

ROGERS CORP  
Form DEF 14A  
March 24, 2016

One Technology Drive / P. O. Box 188 / Rogers, CT 06263-0188 / 860.774.9605

The Annual Meeting of Shareholders of Rogers Corporation, a Massachusetts corporation, will be held on Friday, May 6, 2016, at 10:30 a.m., local time, at the Hyatt Harborside Hotel at Logan International Airport, 101 Harborside Drive, Boston, Massachusetts 02128 for the following purposes:

1. To elect eight members of the Board of Directors for the ensuing year: Keith L. Barnes, Michael F. Barry, Bruce D. Hoechner, Carol R. Jensen, William E. Mitchell, Ganesh Moorthy, Helene Simonet, and Peter C. Wallace.
2. To vote on a non-binding advisory resolution to approve the compensation of the Company's named executive officers.
3. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of Rogers Corporation for the fiscal year ending December 31, 2016.
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders entitled to receive notice of and to vote at the meeting are determined as of the close of business on March 9, 2016, the record date fixed by the Board of Directors for such purpose.

Regardless of whether you plan to attend the meeting, you can be sure your shares are represented at the meeting by promptly voting electronically over the Internet or by telephone or by marking, dating, signing, and returning your proxy card in the pre-addressed, postage-paid return envelope (which will be provided to those shareholders who request to receive paper copies of these materials by mail), or by returning your voting instruction card to your broker. If for any reason you desire to revoke or change your proxy, you may do so at any time before it is exercised. The proxy is solicited by the Board of Directors of Rogers Corporation.

We cordially invite you to attend the meeting.

Directions to the Annual Meeting of Shareholders can be obtained by contacting the office of the Corporate Secretary at 860-774-9605.

By Order of the Board of Directors

Jay B. Knoll, Vice President, General Counsel & Corporate Secretary

March 24, 2016

## Proxy Statement Table of Contents

Proxy Statement	3
Proposal 1: Election of Directors	6
Nominees for Director, Director Qualifications and Experience	6
Stock Ownership of Management	9
Beneficial Ownership of More than Five Percent of Rogers Stock	10
Corporate Governance Policies	11
Board of Directors	12
Director Independence	12
Board Leadership Structure	12
Board Diversity	13
The Board's Role in Risk Oversight	13
Meetings of the Board and Committees	13
Directors' Compensation	15
Audit Committee Report	16
Compensation Discussion and Analysis	17
2015 Compensation	19
Compensation and Organization Committee Report	24
Summary Compensation Table	25
All Other Compensation for Fiscal Year 2015	26
Grants of Plan Based Awards for Fiscal Year 2015	27
Additional Information Regarding (i) the Summary Compensation Table, and (ii) Stock Awards Shown in Grants of Plan-Based Awards for Fiscal Year 2015	28
Outstanding Equity Awards at the End of Fiscal Year 2015	29
Option Exercises and Stock Vested for Fiscal Year 2015	31
Pension Benefits at End of Fiscal Year 2015	31
Non-Qualified Deferred Compensation at End of Fiscal Year 2015	32
Potential Payments on Termination or Change in Control	33
Post Termination Table	38
Proposal 2: Vote on a Non-Binding Advisory Resolution to Approve the Compensation of NEOs	40
Proposal 3: Ratification of PricewaterhouseCoopers LLP as Independent Auditor	41
Related Party Transactions	43
Section 16(a) Beneficial Ownership Reporting Compliance	44
Shareholder Proposals and Other Shareholder Business at the 2017 Annual Meeting of Shareholders	44
Solicitation of Proxies	44
"Householding" of Proxy Materials	45
Communications with Members of the Board of Directors	45
Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 6, 2016	45
Availability of Certain Documents	45

One Technology Drive / P. O. Box 188 / Rogers, CT 06263-0188 / 860.774.9605

## Proxy Statement

We are providing you with this proxy statement and proxy card (by mail, email, or over the Internet) in connection with the solicitation of proxies by the Board of Directors of Rogers Corporation (“Rogers,” “Company,” “Registrant,” “we” or “us” when used in the possessive form, “our”) for the Annual Meeting of Shareholders to be held on Friday, May 6, 2016, at 10:30 a.m., local time, at the Hyatt Harborside Hotel at Logan International Airport, 101 Harborside Drive, Boston, Massachusetts 02128.

What is the “Notice Regarding the Availability of Proxy Materials” (the “Notice”) and why did I receive it but no proxy materials by mail or email?

Unless you have requested that we provide a copy of our proxy materials (including our 2015 Annual Report (the “Annual Report”)) to you by mail or email, we are providing only the Notice to you by mail or email. The Notice will instruct you as to how you may access and review the proxy materials on the Internet. The Notice will also instruct you as to how you may access your proxy card to vote over the Internet. If you received the Notice by mail or email and would like to receive a paper copy of our proxy materials, free of charge, please follow the instructions included in the Notice. This proxy statement is dated March 24, 2016 and distribution of the Notice to shareholders is scheduled to begin on or about March 24, 2016. We have adopted this procedure pursuant to rules adopted by the Securities and Exchange Commission (“SEC”) in order to conserve natural resources and reduce our costs of printing and distributing the proxy materials, while providing a convenient method for shareholders to access the materials and vote.

What is the purpose of the Annual Meeting of Shareholders?

- To elect eight members of the Board of Directors for the ensuing year: Keith L. Barnes, Michael F. Barry, Bruce D. Hoechner, Carol R. Jensen, William E. Mitchell, Ganesh Moorthy, Helene Simonet, and Peter C. Wallace. (See pages 6-8 for additional information.)
- To vote on a non-binding advisory resolution to approve the compensation of our named executive officers. (See page 40 for additional information.)
- To ratify the appointment of PricewaterhouseCoopers LLP (“PwC”) as the independent registered public accounting firm of Rogers Corporation for the fiscal year ending December 31, 2016. (See pages 41-42 for additional information.)
- To transact such other business as may properly come before the meeting or any adjournment thereof. As of the date of this proxy statement, the Company is not aware of any other business to come before the meeting.

Who can vote at the Annual Meeting of Shareholders?

If you are a shareholder of record as of the close of business on March 9, 2016 (the “record date”), you are entitled to vote at the meeting and any adjournment thereof. As of that date, 18,001,408 shares of Rogers’ capital stock (also referred to as common stock), \$1 par value per share, were outstanding.

You are entitled to one vote for each share owned as of the close of business on the record date.

How do I get admitted to the Annual Meeting of Shareholders?

Attendance at the meeting will be limited to the following:

- Shareholders that hold shares of our capital stock in their own name (as “shareholders of record”) as of the record date;
- Shareholders that beneficially own shares of our capital stock through a bank, brokerage firm, dealer or other similar organization as nominee (in “street name”) as of the record date;
- Invited guests from the media and financial community; and
- Members of Company management who will facilitate the meeting.

You will need an admission ticket or proof of ownership to enter the meeting. An admission ticket is attached to your proxy card if you are a shareholder of record. If your shares are held in street name, you must present proof of your ownership of our capital stock, such as a bank or brokerage account statement, to be admitted to the meeting. Please note that if you hold your shares in

street name and plan to vote in person at the meeting, you will also need to bring a legal proxy from your nominee and present it to the inspector of election with your ballot.

All shareholders also must present a form of photo identification, such as a driver's license, in order to be admitted to the meeting.

How do I vote shares held under my name?

If you are a shareholder of record, you may instruct the Company on how to vote your shares by:

- using the Internet voting site listed on the proxy card or Notice;
- using the toll-free telephone number listed on the proxy card; or
- marking, signing, dating and returning the proxy card by mail.

You may also attend the meeting and vote your shares in person at the meeting.

Shares owned by employees or former employees as a result of participation in the Company's Global Stock Purchase Plan may be voted as set forth above.

How do I vote shares not held under my name?

If your shares are held in street name by a nominee, the Notice or proxy materials, as applicable, are being forwarded to you by that organization, and you should follow the instructions for voting as set forth on that organization's voting instruction card. Shares held in employees' or former employees' 401(k) plan (the Rogers Employees Savings and Investment Plan) may be voted in a similar manner.

Under the rules and practices of the New York Stock Exchange ("NYSE"), if you hold shares through a nominee, your nominee is permitted to vote your shares on certain "routine" matters in its discretion even if the nominee does not receive instructions from you. The proposal to ratify the appointment of PwC is considered a "routine" matter, and your nominee will have discretionary authority to vote your shares if you do not provide instructions as to how your shares should be voted on this proposal. The proposals to elect directors and to approve, on an advisory basis, the compensation of our named executive officers, however, are "non-routine" matters. The absence of voting instructions from you to your nominee on these "non-routine" matters will result in a "broker non-vote" because the nominee does not have discretionary voting power for those proposals. "Broker non-votes" do not constitute votes properly cast favoring or opposing proposals on "non-routine" matters.

How many holders of the Company's outstanding shares must be present to hold the Annual Meeting of Shareholders?

In order to conduct business at the meeting, it is necessary to have a quorum. The presence, in person or by proxy, of the holders of a majority of the shares of capital stock entitled to vote on a matter at the meeting constitutes a quorum with respect to that matter. "Broker non-votes" and abstentions will be considered present for the purpose of establishing a quorum.

How many votes are required to elect directors? How many votes are required for the other proposals to pass?

-

Election of directors: The eight director nominees receiving the highest number of votes at the meeting will be elected to the Board of Directors, even if such votes do not constitute a majority of the votes cast. Abstentions and “broker non- votes” do not constitute votes properly cast favoring or opposing director elections and, accordingly, neither will have any effect on the outcome of this vote.

- All other matters: The proposals to ratify the appointment of PwC and to approve, on an advisory basis, the compensation of our named executive officers will be approved by the affirmative vote of the majority of votes properly cast (i.e., the number of shares voted “FOR” the proposal must exceed the number of shares voted “AGAINST” the proposal). Abstentions and, with respect to the proposal to approve, on an advisory basis, certain executive compensation, “broker non-votes” will not have any effect on the outcome of these votes.

You are strongly encouraged to vote your shares.

How will my shares be voted if I complete and return my proxy card?

Whichever method you use to transmit your instructions, your shares of Rogers capital stock will be voted as you direct. If you sign and return the enclosed proxy card or otherwise designate the proxies named on the proxy card to vote on your behalf, but do not specify how to vote your shares, your shares will be voted:

- FOR the election of the nominees for director;
- FOR the advisory vote to approve the compensation of our named executive officers;
- FOR the ratification of the appointment of PwC as the Company's independent accounting firm; and
- In accordance with the judgment of the persons voting the proxy on any other matter properly brought before the meeting, if any such matters are properly raised at the meeting.

If I execute a proxy, may I still attend the Annual Meeting of Shareholders to vote in person or choose to change or revoke my vote?

Execution of a proxy will not in any way affect your right to attend the meeting and vote in person.

Any shareholder submitting a proxy has the right to revoke it any time before it is exercised by filing a written revocation with the Corporate Secretary of Rogers, by executing a proxy with a later date, by voting again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the meeting will be counted) or by attending and voting at the meeting.

Who counts the votes?

Representatives of Eagle Rock Proxy Advisors, LLC will tabulate the vote and act as inspectors of the election.

Proposal 1: Election of Directors

The directors of Rogers are elected annually by shareholders and hold office until the next Annual Meeting of Shareholders and thereafter until their successors are chosen and qualified. The Board of Directors has been advised that each nominee will serve if elected. If any of these nominees should become unavailable for election, proxies will be voted for the election of such other person, or for fixing the number of directors at a lesser number, as the Board of Directors may recommend. All of the nominees are currently directors of Rogers and all but Mr. Barnes were elected to their present term of office at the 2015 Annual Meeting of Shareholders. Mr. Barnes was appointed by the Board of Directors on October 8, 2015.

Nominees for Director, Director Qualifications and Experience

The biographical information below identifies the primary experience, qualifications, attributes and skills of (i) the eight nominees for director, and (ii) one current director, Robert G. Paul, who will retire from the Board as of May 6, 2016.

Name, Age as of February 11, 2016, and positions with the Company	Principal Occupation, Business Experience, Directorships and Qualifications
<p>Keith L. Barnes Age 64 Director since 2015</p>	<p>Mr. Barnes is the CEO of Barnes Capital Management, a family investment office focusing primarily on technology investments in Silicon Valley and the Pacific Northwest. From 2006-2011, Mr. Barnes was Chairman and CEO of Verigy Pte Ltd, a leading manufacturer of semiconductor capital equipment. Verigy was domiciled in Singapore and was acquired by Advantest of Japan in 2011. From 2003-2006, Mr. Barnes was Chairman and CEO of Electroglas, a leading manufacturer of semiconductor probing solutions. Mr. Barnes was Chairman and CEO of Integrated Measurement Systems ("IMS") from 1995-2001 when IMS was acquired. Mr. Barnes also serves as a director of the following public companies: Knowles Corporation of Itasca, Illinois; Mentor Graphics Corporation, Wilsonville, Oregon; and Viavi Solutions, Milpitas, California. The qualifications and skills that make Mr. Barnes well suited to serve as a member of our Board include his experience in global manufacturing, supply chain management, semiconductor systems and software development, marketing and sales, international business, governance and executive management, along with his public board and committee experience.</p>
<p>Michael F. Barry Age 57 Director since 2010 Audit Committee - Chairperson Compensation &amp; Organization Committee</p>	<p>Since 2009, Mr. Barry has been Chairman of the Board of Directors of Quaker Chemical Corporation. He joined the Quaker Board and became Quaker's President and Chief Executive Officer in 2008. Mr. Barry has held a number of other positions with Quaker since 1998, including Chief Financial Officer, Vice President and Global Industry Leader</p>



- Industrial Metalworking and Coatings, and Senior Vice President and Managing Director - North America. By serving in a variety of leadership and executive positions with Quaker, Mr. Barry has gained experience in accounting/finance, financial reporting, risk assessment, industrial marketing and services, organizational development, global organizations, governance, strategic planning, corporate development, research and development and manufacturing. This extensive and varied business experience is a valuable resource to the Rogers' Board of Directors and its management.

Bruce D. Hoechner  
Age 56  
Director since 2011  
President and Chief Executive  
Officer

Mr. Hoechner, who became the Company's President and Chief Executive Officer in 2011, has many years of broad leadership experience across numerous geographies, businesses and functions in the specialty chemicals industry with particularly strong international business expertise. For over ten years of his career he lived and worked in Singapore, Thailand and most recently, Shanghai, People's Republic of China. His Asian assignments were first with Rohm and Haas Company, for which he worked for 28 years, and then The Dow Chemical Company after its acquisition of Rohm and Haas in 2009. While in Shanghai, Mr. Hoechner was responsible for a variety of businesses, most recently as President, Asia Pacific Region, Dow Advanced Materials Division. He has also led a number of specialty chemical global business units, which had wide-ranging operations in Europe, North America, Latin America and Asia. Mr. Hoechner's broad, global industry experience and his service as our chief executive officer led the Board to conclude that he should continue to serve as a director.

Carol R. Jensen  
 Age 63  
 Director since 2006  
 Audit Committee Nominating  
 and  
 Governance Committee

Ms. Jensen is currently President and Principal Partner of Lightning Ranch Group, a privately held group of companies in ranching, real estate, technology consulting, energy and aviation. She previously served as a director of the Microelectronic Computer Corporation and the American Chamber of Commerce - Denmark. She previously held positions at The Dow Chemical Company (as Vice President of Research & Development of Performance Chemicals 2001-2004); 3M Corporation (as Executive Director of Research & Development 2000-2001, Managing Director of 3M Denmark 1998-2000, and Technical Director of 3M's Electronic Products business 1990-1998) and IBM Corporation (various research, development, marketing and strategic corporate positions 1979-1990). She was also an adjunct professor of Chemistry at the University of Texas, Austin (1991-1994). In these positions she gained experience in the electronics and Internet industries, the chemical and materials industry, and in research, marketing, development, manufacturing, sales, international business, governance and executive management. This technical background and experience make Ms. Jensen a valuable member of the Company's Board of Directors and a great resource to its management.

William E. Mitchell  
 Age 71  
 Director since 1994\*  
 Lead Director Audit Committee  
 Nominating and Governance  
 Committee  
 \*During the period April 2007  
 through May  
 2008, Mr. Mitchell did not  
 serve on the  
 Company's Board due to other  
 business commitments.

Mr. Mitchell is the Managing Partner of Sequel Venture Partners, LLC (formerly Sequel Capital Management, LLC), a private equity firm that he founded. He was Chairman of the Board of Directors of Arrow Electronics, Inc., from 2006 to 2009, and President and Chief Executive Officer of Arrow Electronics from 2003 to 2009. Mr. Mitchell was Executive Vice President of Solectron Corporation and President of Solectron Global Services, Inc., from 1999 to 2003. Other current public company directorships are Humana Incorporated and Veritiv Corporation. Mr. Mitchell's qualifications and skills include global business leadership and operations experience, financial expertise, global sales and marketing experience, and experience with global supply chain and distribution strategies for industrial and consumer goods. This business experience is valuable to the Board of Directors and management of Rogers.

Ganesh Moorthy  
 Age 56  
 Director since 2013  
 Compensation and  
 Organization  
 Committee  
 Nominating and Governance

In February 2016, Mr. Moorthy was named President of Microchip Technology Incorporated, adding that position to the post of Chief Operating Officer, a title he has held since 2009. Microchip is a leading provider of microcontroller, mixed-signal, analog, memory and Flash-IP solutions. He served as Executive Vice President of Microchip from 2006 to 2009. From 2001 to 2006, Mr. Moorthy served as Vice

Committee

President of several Microchip divisions. From 2010 to 2014, he served as a member of the Board of Directors of Hua-Hong Grace Semiconductor in Shanghai, China. He is also a member of the University of Washington's Electrical Engineering Board of Advisors. Mr. Moorthy's extensive background in a number of Rogers' key industries and his global expertise in business and technology leadership make him well qualified to provide valuable insight to the Board of Directors and management of Rogers.

Robert G. Paul  
Age 74  
Director since 2000  
Audit Committee  
Compensation and  
Organization  
Committee - Chairperson

Mr. Paul is the former President of the Base Station Subsystems Unit of Andrew Corporation, from which he retired in March 2004. From 1991, through July 2003, he was President and Chief Executive Officer of Allen Telecom Inc. which was a public company prior to being acquired by Andrew Corporation during 2003. Mr. Paul joined Allen Telecom in 1970, where he built a career holding various positions of increasing responsibility including Chief Financial Officer. Mr. Paul also serves on the board of directors for two public companies: Comtech Telecommunications Corp. and Kemet Corporation. The Company's Board of Directors and management benefits from Mr. Paul's extensive experience in the communications industry, one of the primary market segments into which the Company sells its products. Mr. Paul's strong financial background adds accounting expertise to the Board's activities. In addition, Mr. Paul's experience running a public company with markets throughout the world and manufacturing plants in Europe, Asia and the Americas provides a strong fit with Rogers' global markets and operations.

Helene Simonet Ms. Simonet served as Executive Vice President and Chief Financial Officer of Coherent, Inc. from 2002 until her retirement in February 2016. Ms. Simonet served as Vice President of Finance of Coherent's former Medical Group and Vice President of Finance of its Photonics Division from 1999 to 2002. Prior to joining Coherent, Ms. Simonet spent over twenty years in senior finance positions at Raychem Corporation's Division and Corporate organizations, including Vice President of Finance of Raynet Corporation. Ms. Simonet has both Masters and Bachelor degrees from the University of Leuven, Belgium. Ms. Simonet is a well-rounded executive with broad experience in both executive and financial management of a global technology manufacturing company, international business, mergers and acquisitions, and strategic planning. This experience and her expertise in areas important to Rogers make her an important asset to the Board.

Peter C. Wallace Mr. Wallace served as Chief Executive Officer and a director of Gardner Denver Inc., an industrial manufacturer of compressors, blowers, pumps and other fluid control products used in numerous global end markets, until his retirement in January 2016. He previously served as President and Chief Executive Officer, and a director of Robbins & Myers, Inc., from 2004 until 2013, when the company was acquired by National Oilwell Varco, Inc. Prior to joining Robbins & Myers, he was President and Chief Executive Officer of IMI Norgren Group from 2001 to 2004. Mr. Wallace is also a director of Applied Industrial Technologies, Inc., a public company. He also serves on the Board of Directors of a manufacturing firm engaged in packaging equipment and consulting services. Mr. Wallace's career has included senior functional roles in application engineering, sales, marketing, and international operations as well as chief executive officer at three multinational corporations. This broad and extensive leadership and board experience is valuable to Rogers' Board of Directors and to management.

None of the nominees for director are subject to any arrangement pursuant to which directors will be elected nor are there any family relationships between any directors and any of the Company's executive officers. To the best of our knowledge, there are no pending material legal proceedings in which any of our directors or nominees for director, or any of their associates, is a party adverse to us or any of our affiliates, or has a material interest adverse to us or any of our affiliates. Additionally, to the best of our knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments, sanctions, or injunctions that are material to the evaluation of the ability or integrity of any of our directors or nominees for director during the last 10 years.

Mr. Paul is retiring from the Board of Directors when his term expires on the date of the Company's 2016 Annual Meeting of Shareholders. Upon his retirement, the size of the Board will be reduced to eight directors. The Board may restore the size of the Board to nine at a future time.

#### Vote Required

Directors will be elected by a plurality of the votes properly cast. This means those nominees receiving the eight highest numbers of votes at the Annual Meeting of Shareholders will be elected, even if such votes do not constitute a majority of the votes properly cast. Abstentions and broker non-votes will not have any effect on the outcome of the proposal.

The Board recommends a vote "FOR" the election of each of the Nominees listed above.

## Stock Ownership of Management

This table provides information about the beneficial ownership of Rogers' capital stock as of March 9, 2016, by each of the current members of the Board of Directors, the named executive officers ("NEOs") listed in the "Summary Compensation Table" on page 25, and by all current directors and executive officers as a group. Unless otherwise noted, the persons listed below have sole voting and investment power with respect to the shares reported.

Name of Person or Group	Beneficial Ownership	
	Number of Shares (1)	Percent of Class (2)
Keith L. Barnes	1,200	*
Michael F. Barry	12,200	*
Robert C. Daigle (3)	44,902	*
Jeffrey M. Grudzien	41,049	*
Bruce D. Hoechner (3)	71,577	*
Carol R. Jensen (4)	14,888	*
David Mathieson	1,429	*
William E. Mitchell	14,414	*
Ganesh Moorthy (4)	4,700	*
Robert G. Paul	36,254	*
Helene Simonet	2,400	*
Janice E. Stipp	—	*
Peter C. Wallace (4)	12,200	*
Helen Zhang	2,392	
All Directors and Executive Officers as a Group (17 Persons) (1)	272,025	1.5%

\* None of our executive officers or directors owned more than 1.0% of our outstanding capital stock as of March 9, 2016.

- (1) Represents the total number of currently owned shares and shares acquirable within 60 days of March 9, 2016. Shares acquirable under stock options exercisable and, with respect to members of the Board of Directors, which would be receivable in the event of a separation from service within 60 days of March 9, 2016, are as follows (last name/number of shares): Barnes/1,200, Barry/1,300; Daigle/13,800; Grudzien/19,725; Hoechner/23,200; Jensen/1,300; Mitchell/3,399; Moorthy/1,300; Paul/10,300; Simonet/1,300; Wallace/1,300; and the group of 17 individuals/78,124.
- (2) Represents the percent ownership of total outstanding shares of capital stock, based on 18,001,408 shares of common stock outstanding as of March 9, 2016, and on an individual or group basis those shares acquirable by the respective directors and executive officers within 60 days of March 9, 2016, through the exercise of stock options or otherwise as described above.
- (3) Mr. Daigle and Mr. Hoechner own, respectively, 5,556 shares and 11,278 shares as to which investment and voting power is shared with their respective spouses. Mr. Hoechner's total includes 820 shares held by trust for which his spouse serves as trustee.
- (4) Ms. Jensen and Mr. Moorthy own, respectively, 12,688 and 3,400 shares in trusts in which investment and voting power is shared with their respective spouses. Mr. Wallace owns 8,150 shares in a trust in which he has sole investment and voting power.



## Beneficial Ownership of More than Five Percent of Rogers Stock

Except as otherwise noted below, this table provides information regarding beneficial ownership of each person known to Rogers to own more than 5% of its outstanding capital stock as of December 31, 2015 based upon filings by each such person with the SEC on Schedule 13G (including amendments) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Unless otherwise noted, the beneficial owners have sole voting and dispositive power with respect to the shares listed below.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class (1)
BlackRock, Inc. (2) 55 East 52nd Street New York, NY 10055	1,708,569	9.5
Neuberger Berman Group LLC (3) 605 Third Avenue New York, NY 10158	1,684,358	9.4
The Vanguard Group (4) 100 Vanguard Blvd. Malvern, PA 19355	1,359,267	7.6
Wellington Management Group LLP (5) 280 Congress Street Boston, Ma 02210	1,191,608	6.6

(1) Based on 18,001,408 shares outstanding as of the record date, March 9, 2016.

- (2) Blackrock, Inc., a parent holding company, reports it has sole voting power with respect to 1,666,762 of the shares listed above and sole dispositive power with respect to all of the shares listed above.
- (3) Neuberger Berman Group LLC a parent holding company, reports it has shared voting power with respect to 1,684,358 of the shares listed above and shared dispositive power with respect to all of the shares listed above.
- (4) The Vanguard Group, a registered investment adviser, reports it has sole voting power with respect to 28,649 of the shares listed above and shared dispositive power with respect to 29,149 of the shares listed above and sole dispositive power with respect to 1,330,118 of the shares listed above.
- (5) Wellington Management Group LLP, a registered investment adviser, reports it has shared voting power with respect to 956,811 of the shares listed above and shared dispositive power with respect to 1,191,608 of the shares listed.

## Corporate Governance Practices

Rogers has long subscribed to sound corporate governance practices. Certain of the best practices in which we engage are highlighted below.

- All directors stand for election annually.
- The Board of Directors has adopted a retirement policy for directors, which is set forth in Rogers' Corporate Governance Guidelines, under which directors may not be nominated for election after age 72 unless the Board deems it advisable to do so.
- The Board of Directors has determined that eight of its nine current directors, representing approximately 89% of the Board, are independent. Rogers' Corporate Governance Guidelines require that a majority of the Board be independent under NYSE listing requirements but also state that it is the Board of Directors' goal (but not a requirement) that at least two-thirds of the directors be independent.
- The Audit Committee has four members whom the Board of Directors has determined are "audit committee financial experts" as defined under SEC regulations.
- The non-management directors (all of whom currently are independent) regularly meet in executive session and there is an independent "Lead Director" who is responsible for presiding over such meetings.
- The Board of Directors actively participates in Company strategy by, among other things, annually reviewing a strategic plan and a one-year operating plan that is linked to strategic objectives.
- The Board of Directors as a whole oversees succession planning with respect to the President and CEO as well as other senior management positions.
- The Company's Stock Ownership Guidelines are designed to encourage executive officers and directors to accumulate a significant level of direct stock ownership, thereby aligning their interests with the interests of shareholders.
- The Company's Compensation Recovery Policy enables the Board of Directors to recover any compensation earned or paid to an executive officer from any financial result or operating objective that was impacted by the officer's misconduct.
- The Company's Insider Trading Policy prohibits directors and executive officers from engaging in hedging transactions involving the Company's stock.
- Directors have complete access to all levels of management and are provided with opportunities to meet with members of management on a regular basis.



## Board of Directors

### Director Independence

Under the listing standards of the NYSE, the Board of Directors is required to affirmatively determine which of its directors are independent based on the absence of any direct or indirect material relationship between the Company and the director. To evaluate the materiality of any such relationship, the Board has adopted categorical independence standards consistent with the NYSE listing standards. In addition, the Board has adopted the following categorical standards, contained in the Rogers Corporation Corporate Governance Guidelines, which identify certain relationships deemed by the Board to be immaterial provided that they satisfy the criteria below:

- If a Rogers' director (other than a member of the Audit Committee) receives direct or indirect annual compensation or other benefits (other than board and committee fees) from Rogers, such amount must not exceed \$30,000;
- If a Rogers' director is an executive officer of another company that does business with Rogers, the annual sales to, or purchases from, Rogers must be less than 1% of the revenues of the company he or she serves as an executive officer;
- If a Rogers' director is an executive officer of another company which is indebted to Rogers, or to which Rogers is indebted, the total amount of either company's indebtedness to the other must be less than 1% of the total consolidated assets of the company he or she serves as an executive officer; and
- If a Rogers' director serves as an officer, director or trustee of a charitable organization, Rogers' discretionary charitable contributions to the organization must be less than 1% of that organization's total annual charitable receipts. (Rogers' matching of employee charitable contributions will not be included in the amount of Rogers' contributions for this purpose.)

The Board of Directors has affirmatively determined that all of the current directors other than Mr. Hoechner satisfy these standards and do not have any direct or indirect material relationship with Rogers. After considering the standards described above, the Board has determined that the following directors are independent thereunder: Keith L. Barnes, Michael F. Barry, Carol R. Jensen, William E. Mitchell, Ganesh Moorthy, Robert G. Paul, Helene Simonet and Peter C. Wallace. Until his retirement from the Board in May of 2015, Mr. Gregory B. Howey was also independent thereunder.

### Board Leadership Structure

The Company's bylaws provide that unless otherwise provided by the directors, the President and CEO shall preside, when present, at all meetings of shareholders and (unless a chairman of the Board of Directors has been appointed and is present) of the directors. If a chairman of the Board of Directors is appointed, he or she shall preside at all meetings of the Board of Directors at which he or she is present. Currently, there is no chairman of the Board as during the last twenty years the Board has selected only recently retired, or soon to be retired, Presidents and CEOs of the Company to serve in this capacity. Accordingly, our President and CEO, Bruce Hoechner presides over meetings of our Board of Directors and shareholders.

Additionally, we currently have an independent Lead Director whose responsibilities include calling meetings of independent directors, presiding at executive sessions of the non-management directors, and, if not all non-management directors are independent directors, at meetings of the independent directors, providing periodic feedback to the President and CEO, reviewing board agendas and being a person whom shareholders can contact should they wish to communicate with the Board. Other independent directors also provide input for board agendas.

Our non-management directors hold executive sessions without management present as frequently as they deem appropriate, and generally such an executive session is held at each in-person, regularly scheduled board meeting. The Board currently has three standing committees - (1) Audit, (2) Compensation and Organization, and (3) Nominating and Governance. Each of these committees is comprised solely of independent directors, with each of the three committees having a separate chairperson who participates in the development of committee agendas.

We believe that this leadership structure has worked well for the Company because it is combined with a compatible board culture and a board with typically only eight to ten members. Such a board culture creates an environment in which there are candid disclosures by management about the Company's performance and a culture in which directors can regularly engage management and each other in active and meaningful discussions about various corporate matters. The current leadership structure and board culture provide sufficient flexibility to address varying issues as conditions change.

## Board Diversity

As set forth in its Corporate Governance Guidelines, Rogers endeavors to have a board with diverse experience at policy-making or strategic-planning levels in business or in other areas that are relevant to the Company's activities. The Nominating and Governance Committee does not have a formal policy with respect to diversity in identifying or selecting nominees for Rogers' Board, but in evaluating nominees, the committee assesses the background of each candidate in a number of different ways, including how the individual's qualifications complement, strengthen and enhance those of existing board members as well as the future needs of the Board. During the Board's annual self-evaluation, and at other times during the year, the directors assess the Board's performance and ways in which such performance can be improved.

## The Board's Role in Risk Oversight

The Board has an active role as a whole, and also at the committee level, in overseeing management of the Company's risks. The entire Board receives regular reports from management concerning areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic risks. Although the Board as a whole is responsible for overseeing the Company's risk management, each Board committee is responsible for evaluating the risks associated with its area of responsibility and discussing its findings and making recommendations to the Board.

The Board focuses on the most significant risks facing the Company and the Company's general risk management strategy, and also ensures that risks undertaken by the Company are prudent based on the Company's strategy and the current business environment. While the Board oversees the Company's risk management, the Company's senior management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that our board leadership structure supports this approach.

## Meetings of the Board and Committees

### Board of Directors

The Board of Directors held 6 meetings during 2015. The Board of Directors currently has three standing committees, an Audit Committee, Compensation and Organization Committee and Nominating and Governance Committee. All directors attended at least 75% in the aggregate of the meetings held in 2015 of the Board and the committees on which each such director served during his or her tenure as Board and committee members. Our Corporate Governance Guidelines provide that all directors are expected to attend the annual meeting of shareholders absent an unavoidable conflict. All of the members of the Board of Directors then serving attended the 2015 Annual Meeting of Shareholders.

In 2015 the Board of Directors adopted updated Corporate Governance Guidelines which set forth information pertaining to director qualifications and responsibilities, as well as other corporate governance practices and policies.

### Meetings of Non-Management Directors

The Board holds regularly scheduled sessions for the non-management directors of the Company (all of whom the Board has determined to be independent) without management present. These meetings are presided over by the Lead Director, or, in the absence of the Lead Director, another independent director. The non-management directors may meet without management present at other times as determined by the Lead Director. On May 8, 2015, Mr. Mitchell was appointed Lead Director for a one year term. Any interested party who wishes to make his, her or its concerns

known to the non-management directors may contact the Lead Director or the non-management directors as a group, in writing at Rogers Corporation, One Technology Drive, P. O. Box 188, Rogers, Connecticut 06263-0188, Attention: Lead Director.

## Committee Membership

The following table illustrates the current membership of each committee and the number of meetings held in 2015:

Name	Board	Audit	Compensation and Organization	Nominating and Governance
Keith L. Barnes	ü			
Michael F. Barry	ü	Chair	ü	
Bruce D. Hoechner	ü			
Carol R. Jensen	ü	ü		ü
William E. Mitchell	ü	ü		ü
Ganesh Moorthy	ü		ü	ü
Robert G. Paul*	ü	ü	Chair	
Helene Simonet	ü	ü	ü	
Peter C. Wallace	ü		ü	Chair
Number of Meetings in 2015	6	10	8	5

\*Mr. Paul is retiring from the Board when his term expires on May 6, 2016.

## Audit Committee

The Audit Committee has been established in accordance with the Exchange Act and related SEC regulations. The Audit Committee's responsibilities, which are set forth in a written charter adopted by the Board, include oversight of the Company's financial reporting function, internal audit function, and internal controls and risk management, selection, evaluation and oversight of the Company's independent auditor, and assessment and review of compliance, investigations and legal matters. The agenda for meetings of the Audit Committee is determined by its chairperson with the assistance of management. The Board of Directors has determined that each member of the Committee is "independent" in accordance with the NYSE's listing standards and SEC regulations. In addition, the Board of Directors has also determined that Messrs. Barry, Mitchell and Paul and Ms. Simonet are "Audit Committee Financial Experts" in accordance with SEC regulations and that all of the Audit Committee members are financially literate in accordance with NYSE listing standards.

## Compensation and Organization Committee

The Compensation and Organization Committee's authority and responsibilities, which are set forth in its written charter, include review and evaluation of the Company's compensation philosophy, establishment of the compensation of our CEO and other executive officers, oversight with respect to the company's equity incentive and stock-based plans and material employee benefit plans, and review of succession plans for the CEO and other senior leadership positions. The agenda for meetings of the Compensation and Organization Committee is determined by its chairperson with the assistance of management.

During 2015, the Compensation and Organization Committee was comprised of non-management directors who were each: (i) independent as defined under the NYSE listing standards and as determined by the Board of Directors, (ii) "non-employee directors" for purposes of Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and (iii) "outside directors" for purposes of Section 162(m) of the Internal Revenue Code. From January 1, 2015 until May 8,

2015, Mr. Howey served on the Compensation and Organization Committee and he also met the criteria listed in items (i), (ii) and (iii) above.

#### Nominating and Governance Committee

The Nominating and Governance Committee has responsibilities, which are set forth in a written charter, that include developing and recommending to the Board criteria for board and committee membership, evaluating and presenting to the Board its determinations with respect to director independence and satisfaction of other requirements, overseeing Rogers' corporate governance policies and practices, developing and recommending to the Board an annual Board and committee evaluation process, and overseeing director orientation and training programs. The agenda for meetings of the Nominating and Governance Committee is determined by its chairperson with the assistance of management.

The Board of Directors has determined that each member of this committee (as well as Mr. Howey, who served on the committee from January 1, 2015 until his retirement from the Board on May 8, 2015) is “independent” in accordance with the NYSE’s listing standards.

Potential directors are identified from several sources, including executive search firms retained by the committee, incumbent directors, management, and shareholders. Mr. Barnes, who was appointed as a director by the Board of Directors on October 8, 2015, was identified and recommended to the Nominating and Governance Committee and Board of Directors for appointment as a director by RSR Partners, a third party executive and board search firm which had been retained by the Company.

See “Shareholder Proposals and Other Shareholder Business at the 2017 Annual Meeting of Shareholders” for additional information regarding shareholder nominations of director candidates.

### Directors’ Compensation

Directors who are employees of Rogers receive no additional compensation for their services as directors. The Compensation and Organization Committee periodically reviews non-management director compensation policies with the assistance of its compensation consultant. In 2015, compensation for non-management directors consisted of an annual retainer and meeting fees (“Fees Earned or Paid”) and equity awards as described below.

The table below shows the total compensation earned by our non-management directors during 2015. Each component of director compensation is summarized following the table.

Name	Fees Earned or Paid (1)	Fair Value of Deferred Stock	
		Unit Awards (2)	Total
Keith L. Barnes (3)	\$12,239	\$61,980	\$74,219
Michael F. Barry	\$75,750	\$100,000	\$175,750
Gregory B. Howey (4)	\$22,143	—	\$22,143
Carol R. Jensen	\$58,250	\$100,000	\$158,250
William E. Mitchell	\$74,000	\$100,000	\$174,000
Ganesh Moorthy	\$59,750	\$100,000	\$159,750
Robert G. Paul	\$73,500	\$100,000	\$173,500
Helene Simonet	\$59,000	\$100,000	\$159,000
Peter C. Wallace	\$67,250	\$100,000	\$167,250

- (1) Includes the annual retainer and meeting fees, which were all paid in cash for 2015. Directors may elect to defer such fees pursuant to a non-qualified deferred compensation plan.
- (2) The fair value of Deferred Stock Unit Awards is the same as the compensation cost reported in Rogers’ financial statements. All Deferred Stock Units awarded to directors are immediately vested as of the award date. On May 8, 2015, we granted a Deferred Stock Unit Award for 1,300 units to each no-management director then serving on the Board and the fair value of the shares underlying each award on the grant date was \$100,000. Mr. Barnes was granted a Deferred Stock Unit Award for 1,200 units on October 8, 2015 with the fair value of the shares underlying the award being \$61,980.
- (3) Mr. Barnes joined the Board on October 8, 2015; accordingly, he received a pro-rata portion of the annual retainer.

(4) Mr. Howey retired from the Board on May 8, 2015.

#### Annual Retainer

Non-management directors earned an annual retainer of \$40,000 in 2015 if they served on the Board for a full year. The Lead Director and the chairperson of each board committee earned an additional annual retainer amount in 2015 as follows: (i) Lead Director (Mr. Mitchell) - \$15,000; (ii) Audit Committee Chairperson (Mr. Barry) - \$10,000; (iii) Compensation and Organization Committee Chairperson (Mr. Paul) - \$7,500; (iv) Nominating and Governance Committee Chairperson (Mr. Wallace) - \$5,000. The annual retainer is pro-rated for non-management directors who serve for only a portion of the year and is normally paid in June and December.

#### Meeting Fees

Directors received \$1,500 for each board meeting attended in 2015. Committee chairpersons received \$1,500 for each committee meeting attended and other committee members received \$1,000 for each committee meeting attended. Fees for telephonic meetings are reduced by 50%. Meeting fees are paid in cash.



#### Deferred Stock Unit Awards

Deferred Stock Unit Awards were granted to non-management directors as set forth in the table above. These awards were fully vested. The stock subject to these awards is scheduled to be issued on the 13-month anniversary of the grant date unless the director elects to defer the receipt of these shares.

#### Perquisites and Reimbursable Expenses

Rogers does not provide its non-management directors with any additional benefits and/or perquisites. Rogers does reimburse its directors for expenses associated with attending any board or committee meetings and attending certain other meetings in their capacity as board or committee members. The Directors' Education and Training Allowance Policy was established to provide reimbursement of up to \$10,000 during any two-year period to non-management directors for the reasonable costs to attend education and training programs, as well as membership fees in any appropriate professional organizations, in all such cases reflective of the director's duties to the Board, the director's background and experience, and developments relevant to corporate governance and to the Company's operations.

#### Audit Committee Report

The Audit Committee oversees and monitors the Company's financial reporting process and systems of internal accounting and financial controls on behalf of the Board of Directors. In fulfilling these responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2015 (the "Annual Report"). The Audit Committee discussed with PricewaterhouseCoopers LLP, Rogers' independent registered public accounting firm, the matters required to be discussed with the independent registered public accounting firm under generally accepted auditing standards including Statement on Auditing Standard No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (the "PCAOB"). In addition, the Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by the PCAOB regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence, and has discussed its independence with PricewaterhouseCoopers LLP.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the audited financial statements in the Annual Report for filing with the Securities and Exchange Commission.

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Management is responsible for determining that the Company's financial statements are complete and accurate and in accordance with U.S. GAAP. Our independent registered public accounting firm is responsible for conducting an audit of our annual financial statements in accordance with the standards of the PCAOB. In giving our recommendation to the Board, the Committee has relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with U.S. GAAP, and (ii) the report of the Company's independent registered public accounting firm with respect to such financial statements.

A u d i t  
Committee: Michael F. Barry, Chairperson  
Carol R. Jensen, Member  
William E. Mitchell, Member

Robert G. Paul, Member  
Helene Simonet, Member

## Compensation Discussion and Analysis

### Overview of Business and Results

Rogers Corporation is a global leader in engineered materials to power, protect, and connect our world. With more than 180 years of materials science experience, Rogers delivers high-performance solutions targeting key applications in Clean Energy, Internet Connectivity, and Safety and Protection megatrend markets. Rogers operates principally through three business segments: Advanced Connectivity Solutions ("ACS," formerly Printed Circuit Materials), providing material and components for wireless infrastructure, automotive safety and radar systems; Elastomeric Material Solutions ("EMS," formerly High Performance Foams), providing material and components for sealing, vibration management and impact protection in portable electronics, transportation interiors, industrial equipment and performance apparel; and Power Electronics Solutions ("PES"), providing material and components for energy-efficient motor drives, vehicle electrification and alternative energy. Headquartered in Connecticut (United States), Rogers operates manufacturing facilities in the United States, China, Germany, Belgium, Hungary, and South Korea, with joint ventures and sales offices worldwide.

In 2015, Rogers faced headwinds in its organic businesses due to volatility in the global economies and fluctuations in foreign currency values. Even with these challenges the Company reported record net sales of \$641.4 million, an increase of 5.0% in fiscal 2015 from net sales of \$610.9 million in 2014. This growth was driven by the January 2015 acquisition of Arlon LLC and its subsidiaries other than Arlon India (Pvt) Limited (collectively, "Arlon"), which contributed \$100.0 million in net sales and more than offset the organic sales decline. We completed the Arlon integration within our 12-month goal, and the integrated business is performing well in our ACS and EMS segments.

ACS recorded \$267.6 million in net sales in 2015, an 11.1% increase from \$240.9 million in net sales in 2014. Organic net sales declined 11.4% on a currency adjusted basis from the prior year. Fluctuations in currency exchange rates unfavorably impacted net sales in 2015 by 1.3% as compared with 2014. ACS' net sales in 2015 include \$57.4 million from the acquired Arlon business in 2015.

EMS recorded \$180.9 million in net sales in 2015, a 4.2% increase compared to \$173.7 million in net sales in 2014. Organic net sales declined by 7.9% on a currency adjusted basis from the prior year. Fluctuations in currency exchange rates unfavorably impacted net sales in 2015 by approximately 1.8% as compared with the 2014. EMS' net sales in 2015 include \$24.0 million from the acquired Arlon business in 2015.

PES recorded a 12.5% decrease in net sales in 2015 to \$150.3 million, compared to \$171.8 million in net sales in 2014. PES' net sales were unfavorably impacted by approximately 12.0%, due to currency exchange rate fluctuations in 2015 and by a 0.5% decline in organic net sales in 2015.

### Key Compensation Actions and Decisions

Based on company performance, together with our commitment to enhance "pay for performance" linkages, provide compensation transparency, and pursue competitive pay practices in our industry, we listened to our shareholders, 96% of whom voted in favor of the compensation package of our named executive officers ("NEOs") in 2015, and implemented the following key compensation actions and decisions in 2015:

- Expanded the applicability of Internal Revenue Code Section 162(m) compliant provisions of the performance-based Annual Incentive Compensation Plan ("AICP") to an additional ten senior executives, including all of our non-CEO NEOs. (Previously, only the CEO was covered by such provisions.)

- Performance-based pay made up 77% of our CEO's target compensation in 2015. For our remaining NEOs, performance-based pay made up 61% of their target compensation, on average, in 2015, up from 57% in 2014.
- Employed multiple performance measures to balance short- and long-term objectives.
- Aligned our equity-based compensation with multi-year vesting periods to drive long-term shareholder value creation.

#### Our Approach to Compensation and our Decision Making Process

Our approach to compensation is fundamentally defined by our efforts to recruit, retain and motivate the right executives to positively drive shareholder value creation, as measured on a relative basis against our peers as well as in absolute measures based upon our financial and operational performance.

To achieve these goals, we seek to provide opportunity for our executive officers and other senior managers to earn compensation that is competitive with other companies of comparable size, global reach and complexity. In addition, we strongly emphasize a culture of pay for performance in order to provide incentives and accountability for our executive officers and other senior managers in working toward the achievement of our strategic and operational objectives.

#### Peer Groups and Data

The Compensation and Organization Committee's (the "Committee") use of peer group data demonstrates our focus on recruitment and retention of executives who will positively drive shareholder value creation. The Committee looks to executive pay in the technology industry when establishing NEO compensation and aims to preserve flexibility by setting base and incentive compensation within a range around the median of the market data. In 2015, the Committee considered two sources of compensation information as part of this process: a peer group, described in more detail below, and technology and general industry survey data developed from a compilation surveys from several reputable consulting firms. For our CEO and CFO, the Committee averaged the peer group data and survey data to develop a composite median market compensation for consideration when establishing NEO compensation. The compensation for all other NEOs was compared to the survey data only. The Committee looks to survey data from the Beijing market when evaluating target compensation for Helen Zhang, the head of the Company's PES unit.

The group of peer companies consisted of U.S. public companies in the electronics equipment industry (Global Industry Classification Standard code 452030) that the Committee determined, in consultation with its independent compensation consultant, Pay Governance LLC (the "Consultant") and management, generally reflects the labor market in which Rogers competes for executive talent. Specifically, the Committee concluded that each of these companies had a similar global presence and complexity of multiple global manufacturing operations, hired employees with similar skills and experience and fall within an appropriate revenue and market capitalization range. The following 14 U.S. public companies comprised the peer group for 2015, with median revenue of approximately \$560 million compared to Rogers' net sales of \$611 million for fiscal year 2014, and a median market capitalization of approximately \$1,210 million as of their respective fiscal year-ends compared to Rogers' market capitalization of \$1,499 million as of December 31, 2014.

Cabot Microelectronics Corp.	Comtech Telecommunications Corp.	Diodes Inc.	Hutchinson Technology Inc.
International Rectifier Corp.	Intersil Corp.	IXYS Corp.	KEMET Corp.
Littelfuse Inc.	Methode Electronics	MKS Instruments Inc.	Pulse Electronics Corp.
Semtech Corp.	Vicor Corp.		

The Committee periodically reviews and evaluates this peer group to ensure that it remains appropriate. In 2015, the Committee excluded ATMI Inc. and Power One Inc., two members of the Company's peer group in 2014, from its peer group analysis because they had been acquired by third parties. The peer group was otherwise consistent with the Company's 2014 peer group.

#### Role of Management

The Committee, in making any and all executive compensation decisions, is authorized by the Board to solicit input from management as appropriate with respect to individual and Company performance and results. The Committee receives recommendations and evaluations with respect to NEO performance and compensation from Mr. Hoechner

(other than with respect to his own compensation). While Mr. Hoechner does not make a recommendation to the Committee with respect to his own compensation, he provides the Committee with a summary of his annual performance. The Committee considers this assessment in conjunction with materials provided by the Company's chief human resource officer regarding Mr. Hoechner's performance and recommended compensation. The Committee evaluates this input as well as the input of the Consultant as it independently makes its assessments and compensation decisions.

#### Role of the Consultant

The Committee is authorized to select and retain its own independent compensation consultant. In 2015, the Committee engaged the Consultant to provide independent compensation advice, perspective and data. Among other things, the Consultant advises the Committee on evolving best pay practices and provides benchmarking data and recommendations on CEO compensation. The Consultant annually assesses our compensation program's potential for risk and its competitiveness relative to our industry and our peers and advises the Committee with respect to these issues. Except for the required and limited coordination with management in connection with the Consultant's work for the Committee, the Consultant did not provide any services to the Company and was not paid for services to the Company other than for those related to work for the Committee during 2015.

The Committee annually reviews the independence of the Consultant as part of its standard governance practices and has determined that the Consultant is independent.

## 2015 Compensation

### Compensation Mix

The Committee believes that executive compensation should include a competitive combination of base salary, annual incentive compensation and long-term incentive compensation that emphasizes performance and balances shorter-term results with execution of longer-term strategic initiatives. The target compensation mix for 2015 for Mr. Hoechner, our CEO, was 77% performance-based compensation, consistent with 2014. Target compensation mix on average for our other NEOs for 2015 was 61% performance-based compensation, up from 57% in 2014. The charts below illustrate the target pay mix for our CEO and our other NEOs.

1. Base Salary in the "Non-CEO NEO Target Pay Mix" chart reflects base salaries as well as a sign-on bonus paid to Janice E. Stipp in 2015.
2. "Non-Equity Incentive Plan Compensation" refers to the Annual Cash Incentive Compensation discussed in the following pages and reflects the 2015 target incentive.
3. "Stock" refers to the Long-Term Incentive Compensation discussed in the following pages and reflects the grant date fair values for all 2015 equity awards.

## Base Salary

Base salary is what we pay our executives for their qualification, experience, and regular contribution to the business. Our goal is to ensure that business decisions are in the hands of executives with proven track records, and our ability to recruit, retain and motivate such talented people depends in part on competitive base salaries. Adjustments or changes to base salary are dependent upon many factors, such as an executive's tenure, internal equity across the executive team based on individual roles and contributions, market trends, and general affordability based on business results. Base salary is generally subject to annual review, unless circumstances dictate otherwise. Generally speaking, salary adjustments are effective at the beginning of the second quarter of the year and take into account the Company's prior year performance.

The Committee begins its assessment of NEO base salaries with an analysis of base salary relative to the peer group and survey data discussed above. In 2015, the Committee aimed to set NEO base salaries around the median of this market compensation.

NEO	2014 Salary	2015 Salary	Salary % Increase for 2015
Bruce D. Hoechner	\$600,000	\$625,000	4.2%
Janice E. Stipp	—	\$400,000	N/A
David Mathieson	\$360,000	\$365,000	1.4%
Robert C. Daigle	\$331,500	\$345,000	4.1%
Jeffrey M. Grudzien	\$295,000	\$318,600	8.0%
Helen Zhang	\$324,500	\$340,700	5.0%

In 2015, the Committee approved a 4.2% increase in the base salary of our CEO. In addition to considering peer group and survey data, the Committee evaluated the Company's 2014 financial and operational performance, including record annual net sales, in establishing Mr. Hoechner's 2015 base salary. The base salary of our CFO, Ms. Janice E. Stipp, was established by the Committee, and it concluded that her base salary fell within an appropriate range of the median compensation paid to CFOs in the industry. She joined the Company in November 2015, replacing David Mathieson, who stepped down as CFO in November 2015 and retired effective December 31, 2015. The base salaries of our other NEOs, Ms. Zhang and Messrs. Daigle, Grudzien and Mathieson increased by the amounts shown in the table above from 2014 to 2015. The Committee concluded that these increases were appropriate based on its evaluation of industry survey data, CEO input, individual performance, Company performance and, in the cases of Ms. Zhang and Mr. Grudzien, the performance of the PES and ACS business segments, respectively, which experienced net sales growth of 6.9% (PES) and 30.2% (ACS) during 2014.

## Annual Incentive Compensation Plan

Our AICP is intended to compensate executives for their short-term contributions to the Company's performance. In 2015, the Committee extended the Section 162(m) provisions of the AICP to cover not only the CEO, as was the case in 2014, but also all other NEOs. The Committee adopted this approach to ensure sufficient flexibility to determine appropriate non-equity incentive compensation and preserve corporate tax deductions under Section 162(m) of the Internal Revenue Code. Consistent with the terms of the AICP, the Committee established a performance goal (the achievement of positive operation income) and target and maximum potential payouts early in 2015. After considering peer group and survey data, as previously described, the Committee set the target and maximum potential payouts for the then NEOs as follows:

NEO

2015 Maximum Payout



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	2015 Base Salary	Base Salary Percentage	2015 Target Payout	
Bruce D. Hoechner	\$625,000	100%	\$625,000	\$2,500,000
David Mathieson	\$360,000	55%	\$200,750	\$500,000
Robert C. Daigle	\$345,000	50%	\$172,500	\$500,000
Jeffrey M. Grudzien	\$318,600	50%	\$159,300	