ROGERS CORP
Form 10-Q
November 03, 2016

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

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016
or
o 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	06-0513860
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
P.O. Box 188, One Technology Drive, Rogers, Connecticut	06263-0188
(Address of principal executive offices)	(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 ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
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 ý Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý
The number of shares outstanding of the registrant's common stock as of October 20, 2016 was 17,973,289.

ROGERS CORPORATION
FORM 10-Q

September 30, 2016

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Part I – Financial Information

Forward Looking Statements

This Quarterly Report on Form 10-Q contains "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See "Forward-Looking Statements" in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Part I – Financial Information

Item 1. Financial Statements

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

	Quarter Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net sales	$165,259	$160,366	$483,314	$ 488,515
Cost of sales	103,330	100,694	300,678	305,757
Gross margin	61,929	59,672	182,636	182,758
Selling, general and administrative expenses	31,489	29,190	95,718	98,363
Research and development expenses	7,294	7,285	20,916	20,446
Operating income	23,146	23,197	66,002	63,949
Equity income in unconsolidated joint ventures	898	877	2,220	2,187
Other income (expense), net	676	(756)	320	(1,404)
Interest expense, net	(811)	(1,126)	(3,047)	(3,435)
Income before income tax expense	23,909	22,192	65,495	61,297
Income tax expense	7,844	9,646	29,125	21,555
Net income	$16,065	$12,546	$36,370	$ 39,742
Basic earnings per share	$0.89	$0.68	$2.02	$ 2.15
Diluted earnings per share	$0.88	$0.67	$2.00	$ 2.10
Shares used in computing:				
Basic earnings per share	17,996	18,430	17,990	18,511
Diluted earnings per share	18,183	18,650	18,217	18,885

The accompanying notes are an integral part of the condensed consolidated financial statements.
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ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(Dollars in thousands)

	Quarter Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net income	$16,065	$12,546	$36,370	$39,742
Foreign currency translation adjustment	1,408	(2,067)	6,605	(21,317)
Derivative instruments designated as cash flow hedges:				
Unrealized gain (loss) on derivative instruments held at period end, net of tax (Note 6)	—	(19)	—	(179)
Unrealized gain (loss) reclassified into earnings (Note 6)	—	(1)	11	93
Pension and postretirement benefit plans reclassified into earnings, net of tax (Note 6):				
Amortization of loss	34	277	105	808
Other comprehensive income (loss)	1,442	(1,810)	6,721	(20,595)
Comprehensive income (loss)	$17,507	$10,736	$43,091	$19,147

The accompanying notes are an integral part of the condensed consolidated financial statements.
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ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Dollars and shares in thousands)

	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 173,516	$ 204,586
Accounts receivable, less allowance for doubtful accounts of $738 and $695	112,049	101,428
Inventories	86,274	91,824
Prepaid income taxes	3,511	5,058
Deferred income taxes	—	9,565
Asbestos-related insurance receivables	8,245	8,245
Other current assets	9,365	7,959
Total current assets	392,960	428,665
Property, plant and equipment, net of accumulated depreciation of $258,051 and $237,150	172,889	178,661
Investments in unconsolidated joint ventures	17,935	15,348
Deferred income taxes	13,384	8,594
Goodwill	178,329	175,453
Other intangible assets	67,920	75,019
Asbestos-related insurance receivables	45,114	45,114
Other long-term assets	2,550	3,501
Total assets	$ 891,081	$ 930,355
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 28,321	$ 22,251
Accrued employee benefits and compensation	26,410	23,263
Accrued income taxes payable	9,607	3,599
Current portion of long term debt	3,653	2,966
Asbestos-related liabilities	8,245	8,245
Other accrued liabilities	17,942	18,324
Total current liabilities	94,178	78,648
Long term debt	70,816	173,557
Long term lease obligation	5,528	5,549
Pension and post-retirement benefit obligations	14,808	14,808
Asbestos-related liabilities	48,390	48,390
Non-current income tax	9,957	11,863
Deferred income taxes	14,334	9,455
Other long-term liabilities	3,227	3,503
Commitments and Contingencies (Note 14)		
Shareholders' Equity		
Capital Stock - $1 par value; 50,000 authorized shares; 17,973 and 17,957 shares outstanding	17,973	17,957
Additional paid-in capital	114,171	112,017
Retained earnings	579,436	543,066

Accumulated other comprehensive income (loss)	(81,737)	(88,458)
Total shareholders' equity	629,843	584,582
Total liabilities and shareholders' equity	$ 891,081	$ 930,355

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

ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars and shares in thousands)

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Operating Activities:		
Net income	$36,370	$ 39,742
Adjustments to reconcile net income to cash from operating activities:		
Depreciation and amortization	27,635	25,209
Stock-based compensation expense	8,537	7,734
Deferred income taxes	9,594	2,668
Equity in undistributed income of unconsolidated joint ventures	(2,220)	(2,187)
Dividends received from unconsolidated joint ventures	426	780
Pension and postretirement benefits	(2,121)	(858)
Loss (gain) from the sale of property, plant and equipment	219	8
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	(9,316)	2,038
Inventories	6,536	(12,039)
Pension contribution	(274)	(6,500)
Other current assets	227	187
Accounts payable and other accrued expenses	15,125	(12,037)
Other, net	3,485	816
Net cash provided by operating activities	94,223	45,561
Investing Activities:		
Business acquisition, net of cash acquired	—	(158,407)
Capital expenditures, net	(14,926)	(21,574)
Proceeds from life insurance	—	2,682
Proceeds from the sale of property, plant and equipment, net	—	(8)
Net cash used in investing activities	(14,926)	(177,307)
Financing Activities:		
Proceeds from long term borrowings	—	125,000
Debt issuance costs	—	(293)
Repayment of debt principal and long term lease obligation	(102,580)	(5,886)
Repurchases of capital stock	(7,995)	(32,996)
Proceeds from the exercise of stock options, net	2,058	6,539
Issuance of restricted stock shares	(1,288)	(2,405)
Proceeds from issuance of shares to employee stock purchase plan	858	727
Net cash (used in) provided by financing activities	(108,947)	90,686
Effect of exchange rate fluctuations on cash	(1,420)	(3,709)
Net increase (decrease) in cash and cash equivalents	(31,070)	(44,769)
Cash and cash equivalents at beginning of period	204,586	237,375
Cash and cash equivalents at end of period	$173,516	$ 192,606

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

ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands)

	Capital Stock/Capital Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2015	$ 17,957	$ 112,017	$ 543,066	$ (88,458)	$ 584,582
Net income	—	—	36,370	—	36,370
Other comprehensive income (loss)	—	—	—	6,721	6,721
Stock options exercised	56	2,002	—	—	2,058
Stock issued to directors	23	(23)	—	—	—
Shares issued for employees stock purchase plan	23	835	—	—	858
Shares issued for restricted stock, net of cancellations for tax withholding	55	(1,343)	—	—	(1,288)
Shares repurchased	(141)	(7,854)	—	—	(7,995)
Stock-based compensation expense	—	8,537	—	—	8,537
Balance at September 30, 2016	$ 17,973	$ 114,171	$ 579,436	$ (81,737)	$ 629,843

The accompanying notes are an integral part of the condensed consolidated financial statements.
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ROGERS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Basis of Presentation

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

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, the accompanying condensed consolidated financial statements include all normal recurring adjustments necessary for their fair presentation in accordance with GAAP. All significant intercompany transactions have been eliminated.

Certain statement of financial position reclassifications have been made to prior period balances in order to conform to the current period's presentation.

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 Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Note 2 – Fair Value Measurements

The accounting guidance for fair value measurements 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.

From time to time we enter into various instruments that require fair value measurement. Assets and liabilities measured on a recurring basis, categorized by the level of inputs used in the valuation, included:

(Dollars in thousands)	Carrying amount as of September 30, 2016	Level 1	Level 2	Level 3
Foreign currency contracts	$ 29	$ —	$ 29	$ —
Copper derivative contracts	$ 490	$ —	$ 490	$ —
Interest rate swap	$ —	$ —	$ —	$ —

(Dollars in thousands)	Carrying amount as of December 31, 2015	Level 1	Level 2	Level 3
Foreign currency contracts	$ (78)	$ —	$ (78)	$ —
Copper derivative contracts	$ 193	$ —	$ 193	$ —
Interest rate swap	$ (18)	$ —	$ (18)	$ —

Note 3 – Hedging Transactions and Derivative Financial Instruments

We are exposed to certain risks related to our ongoing business operations. The primary risks being managed through the use of derivative instruments are foreign currency exchange rate risk and commodity pricing risk (primarily related to copper). We do not use derivative financial instruments for trading or speculative purposes. The valuation of derivative contracts used to manage each of these risks is described below:

- Foreign Currency - The fair value of any foreign currency option derivative is based upon valuation models applied to current market information such as strike price, spot rate, maturity date and volatility, and by reference to market values resulting from an over-the-counter market or obtaining market data for similar instruments with similar characteristics.
- Commodity - The fair value of copper derivatives is computed using a combination of intrinsic and time value valuation models. The intrinsic valuation model reflects the difference between the strike price of the underlying copper derivative instrument and the current prevailing copper prices in an over-the-counter market at period end. The time value valuation model incorporates the constant changes in the price of the underlying copper derivative instrument, the time value of money, the underlying copper derivative instrument's strike price and the remaining time to the underlying copper derivative instrument's expiration date from the period end date. Overall, fair value is a function of five primary variables: price of the underlying instrument, time to expiration, strike price, interest rate, and volatility.

The guidance for the accounting and disclosure of derivatives and hedging transactions requires companies to recognize all of their derivative instruments as either assets or liabilities at fair value in the statements of financial position. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies for hedge accounting treatment as defined under the applicable accounting guidance. For derivative instruments that are designated and qualify for hedge accounting treatment (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss). This gain or loss is reclassified into earnings in the same line item of the condensed consolidated statements of operations associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of the future cash flows of the hedged item (i.e., the ineffective portion) if any, is recognized in the condensed consolidated statements of operations during the current period. As of September 30, 2016, we did not have any contracts that are designated and qualify for hedge accounting treatment. We had such contracts outstanding as of September 30, 2015, and for the nine months ended September 30, 2015, there was no hedge ineffectiveness.

Foreign Currency

During the quarter ended September 30, 2016, we entered into Hungarian Forint, Euro, Japanese Yen, and Korean Won forward contracts. We entered into these foreign currency forward contracts to mitigate certain global transactional exposures. These contracts do not qualify for hedge accounting treatment; therefore mark-to-market adjustments are recorded in the other income (expense), net line item in our condensed consolidated statements of operations for these contracts.

As of September 30, 2016 the notional values of these foreign currency forward contracts were:

Notional Values of Foreign Currency Derivatives		
USD/EUR	$	500,000
KRW/USD		9,739,900,000
JPY/EUR	¥	286,000,000
JPY/USD	¥	24,000,000
HUF/EUR	Ft	228,000,000

Commodity

We currently have twenty-nine outstanding contracts to hedge exposure related to the purchase of copper in our Power Electronics Solutions and Advanced Connectivity Solutions operations. These contracts are held with financial institutions and minimize the risk associated with a potential rise in copper prices. These contracts provide some coverage over the forecasted 2016 and 2017 monthly copper exposure and do not qualify for hedge accounting treatment; therefore, any mark-to-market adjustments required on these contracts are recorded in the other income (expense), net line item in our condensed consolidated statements of operations. The notional values of our copper contracts outstanding as of September 30, 2016 were:

Notional Value of Copper Derivatives		
October 2016 - December 2016	117	metric tons per month
January 2017 - March 2017	111	metric tons per month
April 2017 - June 2017	103	metric tons per month
July 2017 - September 2017	106	metric tons per month
October 2017 - December 2017	83	metric tons per month

Interest Rates

In July 2012, we entered into an interest rate swap to hedge the variable interest rate on our term loan debt. This swap expired as of June 30, 2016.

Effects on Statements of Operations and of Comprehensive Income (Loss):

(Dollars in thousands)		The Effect of Current Derivative Instruments on the Financial Statements for the period ended September 30, 2016		Fair Values of Derivative Instruments as of September 30, 2016
		Gain (Loss)		Other Assets (Liabilities)
Foreign Exchange Contracts	Location	Quarter Ended	Nine Months Ended	
Contracts not designated as hedging instruments	Other income (expense), net	$29	$29	$ 29
Copper Derivatives				
Contracts not designated as hedging instruments	Other income (expense), net	$(94)	$(163)	$ 490

(Dollars in thousands)		The Effect of Current Derivative Instruments on the Financial Statements for the period ended September 30, 2015		Fair Values of Derivative Instruments as of September 30, 2015
		Gain (Loss)		Other Assets (Liabilities)
Foreign Exchange Contracts	Location	Quarter Ended	Nine Months Ended	
Contracts designated as hedging instruments	Other comprehensive income (loss)	$10	$(87)	$ 106
Contracts not designated as hedging instruments	Other income (expense), net	$(315)	$(123)	$ (185)
Copper Derivatives				
Contracts not designated as hedging instruments	Other income (expense), net	$(245)	$(694)	$ 383
Interest Rate Swap				

Contracts designated as hedging instruments	Other comprehensive income (loss)	$36	$85	$ (58)

Note 4 – Inventories

Inventories are valued at the lower of cost or market. Effective October 1, 2015, the Company changed its method for inventory costing from the last in, first out (LIFO) cost method to the first in, first out (FIFO) cost method for all operations that were using the LIFO cost method. This change in accounting method was deemed preferable because this change causes inventory to be valued on a consistent basis throughout the entire Company and on a more comparable basis with industry peer companies.

This change in accounting method was completed in accordance with Accounting Standards Codification (ASC) 250, Accounting Changes and Error Corrections, and all periods presented have been retrospectively adjusted to reflect the period-specific effects of applying the new accounting principle.

The following table summarizes the effect of this accounting change on our condensed consolidated statements of operations for the quarter ended September 30, 2015:

	Quarter Ended September 30, 2015		
(Dollars in thousands, except per share amounts)	As Originally Reported Under LIFO	As Adjusted under FIFO	Effect of Change
Cost of sales	$100,836	$100,694	$(142)
Net income	$12,455	$12,546	$91
Basic earnings per share	$0.68	$0.68	$—
Diluted earnings per share	$0.67	$0.67	$—

The following table summarizes the effect of this accounting change on our condensed consolidated statements of operations for the nine months ended September 30, 2015:

	Nine Months Ended September 30, 2015		
(Dollars in thousands, except per share amounts)	As Originally Reported Under LIFO	As Adjusted under FIFO	Effect of Change
Cost of sales	$306,041	$305,757	$(284)
Net income	$39,621	$39,742	$121
Basic earnings per share	$2.14	$2.15	$0.01
Diluted earnings per share	$2.10	$2.10	$—

There was no impact on cash provided by operating activities as a result of the above changes.

Inventories were as follows at the end of the periods noted below:

(Dollars in thousands)	September 30, 2016	December 31, 2015
Raw materials	$ 31,814	$ 35,499
Work-in-process	23,922	22,804
Finished goods	30,538	33,521
Total inventories	$ 86,274	$ 91,824

Note 5 – Acquisition

On January 22, 2015, we completed the acquisition of Arlon LLC and its subsidiaries (collectively, Arlon), pursuant to the terms of the Stock Purchase Agreement, dated December 18, 2014, by and among the Company, Handy & Harman Group, Ltd. and its subsidiary Bairnco Corporation, as amended (the Purchase Agreement).

Pursuant to the terms of the Purchase Agreement, we acquired Arlon and assumed certain liabilities related to the acquisition for an aggregate purchase price of approximately $157.0 million.

We used borrowings of $125.0 million under our bank credit facility in addition to cash on hand to fund the acquisition.

The results of Arlon have been included in our consolidated financial statements only for the periods subsequent to the completion of our acquisition on January 22, 2015.

On December 21, 2015, we sold an Arlon business, which made polyimide and thermoset epoxy laminate products. The operations were previously reported with our Other segment.

Note 6 – Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component at September 30, 2016 and 2015 were as follows:

(Dollars in thousands)	Foreign currency translation adjustments	Funded status of pension plans and other postretirement benefits (1)	Unrealized gain (loss) on derivative instruments (2)	Total
Beginning Balance December 31, 2014	$ (14,193)	$ (50,808)	$ (93)	$ (65,094)
Other comprehensive income (loss) before reclassifications	(21,317)	—	(179)	(21,496)
Amounts reclassified from accumulated other comprehensive income (loss) (3)	—	808	93	901
Net current-period other comprehensive income (loss)	(21,317)	808	(86)	(20,595)
Ending Balance September 30, 2015	$ (35,510)	$ (50,000)	$ (179)	$ (85,689)
Beginning Balance December 31, 2015	$ (41,365)	$ (47,082)	$ (11)	$ (88,458)
Other comprehensive income (loss) before reclassifications	6,605	—	—	6,605
Amounts reclassified from accumulated other comprehensive income (loss) (4)	—	105	11	116
Net current-period other comprehensive income (loss)	6,605	105	11	6,721
Ending Balance September 30, 2016	$ (34,760)	$ (46,977)	$ —	$ (81,737)

(1) Net of taxes of $9,821 and $9,879 as of September 30, 2016 and December 31, 2015, respectively. Net of taxes of $11,502 and $11,952 as of September 30, 2015 and December 31, 2014, respectively.

(2) Net of taxes of $0 and $5 as of September 30, 2016 and December 31, 2015, respectively. Net of taxes of $21 and $50 as of September 30, 2015 and December 31, 2014, respectively.

(3) Net of taxes of $435 and $50 for the pension plans and postretirement benefits and unrealized gain (loss) on derivatives, respectively.

(4) Net of taxes of $57 and $6 for the pension plans and postretirement benefits and unrealized gain (loss) on derivatives, respectively.

Note 7 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share, for the periods indicated:

(In thousands, except per share amounts)	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Numerator:				
Net income	$ 16,065	$ 12,546	$ 36,370	$ 39,742
Denominator:				
Weighted-average shares outstanding - basic	17,996	18,430	17,990	18,511
Effect of dilutive shares	187	220	227	374
Weighted-average shares outstanding - diluted	18,183	18,650	18,217	18,885
Basic earnings per share	$ 0.89	$ 0.68	$ 2.02	$ 2.15
Diluted earnings per share	$ 0.88	$ 0.67	$ 2.00	$ 2.10

Certain potential options to purchase shares were excluded from the calculation of diluted weighted-average shares outstanding because the exercise price was greater than the average market price of our capital stock during the relevant reporting period. For the quarter ended September 30, 2016, 13,500 shares were excluded. For the quarter ended September 30, 2015, 14,000 shares were excluded.

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Note 8 – Stock-Based Compensation
Equity Compensation Awards
Stock Options
Stock options have been granted under various equity compensation plans. The maximum contractual term for all options is normally ten years. We have not granted any stock options since the first quarter of 2012.
In most cases, we recognize expense using the straight-line method for stock option 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. Forfeitures are required 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 historical analysis, an annual forfeiture rate of approximately 3%.
The first quarter of 2016 was the final quarter in which we recognized stock based compensation expense related to previously issued stock option grants, and the amount of such expense was de minimis. For the three and nine months ended September 30, 2015, we recognized approximately $0.1 million and $0.2 million of stock option compensation expense, respectively.
A summary of the activity under our stock option plans as of September 30, 2016 and changes during the three and nine months 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 June 30, 2016	156,057	$ 41.57	3.1	$3,085,731
Options exercised	—	$ —		
Options forfeited	—	$ —		
Options outstanding at September 30, 2016	156,057	$ 41.57	2.9	$3,082,880
Options exercisable at September 30, 2016	156,057	$ 41.57		