SIMTEK CORP
Form 4
May 31, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
STEIN ALFRED J
(Last) (First) (Middle)
401 OLD OAK COURT
(Street)
LOS ALTOS, CA 94022
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SIMTEK CORP [SRAM]

3. Date of Earliest Transaction (Month/Day/Year)
05/26/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/26/2006		A		33,757 (1)	A	$ 0	33,757	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEIN ALFRED J 401 OLD OAK COURT LOS ALTOS, CA 94022	X			

Signatures

* /s/ Alfred J. Stein *By Kimberley Carothers, Attorney in Fact	05/31/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Per the Compensation Plan for Simtek's Board of Directors, these shares were issued for compensation covering the period January 1, 2005 through March 31, 2006, the shares isued were the equivalent of $12,500. Actual calculated per share value was $0.675 for the period ending March 31, 2005, $0.398 for the period ending June 30, 2005, $0.371 for the period ending September 30, 2005, $0.3017 for the period ending December 31, 2005 and $0.28585 for the period ending March 31, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. tyle="font-family:inherit;font-size:10pt;">nine months ended September 30, 2018, 143 claims were dismissed and 20 claims were settled. Settlements totaled approximately $5.9 million for the nine months ended September 30, 2018.

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We recognize a liability for asbestos-related contingencies that are probable of occurrence and reasonably estimable. In connection with the recognition of liabilities for asbestos related matters, we record asbestos-related insurance receivables that are deemed probable. Our estimates of asbestos-related contingent liabilities and related insurance receivables are based on an independent actuarial analysis and an independent insurance usage analysis prepared annually by third parties. The actuarial analysis contains numerous assumptions, including general assumptions regarding the asbestos-related product liability litigation environment and company-specific assumptions regarding claims rates (including diseases alleged), dismissal rates, average settlement costs and average defense costs. The insurance usage analysis considers, among other things, applicable deductibles, retentions and policy limits, the solvency and historical payment experience of various insurance carriers, the likelihood of recovery as estimated by external legal counsel and existing insurance settlements.

We review our asbestos-related forecasts annually in the fourth quarter of each year unless facts and circumstances materially change during the year, at which time we would analyze these forecasts. During 2017, we reviewed the projections of our current and future asbestos claims, and determined it was appropriate to extend the liability projection period to cover all current and future claims through 2058. We based our conclusion on our history and experience with the claims data, the diminished volatility and consistency of observable claims data, the period of time that has elapsed since we stopped manufacturing products that contained encapsulated asbestos and an expectation of a downward trend in claims due to the average age of our claimants, which is approaching the average life expectancy. As a result, we believe we are now able to make a reasonable estimate of the actuarially determined liability for current and future asbestos claims through 2058, the expected end of our asbestos liability exposure.

As of December 31, 2017, the balances of the asbestos-related claims and insurance receivables, which are projected to cover all current and future claims through 2058, were $76.2 million and $69.2 million, respectively. To date, the defense and settlement costs of our asbestos-related product liability litigation have been substantially covered by insurance. We have identified continuous coverage for primary, excess and umbrella insurance from the 1950s through the mid-1980s, except for a period in the early 1960s, with respect to which we have entered into an agreement for primary, but not excess or umbrella, coverage. In addition, we have entered into a cost sharing agreement with most of our primary, excess and umbrella insurance carriers to facilitate the ongoing administration and payment of claims by the carriers. The cost sharing agreement may be terminated by any party, but will continue until a party elects to terminate it. As of the filing date for this report, the agreement has not been terminated, and no carrier had informed us it intended to terminate the agreement. During the first quarter of 2018, we received notice that primary coverage for a period of eight years and excess coverage for a period of two years had been exhausted, and as a result, we incurred indemnity and defense costs of $0.5 million and $1.0 million for the three and nine months ended September 30, 2018, respectively. These costs reduced our existing asbestos-related liabilities to $75.2 million as of September 30, 2018. We expect to exhaust individual primary, excess and umbrella coverages over time, and there is no assurance that such exhaustion will not accelerate due to additional claims, damages and settlements or that coverage will be available as expected.

The amounts recorded for the asbestos-related liabilities and the related insurance receivables described above were based on facts known at the time and a number of assumptions. However, projecting future events, such as the number of new claims to be filed each year, the average cost of disposing of such claims, the length of time it takes to dispose of such claims, coverage issues among insurers and the continuing solvency of various insurance companies, as well as the numerous uncertainties surrounding asbestos litigation in the United States could cause the actual liability and insurance recoveries for us to be higher or lower than those projected or recorded.

There can be no assurance that our accrued asbestos liabilities will approximate our actual asbestos-related settlement and defense costs, or that our accrued insurance recoveries will be realized. We believe that it is reasonably possible that we may incur additional charges for our asbestos liabilities and defense costs in the future, which could exceed existing reserves and insurance recovery, but we are unable to estimate the amount of such additional liabilities and costs. We will continue to vigorously defend ourselves and believe we have substantial unutilized insurance coverage to mitigate future costs related to this matter.

General Litigation

In addition to the above issues, the nature and scope of our business brings us in regular contact with the general public and a variety of businesses and government agencies. Such activities inherently subject us to the possibility of litigation, including environmental and product liability matters that are defended and handled in the ordinary course of business. We have established accruals for matters for which management considers a loss to be probable and reasonably estimable. It is the opinion of management that facts known at the present time do not indicate that such litigation, after taking into account insurance coverage and the aforementioned accruals, will have a material adverse impact on our results of operations, financial position or cash flows.

Note 15 – Share Repurchases

On August 6, 2015, we initiated a share repurchase program (the Program) of up to $100.0 million of the Company's capital stock. We initiated the Program to mitigate dilutive effects of stock option exercises and vesting of restricted stock units granted by the Company, in addition to enhancing shareholder value. The Program has no expiration date, and may be suspended or discontinued at any time without notice. As of September 30, 2018, $49.0 million remained available for repurchase under the Program.

We repurchased the following shares of capital stock during the three and nine months ended September 30, 2018:

(Dollars in thousands)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Shares of capital stock repurchased	—	23,138
Value of capital stock repurchased	$ —	$ 2,999

All repurchases were made using cash from operations.

Note 16 – Income Taxes

Our effective income tax rate was 31.0% and 37.6% for the three months ended September 30, 2018 and 2017, respectively. Our effective income tax rate was 25.8% and 34.6% for the nine months ended September 30, 2018 and 2017, respectively. The decrease, compared to the same periods in 2017, was primarily due to a lower U.S. effective tax rate, as a result of U.S. tax reform, a change in valuation allowance established against deferred tax assets related to capital losses recorded in 2017, a release of reserves for uncertain tax positions and changes in pretax mix across jurisdictions with disparate tax rates, partially offset by an increase in current year accruals for uncertain tax positions and a decrease in excess tax deductions on equity compensation.

The total amount of unrecognized tax benefits as of September 30, 2018 was $11.9 million, of which $10.4 million would affect our effective tax rate if recognized. It is reasonably possible that approximately $3.6 million of our unrecognized tax benefits as of September 30, 2018 will reverse within the next twelve months.

We recognize interest and penalties related to unrecognized tax benefits through income tax expense. As of September 30, 2018, we had $0.8 million accrued for the payment of interest.

We are subject to taxation in the U.S. and various state and foreign jurisdictions. With few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2013.

Note 17 – Restructuring and Impairment Charges

Global Headquarters Relocation

In the second quarter of 2017, we completed the physical relocation of our global headquarters from Rogers, Connecticut to Chandler, Arizona. We recorded an immaterial amount of expense in the three months ended September 30, 2018 and $0.6 million of expense in the three months ended September 30, 2017, related to this project. Additionally, we recorded $0.5 million and $2.4 million in the nine months ended September 30, 2018 and 2017, respectively, related to this project. Severance activity related to the headquarters relocation is presented in the table below for the nine months ended September 30, 2018:

(Dollars in thousands)	Severance Related to Headquarters Relocation
Balance at December 31, 2017	$ 183
Provisions	118
Payments	(264)
Balance at September 30, 2018	$ 37

The fair value of the total severance benefits to be paid (including payments already made) in connection with the relocation is $1.1 million, of which we expensed an immaterial amount in the three months ended September 30, 2018 and 2017 and $0.1 million and $0.4 million in the nine months ended September 30, 2018 and 2017, respectively. The

total severance costs are being expensed ratably over the required service period for the affected employees.

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Facility Consolidation

On April 24, 2018, we made the decision to relocate our Santa Fe Springs, California operations to the Company's facilities in Carol Stream, Illinois and Bear, Delaware. We expect to incur restructuring expenses of approximately $2.0 million in connection with the closure and transfer of production capabilities to the Carol Stream, Illinois and Bear, Delaware facilities. These costs include approximately $0.8 million in severance and retention expenses and $1.2 million of costs related to the relocation of equipment. The Company estimates that approximately $1.5 million and $0.5 million of the costs will be incurred in fiscal years 2018 and 2019, respectively. Completion of the transfer, and start-up of production at the Carol Stream, Illinois and Bear, Delaware facilities, is expected to require capital expenditures of approximately $1.2 million to $1.4 million. We recorded $0.5 million and $1.0 million of expense related to this project in the three and nine months ended September 30, 2018, respectively. Severance activity related to the facility consolidation is presented in the table below for the nine months ended September 30, 2018:

(Dollars in thousands)	Severance Related to Facility Consolidation
Balance at December 31, 2017	$ —
Provisions	395
Payments	(14)
Balance at September 30, 2018	$ 381

The fair value of the total severance benefits to be paid (including payments already made) in connection with the relocation is $0.8 million. This total is being expensed ratably over the required service period for the affected employees. We incurred $0.3 million and $0.6 million of severance related expenses during the three and nine months ended September 30, 2018, respectively.

Note 18 – Assets Held for Sale

In the second quarter of 2017, we began actively marketing for sale unutilized property in Chandler, Arizona, consisting of a building and two adjacent parcels of land with an aggregate net book value of $0.9 million. In the second quarter of 2018, we completed the sale of the building and one parcel of land and recognized a gain on sale of approximately $0.4 million in operating income. The remaining parcel of land, which was previously classified as held for sale, had a net book value of $0.4 million and was reclassified in the third quarter of 2018 to held and used as the initial held for sale classification had surpassed one year.

Note 19 – Revenue from Contracts with Customers

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to achieve a consistent application of revenue recognition, resulting in a single revenue model to be applied by reporting companies under U.S. generally accepted accounting principles. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the providing entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We recognize revenue when all of the following criteria are met: (1) we have entered into a binding agreement, (2) the performance obligations have been identified, (3) the transaction price to the customer has been determined, (4) the transaction price has been allocated to the performance obligations in the contract, and (5) the performance obligations have been satisfied. The majority of our shipping terms permit us to recognize revenue at point of shipment. Some shipping terms require the goods to be through customs or be received by the customer before title passes. In those instances, revenue is not recognized until either the customer has received the goods or they have passed through customs, depending on the circumstances. Shipping and handling costs are treated as fulfillment costs. Sales tax or VAT are excluded from the measurement of the transaction price.

The Company manufactures some products to customer specifications which are customized to such a degree that it is unlikely that another entity would purchase these products or that we could modify these products for another

customer. These products are deemed to have no alternative use to the Company whereby we have an enforceable right to payment evidenced by contractual termination clauses. In accordance with ASC 606, for those circumstances we recognize revenue on an over-time basis. Revenue recognition does not occur until the product meets the definition of “no alternative use” and therefore, items that have not yet reached that point in the production process are not included in the population of items with over-time revenue recognition.

As appropriate, we record estimated reductions to revenue for customer returns, allowances, and warranty claims. Provisions for such reductions are made at the time of sale and are typically derived from historical trends and other relevant information.

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Performance Obligations

Manufactured goods are our primary performance obligations. Revenue related to our performance obligations is predominantly recognized at a point in time consistent with our shipping terms. For certain products that meet the criteria of no alternative use whereby the Company has the right to payment, we recognize revenue on an over-time basis.

The selection of a method to measure progress toward completion of a contract requires judgment and is based on the nature of the products or services to be provided. We use the cost incurred method to measure the progress of our contracts with no alternative use products whereby the Company has the right to payment as we believe it is the best depiction of the transferring of value to the customer. Under the cost incurred method, the extent of progress toward completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the contract. Contract costs include labor, materials and subcontractors costs, as well as an allocation of indirect costs. Revenues, including estimated fees or profits, are recorded as costs are incurred.

Performance obligations are typically satisfied within three months of receipt of a customer order; therefore, a change in cost estimates will not have a material impact on the percentage of completion noted at the prior quarter end. Our typical payment terms with customers range from 30 days to 105 days. Product pricing is determined and negotiated on a standalone basis. Product pricing is determined without consideration for the pricing, margin, or other information specific to other products that the same customer or other parties related to that customer may also purchase, whether in the same or a different contract. Management allocates the transaction price to its performance obligations primarily based on stand-alone selling prices that may have been developed via specific customer quote for no alternative use products and non-standard products or standard price lists for standard products. The accounting for the estimate of variable consideration is consistent with our current practice.

Contract modifications occur when there is a change to the products, price, or both. Contract modifications are treated as a separate contract if there are additions to promised goods and services that are distinct and if the price for that separate performance obligation reflects the stand-alone selling price for those goods or services. However, if the obligations in the contract modification are not distinct and are part of a single performance obligation that is only partially satisfied, the contract is not determined to be a separate contract and is accounted for as a revision to an existing contract. These modifications are accounted for prospectively when remaining promises are distinct from those previously transferred, or through a cumulative catch-up adjustment.

Contract Balances

The Company has contract assets primarily related to unbilled revenue for revenue recognized related to products that are deemed to have no alternative use whereby we have the right to payment. Revenue is recognized in advance of billing to the customer in these circumstances as billing is typically performed at the time of shipment to the customer. The unbilled revenue is included in the contract assets on the condensed consolidated statements of financial position. The Company did not have any contract liabilities as of September 30, 2018.

The following table presents contract assets by operating segment as of September 30, 2018:

	September 30, 2018				
(Dollars in thousands)	Advanced Connectivity Solutions	Elastomeric Material Solutions	Power Electronics Solutions	Other	Total
Contract Assets	—	725	17,484	2,051	20,260

No impairment losses were recognized during the three and nine months ended September 30, 2018 on any receivables or contract assets arising from our contracts with customers.

Transition

We adopted ASU 2014-09 in the first quarter of 2018 retrospectively with the cumulative effect of applying the standard recognized at the date of implementation and without restatement of comparative periods. This application of the new standard resulted in an increase to the January 1, 2018 balance of retained earnings of approximately $4.2 million, net of tax.

The guidance was applied to all contracts that were not completed at the date of implementation. The primary reason for the impact of adoption is due to over-time revenue recognition.

If the criteria for over-time recognition are not met, revenue is recognized at a point in time. In considering at what point in time control of the product or service has transferred to the customer, we consider qualitative factors such as: 1) present right to payment; 2) legal title to the asset; 3) physical possession; 4) risks and rewards of ownership; and, 5) customer acceptance.

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The impact of adoption using the modified retrospective method on the Company's condensed consolidated financial statements is as follows:

Condensed Consolidated Statements of Financial Position:	As of December 31, 2017		January 1, 2018
(Dollars in thousands)	Under ASC 605	Impact of Adoption	Under ASC 606
Contract assets	$ —	$ 18,099	$ 18,099
Inventory	112,557	(12,307)	100,250
Deferred income tax liability	10,580	1,706	12,286
Retained earnings	684,242	4,510	688,752

The following tables set forth the amount by which each financial statement line item is affected in the current reporting period by the application of ASC 606, as compared to the guidance that was in effect before its adoption. The impact of adoption on the condensed consolidated financial statements as of and for the three and nine months ended September 30, 2018 is as follows:

Condensed Consolidated Statements of Operations:	Three Months Ended September 30, 2018		September 30, 2018
(In thousands, except per share amounts)	Under ASC 605	Impact of Adoption	Under ASC 606
Net sales	$ 228,536	$ (1,673)	$ 226,863
Cost of sales	148,870	(1,137)	147,733
Income tax expense	9,020	(150)	8,870
Net income	20,120	(386)	19,734
Basic earnings per share	$ 1.09	$ (0.02)	$ 1.07
Diluted earnings per share	$ 1.08	$ (0.02)	$ 1.06

Condensed Consolidated Statements of Operations:	Nine Months Ended September 30, 2018		September 30, 2018
(In thousands, except per share amounts)	Under ASC 605	Impact of Adoption	Under ASC 606
Net sales	$ 653,988	$ 2,161	$ 656,149
Cost of sales	422,272	1,469	423,741
Income tax expense	21,831	183	22,014
Net income	62,690	509	63,199
Basic earnings per share	$ 3.41	$ 0.03	$ 3.44
Diluted earnings per share	$ 3.36	$ 0.03	$ 3.39

Condensed Consolidated Statements of Financial Position:	As of September 30, 2018		September 30, 2018
(Dollars in thousands)	Under ASC 605	Impact of Adoption	Under ASC 606

Contract assets	$—	$20,260	$ 20,260
Inventory	130,662	(4,777)	125,885
Deferred income tax liability	9,172	1,764	10,936
Retained earnings	747,232	4,719	751,951

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Condensed Consolidated Statements of Cash Flows:	Nine Months Ended September 30, 2018		September 30, 2018
(Dollars in thousands)	Under ASC 605	Impact of Adoption	Under ASC 606
Cash provided by operating activities:			
Net income	$62,690	$ 509	$ 63,199
Deferred income taxes	(200)	183	(17)
Contract assets	—	(20,260)	(20,260)
Inventories	(25,617)	13,777	(11,840)
Other, net	(2,575)	5,791	3,216
Net cash provided by operating activities	33,424	—	33,424

Practical Expedients

The Company recognizes the incremental costs of obtaining a contract as an expense when incurred as the amortization period of the asset is expected to be one year or less. The Company does not adjust the promised amount of consideration for the effects of a significant financing component as we expect, at contract inception, that the period between when the transfer of goods to our customer occurs and when the customer fully pays for the goods will be one year or less. We do not disclose the Company's unsatisfied performance obligations as they are part of contracts that have an original expected duration of one year or less.

Note 20 – Supplemental Financial Information

The components of Other operating (income) expense, net are as follows:

(Dollars in thousands)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Gain from antitrust litigation settlement	$—	$ —	$(3,591)	$ —
Loss (gain) on sale of long-lived assets	222	(4,387)	(161)	(5,329)
Lease income	(237)	—	(237)	—
Depreciation on leased assets	878	—	878	—
	$863	$ (4,387)	$(3,111)	$ (5,329)

In the first quarter of 2018, we recorded a gain from the settlement of antitrust litigation in the amount of $3.6 million as a result of the settlement of a class action lawsuit, filed in 2005, which alleged that Dow Chemical Company and other urethane raw material suppliers unlawfully agreed to fix, raise, maintain or stabilize the prices of Polyether Polyol Products sold in the United States from January 1, 1999 through December 31, 2004 in violation of the federal antitrust laws.

In the second quarter of 2018, we completed the sale of a building and a parcel of land in Arizona that had been classified as held for sale as of June 30, 2017 and recognized a gain on sale of approximately $0.4 million.

In the third quarter of 2017, we completed the sale of a facility located in Belgium that had been classified as held for sale as of June 30, 2017 and recognized a gain on sale of approximately $4.4 million.

In the first quarter of 2017, we completed the sale of a parcel of land in Belgium that had been classified as held for sale as of December 31, 2016 and recognized a gain on sale of approximately $0.9 million.

In the third quarter of 2018, we recognized lease income of approximately $0.2 million and recognized related depreciation on leased assets of approximately $0.9 million in connection with the transitional leaseback of a portion of the facility and certain machinery and equipment acquired from Isola in August 2018.

Note 21 – Recent Accounting Standards

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans, which modifies the disclosure requirements for employers that sponsor defined benefit plans or other postretirement plans. This ASU is effective for our fiscal year ending December 31, 2020 and permits early adoption. ASU 2018-14 is required to be applied on a

retrospective basis to all periods presented. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

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In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. This ASU modifies the disclosure requirements for fair value measurements by removing the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of such transfers. This ASU expands the disclosure requirements for Level 3 fair value measurements, primarily focused on changes in unrealized gains and losses included in other comprehensive income (loss). This ASU is effective for our fiscal year ending December 31, 2020 and for the interim periods within that year. Early adoption is permitted. ASU 2018-13 is generally required to be applied retrospectively to all periods presented upon their effective date with the exception of certain amendments, which should be applied prospectively to the most recent interim or annual period presented in the year of adoption. This ASU permits early adoption. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This ASU adds guidance that answers questions regarding how certain income tax effects from the Tax Cuts and Jobs Act (the Act) should be applied to companies' financial statements. The guidance also lists which financial statement disclosures are required under a measurement period approach.

In February 2018, the FASB issued ASU No. 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. This ASU allows for reclassification of stranded tax effects resulting from the Act from accumulated other comprehensive income to retained earnings. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the method and impact the adoption of ASU 2018-02 will have on the Company's consolidated financial statements and disclosures.

In January 2018, the FASB released guidance on the accounting for tax on the Global Intangible Low Tax Income (GILTI) provisions of the Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that accounting for deferred taxes related to GILTI inclusions or treating any taxes on GILTI inclusions as period costs are both acceptable methods subject to an accounting policy election. Effective in the first quarter of 2018, the Company has elected to treat any potential GILTI inclusions as a period cost.

In December 2017, Staff Accounting Bulletin No. 118 (SAB 118) was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. In accordance with SAB 118, the Company recorded provisional estimates for the deferred tax expense recorded in connection with the remeasurement of certain deferred tax assets and tax expense associated with the mandatory deemed repatriation of foreign earnings at December 31, 2017. The Company has continued to gather and analyze information associated with these provisional estimates and did not record any adjustments during the three and nine months ended September 30, 2018. Any adjustment to these amounts will be recorded to tax expense in the fourth quarter of 2018 when the analysis is complete.

In May 2017, the FASB issued ASU No. 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting. This ASU clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. ASU No. 2017-09 is effective for interim and annual reporting periods beginning after December 15, 2017. Adoption of this standard will be applied prospectively to awards modified on or after the adoption date. The impact of this new standard will depend on the extent and nature of future changes to the terms and conditions of the Company's share-based payment awards. The Company adopted this standard on January 1, 2018, which did not have a material effect on the condensed consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-Retirement Benefit Cost. The changes to the standard require employers to report the service cost component in the same line item as other compensation costs arising from services rendered by employees during the reporting period. The other components of net periodic pension benefit costs will be presented in the statement of operations separately from the service cost and outside of a subtotal of

operating income from operations. In addition, only the service cost component may be eligible for capitalization where applicable. ASU 2017-07 became effective for annual periods beginning after December 15, 2017. The Company adopted this standard on January 1, 2018. In conjunction with the adoption of this guidance, the Company reclassified $0.4 million and $1.2 million in net periodic pension benefits from “Selling, general and administrative expenses” to “Other income (expense), net” for the three and nine months ended September 30, 2017, respectively.

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In February 2016, the FASB issued ASU No. 2016-02, Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to classify leases as either finance or operating leases and record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. An accounting policy election may be made to account for leases with a term of 12 months or less similar to existing guidance for operating leases today. ASU No. 2016-02 supersedes the existing guidance on accounting for leases. In July 2018, the FASB issued ASU No. 2018-11, Leases (Topic 842): Targeted Improvements, which allows for an optional transition method for the adoption of Topic 842. The two permitted transition methods are now the modified retrospective approach, which applies the new lease requirements at the beginning of the earliest period presented, and the optional transition method, which applies the new lease requirements through a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company intends to adopt the standard on January 1, 2019 using the optional transition method. The Company also intends to elect the practical expedients that allows us to carry forward the historical lease classification. The Company has established an inventory of existing leases and implemented a new process of evaluating the classification of each lease. The Company is currently evaluating the potential changes of this guidance and quantifying the impact to our future financial reporting disclosures and designing and implementing related processes and controls. The Company does not expect this guidance to have a significant impact on our results of operations or statements of cash flows.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

As used herein, the “Company,” “Rogers,” “we,” “us,” “our” and similar terms include Rogers Corporation and its subsidiaries unless the context indicates otherwise.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally accompanied by words such as “anticipate,” “assume,” “believe,” “could,” “estimate,” “expect,” “fore “goal,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “should,” “seek,” “target” or similar expressions tha uncertainty as to future events or outcomes. Forward-looking statements are based on assumptions and beliefs that we believe to be reasonable; however, assumed facts almost always vary from actual results, and the differences between assumed facts and actual results could be material depending upon the circumstances. Where we express an expectation or belief as to future results, that expectation or belief is expressed in good faith and based on assumptions believed to have a reasonable basis. We cannot assure you, however, that the stated expectation or belief will occur or be achieved or accomplished. Among the factors that could cause our results to differ materially from those indicated by forward-looking statements are risks and uncertainties inherent in our business including, without limitation:

- failure to capitalize on, volatility within, or other adverse changes with respect to the Company’s growth drivers, including advanced mobility and advanced connectivity, such as delays in adoption or implementation of new technologies;
- uncertain business, economic and political conditions in the United States and abroad, particularly in China, South Korea, Germany, Hungary and Belgium, where we maintain significant manufacturing, sales or administrative operations;
- changes in trade policy, tariff regulation or other trade restrictions, including between the United States and China;
- fluctuations in foreign currency exchange rates;
- our ability to develop innovative products and have them incorporated into end-user products and systems;
- the extent to which end-user products and systems incorporating our products achieve commercial success;
- the ability of our sole or limited source suppliers to deliver certain key raw materials, including commodities, to us in a timely or cost-effective manner;
- intense global competition affecting both our existing products and products currently under development;
- failure to realize, or delays in the realization of, anticipated benefits of acquisitions and divestitures due to, among other things, the existence of unknown liabilities or difficulty integrating acquired businesses;
- our ability to attract and retain management and skilled technical personnel;
-

our ability to protect our proprietary technology from infringement by third parties and/or allegations that our technology infringes third party rights;

- changes in effective tax rates or tax laws and regulations in the jurisdictions in which we operate;
- failure to comply with financial and restrictive covenants in our credit agreement or restrictions on our operational and financial flexibility due to such covenants;
- the outcome of ongoing and future litigation, including our asbestos-related product liability litigation;
- changes in environmental laws and regulations applicable to our business; and
- disruptions in, or breaches of, our information technology systems.

Our forward-looking statements are expressly qualified by these cautionary statements, which you should consider carefully, along with the risks discussed in this section and elsewhere in this report, our Annual Report on Form 10-K for the year ended December 31, 2017 (the Annual Report) and our subsequent reports filed with the Securities and Exchange Commission, any of which could cause actual results to differ materially from historical results or anticipated results. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

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The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and the related notes that appear elsewhere in this Form 10-Q along with our audited consolidated financial statements and the related notes thereto in our Annual Report.

Executive Summary

Company Background and Strategy

Rogers Corporation designs, develops, manufactures and sells high-quality and high-reliability engineered materials and components for mission critical applications. We operate principally three strategic operating segments: Advanced Connectivity Solutions (ACS), Elastomeric Material Solutions (EMS) and Power Electronics Solutions (PES). We have a history of innovation and have established Innovation Centers for our leading research and development activities in Chandler, Arizona, Burlington, Massachusetts, Eschenbach, Germany and Suzhou, China. We are headquartered in Chandler, Arizona.

Our growth strategy is based upon the following principles: (1) market-driven organization, (2) innovation leadership, (3) synergistic mergers and acquisitions, and (4) operational excellence. As a market-driven organization, we are focused on growth drivers, including advanced mobility and advanced connectivity. More specifically, the key trends and markets that affect our business include the increased use of advanced driver assistance systems and adoption of electric and hybrid electric vehicles and new technology adoption in the telecom industry, including next generation wireless infrastructure. In addition to our focus on advanced mobility and advanced connectivity, we also sell into a variety of other end markets including renewable energy, aerospace and defense and diverse general industrial applications.

Our sales and marketing approach is based on addressing these trends, while our strategy focuses on factors for success as a manufacturer of engineered materials and components: quality, service, cost, efficiency, innovation and technology. We have expanded our capabilities through organic investment and acquisitions and strive to ensure high quality solutions for our customers. We continue to review and re-align our manufacturing and engineering footprint in an effort to attain a leading competitive position globally. We have established or expanded our capabilities in various locations in support of our customers' growth initiatives.

We seek to enhance our operational and financial performance by investing in research and development, manufacturing and materials efficiencies, and new product initiatives that respond to the needs of our customers. We strive to evaluate operational and strategic alternatives to improve our business structure and align our business with the changing needs of our customers and major industry trends affecting our business.

On July 6, 2018, we acquired 100% of the membership interests of Griswold LLC (Griswold), a leading manufacturer of a wide range of high-performance engineered cellular elastomer and microcellular polyurethane products and solutions.

On August 28, 2018, we acquired a production facility and related machinery and equipment located in Chandler Arizona from Isola USA Corp (Isola).

2018 Third Quarter Executive Summary

In the third quarter of 2018 as compared to the third quarter of 2017, our net sales increased 9.7% to $226.9 million, gross margin decreased approximately 480 basis points to 34.9%, and operating margin decreased approximately 590 basis points to 13.1%. The following key factors should be considered when reviewing our results of operations, financial condition and liquidity for the third quarter of 2018:

- Our net sales increase in the third quarter of 2018 was attributable to increases in net sales in our EMS and PES strategic operating segments. The increase in net sales was driven in part by net sales of $6.9 million, or 3.3%, related to our acquisition of Griswold. Net sales were favorably impacted by higher demand in electric and hybrid electric vehicles applications in the PES operating segment and higher demand in automotive, portable electronics and general industrial applications in the EMS operating segment, partially offset by lower demand in wireless 4G LTE and automotive radar applications in the ACS operating segment. The adoption of new accounting guidance for revenue recognition unfavorably impacted net sales in the third quarter of 2018 by $1.7 million, or 0.8%. See Note 19, "Revenue from Contracts with Customers," as well as "Segment Sales and Operations" for further discussion. Net sales were also favorably impacted by $0.8 million, or 0.4%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar.
- Our gross margin decreased approximately 480 basis points in the third quarter of 2018. Our gross margin decreased to 34.9% in the third quarter of 2018 as a result of strategic investments in capacity optimization and infrastructure to support future growth initiatives, increased costs for raw materials and facility consolidation, unfavorable absorption of fixed costs, as well as new product launch.
- Our operating income decreased to $29.6 million in the third quarter of 2018, as compared to $39.2 million in the third quarter of 2017, leading to a decrease in operating margin of approximately 590 basis points. This decrease resulted primarily from a decrease in gross margin and a non-recurring $4.4 million gain on the sale of a facility in Belgium in the third quarter of 2017. This was furthered by a $0.9 million increase in selling, general & administrative (SG&A) expenses and a $0.2 million increase in research and development (R&D) expenses. The increase in SG&A expenses was driven by increases in acquisition and integration expenses as well as other intangible assets amortization related to Griswold. SG&A expenses decreased as a percentage of net sales from 18.9% in the third quarter of 2017 to 17.6% in the third quarter of 2018.
- We are an innovation company, and in the third quarter of 2018 we continued our investment in R&D, with R&D expenses comprising 3.4% of our quarterly net sales. R&D expenses were $7.6 million in the third quarter of 2018, which was an increase of $0.2 million, a decrease of approximately 20 basis points as a percentage of net sales, from the third quarter of 2017. We have made concerted efforts to realign our R&D organization to better fit the future direction of our Company, including dedicating resources to focus on current product extensions and enhancements to meet our expected short-term and long-term technology needs.
- We acquired Griswold in July 2018, as we continue to execute on our synergistic acquisition strategy. Acquisitions are a core part of our growth strategy, and the Griswold acquisition extends the product portfolio and technology capabilities of our EMS operating segment. Griswold is a leading manufacturer of a wide range of high-performance engineered cellular elastomer and microcellular polyurethane products and solutions across the automotive, transportation, medical, office products, printing and electronics industries. We financed our acquisition of Griswold with $82.5 million in borrowings under our revolving credit facility. As a result, borrowings under our revolving credit facility increased in the third quarter of 2018.
- In preparation for expected demand in advanced connectivity and advanced mobility, we acquired a production facility and related machinery and equipment from Isola in August 2018. We intend to use the purchased assets for capacity expansion within our ACS operating segment in contemplation of expected future demand from our 5G customers. We financed the asset acquisition with $43.4 million in cash on hand.

Results of Operations

The following table sets forth, for the periods indicated, selected operations data expressed as a percentage of net sales:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Gross margin	34.9 %	39.7 %	35.4 %	39.7 %
Selling, general and administrative expenses	17.6 %	18.9 %	18.8 %	18.6 %
Research and development expenses	3.4 %	3.6 %	3.7 %	3.5 %
Restructuring and impairment charges	0.5 %	0.5 %	0.3 %	0.5 %
Other operating (income) expense, net	0.4 %	(2.1)%	(0.5)%	(0.9)%
Operating income	13.1 %	19.0 %	13.1 %	18.1 %
Equity income in unconsolidated joint ventures	0.7 %	0.7 %	0.7 %	0.5 %
Other income (expense), net	(0.3)%	1.0 %	(0.1)%	0.6 %
Interest expense, net	(0.9)%	(0.8)%	(0.7)%	(0.8)%
Income before income tax expense	12.6 %	19.8 %	13.0 %	18.4 %
Income tax expense	3.9 %	7.4 %	3.4 %	6.4 %
Net income	8.7 %	12.3 %	9.6 %	12.0 %

Net Sales and Gross Margin

	Three Months Ended			Nine Months Ended		
(Dollars in thousands)	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Net sales	$ 226,863	$ 206,783	9.7%	$ 656,149	$ 612,035	7.2%
Gross margin	34.9 %	39.7 %		35.4 %	39.7 %	

Net sales increased by 9.7% in the third quarter of 2018 compared to the third quarter of 2017. The EMS and PES operating segments had net sales increases of 16.5% and 19.0%, respectively, while the ACS operating segment had a net sales decrease of 1.2%. The increase in net sales was driven in part by net sales of $6.9 million, or 3.3%, related to our acquisition of Griswold. Net sales were favorably impacted by higher demand in electric and hybrid electric vehicles applications in the PES operating segment and higher demand in automotive, portable electronics and general industrial applications in the EMS operating segment, partially offset by lower demand in wireless 4G LTE and automotive radar applications in the ACS operating segment. The adoption of new accounting guidance for revenue recognition unfavorably impacted net sales in the third quarter of 2018 by $1.7 million, or 0.8%. Net sales were also favorably impacted by $0.8 million, or 0.4%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar.

On a year to date basis, net sales increased by 7.2% during the first nine months of 2018 compared to the first nine months of 2017. The EMS and PES operating segments had net sales increases of 6.9% and 25.3%, respectively, while the ACS operating segment had a net sales decrease of 1.7%. The increase in net sales was primarily driven by favorable currency fluctuations of $18.6 million, or 3.0%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar, as well as net sales of $6.9 million, or 1.1%, related to our acquisition of Griswold. Net sales were also favorably impacted by higher demand in electric and hybrid electric vehicles, renewable energy and variable frequency motor drives applications in the PES operating segment, as well as in portable electronics and automotive applications in the EMS operating segment, partially offset by lower demand in wireless 4G LTE and portable electronics applications in the ACS operating segment. The adoption of new accounting guidance for revenue recognition unfavorably impacted net sales in the first nine months of 2018 by $2.2 million, or 0.9%.

Gross margin as a percentage of net sales decreased approximately 480 basis points to 34.9% in the third quarter of 2018 compared to 39.7% in the third quarter of 2017. Gross margin in the third quarter of 2018 was unfavorably impacted by strategic investments in capacity optimization and infrastructure to support future growth initiatives, increased costs for raw materials, facility consolidation and new product launch, as well as unfavorable absorption of fixed costs. The adoption of new accounting guidance for revenue recognition unfavorably impacted gross margin in the third quarter of 2018 by $0.5 million, or 0.6%.

Gross margin as a percentage of net sales decreased approximately 430 basis points to 35.4% in the first nine months of 2018 from 39.7% in the first nine months of 2017. Gross margin in the first nine months of 2018 was unfavorably impacted by strategic investments in capacity optimization and infrastructure to support future growth initiatives, increased costs for copper commodities and other raw materials, machine downtime, facility consolidation and multi-site product qualification, including freight, as well as unfavorable absorption of fixed costs. The adoption of new accounting guidance for revenue recognition favorably impacted gross margin in the first nine months of 2018 by $0.7 million.

Selling, General and Administrative Expenses

(Dollars in thousands)	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Selling, general and administrative expenses	$39,943	$ 39,010	2.4%	$123,080	$ 113,590	8.4%
Percentage of net sales	17.6 %	18.9 %		18.8 %	18.6 %	

SG&A expenses increased 2.4% in the third quarter of 2018 from the third quarter of 2017, primarily due to a $0.6 million increase in other intangible assets amortization related to our acquisition of Griswold and a $0.4 million increase in acquisition expenses, partially offset by overall net reductions in compensation and benefits. SG&A decreased as a percent of net sales to 17.6% in the third quarter of 2018 from 18.9% in the third quarter of 2017.
SG&A expenses increased 8.4% from the first nine months of 2017, primarily due to a $4.2 million increase in sales and marketing investments to support future growth initiatives, a $3.1 million increase in severance expense, a $1.1 million increase in other intangible assets amortization and a $0.6 million increase in acquisition expenses. SG&A increased as a percent of net sales to 18.8% in the first nine months of 2018 from 18.6% from the first nine months of 2017.

Research and Development Expenses

(Dollars in thousands)	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Research and development expenses	$7,630	$ 7,411	3.0%	$24,514	$ 21,512	14.0%
Percentage of net sales	3.4 %	3.6 %		3.7 %	3.5 %	

R&D expenses increased 3.0% in the third quarter of 2018 from the third quarter of 2017, and increased 14.0% in the first nine months of 2018 from the first nine months of 2017. The increases are due to concerted efforts to realign our R&D organization to better fit the future direction of our Company, including dedicating resources to focus on current product extensions and enhancements to meet our expected short-term and long-term technology needs.

Restructuring and Impairment Charges and Other Operating Expenses (Income), Net

(Dollars in thousands)	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Restructuring and impairment charges	$1,052	$ 962	9.4%	$2,015	$ 2,767	9.4%
Other operating (income) expense, net	863	(4,387)	(119.7)%	(3,111)	(5,329)	(119.7)%

We incurred restructuring charges associated with the relocation of our global headquarters from Rogers, Connecticut to Chandler, Arizona and the relocation of our Santa Fe Springs, California operations to the Company's facilities in Carol Stream, Illinois and Bear, Delaware. We recognized $0.5 million of restructuring charges associated with the facility consolidation in the third quarter of 2018, and $0.6 million of restructuring charges related to the headquarters relocation in the third quarter of 2017. We recognized $0.5 million and $1.0 million of restructuring charges associated with the headquarters relocation and facility consolidation, respectively, in the first nine months of 2018, and $2.4 million of restructuring charges related to the headquarters relocation during the nine months ended September 30, 2017. We did not recognize any restructuring charges related to the facility consolidation in the three and nine months ended September 30, 2017. We estimate that approximately $0.5 million of additional costs will be

incurred in the fourth quarter of 2018, with $0.5 million of remaining costs expected to be incurred in 2019.

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In the third quarter of 2018, we recognized lease income of approximately $0.2 million and recognized related depreciation on leased assets of approximately $0.9 million in connection with the transitional leaseback of a portion of the facility and certain machinery and equipment acquired from Isola in August 2018. In the third quarter of 2017, we recognized other operating income of $4.4 million. Additionally, in the first nine months of 2018, we recognized other operating income of $0.4 million as a result of the sale of a building and a parcel of land in Arizona that had been classified as held for sale as of June 30, 2017, and we recorded a gain from the settlement of antitrust litigation in the amount of $3.6 million. In the first nine months of 2017, we recognized other operating income of $5.3 million as a result of the sales of a facility located in Belgium that had been classified as held for sale as of June 30, 2017 as well as a parcel of land in Belgium that had been classified as held for sale as of December 31, 2016.

Equity Income in Unconsolidated Joint Ventures

(Dollars in thousands)	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Equity income in unconsolidated joint ventures	$1,642	$ 1,384	18.6%	$4,453	$ 3,359	32.6%

Equity income in unconsolidated joint ventures increased 18.6% in the third quarter of 2018 from the third quarter of 2017, and increased 32.6% in the first nine months of 2018 from the first nine months of 2017. The increases were due to higher demand, primarily in portable electronics applications.

Other Income (Expense), Net

(Dollars in thousands)	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Other income (expense), net	$(680)	$ 1,991	(134.2)%	$(647)	$ 3,370	(119.2)%

Other income (expense), net decreased 134.2% in the third quarter of 2018 from the third quarter of 2017, and decreased 119.2% in the first nine months of 2018 from the first nine months of 2017. The decreases were due to declines in the value of our copper derivatives and unfavorable changes in foreign currency transaction costs.

Interest Expense, Net

(Dollars in thousands)	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017	Percent Change	September 30, 2018	September 30, 2017	Percent Change
Interest expense, net	$(2,000)	$ (1,639)	22.0%	$(4,503)	$ (4,834)	(6.8)%

Interest expense, net, increased by 22.0% in the third quarter of 2018 from the third quarter of 2017 due to higher average outstanding balances on our revolving credit facility in the third quarter of 2018 compared to the third quarter of 2017. This is a result of new borrowings under our revolving credit facility during the third quarter of 2018 to fund the acquisition of Griswold and our voluntary pension contribution in connection with the proposed plan termination process, as well as reductions in the balance of our revolving credit facility in the third quarter of 2017 resulting from a discretionary payment of $60.0 million.

Interest expense, net, decreased by 6.8% in the first nine months of 2018 from the first nine months of 2017 due to a lower average outstanding balance on our revolving credit facility in the first nine months of 2018 compared to the first nine months of 2017. This is a result of discretionary payments of $50.0 million and $60.0 million during the second and third quarters of 2017, respectively, to reduce our outstanding borrowings under our revolving credit facility, partially offset by new borrowings under our revolving credit facility during the third quarter of 2018 to fund the acquisition of Griswold and our voluntary pension contribution in connection with the proposed plan termination process.

Income Taxes

(Dollars in thousands)	Three Months Ended September 30, 2018	September 30, 2017	Percent Change	Nine Months Ended September 30, 2018	September 30, 2017	Percent Change
Income tax expense	$8,870	$ 15,396	(42.4)%	$22,014	$ 38,979	(43.5)%
Effective tax rate	31.0 %	37.6 %		25.8 %	34.6 %	

Our effective income tax rate was 31.0% and 37.6% for the three months ended September 30, 2018 and 2017, respectively. Our effective income tax rate was 25.8% and 34.6% for the nine months ended September 30, 2018 and 2017, respectively. The decrease, compared to the same periods in 2017, was primarily due to a lower U.S. effective tax rate, as a result of U.S. tax reform, a change in valuation allowance established against deferred tax assets related to capital losses recorded in 2017, a release of reserves for uncertain tax positions and changes in pretax mix across jurisdictions with disparate tax rates, partially offset by an increase in current year accruals for uncertain tax positions and a decrease in excess tax deductions on equity compensation.

Segment Sales and Operations

Advanced Connectivity Solutions

(Dollars in thousands)	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
Net sales	$71,854	$ 72,713	$221,685	$ 225,595
Operating income	$8,451	$ 14,278	$26,946	$ 46,773

The ACS operating segment is comprised of high frequency circuit material products used for making circuitry that receives, processes and transmits high frequency communications signals, in a wide variety of applications and markets, including wireless communications, wired infrastructure, high reliability, automotive radar, and aerospace and defense, among others. In August 2018, we purchased assets from Isola for $43.4 million to expand capacity in the ACS operating segment in an effort to prepare for potential demand from our 5G customers.

Q3 2018 versus Q3 2017

ACS net sales decreased by 1.2% in the third quarter of 2018 compared to the third quarter of 2017. The decrease in net sales over the third quarter of 2017 was primarily driven by lower demand in wireless 4G LTE and automotive radar applications. The adoption of new accounting guidance for revenue recognition did not impact ACS net sales in the third quarter of 2018.

Operating income decreased by 40.8% in the third quarter of 2018 from the third quarter of 2017. As a percentage of net sales, operating income in the third quarter of 2018 was 11.8%, an approximately 780 basis point decrease as compared to the 19.6% reported in the third quarter of 2017. The decrease in operating income is primarily due to lower net sales and a continuation of overhead costs related to strategic investments in capacity optimization and infrastructure to support future growth initiatives. The adoption of new accounting guidance for revenue recognition did not impact ACS operating income in the third quarter of 2018.

YTD 2018 versus YTD 2017

ACS net sales decreased by 1.7% in the first nine months of 2018 compared to the first nine months of 2017. The decrease in net sales was primarily driven by lower demand in wireless 4G LTE and portable electronics applications, partially offset by favorable currency fluctuations of $3.8 million, or 1.7%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar, as well as higher demand in automotive radar applications. The adoption of new accounting guidance for revenue recognition did not impact ACS net sales in the first nine months of 2018.

Operating income decreased by 42.4% in the first nine months of 2018 from the first nine months of 2017. As a percentage of net sales, the first nine months of 2018 operating income was 12.2%, an approximately 850 basis point decrease as compared to the 20.7% reported in the first nine months of 2017. The decrease in operating income is due to lower net sales, increased costs for copper commodities and multi-site product qualification, including freight, lower capacity utilization due to process issues and machine downtime, as well as strategic investments in capacity optimization, infrastructure and sales and marketing to support future growth initiatives. The adoption of new

accounting guidance for revenue recognition did not impact ACS operating income in the first nine months of 2018.

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Elastomeric Material Solutions

(Dollars in thousands)	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
Net sales	$95,788	$ 82,239	$253,087	$ 236,673
Operating income	$15,924	$ 17,727	$38,505	$ 44,451

The EMS operating segment is comprised of polyurethane and silicone foam products, which are sold into a wide variety of applications and markets, including general industrial, portable electronics, automotive, mass transit and consumer applications. In July 2018, we acquired Griswold, a leading manufacturer of a wide range of high-performance engineered cellular elastomer and microcellular polyurethane products and solutions. We are in the process of integrating Griswold into the EMS operating segment.

Q3 2018 versus Q3 2017

EMS net sales increased by 16.5% in the third quarter of 2018 compared to the third quarter of 2017. The increase in net sales over the third quarter of 2017 was primarily driven by net sales related to our acquisition of Griswold of $6.9 million, or 8.4%, along with higher demand in automotive, portable electronics and general industrial applications. The adoption of new accounting guidance for revenue recognition favorably impacted EMS net sales in the third quarter of 2018 by $0.3 million, or 0.4%.

Operating income decreased by 10.2% in the third quarter of 2018 from the third quarter of 2017. As a percentage of net sales, third quarter of 2018 operating income was 16.6%, an approximately 500 basis point decrease as compared to the 21.6% reported in the third quarter of 2017. The decrease in operating income is primarily due to increased costs for raw materials and facility consolidation, unfavorable absorption of fixed costs, increases in other intangible assets amortization and increased costs for acquisition and integration activities. These increased costs were partially offset by $1.1 million of operating income related to our acquisition of Griswold and discretionary cost control. The adoption of new accounting guidance for revenue recognition favorably impacted EMS operating income in the third quarter of 2018 by a $0.1 million, or 0.6%.

YTD 2018 versus YTD 2017

EMS net sales increased by 6.9% in the first nine months of 2018 compared to the first nine months of 2017. The increase in net sales was primarily driven by net sales related to our acquisition of Griswold of $6.9 million, or 2.9%, and favorable currency fluctuations of $4.3 million, or 1.8%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar, along with higher demand in portable electronics and automotive applications. The adoption of new accounting guidance for revenue recognition favorably impacted EMS net sales in the first nine months of 2018 by $0.5 million, or 0.2%.

Operating income decreased by 13.4% in the first nine months of 2018 from the first nine months of 2017. As a percentage of net sales, the first nine months of 2018 operating income was 15.2%, an approximately 360 basis point decrease as compared to the 18.8% reported in the first nine months of 2017. The decrease in operating income is primarily due to increased costs for raw materials and facility consolidation, unfavorable absorption of fixed costs, strategic investments in sales and marketing to support future growth initiatives, as well as increases in other intangible assets amortization. These increased costs were partially offset by a $3.6 million gain on settlement from antitrust class action litigation, as discussed in Note 20, “Supplemental Financial Information,” $1.1 million of operating income related to our acquisition of Griswold and discretionary cost control. The adoption of new accounting guidance for revenue recognition favorably impacted EMS operating income in the first nine months of 2018 by $0.1 million, or 0.2%.

Power Electronics Solutions

(Dollars in thousands)	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
Net sales	$55,222	$ 46,409	$166,582	$ 132,966
Operating income	$4,067	$ 5,340	$15,328	$ 13,744

The PES operating segment is comprised of two product lines - curamik® direct-bonded copper (DBC) substrates that are used primarily in the design of intelligent power management devices, such as IGBT (insulated gate bipolar transistor) modules that enable a wide range of products including highly efficient industrial motor drives, wind and solar energy converters and electrical systems in automobiles, and ROLINX® busbars that are used primarily in power distribution systems products in electric and hybrid electric vehicles and clean technology applications.

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Q3 2018 versus Q3 2017

PES net sales increased by 19.0% in the third quarter of 2018 from the third quarter of 2017. Net sales increased in electric and hybrid electric vehicles applications primarily due to higher demand. The adoption of new accounting guidance for revenue recognition unfavorably impacted PES net sales in the third quarter of 2018 by $0.6 million, or 1.3%. Net sales were impacted by favorable currency fluctuations of $0.4 million, or 0.8%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar.

Operating income for the quarter decreased by 23.8% in the third quarter of 2018 from the third quarter of 2017. As a percentage of net sales, third quarter of 2018 operating income was 7.4%, an approximately 410 basis point decrease as compared to the 11.5% reported in the third quarter of 2017. The decrease in operating income is primarily due to strategic investments in capacity optimization to support future growth initiatives, as well as increased costs for facility consolidation and new product launch, partially offset by increases in net sales from higher demand. The adoption of new accounting guidance for revenue recognition unfavorably impacted PES operating income in the third quarter of 2018 by $0.2 million, or 3.7%.

YTD 2018 versus YTD 2017

PES net sales increased by 25.3% in the first nine months of 2018 from the first nine months of 2017. Net sales increased in electric and hybrid electric vehicles, renewable energy and variable frequency motor drives applications, primarily due to higher demand. Net sales were also impacted by favorable currency fluctuations of $10.0 million, or 7.5%, due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar. The adoption of new accounting guidance for revenue recognition favorably impacted PES net sales in the first nine months of 2018 by $4.0 million, or 3.0%.

Operating income increased 11.5% in the first nine months of 2018 from the first nine months of 2017. As a percentage of net sales, the first nine months of 2018 operating income was 9.2%, an approximately 110 basis point increase as compared to the 10.3% reported in the first nine months of 2017. The adoption of new accounting guidance for revenue recognition favorably impacted PES operating income in the first nine months of 2018 by $1.3 million, or 9.5%. The increase in operating income is also due to increases in net sales from higher demand, partially offset by strategic investments in capacity optimization and sales and marketing to support future growth initiatives, a provision for a commercial settlement, increased costs for facility consolidation and new product launch, as well as process issues.

Other

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net sales	$3,999	$ 5,422	$14,795	$ 16,801
Operating income	$1,200	$ 1,847	$5,131	$ 5,576

The Other operating segment consists of our elastomer rollers and floats business, as well as our inverter distribution business.

Q3 2018 versus Q3 2017

Net sales in this segment decreased by 26.2% in the third quarter of 2018 from the third quarter of 2017. The decrease in net sales over the third quarter of 2017 was primarily driven by the adoption of new accounting guidance for revenue recognition, which resulted in a $1.4 million unfavorable impact, or 25.8%.

Operating income decreased 35.0% in the third quarter of 2018 compared to the third quarter of 2017. As a percentage of net sales, third quarter of 2018 operating income was 30.0%, an approximately 410 basis point decrease as compared to the 34.1% reported in the third quarter of 2017. This decrease in operating income was primarily driven by lower net sales. Operating income in the third quarter of 2018 was unfavorably impacted by $0.4 million, or 21.7%, from the adoption of new accounting guidance for revenue recognition.

YTD 2018 versus YTD 2017

Net sales in this segment decreased by 11.9% in the first nine months of 2018 from the first nine months of 2017. The decrease in net sales was primarily driven by the adoption of new accounting guidance for revenue recognition, which resulted in a $2.3 million unfavorable impact, or 13.7%. Currency fluctuations had a $0.5 million favorable impact on

net sales during the first nine months of 2018 due to the appreciation in value of the Euro and Renminbi relative to the U.S. dollar.

Operating income decreased by 8.0% in the first nine months of 2018 from the first nine months of 2017. As a percentage of net sales, third quarter of 2018 operating income was 34.7%, an approximately 150 basis point increase as compared to the 33.2% reported in the third quarter of 2017. This decrease in operating income was primarily driven by lower net sales, partially offset by operational improvements and efficiency initiatives. Operating income in the first nine months of 2018 was unfavorably impacted by $0.7 million, or 12.6%, from the adoption of new accounting guidance for revenue recognition.

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Liquidity, Capital Resources and Financial Position

We believe that our existing sources of liquidity and cash flows that are expected to be generated from our operations, together with our available credit facilities, will be sufficient to fund our operations, currently planned capital expenditures, research and development efforts and our debt service commitments. We regularly review and evaluate the adequacy of our cash flows, borrowing facilities and banking relationships seeking to ensure that we have the appropriate access to cash to fund both our near-term operating needs and our long-term strategic initiatives.

(Dollars in thousands)	September 30, 2018	December 31, 2017
Key Balance Sheet Accounts:		
Cash and cash equivalents	$ 149,556	$ 181,159
Accounts receivable, net	$ 155,706	$ 140,562
Contract assets	$ 20,260	$ —
Inventories	$ 125,885	$ 112,557
Borrowings under revolving credit facility	$ 233,482	$ 130,982

As of September 30, 2018, cash and cash equivalents were $149.6 million as compared to $181.2 million as of December 31, 2017, a decrease of $31.6 million, or 17.4%. This decrease was primarily due to $78.6 million paid for the Griswold acquisition, net of cash, $36.6 million in capital expenditures, $43.4 million paid for the Isola asset acquisition, and $25.3 million in pension and other postretirement benefits contributions, along with $6.5 million in tax payments related to net share settlement of equity awards and $3.0 million in repurchases of capital stock. This activity was partially offset by $102.5 million in borrowings under our revolving credit facility, of which $82.5 million and $20.0 million were used to fund the Griswold acquisition and the voluntary pension plan contribution, respectively, and by cash generated by operations.

The following table illustrates the location of our cash and cash equivalents by our three major geographic areas as of the periods indicated:

(Dollars in thousands)	September 30, 2018	December 31, 2017
United States	$ 42,175	$ 35,653
Europe	69,750	41,307
Asia	37,631	104,199
Total cash and cash equivalents	$ 149,556	$ 181,159

Approximately $107.4 million of our cash and cash equivalents were held by non-U.S. subsidiaries as of September 30, 2018. As a result of U.S. tax reform, unremitted earnings as of December 31, 2017 were subjected to U.S. tax through the transition tax, but a portion could be subject to additional foreign income taxes if they are redeployed outside of their country of origin. With the exception of certain of our Chinese subsidiaries, we have historically asserted and continue to assert that foreign earnings are indefinitely reinvested. While we have not changed our assertion with respect to foreign earnings compared to prior years, we are currently evaluating the impact of U.S. tax reform on our global structure and any associated impacts it may have on our assertion on a go forward basis, and as such have not changed our assertion with respect to distribution of earnings that would require the accrual of additional deferred income taxes.

Significant changes in our balance sheet accounts from December 31, 2017 to September 30, 2018 were as follows:

- Accounts receivable increased 10.8% to $155.7 million as of September 30, 2018, from $140.6 million at December 31, 2017. The increase from year-end was primarily due to higher net sales at the end of the third quarter of 2018 compared to at the end of the 2017.
- We recorded contract assets of $20.3 million as of September 30, 2018 related to the adoption of ASU 2014-09. See further discussion in Note 19, “Revenue from Contracts with Customers” to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.
- Inventory increased 11.8% to $125.9 million as of September 30, 2018, from $112.6 million at December 31, 2017, as a result of our acquisition of Griswold, inventory buildup to meet future demand in anticipation of long supply lead times, supplier transition, safety stock replenishment and raw material increases, partially offset by the impact from

the adoption of new accounting guidance for revenue recognition. See discussion in Note 19, “Revenue from Contracts with Customers.”

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- Accrued employee benefits and compensation decreased to $27.6 million as of September 30, 2018, from $39.4 million at December 31, 2017. This decrease is primarily due to incentive compensation payouts of $18.2 million that occurred during 2018, partially offset by $5.2 million of accruals for projected incentive compensation payouts for the current performance year.
- Goodwill increased 12.3% to $266.3 million as of September 30, 2018, from $237.1 million at December 31, 2017. The increase is primarily due to the acquisition of Griswold in July 2018.
- Other intangible assets, net of amortization increased 13.3% to $181.6 million as of September 30, 2018, from $160.3 million at December 31, 2017. This overall increase is primarily due to the acquisition of Griswold in July 2018.

During the nine months ended September 30, 2018, we repurchased 23,138 shares of our capital stock for $3.0 million under a $100.0 million share repurchase program approved by our Board of Directors on August 6, 2015. The share repurchase program has no expiration date and may be suspended or discontinued at any time without notice. As of September 30, 2018, $49.0 million remained for repurchase under our share repurchase program. All purchases were made using cash from operations.

On February 17, 2017, we entered into a secured five year credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (the Third Amended Credit Agreement), which increased the principal amount of our revolving credit facility to up to $450.0 million borrowing capacity, with sublimits for multicurrency borrowings, letters of credit and swing-line notes, and provided an additional $175.0 million accordion feature. Borrowings may be used to finance working capital needs, for letters of credit and for general corporate purposes in the ordinary course of business, including the financing of permitted acquisitions (as defined in the Third Amended Credit Agreement).

All revolving loans are due on the maturity date, February 17, 2022. We are not required to make any quarterly principal payments under the Third Amended Credit Agreement. As of September 30, 2018, we have $233.5 million in outstanding borrowings under our revolving credit facility.

Our Third Amended Credit Agreement generally permits us to pay cash dividends to our shareholders, provided that (i) no default or event of default has occurred and is continuing or would result from the dividend payment and (ii) our leverage ratio does not exceed 2.75 to 1.00. If our leverage ratio exceeds 2.75 to 1.00, we may nonetheless make up to $20.0 million in restricted payments, including cash dividends, during the fiscal year, provided that no default or event of default has occurred and is continuing or would result from the payments. Our leverage ratio did not exceed 2.75 to 1.00 as of September 30, 2018.

During the third quarter of 2018, there were not any material new developments related to our capital leases. Refer to Note 12, “Debt” to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q for further discussion on liquidity matters.

Contingencies

During the third quarter of 2018, we did not become aware of any material developments related to environmental matters, our asbestos litigation or other contingencies or incur any material costs or capital expenditures related to such matters. Refer to Note 14, “Commitments and Contingencies” to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q for further discussion on these contingencies.

Off-Balance Sheet Arrangements

As of September 30, 2018, we did not have any off-balance sheet arrangements that have or are, in the opinion of management, likely to have a current or future material effect on our financial condition or results of operations.

Critical Accounting Policies

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to achieve a consistent application of revenue recognition, resulting in a single revenue model to be applied by reporting companies under U.S. generally accepted accounting principles. With the adoption of ASU 2014-09, we recognize revenue when all of the following criteria are met: (1) we have entered into a binding agreement, (2) the performance obligations have been identified, (3) the transaction price to the customer has been determined, (4) the transaction price has been allocated to the performance obligations in the contract, and (5) the performance obligations have been satisfied. The majority of our shipping terms permit us to recognize revenue at point of shipment. Some shipping terms require the

goods to be through customs or be received by the customer before title passes. In those instances, revenue is not recognized until either the customer has received the goods or they have passed through customs, depending on the circumstances. Shipping and handling costs are treated as fulfillment costs. Sales tax or VAT are excluded from the measurement of the transaction price.

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Recent Accounting Pronouncements
See Note 21, “Recent Accounting Standards” to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q for discussion of recent accounting pronouncements including expected dates of adoption.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our exposure to market risk during the third quarter of 2018. For discussion of our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk, contained in our Annual Report.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d- 15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of September 30, 2018. The Company’s disclosure controls and procedures are designed (i) to ensure that information required to be disclosed by it in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) to ensure that information required to be disclosed in the reports the Company files or submits under the Exchange Act is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2018.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company’s internal control over financial reporting during its most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. This evaluation excluded the operations of Griswold LLC, which we acquired on July 6, 2018. As part of the ongoing integration activities for this acquisition, we are completing an assessment of Griswold’s existing controls and incorporating our controls and procedures into the acquired operations, as appropriate.

Part II - Other Information

Item 1. Legal Proceedings
See a discussion of environmental, asbestos and other litigation matters in Note 14, "Commitments and Contingencies," to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
Items 2 (a) and (b) are not applicable
(c) Share Repurchases
(Dollars in thousands, except per share amounts)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs
March 1, 2018 to March 31, 2018	23,138	$129.62	23,138	$ 49,013
July 1, 2018 to July 31, 2018	—	$—	—	$ 49,013
August 1, 2018 to August 31, 2018	—	$—	—	$ 49,013
September 1, 2018 to September 30, 2018	—	$—	—	$ 49,013

During the nine months ended September 30, 2018, we repurchased 23,138 shares of our capital stock for $3.0 million under a $100.0 million share repurchase program approved by our Board of Directors in 2015. The share repurchase program has no expiration date and may be suspended or discontinued at any time without notice. As of September 30, 2018, $49.0 million remained for repurchase under the share repurchase program. All repurchases were made using cash from operations. Our share repurchases may occur from time to time through open market purchases, privately negotiated transactions or plans designed to comply with Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended.

Item 6. Exhibits
List of Exhibits:

3.1 Restated Articles of Organization of Rogers Corporation, as amended, incorporated by reference to Exhibit 3a to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (the 2006 Form 10-K) (File No. 001-04347).

3.2 Amended and Restated Bylaws of Rogers Corporation, effective February 11, 2016, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on February 26, 2016.

10.1 Letter Agreement between the Company and Michael M. Ludwig, dated August 28, 2018, filed herewith

31.1 Certification of President and Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

31.2 Certification of Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

32	Certification of President and Chief Executive Officer (Principal Executive Officer) and Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101	The following materials from Rogers Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2018 formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2018 and September 30, 2017, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2018 and September 30, 2017, (iii) Condensed Consolidated Statements of Financial Position at September 30, 2018 and December 31, 2017, (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and September 30, 2017 and (v) Notes to Condensed Consolidated Financial Statements.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROGERS CORPORATION
(Registrant)
/s/ Michael M. Ludwig
Michael M. Ludwig
Senior Vice President, Chief Financial Officer and Treasurer
Dated: November 1, 2018

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