ROGERS CORP
Form 10-Q
May 08, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 30, 2008

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to _______________________

Commission file number 1-4347

ROGERS CORPORATION
(Exact name of Registrant as specified in its charter)

Massachusetts (State or other jurisdiction of incorporation or organization)	06-0513860 (I. R. S. Employer Identification No.)
P.O. Box 188, One Technology Drive, Rogers, Connecticut (Address of principal executive offices)	06263-0188 (Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

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

Large Accelerated Filer _X_ Accelerated Filer

Non-accelerated filer ____(Do not check if a smaller reporting company) Smaller reporting company ____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes__ No X

The number of shares outstanding of the Registrant's common stock as of April 25, 2008 was 17,928,691.

ROGERS CORPORATION
FORM 10-Q
March 30, 2008

TABLE OF CONTENTS

Exhibits:

Exhibit 10r-10	Amendment No. 10 to Summary of Director and Executive Officer Compensation
Exhibit 10aaa-1	Amendment No. 1 to Multicurrency Revolving Credit Agreement with Citizens Bank of Connecticut
Exhibit 10aad	Guaranty to Multicurrency Revolving Credit Agreement with Citizens Bank of Connecticut
Exhibit 10aad-1	Guaranty Confirmation Agreement in connection with Amendment No. 1 to Multicurrency Revolving Credit Agreement with Citizens Bank of Connecticut
Exhibit 23.1	Consent of National Economic Research Associates, Inc.
Exhibit 23.2	Consent of Marsh U.S.A., Inc.
Exhibit 31(a)	Certification of President and CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31(b)	Certification of Vice President, Finance and CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32	Certification of President and CEO and Vice President, Finance and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Part I – Financial Information

Item 1. Financial Statements

ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 30, 2008	Three Months Ended April 1, 2007
Net sales	$ 102,333	$ 115,071
Cost of sales	69,940	79,994
Gross margin	32,393	35,077
Selling and administrative expenses	18,385	19,291
Research and development expenses	5,297	5,680
Operating income	8,711	10,106
Equity income in unconsolidated joint ventures	1,093	1,268
Other income, net	386	587
Interest income, net	855	425
Income from continuing operations before income taxes	11,045	12,386
Income tax expense	3,225	2,945
Income from continuing operations	7,820	9,441
Income from discontinued operations, net of taxes	-	70
Net income	$ 7,820	$ 9,511
Basic net income per share:		
Income from continuing operations	$ 0.48	$ 0.56
Income from discontinued operations, net	-	-
Net income	$ 0.48	$ 0.56
Diluted net income per share:		
Income from continuing operations	$ 0.48	$ 0.55
Income from discontinued operations, net	-	-
Net income	$ 0.48	$ 0.55
Shares used in computing:		
Basic	16,133,527	16,834,431
Diluted	16,151,785	17,160,159

The accompanying notes are an integral part of the condensed financial statements.

ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Dollars in thousands, except per share amounts)

	March 30, 2008	December 30, 2007
Assets		
Current assets		
Cash and cash equivalents	$ 21,974	$ 36,328
Short-term investments	-	53,300
Accounts receivable, less allowance for doubtful accounts of $1,468 and $1,433	73,885	76,965
Accounts receivable from joint ventures	3,637	3,368
Accounts receivable, other	1,934	2,319
Inventories	47,954	51,243
Prepaid income taxes	3,847	5,160
Deferred income taxes	8,432	10,180
Asbestos-related insurance receivables	4,303	4,303
Other current assets	5,455	3,888
Total current assets	171,421	247,054
Property, plant and equipment, net of accumulated depreciation of $168,582 and $160,396	148,277	147,203
Investments in unconsolidated joint ventures	32,988	30,556
Deferred income taxes	13,670	9,984
Pension asset	2,173	2,173
Goodwill and other intangibles	10,131	10,131
Asbestos-related insurance receivables	19,149	19,149
Long-term marketable securities	53,261	-
Other long-term assets	4,780	4,698
Total assets	$ 455,850	$ 470,948
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 18,945	$ 22,127
Accrued employee benefits and compensation	15,975	14,991
Accrued income taxes payable	9,494	6,326
Asbestos-related liabilities	4,303	4,303
Other current liabilities	16,498	20,539
Total current liabilities	65,215	68,286
Pension liability	8,009	8,009
Retiree health care and life insurance benefits	6,288	6,288
Asbestos-related liabilities	19,341	19,341
Other long-term liabilities	5,277	5,043
Shareholders' Equity		
Capital Stock - $1 par value; 50,000,000 authorized shares; 15,536,881 and 16,414,918 shares issued and outstanding	15,537	16,415
Additional paid-in capital	11,381	37,636

Retained earnings		304,648		296,828
Accumulated other comprehensive income		20,154		13,102
Total shareholders' equity		351,720		363,981
Total liabilities and shareholders' equity	$	455,850	$	470,948

The accompanying notes are an integral part of the condensed financial statements.
4

ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 30, 2008	Three Months Ended April 1, 2007
Operating Activities:		
Net income	$ 7,820	$ 9,511
Loss (income) from discontinued operations	-	(70)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	4,891	5,177
Stock-based compensation expense	2,138	2,635
Excess tax benefit related to stock award plans	(39)	(170)
Deferred income taxes	(1,505)	(3,507)
Equity in undistributed income of unconsolidated joint ventures, net	(1,093)	(1,268)
Dividends received from unconsolidated joint ventures	1,300	1,138
Other non-cash activity	(569)	-
Changes in operating assets and liabilities excluding effects of acquisition and disposition of businesses:		
Accounts receivable	4,795	2,093
Accounts receivable, joint ventures	(269)	768
Inventories	4,442	(1,127)
Other current assets	486	(2,797)
Accounts payable and other accrued expenses	(4,550)	(13,596)
Other, net	(365)	(307)
Net cash provided by (used in) operating activities of continuing operations	17,482	(1,520)
Net cash provided by operating activities of discontinued operations	-	927
Net cash provided by (used in) operating activities	17,482	(593)
Investing Activities:		
Capital expenditures	(2,962)	(7,407)
Purchases of short-term investments	(132,690)	(352,847)
Proceeds from short-term investments	131,590	383,320
Net cash provided by (used in) investing activities	(4,062)	23,066
Net cash provided by (used in) investing activities of discontinued operations	-	(312)
Net cash provided by investing activities	(4,062)	22,754
Financing Activities:		
Proceeds from sale of capital stock, net	115	621
Excess tax benefit related to stock award plans	39	170
Proceeds from issuance of shares to employee stock purchase plan	561	381
Purchase of stock from shareholders	(30,000)	(13,937)
Net cash (used in) provided by financing activities	(29,285)	(12,765)
Effect of exchange rate fluctuations on cash	1,511	44
Net increase (decrease) in cash and cash equivalents	(14,354)	9,440

Cash and cash equivalents at beginning of year		36,328		13,638
Cash and cash equivalents at end of quarter	$	21,974	$	23,078
Supplemental disclosure of noncash investing activities:				
Contribution of shares to fund employee stock purchase plan	$	482	$	492

The accompanying notes are an integral part of the condensed financial statements.

ROGERS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In our opinion, the accompanying balance sheets and related interim statements of income and cash flows include all normal recurring adjustments necessary for their fair presentation in accordance with U.S. generally accepted accounting principles. All significant intercompany transactions have been eliminated.

Interim results are not necessarily indicative of results for a full year. For further information regarding our accounting policies, refer to the audited consolidated financial statements and footnotes thereto included in our Form 10-K for the fiscal year ended December 30, 2007.

We use a 52- or 53-week fiscal calendar ending on the Sunday closest to the last day in December of each year. Fiscal 2008 is a 52-week year ending on December 28, 2008.

Certain prior period amounts have been reclassified to conform to the current period classification.

Note 2 –Fair Value Measurements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 replaces multiple existing definitions of fair value with a single definition, establishes a consistent framework for measuring fair value and expands financial statement disclosures regarding fair value measurements. SFAS 157 applies only to fair value measurements that already are required or permitted by other accounting standards and does not require any new fair value measurements and is effective for fiscal years beginning after November 15, 2007. Although the adoption of SFAS 157 on December 31, 2007 did not materially impact our financial condition, results of operations, or cash flows, we are now required to provide additional disclosures as part of our financial statements.

SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At year-end 2007, we classified our auction rate securities as available-for-sale and recorded them at fair value as determined in the active market at the time. However, due to recent events in the credit markets, the auction events failed during the first quarter of 2008 for the auction rate securities that we held at the end of the first quarter. Accordingly, the securities changed from a Level 1 valuation to a Level 3 valuation within SFAS 157's hierarchy since our adoption of this standard on the first day of fiscal 2008.

As of the end of the first quarter 2008, we held auction rate securities with a par value of $54.4 million. Due to the failure of auctions during the first quarter, a fair value assessment of these securities was performed in accordance with SFAS 157. The assessment was performed on each security based on a discounted cash flow model, utilizing various assumptions that included estimated interest rates, probabilities of successful auctions, the timing of cash flows, and the quality and level of collateral of the securities. This fair value analysis resulted in a decline in the fair value of our auction rate securities of $1.1 million. We have concluded that the impairment is temporary, due primarily to the fact that the investments we hold are high quality AAA/Aaa-rated securities and are government-backed or over-collateralized and, based on our expected operating cash flows and other sources of cash, we do not anticipate that the current lack of liquidity of these investments will affect our ability to execute our current business plan. Therefore, we have the intent and ability to hold the securities until the temporary impairment is recovered. Based on this conclusion, we have recorded this charge as an unrealized loss in other comprehensive income in the equity section of our condensed consolidated statements of financial position. Additionally, due to our belief that it may take over twelve months for the auction rate securities market to recover, we have reclassified the auction rate securities balance from short-term investments to long-term assets. For the securities that we hold, with the exception of one security valued at $2.3 million which matures in June 2009, all other securities have maturities ranging from 6 to 39 years.

The reconciliation of our assets measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

(Dollars in thousands)	Auction Rate Securities
Balance at December 30, 2007	$ -
Transfers to Level 3	54,400
Reported in other comprehensive income	(1,100)
Balance at March 30, 2008	$ 53,300

These securities typically earn interest at rates ranging from 3% to 7%. Upon the failure of these securities at auction, a penalty interest rate is triggered. However, as the securities that we hold are high quality securities, the penalty rates are market-based, therefore the aggregate interest rate that we earned in the first quarter has remained effectively unchanged due to the effect of lower market interest rates substantially offsetting the market-based penalty rates.

Note 3 - Inventories

Inventories were as follows:

(Dollars in thousands)	March 30, 2008	December 30, 2007
Raw materials	$ 11,996	$ 11,102
Work-in-process	7,144	6,172
Finished goods	28,814	33,969
	$ 47,954	$ 51,243

Note 4 - Comprehensive Income and Accumulated Other Comprehensive Income

Comprehensive income for the periods ended March 30, 2008 and April 1, 2007 was as follows:

(Dollars in thousands)	March 30, 2008	April 1, 2007
Net income	$ 7,820	$ 9,511
Foreign currency translation adjustments	7,758	(1,564)
Unrealized gain (loss) on investments, net of tax of $433	(706)	-
Comprehensive income	$ 14,872	$ 7,947

The components of accumulated other comprehensive income at March 30, 2008 and December 30, 2007 were as follows:

(Dollars in thousands)	March 30, 2008	December 30, 2007
Foreign currency translation adjustments	$ 25,560	$ 17,802
Funded status of pension plans and other postretirement benefits	(4,700)	(4,700)
Unrealized gain (loss) on investments, net of tax of $433	(706)	-

Accumulated other comprehensive income	$	20,154	$	13,102

7

Note 5 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share in conformity with SFAS No. 128, Earnings per Share, for the periods indicated:

(Dollars in thousands, except per share amounts)	Three Months Ended March 30, 2008	Three Months Ended April 1, 2007
Numerator:		
Income from continuing operations	$ 7,820	$ 9,441
Income (loss) from discontinued operations, net of taxes	-	70
Net income	$ 7,820	$ 9,511
Denominator:		
Denominator for basic earnings per share - Weighted-average shares	16,134	16,834
Effect of dilutive stock options	18	326
Denominator for diluted earnings per share - Adjusted weighted—average shares and assumed conversions	16,152	17,160
Basic net income per share:		
Income from continuing operations	$ 0.48	$ 0.56
Income (loss) from discontinued operations, net	-	-
Net income	$ 0.48	$ 0.56
Diluted net income per share:		
Income from continuing operations	$ 0.48	$ 0.55
Income (loss) from discontinued operations, net	-	-
Net income	$ 0.48	$ 0.55

Note 6 – Stock-Based Compensation

On January 2, 2006 (the first day of the 2006 fiscal year), we adopted SFAS No. 123 (Revised), Share-Based Payment (SFAS 123R), using the modified prospective application as permitted under SFAS 123R. SFAS 123R supersedes APB No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash Flows. Under FAS 123R, compensation cost recognized includes compensation cost for all share-based payments, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R.

Equity Compensation Awards

Stock Options

We currently grant stock options under various equity compensation plans. While we may grant options to employees that become exercisable at different times or within different periods, we have generally granted options to employees that vest and become exercisable in one-third increments on the 2nd, 3rd and 4th anniversaries of the grant dates. The maximum contractual term for all options is generally ten years.

We use the Black-Scholes option-pricing model to calculate the grant-date fair value of an option. The fair value of options granted during the three month periods ended March 30, 2008 and April 1, 2007 were calculated using the following weighted- average assumptions:

	Three Months Ended	
	March 30, 2008	April 1, 2007
Options granted	300,350	207,150
Weighted average exercise price	$ 31.38	$ 52.61
Weighted-average grant date fair value	14.75	25.04
Assumptions:		
Expected volatility	39.87%	36.62%
Expected term (in years)	7.00	7.00
Risk-free interest rate	3.24%	4.72%
Expected dividend yield	--	--

Expected volatility – In determining expected volatility, we have considered a number of factors, including historical volatility and implied volatility.

Expected term – We use historical employee exercise data to estimate the expected term assumption for the Black-Scholes valuation.

Risk-free interest rate – We use the yield on zero-coupon U.S. Treasury securities for a period commensurate with the expected term assumption as its risk-free interest rate.

Expected dividend yield – We do not issue dividends on our common stock; therefore, a dividend yield of 0% was used in the Black-Scholes model.

We recognize expense using the straight-line attribution method for both pre- and post-adoption grants. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered option. We currently expect, based on an analysis of our historical forfeitures, a forfeiture rate of approximately 3% and applied that rate to grants issued subsequent to adoption of SFAS 123R. This assumption will be reviewed periodically and the rate will be adjusted as necessary based on these reviews. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

A summary of the activity under our stock option plans as of March 30, 2008 and changes during the three month period then ended, is presented below:

	Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Options outstanding at December 30, 2007	1,989,646	$ 40.39		
Options granted	300,350	31.38		
Options exercised	(12,699)	16.29		

Options cancelled	(11,584)	47.39		
Options outstanding at March 30, 2008	2,265,713	39.29	6.5	$ 4,216,153
Options exercisable at March 30, 2008	1,682,818	38.67	5.6	3,918,939
Options vested or expected to vest at March 30, 2008 *	2,248,387	39.28	6.5	4,207,236

* In addition to the vested options, we expect a portion of the unvested options to vest at some point in the future. Options expected to vest is calculated by applying an estimated forfeiture rate to the unvested options.

During the three month period ended March 30, 2008, the total intrinsic value of options exercised (i.e., the difference between the market price at time of exercise and the price paid by the individual to exercise the options) was $0.1 million and the total amount of cash received from the exercise of these options was $0.2 million.

Restricted Stock

In 2006, we began granting restricted stock to certain key executives. This restricted stock program is a performance based plan that awards shares of common stock of the Company at the end of a three-year measurement period. Awards associated with this program cliff vest at the end of the three-year period and eligible participants can be awarded shares ranging from 0% to 200% of the original award amount, based on defined performance measures associated with earnings per share.

We will recognize compensation expense on these awards ratably over the vesting period. The fair value of the award will be determined based on the market value of the underlying stock price at the grant date. The amount of compensation expense recognized over the vesting period will be based on our projections of the performance of earnings per share over the requisite service period and, ultimately, how that performance compares to the defined performance measure. If, at any point during the vesting period, we conclude that the ultimate result of this measure will change from that originally projected, we will adjust the compensation expense accordingly and recognize the difference ratably over the remaining vesting period.

	Restricted Shares Outstanding
Non-vested shares outstanding at December 30, 2007	44,800
Awards granted	31,850
Non-vested shares outstanding at March 30, 2008	76,650

Based on adjustments to our performance projections, we reduced previously recognized compensation expense related to these awards by $0.2 million in the first quarter of 2008. For the three months ended March 30, 2008 and April 1, 2007, we recognized $0.1 million of income and $0.3 million of compensation expense, respectively, related to restricted stock.

Employee Stock Purchase Plan

We have an employee stock purchase plan (ESPP) that allows eligible employees to purchase, through payroll deductions, shares of our common stock at 85% of the fair market value. The ESPP has two six-month offering periods per year, the first beginning in January and ending in June and the second beginning in July and ending in December. The ESPP contains a look-back feature that allows the employee to acquire stock at a 15% discount from the underlying market price at the beginning or end of the respective period, whichever is lower. Under SFAS 123R, we recognize compensation expense on this plan ratably over the offering period based on the fair value of the anticipated number of shares that will be issued at the end of each respective period. Compensation expense is adjusted at the end of each offering period for the actual number of shares issued. Fair value is determined based on two factors: (i) the 15% discount amount on the underlying stock’s market value on the first day of the respective plan period, and (ii) the fair value of the look-back feature determined by using the Black-Scholes model. We recognized approximately $0.1 million of compensation expense associated with the plan in the three month periods ended March 30, 2008 and April 1, 2007.

Note 7 – Pension Benefit and Other Postretirement Benefit Plans

Components of Net Periodic Benefit Cost

The components of net periodic benefit cost for the periods indicated are:

(Dollars in thousands)	Pension Benefits		Retirement Health and Life Insurance Benefits	
	March 30, 2008	April 1, 2007	March 30, 2008	April 1, 2007
Change in benefit obligation:				
Service cost	$ 1,286	$ 1,153	$ 142	$ 207
Interest cost	1,989	1,794	105	149
Expected return on plan assets	(2,608)	(2,490)	-	-
Amortization of prior service cost	129	121	(174)	-
Amortization of net loss	36	79	42	25
Net periodic benefit cost	$ 832	$ 657	$ 115	$ 381

Employer Contributions

We did not make any voluntary contributions to our qualified defined benefit pension plans during the first three months of 2008 or 2007. We made approximately $0.2 million in contributions (benefit payments) to our non-qualified defined benefit plans during the first three months of 2008 and 2007.

Defined Benefit Pension Plan and Retiree Medical Plan Amendments

On July 16, 2007, we announced to our employees and retirees that the defined benefit pension and retiree medical plans would be amended effective January 1, 2008. As of January 1, 2008, newly hired and rehired employees are no longer eligible for the defined benefit pension plan. However, the amendment to the defined benefit pension plan did not impact the benefits to plan participants as of December 31, 2007. The amendment to the retiree medical plan did not impact the benefits for employees who were age 50 or older as of December 31, 2007, as long as they met certain eligibility requirements. However, employees who were less than age 50 as of December 31, 2007 are no longer eligible for retiree medical benefits. This plan amendment has resulted in a reduction to the accumulated benefit obligation, which beginning in the third quarter of 2007 is being accounted for as a reduction to prior service cost based on a plan amendment and amortized over the expected remaining service period of the ongoing active plan participants until they become fully eligible. In the first quarter of 2008, we recognized approximately $0.1 million as a reduction to prior service cost as a result of the amendment.

Note 8 – Equity

Common Stock Repurchase

From time to time, our Board of Directors authorizes the repurchase, at management's discretion, of shares of our common stock. On February 15, 2008, the Board of Directors approved a buyback program, which authorized us to repurchase up to an aggregate of $30 million in market value of common stock over a twelve-month period. This repurchase plan was scheduled to expire on February 14, 2009. Under this buyback program, we repurchased approximately 907,000 shares of common stock for $30.0 million in the first quarter of 2008, which completed this buyback program. Under a prior buyback program, 287,000 shares of common stock were repurchased for $14.0 million in the first quarter of 2007.

Note 9 – Segment Information

The following table sets forth the information about our reportable segments in conformity with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" for the periods indicated:

(Dollars in thousands)	Three Months Ended March 30, 2008 (1)	Three Months Ended April 1, 2007 (1)
Printed Circuit Materials		
Net sales	$ 32,968	$ 39,025
Operating income	3,066	3,241
High Performance Foams		
Net sales	$ 29,301	$ 26,001
Operating income	4,805	3,968
Custom Electrical Components		
Net sales	$ 28,010	$ 39,264
Operating income	1,915	3,136
Other Polymer Products (2)		
Net sales	$ 12,054	$ 10,781
Operating (loss) income	(1,075)	(239)

(1) These amounts represent the results of continuing operations. The 2007 amounts have been adjusted to exclude the results of the polyolefin foams operating segment, which had been aggregated in the Other Polymer Products reportable segment. See Note 13 "Discontinued Operations" for further information.

(2) In the first quarter of 2008, we created a new operating segment called NuFlex, which will report certain distribution activities for our flexible circuit material products that we historically produced, but that has been outsourced to our joint venture, RCCT, as well as certain residual manufacturing related to our wholly-owned flexible circuit material business. The operating segment did not meet the aggregation criteria in SFAS 131 and is therefore being included in our Other Polymer Products reportable segment.

Inter-segment sales have been eliminated from the sales data in the previous table.

Note 10 – Joint Ventures

As of March 30, 2008, we had four joint ventures, each 50% owned, which are accounted for under the equity method of accounting.

Joint Venture	Location	Reportable Segment	Fiscal Year-End
Rogers Inoac Corporation (RIC)	Japan	High Performance Foams	October 31
Rogers Inoac Suzhou Corporation (RIS)	China	High Performance Foams	December 31
Rogers Chang Chun Technology Co., Ltd. (RCCT)	Taiwan	Printed Circuit Materials	December 31
Polyimide Laminate Systems, LLC (PLS)	U.S.	Printed Circuit Materials	December 31

Equity income of $1.1 million and $1.3 million for the three month periods ended March 30, 2008 and April 1, 2007, respectively, is included in the condensed consolidated statements of income. In addition, commission income from PLS of $0.6 million and $0.4 million for the three month periods ended March 30, 2008 and April 1, 2007, respectively, is included in "Other income, net" on the condensed consolidated statements of income.

The summarized financial information for these joint ventures for the periods indicated is as follows:

(Dollars in thousands)	March 30, 2008	April 1, 2007
Net sales	$ 26,233	$ 22,104
Gross profit	5,843	4,063
Net income	2,186	2,536

The effect of transactions between us and our unconsolidated joint ventures were accounted for on a consolidated basis. Receivables from and payables to joint ventures arise during the normal course of business from transactions between us and the joint ventures, typically from the joint venture purchasing raw materials from us to produce end products, which are sold to third parties, or from us purchasing finished goods from our joint ventures, which are then sold to third parties.

Note 11 – Commitments and Contingencies

We are currently engaged in the following environmental and legal proceedings:

Environmental Remediation in Manchester, Connecticut

In the fourth quarter of 2002, we sold our Moldable Composites Division located in Manchester, Connecticut to Vyncolit North America, Inc., at the time a subsidiary of the Perstorp Group, located in Sweden. Subsequent to the divestiture, certain environmental matters were discovered at the Manchester location and we determined that under the terms of the arrangement, we would be responsible for estimated remediation costs of approximately $0.5 million and recorded this reserve in 2002 in accordance with SFAS No. 5, Accounting for Contingencies (SFAS 5). The Connecticut Department of Environmental Protection (CT DEP) accepted our Remedial Action Plan in February 2005. We completed the remediation activities in December 2005 and started post-remediation groundwater monitoring in 2006. The cost of the remediation approximated the reserve originally recorded in 2002. We have completed all of the required groundwater monitoring with favorable results. In the second quarter of 2008, we plan to issue to the CT DEP a final verification that the site has been remediated in accordance with the CT Remediation Standard.

Superfund Sites

We are currently involved as a potentially responsible party (PRP) in four active cases involving waste disposal sites. In certain cases, these proceedings are at a stage where it is still not possible to estimate the ultimate cost of remediation, the timing and extent of remedial action that may be required by governmental authorities, and the amount of our liability, if any, alone or in relation to that of any other PRPs. However, the costs incurred since inception for these claims have been immaterial and have been primarily covered by insurance policies, for both legal and remediation costs. In one particular case, we have been assessed a cost sharing percentage of approximately 2% in relation to the range for estimated total cleanup costs of $17 million to $24 million. We believe we have sufficient insurance coverage to fully cover this liability and have recorded a liability and related insurance receivable of approximately $0.4 million as of March 30, 2008, which approximates our share of the low end of the range.

In all our superfund cases, we believe we are a de minimis participant and have only been allocated an insignificant percentage of the total PRP cost sharing responsibility. Based on facts presently known to us, we believe that the potential for the final results of these cases having a material adverse effect on our results of operations, financial position or cash flows is remote. These cases have been ongoing for many years and we believe that they will continue on for the indefinite future. No time frame for completion can be estimated at the present time.

PCB Contamination

We have been working with the CT DEP and the United States Environmental Protection Agency (EPA) Region I in connection with certain polychlorinated biphenyl (PCB) contamination in the soil beneath a section of cement flooring at our Woodstock, Connecticut facility. We completed clean-up efforts in 2000 in accordance with a previously agreed upon remediation plan. To address the residual contamination at the site, we proposed a plan of Monitored Natural Attenuation, which was subsequently rejected by the CT DEP. We subsequently submitted a revised plan to the CT DEP, which was also rejected. We have submitted an amendment to the revised plan, which includes the installation and maintenance of a pump and treat system for a well at the location. We are awaiting a decision from the CT DEP on the amendment to the revised plan; however, we have estimated the cost of the system to be approximately $0.1 million and have accrued for this liability. Since inception, we have spent approximately $2.5 million in remediation and monitoring costs related to the site. We cannot estimate the range of future remediation costs based on facts and circumstances known to us at the present time. We believe that this situation will continue for several more years and no time frame for completion can be estimated at the present time.

Asbestos Litigation

Over the past several years, there has been a significant increase in certain U.S. states in asbestos-related product liability claims brought against numerous industrial companies where the third-party plaintiffs allege personal injury from exposure to asbestos-containing products. We have been named, along with hundreds of other companies, as a defendant in some of these claims. In virtually all of these claims filed against us, the plaintiffs are seeking unspecified damages, or, if an amount is specified, it merely represents jurisdictional amounts or amounts to be proven at trial. Even in those situations where specific damages are alleged, the claims frequently seek the same amount of damages, irrespective of the disease or injury. Plaintiffs' lawyers often sue dozens or even hundreds of defendants in individual lawsuits on behalf of hundreds or even thousands of claimants. As a result, even when specific damages are alleged with respect to a specific disease or injury, those damages are not expressly identified as to us.

We did not mine, mill, manufacture or market asbestos; rather, we made some limited products, which contained encapsulated asbestos. Such products were provided to industrial users. We stopped manufacturing these products in 1987.

- Claims

We have been named in asbestos litigation primarily in Illinois, Pennsylvania and Mississippi. As of March 30, 2008, there were approximately 185 pending claims compared to 175 pending claims at December 30, 2007. The number of open claims during a particular time can fluctuate significantly from period to period depending on how successful we have been in getting these cases dismissed or settled. In addition, most of these lawsuits do not include specific dollar claims for damages, and many include a number of plaintiffs and multiple defendants. Therefore, we cannot provide any meaningful disclosure about the total amount of the damages sought.

The rate at which plaintiffs filed asbestos-related suits against us increased in 2001, 2002, 2003 and 2004 because of increased activity on the part of plaintiffs to identify those companies that sold asbestos containing products, but which did not directly mine, mill or market asbestos. A significant increase in the volume of asbestos-related bodily injury cases arose in Mississippi in 2002. This increase in the volume of claims in Mississippi was apparently due to the passage of tort reform legislation (applicable to asbestos-related injuries), which became effective on September 1, 2003 and which resulted in a higher than average number of claims being filed in Mississippi by plaintiffs seeking to ensure their claims would be governed by the law in effect prior to the passage of tort reform. The number of asbestos-related suits filed against us declined in 2005 and in 2006, but increased slightly in 2007. As of the first quarter, the number of suits filed in 2008 is similar to the number filed in 2007 at that time.

- Defenses

In many cases, plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of exposure to our asbestos-containing products. We continue to believe that a majority of the claimants in pending cases will not be able to demonstrate exposure or loss. This belief is based in large part on two factors: the limited number of asbestos-related products manufactured and sold by us and the fact that the asbestos was encapsulated in such products. In addition, even at sites where the presence of an alleged injured party can be verified during the same period those products were used, our liability cannot be presumed because even if an individual contracted an asbestos-related disease, not everyone who was employed at