

EMAGIN CORP  
Form PRE 14A  
August 21, 2006

**SCHEDULE 14A**

**(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT**

**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 Rule 14a-11(c) or Rule 14a-12

EMAGIN CORPORATION

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

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

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

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

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(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):

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(4) Proposed maximum aggregate value of transaction:  
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Fee paid previously with preliminary materials.  
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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.  
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(1) Amount Previously Paid:  
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(2) Form, Schedule or Registration Statement No.:  
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(3) Filing Party:  
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(4) Date Filed:  
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\_\_\_\_\_



**eMagin Corporation**

**NOTICE OF ANNUAL MEETINGS OF STOCKHOLDERS**

**TO BE HELD ON OCTOBER 20, 2006**

*To our Stockholders:*

The 2006 Annual Meetings of Stockholders (the "Annual Meeting") of eMagin Corporation ("eMagin" or the "Company") will be held at the Hyatt Bellevue, 900 Bellevue Way N.E., Bellevue, Washington, 98004, on Friday, October 20, 2006, at 2:00 pm local time, to consider the following proposals:

1. To elect 3 directors to the Company's Board of Directors, to hold office for terms of three (3) years and until their successors are duly elected and qualified or until their earlier resignation or removal (Proposal No. 1);
2. To amend the Company's certificate of incorporation to increase the maximum number of directors which may be appointed to the Company's Board of Directors from 9 to 10 persons (Proposal No. 2);
3. To consider the approval of the potential issuance of shares of our common stock underlying our 6% Senior Secured Convertible Notes Due 2007-2008 and warrants to purchase shares of our common stock at a price below fair market value (Proposal No. 3);
4. To authorize the Company's Board of Directors, in its discretion, to amend the Company's certificate of incorporation to effect a reverse stock split of the outstanding shares of the Company's common stock at a ratio of one-for-ten (Proposal No. 4);
5. To increase the number of authorized shares of common stock issuable pursuant to the 2004 Non-Employee Stock Compensation Plan from 2,000,000 to 9,500,000 shares (Proposal No. 5);
6. To ratify the appointment of Eisner LLP as the Company's independent auditors for the fiscal year ending December 31, 2006 (Proposal No. 6); and
7. To consider and transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

**BECAUSE OF THE SIGNIFICANCE OF THESE PROPOSALS TO THE COMPANY AND ITS SHAREHOLDERS, IT IS VITAL THAT EVERY SHAREHOLDER VOTES AT THE ANNUAL MEETING IN PERSON OR BY PROXY.**

These proposals are fully set forth in the accompanying Proxy Statement, which you are urged to read thoroughly. For the reasons set forth in the Proxy Statement, your Board of Directors recommends a vote "FOR" each of the proposals. The Company intends to mail the Annual Report, Proxy Statement and Proxy enclosed with this notice on or about \*, 2006, to all stockholders entitled to vote at the Annual Meeting. If you were a stockholder of record of eMagin common stock (AMEX:EMA) on \*, 2006, the record date for the Annual Meeting, you are entitled to vote at the meeting and any postponements or adjournments of the meeting. Shareholders are cordially invited to attend the Annual Meeting. However, whether or not you plan to attend the meeting in person, your shares should be represented and voted. After reading the enclosed Proxy Statement, please sign, date, and return promptly the enclosed proxy in the accompanying postpaid envelope we have provided for your convenience to ensure that your shares will be represented. Alternatively, you may wish to provide your response by telephone or electronically through the Internet by following the instructions set out on the enclosed Proxy card. If you do attend the meeting and wish to vote your shares personally, you may revoke your Proxy.

Admission to the Annual Meeting will be by ticket only. If you are a registered stockholder planning to attend the meeting, please check the appropriate box on the Proxy card and retain the bottom portion of the card as your admission ticket. Registration will begin at 1:00 p.m., and seating will begin at 1:30 p.m. A product exhibit will be

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available beginning at 1:00 p.m. and concluding at 1:50 p.m. Stockholders holding stock in brokerage accounts (“street name” holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices, and other electronic devices will not be permitted at the meeting.

We thank you for your cooperation in returning your proxy as promptly as possible.

By Order of the Board of Directors

/s/ SUSAN K. JONES

Susan K. Jones

Executive Vice President and Secretary

Dated: \*, 2006, Bellevue, WA

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**IMPORTANT**

**The return of your signed Proxy as promptly as possible will greatly facilitate arrangements for the Annual Meeting. No postage is required if the Proxy is returned in the envelope enclosed for your convenience and mailed in the United States. If you received a proxy card with a website address and voting codes, we urge you to vote on the Internet at <http://proxy.georgeson.com>. or telephonically at 1-800-790-3272, to ensure that your vote is recorded without mail delays. If you vote by telephone or the Internet you do not need to return the proxy card.**

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**IMPORTANT:** Please immediately SIGN, DATE, and RETURN the enclosed Proxy or submit your Proxy by telephone or the Internet, whether or not you plan to attend the Annual Meeting. A return envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

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**eMagin Corporation**  
**10500 NE 8<sup>th</sup> Street, Suite 1400**

**Bellevue, WA 98004**

**(425) 749-3600**

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**PROXY STATEMENT**

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This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of eMagin Corporation (“eMagin” or the “Company”) to be voted at the Annual Meeting of stockholders which will be held at the Hyatt Bellevue on Friday, October 20, 2006, at 200 pm., and at any postponements or adjournments thereof.

**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

***What is the purpose of the Annual Meeting?***

At our Annual Meeting, stockholders will act upon the matters outlined in the Notice of Annual Meeting on the cover page of this Proxy Statement, including (i) the election of Class B directors, (ii) amending the certificate of incorporation to increase the maximum number of directors which may be appointed to the Company’s Board of Directors from 9 to 10 persons, (iii) approving of the potential issuance of shares of our common stock underlying our 6% Senior Secured Convertible Notes Due 2007-2008 and warrants to purchase shares of our common stock, at a price below fair market value, (iv) authorizing the Board of Directors, in its discretion, to amend the certificate of incorporation to effect the reverse stock split, (v) increasing the number of authorized shares of common stock issuable pursuant to the 2004 Non-Employee Stock Compensation Plan from 2,000,000 to 9,500,000 shares, and (vi) ratification of the appointment of the Company’s independent auditors. In addition, management will report on the performance of the Company during fiscal year 2006 and respond to questions from stockholders.

***Who is entitled to vote at the meeting?***

Stockholders of record at the close of business on \*, 2006, the record date for the meeting, are entitled to receive notice of and to participate in the Annual Meeting. As of that record date, the Company had outstanding and entitled to vote \* shares of common stock. The common stock is the only class of stock of eMagin that is outstanding and entitled to vote at the Annual Meeting. If you were a stockholder of record of common stock on that record date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting. Each outstanding share of eMagin common stock will be entitled to one vote on each matter. Stockholders who own shares registered in different names or at different addresses will receive more than one Proxy card. You must sign and return each of the Proxy cards received to ensure that all of the shares owned by you are represented at the Annual Meeting.

***Who can attend the meeting?***

Only stockholders as of the record date, or their duly appointed proxies, may attend the meeting, and each may be accompanied by one guest. Seating, however, is limited. Admission to the meeting will be on a first-come, first-served basis. Registration and product demonstrations will begin at 1:00 pm., and seating will begin at 1:30 pm. Cameras,

recording devices and other electronic devices will not be permitted at the meeting.

*You will need an admission ticket to enter the meeting.* For registered stockholders, the bottom portion of the Proxy card enclosed with the Proxy Statement is their Annual Meeting admission ticket. Beneficial owners with shares held in “street name” (that is, through an intermediary, such as a bank or broker), should request tickets in writing from Investor Relations, eMagin Corporation, 10500 NE 8<sup>th</sup> Street, Suite 1400, Bellevue, WA 98004. (or by facsimile to 425-749-3601) and include proof of ownership, such as a copy of a bank or brokerage firm account statement or a letter from the broker, trustee, bank or nominee holding their stock, confirming beneficial ownership. Please note that if you hold your shares in “street name” you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

***Why is the Company soliciting proxies?***

Because many of our stockholders are unable to personally attend the Annual Meeting, the Board of Directors of eMagin (the “Board” or the “Board of Directors”) solicits the enclosed proxy so that each stockholder is given an opportunity to vote. This proxy enables each stockholder to vote on all matters which are scheduled to come before the meeting. When the Proxy is returned properly executed, the stockholder's shares will be voted according to the stockholder's directions. Stockholders are urged to specify their choices by marking the appropriate boxes on the enclosed Proxy card.

***What constitutes a quorum?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the number of shares of common stock issued and on the record date will constitute a quorum permitting the meeting to conduct its business. As noted above, as of the record date, \* shares of eMagin common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least \* votes will be required to establish a quorum.

***How do I vote?***

For your convenience, eMagin is offering you four methods of voting.

- You may indicate your vote on the enclosed proxy card, sign and date the card, and return the card in the enclosed prepaid envelope.
- You may vote by telephone by calling the toll free number that appears on the enclosed proxy card and following the instructions given.
  - You may vote via the Internet by following the instructions provided on the enclosed proxy card.
- You may attend the meeting and vote in person.

All shares entitled to vote and represented by a properly completed and executed proxy received before the meeting and not revoked will be voted at the meeting as you instruct in a proxy delivered before the meeting. If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed and executed proxy will be voted as the Board of Directors recommends on each of the enumerated proposals and with regard to any other matters that may be properly presented at the meeting and all matters incident to the conduct of the meeting. If you are a registered stockholder and attend the meeting, you may deliver your completed Proxy card in person. "Street name" stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares. All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

***Can I vote by telephone or electronically?***

If you are a registered stockholder (that is, if you hold your stock in certificate form), you may vote by telephone, or electronically through the Internet, by following the instructions included with your Proxy card. If your shares are held in “street name,” please check your Proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically. Please follow the voting instructions on the enclosed proxy card.

The deadline for voting by telephone or electronically is 5:00 p.m. (Eastern Standard Time) on \*, 2006.

***Can I change my vote after I return my Proxy card?***

A Proxy may be revoked by giving the Secretary of eMagin written notice of revocation at any time before the voting of the shares represented by the Proxy. A stockholder who attends the meeting may revoke a Proxy at the meeting. Attendance at the meeting will not, by itself, revoke a Proxy.

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*Abstentions and broker non-votes.* While the inspectors of election will treat shares represented by Proxies that reflect abstentions or include "broker non-votes" as shares that are present and entitled to vote for purposes of determining the presence of a quorum, abstentions or "broker non-votes" do not constitute a vote "for" or "against" any matter and thus will be disregarded in any calculation of "votes cast." However, abstentions and "broker non-votes" will have the effect of a negative vote if an item requires the approval of a majority of a quorum or of a specified proportion of all issued and outstanding shares.

***What are the Board's recommendations?***

Unless you give other instructions on your Proxy card, the persons named as proxy holders on the Proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendation is set forth together with the description of each item in this Proxy Statement. In summary, the Board recommends a vote:

- *for* election of the nominated slate of Class B directors;
- *for* amending to the Company's certificate of incorporation to increase the maximum number of directors which may be appointed to the Company's Board of Directors from 9 to 10 persons;
- *for* approving of the potential issuance of shares of our common stock underlying our 6% Senior Secured Convertible Notes Due 2007-2008 and warrants to purchase shares of our common stock, at a price below fair market value ;
- *for* authorizing the Company's Board of Directors, in its discretion, to amend the Company's certificate of incorporation to effect a reverse stock split of the outstanding shares of the Company's common stock at a ratio of one-for-ten;
  - *for* increasing the number of authorized shares of common stock issuable pursuant to the 2004 Non-Employee Stock Compensation Plan from 2,000,000 to 9,500,000 shares; and
- *for* ratification of the appointment of Eisner LLP as the Company's independent auditors for fiscal year 2006.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

***What vote is required to approve each item?***

The election of the directors of the Company requires the affirmative vote of a plurality of the votes cast by stockholders at the Annual Meeting. A properly executed Proxy marked "WITHOLD AUTHORITY" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for the purposes of determining whether there is a quorum.

Approving of the potential issuance of shares of our common stock underlying our 6% Senior Secured Convertible Notes Due 2007-2008 and warrants to purchase shares of our common stock, at a price below fair market value, authorizing the Company's Board of Directors, in its discretion, to amend the Company's certificate of incorporation to effect a reverse stock split, increasing the number of authorized shares of common stock issuable pursuant to the 2004 Non-Employee Stock Compensation Plan, and ratification of the appointment of Eisner LLP as the Company's independent auditors for fiscal year 2006, will each require the affirmative vote of the holders of at least a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the Annual Meeting. Approving of the amendment to the Company's certificate of incorporation to increase the maximum number of directors which may be appointed to the Company's Board of Directors from 9 to 10 persons requires the affirmative vote of the holders of at least 66 2/3% of the shares of common stock present in person or represented by

proxy and entitled to vote at the Annual Meeting.

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**INFORMATION ABOUT STOCK OWNERSHIP**

*How much stock is owned by 5% stockholders, directors, and executive officers?*

The following table sets forth the number of shares known to be owned by all persons who own at least 5% of eMagin's outstanding common stock, the Company's directors, the executive officers named in the summary "Annual Compensation" table on page 12, and the directors and executive officers as a group as of August 21, 2006, unless otherwise noted. Unless otherwise indicated, the stockholders listed in the table have sole voting and investment power with respect to the shares indicated.

Name of Owner	Common Stock Beneficially Owne	Percent
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