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ROGERS CORP
Form 8-K
November 17, 2005

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 11, 2005

Rogers Corporation

(Exact Name of Registrant as Specified in Its Charter)

Massachusetts	1-4347	06-0513860
----- (State or other Jurisdiction of Incorporation)	----- (Commission File Number)	----- (I.R.S. Employer Identification No.)

One Technology Drive
P.O. Box 188
Rogers, Connecticut

06263-0188

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (860) 774-9605

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 Entry into a Material Definitive Agreement

On November 11, 2005, the Compensation and Organization Committee of the Board of Directors (the "Compensation Committee") of Rogers Corporation (the "Company") authorized the acceleration of the vesting of certain outstanding out-of-the-money unvested non-qualified stock options granted in 2003 by the Company and held by current officers and other option holders of the Company.

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The stock options which were accelerated had an exercise price of either \$38.53 per share or \$43.00 per share, in all cases greater than \$37.84, the fair market value of a share of the Company's Common Stock as of November 11, 2005. As a result of the vesting acceleration, portions of options to acquire 298,862 shares of the Company's Common Stock, which otherwise would have vested from time to time between December 2005 and December 2007, became immediately exercisable. Of the options to acquire 298,862 shares of the Company's Common Stock, (i) options to acquire 294,362 shares of the Company's Common Stock had been granted in October 2003 and had vested as to approximately 1/3 of the options in October 2005; therefore, approximately 2/3 of these options were accelerated on November 11, 2005; and (ii) options to acquire 4,500 shares of the Company's Common Stock were granted in December 2003, but no portion had vested prior to November 11, 2005; therefore, all of these options were accelerated on November 11, 2005. The accelerated options represent approximately 8% of the Company's total outstanding options. The option plans under which the accelerated options were granted are the Company's 1988 Stock Option Plan, 1990 Stock Option Plan and 1998 Stock Incentive Plan.

All other terms and conditions applicable to such stock options remained in effect, which effectively means that generally, the option holders, while continued to be employed by the Company, will not be allowed to sell any shares acquired pursuant to the accelerated vesting schedule until the earliest time that such shares could have been acquired pursuant to the original vesting schedule of the options.

The accelerated vesting schedules will permit the acquisition of 194,625 shares of the Company's Common Stock prior to the original vesting schedules of the related stock options. Of this amount, current officers of the Company may exercise their 2003 stock options and acquire 58,748 shares of the Company's Common Stock earlier than was originally prescribed in the 2003 stock option agreements, and other option holders may exercise their 2003 stock options and acquire 135,877 shares of the Company's Common Stock earlier than was originally prescribed in the 2003 stock option agreements.

The Compensation Committee's decision to accelerate the vesting of the out-of-the-money unvested stock options was based upon the issuance by the Financial Accounting Standards Board of Statement of Financial Accounting Standard No. 123 (Revised 2004), "Share-Based Payment" ("SFAS No. 123R"), which will require the Company to treat unvested stock options as compensation expense in future periods effective January 2, 2006. The acceleration eliminates future compensation expense the Company would otherwise have been required to recognize in its income statements in such future periods.

By accelerating the vesting of these out-of-the-money unvested stock options, the Company has elected to recognize compensation expense in the fourth quarter of fiscal 2005 for such accelerated stock options. Since the Company accounts for its stock options granted to employees, officers and directors using the intrinsic-value method under the guidelines of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," the Company will report the compensation expense related to the accelerated options for disclosure purposes only in its financial statements for its fourth fiscal quarter ending January 1, 2006 as permitted by Statement of Financial Accounting Standard No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure -- an Amendment of SFAS No. 123." The Company believes that

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acceleration of vesting of the 2003 stock options will eliminate the need for recognizing future pre-tax compensation expense of approximately \$1.3 million in fiscal 2006 and approximately \$1.1 million in fiscal 2007. This compensation expense was estimated using the Black-Scholes option-pricing model, which is used by the Company to calculate the fair value of its options in determining the pro forma impact of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," for disclosure purposes only.

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 hereunto duly authorized.

ROGERS CORPORATION

By: /s/ Robert M. Soffer

Name: Robert M. Soffer

Title: Vice President, Treasurer and Secretary

Date: November 17, 2005