock price on the grant date. The measurement date for the MSAs is the first to occur of (i) February 1, 2019, (ii) the effective date of a change in control of the company, or (iii) the date of the executive's involuntary termination, death, or disability. If the performance factor is less than 50%, there is no vesting. If the performance factor is 150% or more, 150% of the number of target shares will vest. If the performance factor is at least 50% but less than 150%, the number of shares vesting will equal the product of the target shares and the performance factor. Therefore, the number of MSAs, as well as the value per MSA, will decline if the stock price declines. The value of the remaining portion of the 2016 equity awards, the time-based restricted stock vesting over four years, will increase in value proportionally with any future increase in our stock price. As an incentive to join the company, Mr. Patz was awarded 100,000 restricted stock units and 40,000 stock options, each vesting over four years based upon continued service.

A target value for equity awards measured in dollars was established for each named executive officer other than Mr. Patz and the target value was converted to a number of options or share awards based upon the fair value of the award as determined for financial accounting purposes. All stock options were granted with a per share exercise price equal to the closing price of a share of our common stock on the grant date.

See the table titled "Outstanding Equity Awards as of December 31, 2016" for more information with respect to these grants.

**Recoupment Policy.** Our board of directors or the compensation committee shall, in circumstances our board or the compensation committee, as applicable, deems appropriate, require return to the company of the excess portion of any payment made to an employee pursuant to an award issued after April 7, 2016 under our 2014 Equity Incentive Plan or 2014 Inducement Grant Equity Incentive Plan, or under our non-equity incentive plan, if: (1) the payment was predicated upon achieving certain financial results that became the subject of a substantial restatement of our financial statements filed with the SEC within the three full fiscal years after the payment; (2) our board or the compensation committee determines that the participant engaged in intentional misconduct that caused or substantially caused the need for the substantial restatement; and (3) a lower payment would have been made to the participant based upon the restated financial results. In each such instance, the excess portion of the payment is the amount (in terms of dollars or shares) by which the payment received exceeded the lower payment that would have been made based on the restated financial results. In each case, the return of payment will be net of any taxes paid by the employee in connection with original receipt or subsequent transfer of the payment. Our board or the compensation committee also has the discretion, in circumstances it deems appropriate, to require reimbursement of any or all payments received with respect to any award granted on or after April 7, 2016 to an employee who has engaged in fraud, bribery, or illegal acts similar to fraud or bribery related to employment, or knowingly failed to report such acts of another employee over whom the employee had direct supervisory responsibility. Our board or the compensation committee shall not seek recovery to the extent it determines (a) that to do so would be unreasonable or (b) that it would be better for the company not to do so. In making such determination, and without limiting the scope of its discretion, our board or the compensation committee shall take into account such considerations as it deems appropriate, including, without limitation, the likelihood of success under governing law versus the cost and effort involved, whether the assertion of a claim may prejudice our interests, including in any related proceeding or investigation, the passage of time since the occurrence of the act in respect of the applicable fraud or intentional illegal conduct, and any pending legal proceeding relating to the applicable fraud or illegal conduct. Our board or the compensation committee also may in its discretion direct the company to disclose the circumstances surrounding any recoupment made under this policy where not otherwise required by applicable regulation.



### **Executive Officer Equity Retention Guidelines**

Under equity retention guidelines implemented by the board in April 2016, the Chief Executive Officer and each of the other named executive officers are required to accumulate within five years from the later of the date the guidelines were implemented and the date he or she became a named executive officer, and thereafter to retain for the duration of employment, a minimum level of company equity. The minimum level of equity for the Chief Executive Officer is equal to five times base salary and the minimum level of equity for the other named executive officers is equal to three times base salary. Equity that counts toward the ownership requirement includes: (1) shares owned outright by the named executive officer or beneficially owned by the named executive officer by virtue of being held by a member of the named executive officer's immediate family residing in the same household or in a trust for the benefit of the named executive officer or immediate family members residing in the same household; (2) shares held in qualified plans or IRAs; (3) vested shares (or vested restricted stock units) deemed to be held in non-qualified plans; (4) the in-the-money portion of vested stock options; and (5) unvested time-based restricted shares (or restricted stock units). Until the minimum level of company equity is achieved, a named executive officer is prohibited from selling or otherwise transferring beneficial ownership of more than one-half of: (a) the vested after-tax shares of our common stock obtained as a result of the vesting of any restricted stock or restricted stock unit award made after implementation of the equity retention guidelines; or (b) the shares of our common stock subject to the vested portion of any stock option award made after implementation of the equity retention guidelines, net of any shares surrendered or sold to cover exercise price and/or income tax resulting from the exercise.

### **Post-Employment Compensation and Change in Control Payments and Benefits**

We are a party to agreements with Messrs. Addante, Raifman, and Patz providing that the executives are at-will employees. These agreements provide that if the company terminates the employment of any of these executives without cause or if any of these executives resigns for good reason (as such terms are defined in the severance agreements) and prior to and not in connection with the consummation of a sale transaction (as such term is defined in the severance agreements), each such executive will be entitled to receive continuation of his then-current base salary for a specified period (12 months for Messrs. Addante and Raifman and eight months for Mr. Patz), a pro-rata bonus for the year of termination based upon the portion of the year worked and net of bonus amounts previously paid for the year, reimbursement of group health plan premiums for each of such executive and his respective dependents for a specified period (six months for Messrs. Addante and Raifman and three months for Mr. Patz), and supplemental vesting based on the principle that the executive shall receive credit for an additional period of service (12 months for Messrs. Addante and Raifman and six months for Mr. Patz). With respect to the 2014 grant of performance-based restricted stock, the award will remain outstanding for an additional six months to determine whether any applicable performance goal is achieved during that period. With respect to the 2015 and 2016 grants of Market Stock Awards, upon a termination of continuous service without cause or a resignation for good reason that occurs prior to and not in connection with a sale transaction, or upon the executive's death or disability, the measurement of stock price appreciation will occur as of such termination date and a pro-rata number of shares will be eligible to vest based on the number of days employed during the performance period. If the executive voluntarily terminates employment without good reason, a pro-rata number of shares based on the number of days employed during the performance period that will be eligible to vest based on actual performance measured at the end of the full performance period.

If the company terminates the employment of any of these executives without cause or any of them resigns for good reason in connection with or following a change in control of the company, which, for Messrs. Raifman and Patz, means a change in control occurring on or prior to December 31, 2017, the benefits described above have been increased to include full acceleration of vesting of all equity awards, improved reimbursement of group health plan premiums (12 months for Messrs. Addante and Raifman and six months for Mr. Patz), and, for Messrs. Addante and Raifman, additional cash severance equal to one year's target bonus. With respect to the 2014 grant of performance-based restricted stock, the performance period will terminate on the date immediately preceding the change in control and the Company will determine to what extent the performance-based restricted





stock shall vest and become fully earned based on performance through such date based upon the value per share in the change in control transaction; any shares that are not vested and earned as of the date of the change in control will remain outstanding until the earlier of (i) the termination of the named executive officer's employment for any reason; or (ii) May 15, 2021. If the named executive officer's employment is terminated prior to May 15, 2021 by the company without cause or due to a resignation for good reason, the remaining outstanding shares will vest and become fully earned upon the date of such termination, regardless of performance. If the named executive officer's termination occurs prior to May 15, 2021 and is for any other reason than as described in the preceding sentence, or on May 15, 2021, the remaining shares will be forfeited. With respect to the 2015 and 2016 grants of Market Stock Awards, the measurement of stock price appreciation and corresponding vesting will occur as of the effective date of the sale transaction based on the effective value per share of our common stock in such transaction. All severance benefits are conditioned upon these executives entering into a release of claims with us. Mr. Tappin resigned from the company in June 2016 and received no severance benefits in connection with his departure. Each of Messrs. Raifman and Patz is eligible to receive severance benefits in connection with a negotiated departure from the company.

### Other Employee Benefits and Perquisites

We have generally not offered extensive benefits or other compensation programs to our named executive officers, apart from employee benefits made available generally to our employees. However, as noted in the Summary Compensation Table above, we did provide relocation benefits to Mr. Raifman in the form of rental of a corporate apartment in 2014 in connection with his relocation to Los Angeles.

### Policy against Repricing and Cash Buyouts

Our 2014 Equity Incentive Plan and 2014 Inducement Grant Equity Incentive Plan prohibit the board from decreasing the exercise price of or otherwise repricing awards of stock options and stock appreciation rights unless such action is first approved by the company's stockholders. In addition, the plans prohibit the company from redeeming or repurchasing stock options or stock appreciation rights unless such redemptions or repurchases are approved by the company's stockholders.

### Equity Compensation Plan Information

The following table provides information as of December 31, 2016 with respect to the shares of our common stock that may be issued under our existing equity compensation plans:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (a)	Weighted-average Exercise Price of Outstanding Options and Rights <sup>(4)</sup> (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Stockholders <sup>(1)</sup>	6,681,236	\$ 11.21	3,263,804 <sup>(5)</sup>
Equity Compensation Plans Not Approved by Stockholders <sup>(2)</sup>	81,755	\$ 8.54	976,262 <sup>(6)</sup>

Total	6,762,991 <sup>(3)</sup>	\$	11.16	4,240,066
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- (1) Consists of our 2007 Stock Incentive Plan, 2014 Equity Incentive Plan, and 2014 Employee Stock Purchase Plan.
- (2) Consists of our 2014 Inducement Grant Equity Incentive Plan, the iSocket, Inc. 2009 Equity Incentive Plan, and the Chango Inc. 2009 Stock Option Plan, each described below.

- (3) Represents 3,860,773 shares to be issued upon exercise of outstanding options and 2,902,218 shares subject to outstanding non-vested restricted stock units. Does not include 1,113,176 unvested restricted stock awards, which are included in outstanding shares.
- (4) Represents the weighted-average exercise price of outstanding options. Shares subject to outstanding non-vested restricted stock units become issuable upon vesting without any exercise price or other cash consideration required.
- (5) Consists of 2,277,836 shares that were available for future issuance under the 2014 Equity Incentive Plan and 985,968 shares that were available for future issuance under the 2014 Employee Stock Purchase Plan as of December 31, 2016. On January 1, 2017, an additional 2,468,915 shares became available for future issuance under the 2014 Equity Incentive Plan pursuant to the plan's evergreen provisions. No future awards will be made under our 2007 Stock Incentive Plan.
- (6) Shares available for future issuance under the 2014 Inducement Grant Equity Incentive Plan as of December 31, 2016.

Our 2014 Inducement Grant Equity Incentive Plan was adopted by our board in November 2014 for use in making employment inducement awards pursuant to New York Stock Exchange Rule 303A.08. A total of 1,000,000 shares of our common stock was initially reserved for granting stock options, restricted stock, restricted stock units, stock appreciation rights, performance stock awards, and other awards under our 2014 Inducement Grant Equity Incentive Plan. Our board or the compensation committee may increase the number of shares reserved for granting awards under this plan in its discretion, from time to time. The share reserve under this plan was increased by 1,700,000 shares in March 2017 to provide shares underlying the initial equity awards granted to Mr. Barrett in connection with his hire as our President and Chief Executive Officer, which were made as inducement awards. Our board and the compensation committee have discretion to determine the terms of awards granted under our 2014 Inducement Grant Equity Incentive Plan, including vesting, forfeiture and acceleration. The exercise price for stock options granted under our 2014 Inducement Grant Equity Incentive Plan will not be less than the fair market value of our common stock on the date of grant. Restricted stock units may be granted in exchange for any form of legal consideration acceptable to our board and restricted stock may be granted in exchange for the payment of a purchase price, past or future services to our company or any other form of legal consideration. In connection with our acquisition of iSocket, Inc. in November 2014, we issued 132,000 stock options under our 2014 Inducement Grant Equity Incentive Plan with an exercise price of \$14.62 per share and a ten-year term, and vesting over approximately four years, with 25% of the total shares granted vesting on the first anniversary of the date of the acquisition of iSocket, Inc. and the balance vesting in 36 equal monthly installments thereafter. In connection with the acquisition of iSocket, we also issued 126,050 restricted stock unit awards under the 2014 Inducement Grant Equity Incentive Plan, vesting over approximately 54 months.

We assumed the iSocket, Inc. 2009 Equity Incentive Plan in connection with our acquisition of iSocket, Inc. in November 2014. In connection with the acquisition, and giving effect to the exchange ratio used to determine the number of shares we issued to pay the purchase price in the acquisition, we assumed a total of 318,685 outstanding stock options previously granted under the iSocket, Inc. 2009 Equity Incentive Plan, with a weighted-average exercise price per share of \$4.31, remaining terms ranging to September 2024 and remaining vesting periods ranging to September 2018. In addition, 95,080 shares of common stock remaining available under the iSocket 2009 Equity Incentive Plan were added to the pool of available shares under our 2014 Equity Incentive Plan, and can be used for awards during the period when they would have been available for grant under the iSocket, Inc. 2009 Equity Incentive Plan to persons who were not employed by the company or its affiliates immediately before the iSocket acquisition, and otherwise in accordance with the New York Stock Exchange Rule 303A.08. No further awards will be made under the 2009 iSocket Equity Incentive Plan.

We assumed the Chango 2009 Stock Option Plan in connection with our acquisition of Chango in April 2015. In connection with the acquisition, and giving effect to the exchange ratio used to determine the number of shares we issued to pay the purchase price in the acquisition, we assumed a total of 428,798 outstanding stock



options previously granted under the Chango 2009 Stock Option Plan, with a weighted-average exercise price per share of \$4.43, remaining terms ranging to March 2020 and remaining vesting periods ranging to March 2019. In addition, 247,686 shares of common stock remaining available under the Chango 2009 Stock Option Plan were added to the pool of available shares under our 2014 Equity Incentive Plan, and can be used for awards during the period when they would have been available for grant under the Chango 2009 Stock Option Plan to persons who were not employed by the company or its affiliates immediately before the Chango acquisition, and otherwise in accordance with the New York Stock Exchange Rule 303A.08. No further awards will be made under the Chango 2009 Stock Option Plan.

### COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information regarding beneficial ownership of our equity interests as of March 27, 2017 by:

each stockholder or group of stockholders known by us to be the beneficial owner of more than 5% of our outstanding equity interests;

each of our directors and director nominees;

each of our named executive officers; and

all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, and thus represents voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Percentage ownership of our common stock is based on 49,505,587 shares of our common stock outstanding as of March 27, 2017.

Name and Address of Beneficial Owner <sup>(1)</sup>	Shares of Common Stock <sup>(2)</sup>	Percent
<b>5% Stockholders</b>		
Clearstone Venture Partners <sup>(3)</sup>	3,075,794	6.2%
<b>Named Executive Officers</b>		
Frank Addante <sup>(4)</sup>	1,950,963	3.9%
Gregory R. Raifman <sup>(5)</sup>	1,037,289	2.1%
Harry Patz Jr. <sup>(6)</sup>	48,541	*
Todd Tappin <sup>(7)</sup>	30,236	*
<b>Directors and Director Nominees</b>		
Sumant Mandal <sup>(8)</sup>	3,174,842	6.4%
Robert F. Spillane <sup>(9)</sup>	99,048	*
Robert J. Frankenberg <sup>(10)</sup>	99,048	*

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Lisa L. Troe <sup>(11)</sup>	96,898	*
Lewis W. Coleman <sup>(12)</sup>	39,345	*
Michael G. Barrett <sup>(13)</sup>	--	*
All Current Executive Officers and Directors as a Group (11 persons) <sup>(14)</sup>	7,038,686	13.8%

\* Indicates ownership of less than one percent.

- (1) Except as noted, the address of the named beneficial owner is c/o The Rubicon Project, Inc., 12181 Bluff Creek Drive, Suite 400, Los Angeles, CA 90094.
- (2) The number of shares beneficially owned by each stockholder is determined under rules promulgated by the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes shares (i) as to which the individual or entity has sole or shared voting power or investment power, and (ii) the individual owns or has the right to acquire beneficial ownership of within 60 days of March 27, 2017. Shares not owned but which the individual has the right to acquire beneficial ownership within 60 days of March 27, 2017 are included in the numerator and denominator for that specific individual in calculating that individual's beneficial ownership percentage, but not deemed outstanding in the aggregate for computing the ownership percentage for others.
- (3) Beneficial ownership information is based solely upon a Schedule 13G/A filed with the SEC on March 8, 2017. Consists of (i) 3,010,692 shares of our common stock held by Clearstone Venture Partners III-A, LP, (ii) 53,819 shares of our common stock held by Clearstone Venture Partners III-B, and (iii) 11,283 shares of our common stock held by Clearstone Venture Management III, LLC. Clearstone Venture Management III, LLC is the general partner and managing member of both Clearstone Venture Partners III-A, LP and Clearstone Venture Partners III-B. Sumant Mandal is a managing member of Clearstone Venture Management III, LLC. The address for these entities is 725 Arizona Avenue, Suite 304, Santa Monica, CA 90401.
- (4) Includes 80,971 shares issuable pursuant to outstanding stock options exercisable by Mr. Addante within 60 days of March 27, 2017, of which 73,326 were fully vested as of such date. Mr. Addante's beneficial ownership also includes: (i) 161,402 shares of unvested time-based restricted stock; (ii) 240,311 shares of MSAs; and (iii) 46,801 shares of performance-based restricted stock. For a description of the vesting provisions of the restricted stock awards and MSAs, see the footnotes to the table titled "Outstanding Equity Awards as of December 31, 2016." Excludes options to purchase 102,493 shares of common stock that are unvested and unexercisable within 60 days of March 27, 2017.
- (5) Includes 639,292 shares issuable pursuant to outstanding stock options exercisable by Mr. Raifman within 60 days of March 27, 2017, of which 634,232 were fully vested as of such date. Mr. Raifman's beneficial ownership also includes: (i) 158,412 shares of unvested time-based restricted stock; (ii) 159,055 shares of MSAs; and (iii) 43,291 shares of performance-based restricted stock. For a description of the vesting provisions of the restricted stock awards and MSAs, see the footnotes to the table titled "Outstanding Equity Awards as of December 31, 2016." Excludes options to purchase 67,837 shares of common stock that are unvested and unexercisable within 60 days of March 27, 2017.
- (6) Includes 14,166 shares issuable pursuant to outstanding stock options exercisable by Mr. Patz within 60 days of March 27, 2017, none of which were vested as of such date. Mr. Patz's beneficial ownership also includes 34,375 shares underlying restricted stock units that vest within 60 days of March 27, 2017.
- (7) Consists of 30,236 shares of MSAs. For a description of the vesting provisions of the restricted stock awards and MSAs, see the footnotes to the table titled "Outstanding Equity Awards as of December 31, 2016."
- (8) Includes (i) 11,171 shares underlying restricted stock units that vest within 60 days of March 27, 2017 (ii) 66,708 shares issuable pursuant to stock options exercisable by Mr. Mandal within 60 days of March 27, 2017, of which 44,423 were fully vested as of such date; and (iii) shares held by the Clearstone entities as disclosed in footnote 3 above. Mr. Mandal is a managing member of Clearstone Venture Management III, LLC and, as such, may be deemed to share voting and investment power with respect to all shares held by the Clearstone entities.
- (9) Includes (i) 11,171 shares underlying restricted stock units that vest within 60 days of March 27, 2017; and (ii) 66,708 shares issuable pursuant to stock options exercisable by Mr. Spillane within 60 days of March 27, 2017, of which 44,423 were fully vested as of such date.
- (10) Includes (i) 11,171 shares underlying restricted stock units that vest within 60 days of March 27, 2017; and (ii) 66,708 shares issuable pursuant to stock options exercisable by Mr. Frankenberg within 60 days of March 27, 2017, of which 44,423 were fully vested as of such date.
- (11) Includes (i) 11,171 shares underlying restricted stock units that vest within 60 days of March 27, 2017; and (ii) 66,708 shares issuable pursuant to stock options exercisable by Ms. Troe within 60 days of March 27, 2017, of



which 44,423 were fully vested as of such date.

- (12) Includes (i) 6,171 shares underlying restricted stock units that vest within 60 days of March 27, 2017; and (ii) 26,622 shares issuable pursuant to stock options exercisable by Mr. Coleman within 60 days of March 27, 2017, of which 14,065 were fully vested as of such date. Excludes options to purchase 19,219 shares of common stock that are unvested and unexercisable within 60 days of March 27, 2017.
- (13) In connection with his appointment as President and Chief Executive Officer in March 2017, Mr. Barrett received awards of 1,099,138 restricted stock units and options to purchase 634,780 shares of common stock, all of which are unvested and unexercisable within 60 days of March 27, 2017.
- (14) Includes (i) 1,337,624 shares issuable pursuant to outstanding stock options exercisable within 60 days of March 27, 2017, of which 1,214,730 were fully vested as of such date; (ii) 966,738 shares of unvested time-based restricted stock, and (iii) 72,268 shares underlying restricted stock units that vest within 60 days of March 27, 2017. Excludes options to purchase 1,024,256 shares of common stock that are unvested and unexercisable within 60 days of March 27, 2017.

#### **CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

The following is a description of transactions since January 1, 2016 to which the company has been a participant, in which the amount involved in the transaction exceeded or will exceed \$120,000, and in which any of our directors, executive officers or beneficial holders of more than 5% of our capital stock, or their family members, had or will have a direct or indirect material interest. Compensation arrangements with our directors and officers are described under **Director Compensation** and **Executive Compensation**.

#### **Transactions with News Corporation and its Affiliates**

During a portion of the year ended December 31, 2016, News Corporation owned in excess of 5% of our capital stock, and we have had and continue to have various commercial relationships with News Corporation or its affiliates.

News Corporation or some of its affiliates have offered advertising inventory on our platform for a number of years. Dow Jones & Company, Inc., a subsidiary of News Corporation, entered into a seller agreement with us in August 2012. The agreement was amended in August 2013 to create an umbrella agreement under which we provide to News Corporation a private marketplace and provide advertisers access to News Corporation's global audience at scale. Under the agreement, News Corporation affiliates can join the agreement and receive the benefit of its terms. The agreement reflects commercial terms negotiated on an arm's length basis. We recognized aggregate revenue of approximately \$3.0 million in 2016 attributable to inventory sold through our solution by entities that we believe are affiliates of News Corporation.

In January 2013, we entered into a sublease for our headquarters in Los Angeles, California with Fox Interactive Media, Inc., an entity affiliated with News Corporation. During the year ended December 31, 2016, we paid \$1.4 million to Fox Interactive Media, Inc. as rent payments under the lease. The sublease term began during June 2013 and terminates in April 2021.

#### **Indemnification Agreements**

We have entered into indemnification agreements with each of our current directors, executive officers and certain other officers. The indemnification agreements and our amended and restated certificate of incorporation and amended and restated bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

### **Procedures for Approval of Related Person Transactions**

We have adopted a formal written policy providing that related person transactions may be consummated or continued only if approved or ratified by the audit committee. The policy defines related person transactions as transactions in which we are or will be a participant, the aggregate amount involved since the beginning of the company's last fiscal year exceeds or may be expected to exceed \$100,000, and a related person has or will have a direct or indirect interest. For purposes of this policy, a related person is a person who is or was since the beginning of our last fiscal year a director, nominee for director, or executive officer; a greater than 5% beneficial owner of our common stock; or an immediate family member of any such person. The policy provides that our legal department will review each proposed related person transaction and prepare a description for the audit committee, which will review the proposed transaction and consider such factors, as it deems appropriate, including at least the following factors:

the terms of the transaction as compared to terms available for a similar transaction with a non-related party;

the extent of the related person's interest in the transaction;

the disclosure requirements associated with the transaction;

the effect of the transaction upon the independence of any director involved;

the effect of the transaction upon the ability of the related person to fulfill his or her duties to the company; and

the appearance of the transaction.

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors, executive officers, and persons who beneficially own more than ten percent of our common stock to file reports on Forms 3, 4 and 5 with the Securities and Exchange Commission concerning their ownership of, and transactions in, our common stock.

To our knowledge, based solely on our review of the copies of such reports furnished to us and on the representations of the reporting persons, all of these reports were timely filed for the fiscal year ended December 31, 2016.

### **STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS**

Pursuant to Exchange Act Rule 14a-8(e), proposals of stockholders being submitted for inclusion in our proxy materials for our 2018 annual meeting of stockholders must be received by us at our corporate headquarters at 12181 Bluff Creek Drive, 4<sup>th</sup> Floor, Los Angeles, California 90094, directed to the attention of our Corporate Secretary, not later than December 12, 2017 to be considered for inclusion in the proxy statement for that meeting.

Under our bylaws, director nominations and other proposals at our 2018 annual meeting of stockholders that are not intended or eligible for inclusion in the proxy statement for that meeting may, nonetheless, be considered for presentation at the meeting if the nomination or proposal is delivered to or mailed and received by us at our corporate headquarters at 12181 Bluff Creek Drive, 4<sup>th</sup> Floor, Los Angeles, California 90094 not earlier than the close of business on January 23, 2018 and not later than the close of business on February 22, 2018.

However, if the date of the 2018 annual meeting is more than 30 days before the first anniversary of the Annual Meeting or more than 60 days after such anniversary date, notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which we first make public announcement of the date of the annual meeting. A copy of our bylaws may be obtained from our Corporate Secretary.

The chairman of the meeting may refuse to acknowledge or introduce any matter brought by a stockholder at a meeting if notice of the matter is not received within the applicable deadlines or does not comply with our bylaws. If a stockholder does not meet these deadlines, or does not satisfy the requirements of Rule 14a-4 of the Exchange Act, the persons named as proxies will be allowed to use their discretionary voting authority when and if the matter is raised at the meeting.

### ANNUAL REPORT

**A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed with the Securities and Exchange Commission, without exhibits, will be provided without charge upon written request addressed to our Corporate Secretary at our corporate headquarters at 12181 Bluff Creek Drive, 4th Floor, Los Angeles, California 90094. A copy of our Annual Report on Form 10-K may also be obtained via the Internet by following the instructions set forth in the Notice of Internet Availability of Proxy Materials or in the Financials and Filings section of our Investor Relations website [at http://investor.rubiconproject.com](http://investor.rubiconproject.com).**

By Order of the Board of Directors,

Brian W. Copple  
Secretary

April 11, 2017

**WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES PLEASE VOTE AS PROMPTLY AS POSSIBLE VIA THE INTERNET OR TELEPHONE AS INSTRUCTED IN THESE MATERIALS OR, IF THIS PROXY STATEMENT WAS MAILED TO YOU, BY COMPLETING, DATING AND SIGNING THE ENCLOSED PROXY CARD OR VOTING INSTRUCTIONS AND MAILING IT IN THE ENCLOSED ENVELOPE. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.**



