

HUBBELL INC  
Form 10-Q  
July 20, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

*Washington, DC 20549*

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2012**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 1-2958**

**HUBBELL INCORPORATED**

*(Exact name of registrant as specified in its charter)*

**STATE OF CONNECTICUT**

**06-0397030**

*(State or other jurisdiction of incorporation or  
organization)*

*(I.R.S. Employer Identification No.)*

**40 Waterview Drive, Shelton, CT**

**06484**

*(Address of principal executive offices)*

*(Zip Code)*

**(475) 882-4000**

*(Registrant's telephone number, including area code)*

<b>N/A</b>
<i>(Former name, former address and former fiscal year, if changed since last report.)</i>

<b>Indicate by check mark</b>	<b>YES</b>	<b>NO</b>
<ul style="list-style-type: none"> <li>•</li> </ul> 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		

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.					
<ul style="list-style-type: none"> <li>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).</li> </ul>					
<ul style="list-style-type: none"> <li>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. (Check one):</li> </ul>					
Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company		
<ul style="list-style-type: none"> <li>whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).</li> </ul>					

The number of shares outstanding of the Class A Common Stock and Class B Common Stock as of July 16, 2012 were 7,167,506 and 52,182,261, respectively.

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## ITEM 1 Financial Statements

## Condensed Consolidated Statement of Income (unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
<i>(in millions, except per share amounts)</i>	2012	2011	2012	2011
<b>Net Sales</b>	\$ 778.4	\$ 709.2	\$ 1,502.2	\$ 1,367.3
Cost of goods sold	518.6	479.3	1,008.3	932.2
<b>Gross Profit</b>	<b>259.8</b>	<b>229.9</b>	<b>493.9</b>	<b>435.1</b>
Selling & administrative expenses	135.3	124.8	267.7	246.4
<b>Operating income</b>	<b>124.5</b>	<b>105.1</b>	<b>226.2</b>	<b>188.7</b>
Interest expense, net	(7.1 )	(7.5 )	(14.3 )	(15.0 )
Other expense, net	(1.3 )	(1.7 )	(1.2 )	(3.8 )
Total other expense	(8.4 )	(9.2 )	(15.5 )	(18.8 )
<b>Income before income taxes</b>	<b>116.1</b>	<b>95.9</b>	<b>210.7</b>	<b>169.9</b>
Provision for income taxes	38.1	30.2	69.1	53.5
<b>Net income</b>	<b>78.0</b>	<b>65.7</b>	<b>141.6</b>	<b>116.4</b>
Less: Net income attributable to noncontrolling interest	0.5	0.5	0.9	0.9
<b>Net income attributable to Hubbell</b>	<b>\$ 77.5</b>	<b>\$ 65.2</b>	<b>\$ 140.7</b>	<b>\$ 115.5</b>
<b>Earnings per share</b>				
Basic	\$ 1.31	\$ 1.08	\$ 2.37	\$ 1.91
Diluted	\$ 1.29	\$ 1.07	\$ 2.34	\$ 1.89
<b>Cash dividends per common share</b>	<b>\$ 0.41</b>	<b>\$ 0.38</b>	<b>\$ 0.82</b>	<b>\$ 0.76</b>

See notes to unaudited condensed consolidated financial statements.

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## Condensed Consolidated Statement of Comprehensive Income (unaudited)

	<b>Three Months Ended</b>	
	<b>June 30</b>	
<i>(in millions)</i>	<b>2012</b>	<b>2011</b>
Net income	\$ 78.0	\$ 65.7
<b>Other comprehensive income:</b>		
Foreign currency translation adjustments	(16.1 )	6.4
Amortization of pension and post retirement benefit plans' prior service costs and net actuarial losses, net of taxes of \$1.4 and \$0.8	2.4	1.3
Unrealized gain on investments, net of taxes \$0.0 and \$0.2	-	0.2
Unrealized gain on cash flow hedges, net of taxes of \$0.0 and \$0.0	0.2	0.1
<b>Other comprehensive income</b>	<b>(13.5 )</b>	<b>8.0</b>
<b>Comprehensive income</b>	<b>64.5</b>	<b>73.7</b>
Less: Comprehensive income attributable to noncontrolling interest	0.5	0.5
<b>Comprehensive income attributable to Hubbell</b>	<b>\$ 64.0</b>	<b>\$ 73.2</b>

See notes to unaudited condensed consolidated financial statements.

	<b>Six Months Ended</b>	
	<b>June 30</b>	
<i>(in millions)</i>	<b>2012</b>	<b>2011</b>
Net income	\$ 141.6	\$ 116.4
<b>Other comprehensive income:</b>		
Foreign currency translation adjustments	(3.6 )	15.5
Amortization of pension and post retirement benefit plans' prior service costs and net actuarial losses, net of taxes \$2.9 and \$1.5	5.1	2.7
Unrealized (loss) gain on investments, net of taxes \$0.1 and \$0.2	(0.2 )	0.2
Unrealized loss on cash flow hedges, net of taxes \$0.1 and \$0.0	(0.1 )	-
<b>Other comprehensive income</b>	<b>1.2</b>	<b>18.4</b>
<b>Comprehensive income</b>	<b>142.8</b>	<b>134.8</b>
Less: Comprehensive income attributable to noncontrolling interest	0.9	0.9
<b>Comprehensive income attributable to Hubbell</b>	<b>\$ 141.9</b>	<b>\$ 133.9</b>

See notes to unaudited condensed consolidated financial statements.



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## Condensed Consolidated Balance Sheet (unaudited)

*(in millions)***June 30, 2011****December 31, 2011****ASSETS****Current Assets**

Cash and cash equivalents	\$	544.6	\$	569.6
Short-term investments		15.2		12.8
Accounts receivable, net		437.6		394.3
Inventories, net		355.3		318.3
Deferred taxes and other		53.2		58.5
Total Current Assets		1,405.9		1,353.5

**Property, Plant, and Equipment, net****356.5** **359.6****Other Assets**

Investments		38.5		42.0
Goodwill		746.7		727.3
Intangible assets, net		283.6		269.5
Other long-term assets		78.1		94.6

**TOTAL ASSETS****\$ 2,909.3** **\$ 2,846.5****LIABILITIES AND EQUITY****Current Liabilities**

Short-term debt	\$	0.2	\$	2.9
Accounts payable		235.0		215.7
Accrued salaries, wages and employee benefits		52.6		71.1
Accrued insurance		47.1		46.2
Dividends payable		24.3		22.5
Other accrued liabilities		121.4		133.7
Total Current Liabilities		480.6		492.1

**Long-Term Debt****596.5** **596.3****Other Non-Current Liabilities****281.1** **284.6****TOTAL LIABILITIES****1,358.2** **1,373.0****Total Hubbell Shareholders' Equity****1,545.2** **1,467.8**

Noncontrolling interest		5.9		5.7
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Total Equity		1,551.1		1,473.5
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**TOTAL LIABILITIES AND EQUITY****\$ 2,909.3** **\$ 2,846.5**

See notes to unaudited condensed consolidated financial statements.





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## Condensed Consolidated Statement of Cash Flows (unaudited)

	<b>Six Months Ended</b>	
	<b>June 30</b>	
<i>(in millions)</i>	<b>2012</b>	<b>2011</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 141.6	\$ 116.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33.0	34.8
Deferred income taxes	6.8	15.3
Stock-based compensation	5.3	5.1
Tax benefit on stock-based awards	(9.3 )	(3.9 )
Changes in assets and liabilities:		
Increase in accounts receivable, net	(37.7 )	(62.5 )
Increase in inventories, net	(30.6 )	(22.3 )
(Decrease) increase in current liabilities	(7.8 )	34.4
Changes in other assets and liabilities, net	10.6	2.4
Contribution to defined benefit pension plans	(6.3 )	(1.4 )
Other, net	(1.0 )	(1.9 )
Net cash provided by operating activities	104.6	116.4
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(21.0 )	(31.1 )
Acquisition of businesses, net of cash acquired	(53.0 )	-
Purchases of available-for-sale investments	(2.7 )	(3.8 )
Proceeds from available-for-sale investments	4.8	2.9
Other, net	6.3	4.0
Net cash used in investing activities	(65.6 )	(28.0 )
<b>Cash Flows from Financing Activities</b>		
Short-term debt borrowings, net	(2.7 )	0.3
Payment of dividends	(46.9 )	(44.9 )
Payment of dividends to noncontrolling interest	(0.7 )	(0.7 )
Acquisition of common shares	(42.1 )	(82.2 )
Proceeds from exercise of stock options	19.8	17.0
Tax benefit on stock-based awards	9.3	3.9
Other, net	0.2	0.1

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Net cash used in financing activities	(63.1 )	(106.5 )
Effect of foreign currency exchange rate changes on cash and cash equivalents	(0.9 )	7.8
<b>Decrease in cash and cash equivalents</b>	<b>(25.0 )</b>	<b>(10.3 )</b>
<b>Cash and cash equivalents</b>		
Beginning of period	569.6	520.7
End of period	\$ 544.6	\$ 510.4

See notes to unaudited condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements (unaudited)

**NOTE 1** Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Hubbell Incorporated (“Hubbell”, the “Company”, “registrant”, “we”, “our” or “us”, which references shall include its divisions and subsidiaries) have been prepared in accordance with generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (“U.S.”) for complete financial statements. In the opinion of management, all adjustments consisting only of normal recurring adjustments considered necessary for a fair presentation of the results of the periods presented have been included. Operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

The balance sheet at December 31, 2011 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Hubbell Incorporated Annual Report on Form 10-K for the year ended December 31, 2011.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued an amendment to provide a consistent definition of fair value and to ensure that the fair value measurement and disclosure requirements are similar between GAAP and International Financial Reporting Standards (“IFRS”). This amendment changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This amendment was adopted by the Company effective January 1, 2012 and it did not have a material impact to its financial statements.

In June 2011, the FASB amended the guidance regarding the presentation of comprehensive income. The amended guidance requires an entity to present components of net income and other comprehensive income in one continuous statement or in two separate, but consecutive statements. Although the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income. The Company elected to report other comprehensive income and its components in a separate statement of comprehensive income and adopted the amendment effective January 1, 2012.

In December 2011, the FASB amended the disclosure requirements regarding offsetting assets and liabilities of derivatives, sale and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and securities lending arrangements. The enhanced disclosures will require entities to provide both gross and net information for these assets and liabilities. The amendment is effective for fiscal years beginning on or after January 1, 2013. The Company does not anticipate that this amendment will have a material impact on its financial statements.

**NOTE 2** Business Acquisitions

During the second quarter of 2012, the Company completed the acquisition of the majority of the net assets of TayMac Corporation (“TayMac”) for \$42.1 million, net of cash received. TayMac designs and sells enclosures and boxes. This acquisition has been added to the Electrical segment.

This acquisition has been accounted for as a business combination and has resulted in the recognition of intangible assets of \$18.4 million and goodwill of \$15.8 million. The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Tangible assets acquired	\$	10.7
Intangible assets		18.4
Goodwill		15.8
Liabilities assumed		(2.8 )
<b>TOTAL CASH CONSIDERATION</b>	<b>\$</b>	<b>42.1</b>

The \$18.4 million of intangible assets consists primarily of customer relationships, patents and tradenames that are expected to be amortized over periods ranging between 15 and 20 years. The goodwill relates to a number of factors built into the purchase price, including the future earnings and cash flow potential of the business as well as the complementary strategic fit and resulting synergies it brings to the Company’s existing operations. All of the goodwill is expected to be deductible for tax purposes.

During the first quarter of 2012 the Company completed the acquisition of Cableform Inc. (“Cableform”) for \$10.9 million, net of cash received. Cableform designs and manufactures motor controls principally for the steel and mining industries. The acquisition has been added to the Electrical segment and has resulted in the recognition of intangible assets of \$4.5 million and goodwill of \$4.5 million. The \$4.5 million of intangible assets consists primarily of customer relationships and tradenames that are expected to be amortized over 20 years. None of the goodwill is expected to be deductible for tax purposes.

The Condensed Consolidated Financial Statements include the results of operations of the acquired businesses from their respective dates of acquisition. Net sales and earnings related to these acquisitions for the three and six months ended June 30, 2012 were not significant to the consolidated results. Pro forma information related to these acquisitions has not been included because the impact to the Company’s consolidated results of operations was not material.

[Back to Contents](#)**NOTE 3** Segment Information

The Company's reporting segments consist of the Electrical segment and the Power segment. The following table sets forth financial information by business segment (in millions):

	Net Sales		Operating Income		Operating Income as a % of Net Sales	
	2012	2011	2012	2011	2012	2011
<b>Three Months Ended June 30,</b>						
Electrical	\$ 536.3	\$ 497.9	\$ 81.2	\$ 69.2	15.1 %	13.9 %
Power	242.1	211.3	43.3	35.9	17.9 %	17.0 %
<b>TOTAL</b>	<b>\$ 778.4</b>	<b>\$ 709.2</b>	<b>\$ 124.5</b>	<b>\$ 105.1</b>	<b>16.0 %</b>	<b>14.8 %</b>
<b>Six Months Ended June 30,</b>						
Electrical	\$ 1,041.4	\$ 964.0	\$ 145.0	\$ 126.8	13.9 %	13.2 %
Power	460.8	403.3	81.2	61.9	17.6 %	15.3 %
<b>TOTAL</b>	<b>\$ 1,502.2</b>	<b>\$ 1,367.3</b>	<b>\$ 226.2</b>	<b>\$ 188.7</b>	<b>15.1 %</b>	<b>13.8 %</b>

**NOTE 4** Inventories, net

Inventories, net are comprised of the following (in millions):

	June 30, 2012	December 31, 2011
Raw material	\$ 128.2	\$ 122.2
Work-in-process	81.0	71.3
Finished goods	236.9	213.3
	446.1	406.8
Excess of FIFO over LIFO cost basis	(90.8 )	(88.5 )
<b>TOTAL</b>	<b>\$ 355.3</b>	<b>\$ 318.3</b>

**NOTE 5** Goodwill and Intangible Assets, net

Changes in the carrying values of goodwill for the six months ended June 30, 2012, by segment, were as follows (in millions):

	Segment		Total
	Electrical	Power	

<b>BALANCE DECEMBER 31, 2011</b>	<b>\$</b>	<b>453.0</b>	<b>\$</b>	<b>274.3</b>	<b>\$</b>	<b>727.3</b>
Acquisitions		20.3		-		20.3
Translation adjustments		0.3		(1.2 )		(0.9 )
<b>BALANCE JUNE 30, 2012</b>	<b>\$</b>	<b>473.6</b>	<b>\$</b>	<b>273.1</b>	<b>\$</b>	<b>746.7</b>

In 2012, the Company completed the acquisitions of TayMac and Cableform for \$42.1 million and \$10.9 million, respectively, net of cash received. These acquisitions have been accounted for as business combinations and have resulted in the recognition of \$20.3 million of goodwill. See also Note 2 – Business Acquisitions.

The Company performs its goodwill impairment testing as of April 1<sup>st</sup> of each year, unless circumstances dictate the need for more frequent assessments. Goodwill impairment testing involves a two step process. Step 1 compares the fair value of the Company’s reporting units to their carrying values. If the fair value of the reporting unit exceeds its carrying value, no further analysis is necessary. If the carrying value of the reporting unit exceeds its fair value, Step 2 must be completed to quantify the amount of impairment. In 2011, the FASB amended its goodwill guidance by providing entities an option to use a qualitative approach to test goodwill for impairment. The Company elected to bypass the qualitative assessment option for its 2012 goodwill impairment testing and proceeded directly to Step 1 of the two step impairment process; however the Company may elect to use the qualitative assessment option in future years.

Goodwill impairment testing requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units and determining the fair value of each reporting unit. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. The Company uses internal discounted cash flow estimates to determine fair value. These cash flow estimates are derived from historical experience and future long-term business plans and the application of an appropriate discount rate. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment for each reporting unit. The Company’s estimated aggregate fair value of its reporting units is compared to the Company’s market capitalization on the valuation date to assess its reasonableness.

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As of April 1, 2012, the impairment testing resulted in implied fair values for each reporting unit that exceeded the reporting unit's carrying value, including goodwill. The Company did not have any reporting units at risk of failing Step 1 of the impairment test as the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) ranged from approximately 75% to approximately 320% for the respective reporting units. Additionally, the Company did not have any reporting units with zero or negative carrying amounts.

The carrying value of other intangible assets included in Intangible assets, net in the Condensed Consolidated Balance Sheet is as follows (in millions):

	<b>June 30, 2012</b>		<b>December 31, 2011</b>	
	<b>Accumulated</b>		<b>Accumulated</b>	
	<b>Gross</b>		<b>Gross</b>	
	<b>Amount</b>	<b>Amortization</b>	<b>Amount</b>	<b>Amortization</b>
<b>Definite-lived:</b>				
Patents, tradenames and trademarks	\$ 96.5	\$ (20.8 )	\$ 86.6	\$ (19.0 )
Customer/Agent relationships and other	205.1	(53.3 )	192.3	(46.5 )
Total	301.6	(74.1 )	278.9	(65.5 )
<b>Indefinite-lived:</b>				
Tradenames and other	56.1	-	56.1	-
<b>TOTAL</b>	<b>\$ 357.7</b>	<b>\$ (74.1 )</b>	<b>\$ 335.0</b>	<b>\$ (65.5 )</b>

Amortization expense associated with these definite-lived intangible assets was \$8.8 million and \$8.3 million for the six months ended June 30, 2012 and 2011. Future amortization expense associated with these intangible assets is expected to be \$8.7 million for the remainder of 2012, \$17.5 million in 2013, \$16.8 million in 2014, \$15.2 million in 2015, \$14.5 million in 2016 and \$13.4 million in 2017.

**NOTE 6** Other Accrued Liabilities

Other accrued liabilities are comprised of the following, (in millions):

	<b>June 30, 2012</b>		<b>December 31, 2011</b>	
Customer program incentives	\$ 21.6	\$ 32.6		
Accrued income taxes	23.3	23.3		
Deferred revenue	17.1	18.1		
Other	59.4	59.7		
<b>TOTAL</b>	<b>\$ 121.4</b>	<b>\$ 133.7</b>		

**NOTE 7** Total Equity

Total equity is comprised of the following (in millions, except per share amounts):

**June 30, 2012** **December 31, 2011**

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Common stock, \$.01 par value:

Class A - authorized 50.0 shares; issued and outstanding 7.2 and 7.2 shares	\$	0.1	\$	0.1
Class B - authorized 150.0 shares; issued and outstanding 52.2 and 52.0 shares		0.5		0.5
Additional paid-in-capital		86.0		101.8
Retained earnings		1,607.8		1,515.8
Accumulated other comprehensive loss:				
Pension and post retirement benefit plan adjustment, net of tax		(148.6 )		(153.7 )
Cumulative translation adjustment		(1.1 )		2.5
Unrealized gain on investment, net of tax		0.8		1.0
Cash flow hedge loss, net of tax		(0.3 )		(0.2 )
Total Accumulated other comprehensive loss		(149.2 )		(150.4 )
Hubbell shareholders' equity		1,545.2		1,467.8
Noncontrolling interest		5.9		5.7
<b>TOTAL EQUITY</b>	<b>\$</b>	<b>1,551.1</b>	<b>\$</b>	<b>1,473.5</b>

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A summary of the changes in equity for the six months ended June 30, 2012 and 2011 is provided below (in millions):

	Six Months Ended June 30					
	2012			2011		
	Hubbell		Total Equity	Hubbell		Total Equity
	Shareholder Equity	Noncontrolling interest		Shareholder Equity	Noncontrolling interest	
<b>EQUITY, JANUARY 1,</b>	<b>\$ 1,467.8</b>	<b>\$ 5.7</b>	<b>\$ 1,473.5</b>	<b>\$ 1,459.2</b>	<b>\$ 4.3</b>	<b>\$ 1,463.5</b>
Total comprehensive income	141.9	0.9	142.8	133.9	0.9	134.8
Stock-based compensation	5.2	-	5.2	5.1	-	5.1
Exercise of stock options	19.8	-	19.8	17.0	-	17.0
Income tax windfall from stock-based awards, net	9.3	-	9.3	3.9	-	3.9
Acquisition/surrender of common shares	(50.3 )	-	(50.3 )	(84.3 )	-	(84.3 )
Issuance of shares related to director's deferred compensation	0.2	-	0.2	0.8	-	0.8
Dividends to noncontrolling interest	-	(0.7 )	(0.7 )	-	(0.7 )	(0.7 )
Cash dividends declared	(48.7 )	-	(48.7 )	(45.8 )	-	(45.8 )
<b>EQUITY, JUNE 30,</b>	<b>\$ 1,545.2</b>	<b>\$ 5.9</b>	<b>\$ 1,551.1</b>	<b>\$ 1,489.8</b>	<b>\$ 4.5</b>	<b>\$ 1,494.3</b>

The detailed components of total comprehensive income are presented in the Condensed Consolidated Statement of Comprehensive Income.

**NOTE 8** Earnings Per Share

The Company computes earnings per share using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and participating securities. Restricted stock granted by the Company is considered a participating security since it contains a non-forfeitable right to dividends.

The following table sets forth the computation of earnings per share for the three and six months ended June 30, 2012 and 2011 (in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2012	2011	2012	2011
<b>Numerator:</b>				
Net income attributable to Hubbell	\$ 77.5	\$ 65.2	\$ 140.7	\$ 115.5
Less: Earnings allocated to participating securities	0.3	0.3	0.5	0.5
Net income available to common shareholders	\$ 77.2	\$ 64.9	\$ 140.2	\$ 115.0
<b>Denominator:</b>				
Average number of common shares outstanding	59.1	60.0	59.2	60.2
Potential dilutive shares	0.6	0.8	0.6	0.8
Average number of diluted shares outstanding	59.7	60.8	59.8	61.0
<b>Earnings per share:</b>				
Basic	\$ 1.31	\$ 1.08	\$ 2.37	\$ 1.91
Diluted	\$ 1.29	\$ 1.07	\$ 2.34	\$ 1.89

The Company did not have any anti-dilutive securities during the three and six months ended June 30, 2012 and 2011.

[Back to Contents](#)**NOTE 9** Pension and Other Benefits

The following table sets forth the components of net pension and other benefit costs for the three and six months ended June 30, 2012 and 2011 (in millions):

	<b>Pension Benefits</b>		<b>Other Benefits</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Three Months Ended June 30</b>				
Service cost	\$ 3.9	\$ 3.5	\$ -	\$ -
Interest cost	9.1	9.6	0.4	0.4
Expected return on plan assets	(9.9 )	(10.5 )	-	-
Amortization of prior service cost	-	0.1	-	-
Amortization of actuarial losses/(gains)	4.1	2.1	(0.3 )	(0.2 )
<b>NET PERIODIC BENEFIT COST</b>	<b>\$ 7.2</b>	<b>\$ 4.8</b>	<b>\$ 0.1</b>	<b>\$ 0.2</b>
<b>Six Months Ended June 30</b>				
Service cost	\$ 8.1	\$ 7.0	\$ -	\$ -
Interest cost	18.1	19.1	0.7	0.8
Expected return on plan assets	(19.9 )	(21.0 )	-	-
Amortization of prior service cost	0.1	0.2	-	-
Amortization of actuarial losses/(gains)	8.3	4.1	(0.5 )	(0.4 )
<b>NET PERIODIC BENEFIT COST</b>	<b>\$ 14.7</b>	<b>\$ 9.4</b>	<b>\$ 0.2</b>	<b>\$ 0.4</b>

**Employer Contributions**

The Company anticipates making required contributions of approximately \$2.6 million to its foreign pension plans during 2012, of which \$1.3 million has been contributed through June 30, 2012. In addition, the Company may make a voluntary contribution to its foreign pension plans in 2012. Although not required under the Pension Protection Act of 2006, the Company made a \$5.0 million voluntary contribution to its qualified domestic benefit pension plans during the six months ended June 30, 2012 and intends to make additional contributions during the remainder of the year.

**NOTE 10** Guarantees

The Company accrues for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely costs to be incurred are accrued based on an evaluation of currently available facts and, where no amount within a range of estimates is more likely, the minimum is accrued.

The Company records a liability equal to the fair value of guarantees in the Condensed Consolidated Balance Sheet in accordance with the guarantees accounting guidance. As of June 30, 2012, the fair value and maximum potential payment related to the Company's guarantees were not material.

The Company offers product warranties which cover potential defects on most of its products. These warranties primarily apply to products that are properly installed, maintained and used for their intended purpose. The Company accrues estimated warranty costs at the time of sale. Estimated warranty expenses, recorded in cost of goods sold, are based upon historical information such as past experience, product failure rates, or the number of units to be repaired or replaced. Adjustments are made to the product warranty accrual as claims are incurred, additional information becomes known or as historical experience indicates.

Changes in the accrual for product warranties during the six months ended June 30, 2012 are set forth below (in millions):

<b>BALANCE AT DECEMBER 31, 2011</b>	<b>\$ 6.2</b>
Provision	5.0
Expenditures/other	(4.2 )
<b>BALANCE AT JUNE 30, 2012</b>	<b>\$ 7.0</b>

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[Back to Contents](#)**NOTE 11** Fair Value Measurement

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FASB fair value measurement guidance established a fair value hierarchy that prioritizes the inputs used to measure fair value. The three broad levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for which little or no market data exists, therefore requiring a company to develop its own assumptions

The following table shows, by level within the fair value hierarchy, our financial assets and liabilities that are accounted for at fair value on a recurring basis at June 30, 2012 and December 31, 2011 (in millions):

<b>Asset (Liability)</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Quoted Prices in Active Markets for Similar Assets (Level 2)</b>	<b>Total</b>
<b>June 30, 2012</b>			
Money market funds <sup>(a)</sup>	\$ 302.6	\$ -	\$ 302.6
Available for sale investments	48.2	-	48.2
Trading securities	5.5	-	5.5
Deferred compensation plan liabilities	(5.5 )	-	(5.5 )
Derivatives:			
Forward exchange contracts	-	0.2	0.2
	<b>\$ 350.8</b>	<b>\$ 0.2</b>	<b>\$ 351.0</b>
	<b>Quoted Prices in Active Markets for Identical Assets</b>	<b>Quoted Prices in Active Markets for Similar Assets</b>	<b>Total</b>

	(Level 1)	(Level 2)	
<b>December 31, 2011</b>			
Money market funds <sup>(a)</sup>	\$ 336.1	\$ -	\$ 336.1
Available for sale investments	50.8	-	50.8
Trading securities	4.0	-	4.0
Deferred compensation plan liabilities	(4.0 )	-	(4.0 )
Derivatives:			
Forward exchange contracts	-	0.3	0.3
	<b>\$ 386.9</b>	<b>\$ 0.3</b>	<b>\$ 387.2</b>

(a) Money market funds are reflected in Cash and cash equivalents in the Condensed Consolidated Balance Sheet.

The methods and assumptions used to estimate the Level 2 fair values were as follows:

Forward exchange contracts – The fair value of forward exchange contracts were based on quoted forward foreign exchange prices at the reporting date.

During the three and six months ended June 30, 2012 there were no transfers of financial assets or liabilities in or out of Level 1 or Level 2 of the fair value hierarchy. During the six months ended June 30, 2012 and as of December 31, 2011, the Company did not have any financial assets or liabilities that fell within the Level 3 hierarchy.

#### Investments

At June 30, 2012 and December 31, 2011, the Company had \$48.2 million and \$50.8 million, respectively, of municipal bonds classified as available-for-sale securities. The Company also had \$5.5 million and \$4.0 million of trading securities at June 30, 2012 and December 31, 2011, respectively. These investments are carried on the balance sheet at fair value. Unrealized gains and losses associated with available-for-sale securities are reflected in Accumulated other comprehensive loss, net of tax, while unrealized gains and losses associated with trading securities are reflected in the results of operations.

#### Deferred compensation plans

The Company offers certain employees the opportunity to participate in non-qualified deferred compensation plans. A participant's deferrals are invested in a variety of participant-directed debt and equity mutual funds that are classified as trading securities. During the six months ended June 30, 2012 and 2011, the Company purchased \$1.3 and \$1.4 million, respectively, of trading securities related to these deferred compensation plans. The unrealized gains and losses associated with these trading securities are directly offset by the changes in the fair value of the underlying deferred compensation plan obligation.

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## Derivatives

In order to limit financial risk in the management of its assets, liabilities and debt, the Company may use derivative financial instruments such as foreign currency hedges, commodity hedges, interest rate hedges and interest rate swaps. All derivative financial instruments are matched with an existing Company asset, liability or proposed transaction. Market value gains or losses on the derivative financial instrument are recognized in income when the effects of the related price changes of the underlying asset or liability are recognized in income.

The fair values of derivative instruments in the Condensed Consolidated Balance Sheet are as follows (in millions):

Derivatives designated as hedges	Asset/(Liability) Derivatives			
	Balance Sheet Location	Fair Value		
		June 30, 2012	December 31, 2011	
Forward exchange contracts designated as cash flow hedges	Other accrued liabilities	\$ -	\$ (0.1 )	
Forward exchange contracts designated as cash flow hedges	Deferred taxes and other	0.2	0.4	
		<b>\$ 0.2</b>	<b>\$ 0.3</b>	

## Forward exchange contracts

In 2012 and 2011, the Company entered into a series of forward exchange contracts to purchase U.S. dollars in order to hedge its exposure to fluctuating rates of exchange on anticipated inventory purchases by one of its Canadian subsidiaries. As of June 30, 2012, the Company had 18 individual forward exchange contracts for \$1.0 million each, which have various expiration dates through June 2013. These contracts have been designated as cash flow hedges in accordance with the accounting guidance for derivatives.

## Interest rate locks

Prior to the issuance of long-term notes in 2010 and 2008, the Company entered into forward interest rate locks to hedge its exposure to fluctuations in treasury rates. The 2010 interest rate lock resulted in a \$1.6 million loss while the 2008 interest rate lock resulted in a \$1.2 million gain. These amounts were recorded in Accumulated other comprehensive loss, net of tax, and are being amortized over the life of the respective notes. The amortization associated with these interest rate locks is reclassified from Accumulated other comprehensive loss to Interest expense, net in the Condensed Consolidated Statement of Income. The amortization reclassification for the three and six months ended June 30, 2012 and 2011 was not material. As of both June 30, 2012 and December 31, 2011 there was \$0.4 million of net unamortized losses reflected in accumulated other comprehensive loss.

The following table summarizes the results of cash flow hedging relationships for the three months ended June 30, 2012 and 2011 (in millions):

Derivative Instrument	Derivative Gain/(Loss) Recognized in	Location of Gain/ (Loss) Reclassified	Gain/(Loss) Reclassified into
	Accumulated Other Comprehensive	(Loss) Reclassified	Earnings (Effective Portion)

	<b>Loss (net of tax)</b>		<b>into Income</b>		
	<b>2012</b>	<b>2011</b>			
			<b>(Effective Portion)</b>	<b>2012</b>	<b>2011</b>
Forward exchange contract	\$ 0.2	\$ (0.1 )	Cost of goods sold	\$ -	\$ (0.4 )

The following table summarizes the results of cash flow hedging relationships for the six months ended June 30, 2012 and 2011, (in millions):

<b>Derivative Instrument</b>	<b>Derivative Gain/(Loss) Recognized in</b>		<b>Location of Gain/</b>	<b>(Loss) Loss Reclassified into</b>	<b>Earnings</b>
	<b>Accumulated Other Comprehensive</b>	<b>Loss (net of tax)</b>			
	<b>2012</b>	<b>2011</b>		<b>2012</b>	<b>2011</b>
Forward exchange contract	\$ (0.1 )	\$ (0.5 )	Cost of goods sold	\$ 0.1	\$ (0.7 )

There was no hedge ineffectiveness with respect to the forward exchange cash flow hedges during the three and six months ended June 30, 2012 and 2011.

#### Long-term Debt

The total carrying value of long-term debt as of June 30, 2012 and December 31, 2011 was \$596.5 million and \$596.3 million, respectively, net of unamortized discount. As of June 30, 2012 and December 31, 2011, the estimated fair value of the long-term debt was \$689.8 million and \$675.0 million, respectively, based on quoted market prices.



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## ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

### Executive Overview of the Business

The Company is primarily engaged in the design, manufacture and sale of quality electrical and electronic products for a broad range of non-residential and residential construction, industrial and utility applications. Products are either sourced complete, manufactured or assembled by subsidiaries in the United States, Canada, Switzerland, Puerto Rico, China, Mexico, Italy, the United Kingdom, Brazil and Australia. The Company also participates in joint ventures in Taiwan and Hong Kong, and maintains offices in India, Singapore, China, Mexico, South Korea and countries in the Middle East. The Company employs approximately 14,000 individuals worldwide.

The Company's reporting segments consist of the Electrical segment (comprised of electrical systems products and lighting products) and the Power segment. Results for the three and six months ended June 30, 2012 are included under "Segment Results" within this Management's Discussion and Analysis.

The Company is focused on growing profits and delivering attractive returns to our shareholders by executing a business plan focused on the following key initiatives: revenue growth, price realization and productivity improvements.

As part of our revenue growth initiative, we remain focused on expanding market share through new product introductions and more effective utilization of sales and marketing efforts across the organization. In addition, we continue to assess opportunities to expand sales through acquisitions of businesses that fill product line gaps or allow for expansion into new markets.

Price realization is a key area of focus for our company. Material costs are approximately two-thirds of our cost of goods sold therefore volatility in this area can impact profitability significantly. As a result, our goal is to achieve parity between pricing and commodity cost increases.

Productivity improvements are also an important initiative for the Company. These programs impact virtually all functional areas within the company by reducing or eliminating waste and improving processes. We continue to expand our efforts surrounding global product and component sourcing and supplier cost reduction programs. Value engineering efforts, product transfers and the use of lean process improvement techniques are expected to increase manufacturing efficiency. In addition, we continue to build upon the benefits of our enterprise resource planning system across all functions and have also implemented a sustainability program across the organization. Our goal is to have enough productivity programs to pay for investments in key growth areas as well as offset other inflationary cost increases.

Results of Operations – Second Quarter of 2012 compared to the Second Quarter of 2011

### SUMMARY OF CONSOLIDATED RESULTS (IN MILLIONS, EXCEPT PER SHARE DATA):

	Three Months Ended June 30				
		2012	% of Net sales	2011	% of Net sales
Net Sales	\$	778.4		\$	709.2

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Cost of goods sold	518.6		479.3	
Gross Profit	259.8	33.4 %	229.9	32.4 %
Selling & administrative expense	135.3	17.4 %	124.8	17.6 %
Operating income	124.5	16.0 %	105.1	14.8 %
Net income attributable to Hubbell	77.5	10.0 %	65.2	9.2 %
Earnings per share - diluted	\$ 1.29		\$ 1.07	

Net Sales

Net sales of \$778.4 million for the second quarter of 2012 increased 10% compared to the second quarter of 2011 due to higher organic volume, acquisitions and price realization partially offset by unfavorable foreign currency translation. Compared to the second quarter of 2011, organic volume increased net sales by approximately eight percentage points due to improved market conditions and new product growth. Additionally, acquisitions and price realization added two and one percentage points, respectively, to net sales. Foreign currency translation reduced net sales by one percentage point.

Cost of goods sold

As a percentage of net sales, cost of goods sold decreased to 66.6% in the second quarter of 2012 compared to 67.6% in the second quarter of 2011 due to the impact of price realization and lower commodity costs.

Gross Profit

The consolidated gross profit margin in the second quarter of 2012 was 33.4% compared to 32.4% in the second quarter of 2011. The increase in gross profit margin was due to price realization, slightly lower commodity costs and leveraging the higher sales volume. In addition, productivity essentially offset inflationary cost increases.

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## Selling &amp; Administrative Expenses (“S&amp;A”)

S&A expenses in the second quarter of 2012 were \$135.3 million compared to \$124.8 million in the second quarter of 2011. As a percentage of net sales, S&A expenses declined to 17.4% in the second quarter of 2012 compared to 17.6% in the second quarter of 2011 due to leveraging the higher sales volume partially offset by higher wage and benefit costs.

## Total Other Expense

Total other expense was \$8.4 million in the second quarter of 2012 compared to \$9.2 million in the second quarter of 2011. This \$0.8 million decrease is primarily due to both net foreign currency transaction losses and net interest expense being lower in the second quarter of 2012 compared to the second quarter of 2011.

## Income Taxes

The effective tax rate in the second quarter of 2012 increased to 32.8% from 31.5% in the second quarter of 2011. This increase is primarily due to the federal research and development tax credit not being extended for 2012 and a higher percentage of domestic income in the current year.

## Net income attributable to Hubbell and Earnings Per Diluted Share

Net income attributable to Hubbell and earnings per diluted share increased 19% and 21% respectively in the second quarter of 2012 compared to the second quarter of 2011. These increases are due to higher operating income partially offset by a higher effective tax rate. In addition, earnings per diluted share reflect a decrease in the average number of shares outstanding in the second quarter of 2012 compared to the second quarter of 2011.

## Segment Results

**ELECTRICAL**

<i>(In millions)</i>	<b>Three Months Ended</b>			
	<b>June 30</b>			
		<b>2012</b>		<b>2011</b>
Net sales	\$	536.3	\$	497.9
Operating income	\$	81.2	\$	69.2
Operating margin		15.1 %		13.9 %

Net sales in the Electrical segment increased 8% in the second quarter of 2012 compared with the second quarter of 2011. Compared to the second quarter of 2011, organic volume increased net sales by approximately five percentage points while acquisitions and price realization added three and one percentage points, respectively, to net sales. Foreign currency translation reduced net sales by one percentage point.

Within the segment, electrical systems products net sales increased 12% in the second quarter of 2012 compared to the second quarter of 2011 due to higher organic volume, acquisitions and price realization. Sales of lighting products were flat in the second quarter of 2012 compared to 2011 due to favorable price realization offset by lower organic volume. Compared to the second quarter of 2011, sales of commercial and industrial lighting products decreased 4% primarily driven by continued weakness in public construction partially offset by stronger demand in the retrofit and relight markets. Sales of residential lighting products increased 21% year-over-year due to stronger demand in the multi-family housing and renovation markets.

Operating income in the second quarter of 2012 increased 17% to \$81.2 million compared to the second quarter of 2011 and operating margin increased by 120 basis points to 15.1%. Operating income increased primarily due to price realization, lower commodity costs, higher volume and acquisitions. Productivity improvements essentially offset cost increases including wages, benefits and other personnel costs.

## POWER

	Three Months Ended	
	June 30	
<i>(In millions)</i>	2012	2011
Net sales	\$ 242.1	\$ 211.3
Operating income	\$ 43.3	\$ 35.9
Operating margin	17.9 %	17.0 %

Net sales in the Power segment increased 15% in the second quarter of 2012 compared to the second quarter of 2011. Organic volume increased net sales by approximately fourteen percentage points due to strong growth in domestic transmission and distribution products. Price realization was favorable by two percentage points. Foreign currency translation reduced net sales by one percentage point.

Operating income in the second quarter of 2012 increased 21% to \$43.3 million compared to the second quarter of 2011 and operating margin increased by 90 basis points to 17.9%. The operating income and margin increases were primarily due to the higher volume, productivity and price realization partially offset by cost increases, including commodities, wages, pension and benefits.

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Results of Operations – Six Months Ended June 30, 2012 compared to the Six Months Ended June 30, 2011

**SUMMARY OF CONSOLIDATED RESULTS (IN MILLIONS, EXCEPT PER SHARE DATA):**

	<b>Six Months Ended June 30</b>			
	<b>2012</b>	<b>% of Net sales</b>	<b>2011</b>	<b>% of Net sales</b>
Net Sales	\$ 1,502.2		\$ 1,367.3	
Cost of goods sold	1,008.3		932.2	
Gross Profit	493.9	32.9 %	435.1	31.8 %
Selling & administrative expense	267.7	17.8 %	246.4	18.0 %
Operating income	226.2	15.1 %	188.7	13.8 %
Net income attributable to Hubbell	140.7	9.4 %	115.5	8.4 %
Earnings per share - diluted	\$ 2.34		\$ 1.89	

## Net Sales

Net sales of \$1.5 billion for the first six months of 2012 increased 10% compared to the first six months of 2011 due to higher organic volume, acquisitions and price realization. Compared to the first six months of 2011, organic volume increased net sales by eight percentage points due to improved market conditions and new product growth. Additionally acquisitions and price realization added two and one percentage points, respectively, to net sales. Foreign currency translation reduced net sales by one percentage point.

## Cost of goods sold

As a percentage of net sales, cost of goods sold decreased to 67.1% for the first six months of 2012 compared to 68.2% for the first six months of 2011 due to the impact of price realization.

## Gross Profit

The consolidated gross profit margin was 32.9% the first six months of 2012 compared to 31.8% in the first six months of 2011. The increase in gross profit margin was primarily due to price realization.

## Selling &amp; Administrative Expenses

S&A expenses in the first six months of 2012 were \$267.7 million compared to \$246.4 million in the first six months of 2011. As a percentage of net sales, S&A expenses declined to 17.8% in the first six months of 2012 compared to 18.0% in the first six months of 2011 due to leveraging the higher sales volume partially offset by higher wage and benefit costs.

## Total Other Expense

Total other expense was \$15.5 million in the first six months of 2012 compared to \$18.8 million in the first six months of 2011. This \$3.3 million decrease is primarily due to both net foreign currency transaction losses and net interest expense being lower in the first six months of 2012 compared to the comparable prior year period.

#### Income Taxes

The effective tax rate in the first six months of 2012 increased to 32.8% from 31.5% in the first six months of 2011. This increase is primarily due to the federal research and development tax credit not being extended for 2012 and a higher percentage of domestic income in the current year.

#### Net income attributable to Hubbell and Earnings Per Diluted Share

Net income attributable to Hubbell and earnings per diluted share increased 22% and 24%, respectively, in the first six months of 2012 compared to the first six months of 2011. These increases are due to higher operating income and lower other expense partially offset by a higher effective tax rate. In addition earnings per diluted share reflect a decrease in the average number of shares outstanding for the first six months of 2012 compared to the first six months of 2011.

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## Segment Results

**ELECTRICAL**

<i>(In millions)</i>	<b>Six Months Ended</b>	
	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Net sales	\$ 1,041.4	\$ 964.0
Operating income	\$ 145.0	\$ 126.8
Operating margin	13.9 %	13.2 %

Net sales in the Electrical segment increased 8% in the first six months of 2012 compared with the first six months of 2011 due to higher organic volume, acquisitions and price realization. Compared to the first six months of 2011, organic volume added approximately five percentage points to net sales. In addition, acquisitions and price realization added three and one percentage points, respectively, to net sales. Foreign currency translation reduced net sales by one percentage point.

Within the segment, electrical systems products net sales increased 12% in the first six months of 2012 compared to the first six months of 2011 due to higher organic volume and acquisitions and price realization. Sales of lighting products increased 2% in the first six months of 2012 compared to 2011. Compared to the first six months of 2011, sales of commercial and industrial lighting products decreased 1% primarily driven by continued weakness in public construction partially offset by stronger demand in the retrofit and relight markets. Sales of residential lighting products increased 16% year-over-year due to stronger demand in the multi-family housing and renovation markets.

Operating income in the first six months of 2012 increased 14% to \$145.0 million compared to the first six months of 2011 while operating margin increased 70 basis points. Operating income and operating margin increased due to price realization, productivity improvements, lower commodity costs and sales volume leverage partially offset by inflationary spending increases.

**POWER**

<i>(In millions)</i>	<b>Six Months Ended</b>	
	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Net sales	\$ 460.8	\$ 403.3
Operating income	\$ 81.2	\$ 61.9
Operating margin	17.6 %	15.3 %

Net sales in the Power segment increased 14% in the first six months of 2012 compared to the first six months of 2011. Organic volume increased net sales by approximately thirteen percentage points due to higher net sales of transmission and distribution products. Price realization added two percentage points to net sales. Foreign currency translation reduced net sales by one percentage point.

Operating income increased 31% to \$81.2 million and operating margin increased 230 basis points to 17.6% in the first six months of 2012 compared to the first six months of 2011. The increase in operating income and margin was due to higher volume, productivity and price realization partially offset by cost increases including commodities, wages and benefits.

## Outlook

For 2012, we expect our overall net sales to increase by six to eight percent compared to 2011. We expect six to eight percent growth in our Electrical segment and seven to nine percent growth in our Power segment. The non-residential market is expected to grow slightly as strong demand from retrofit and relighting projects is expected to be partially offset by weakness in the new construction market. The utility market is expected to continue to grow with increases anticipated for both our transmission and distribution products. The industrial market is also expected to continue to expand but at a slower rate than in recent quarters. For the residential market, we anticipate continued improvement in 2012 driven by multi-family and renovation markets. Acquisitions are expected to contribute two percentage points of the overall net sales increase. We expect foreign currency translation to have an unfavorable impact on net sales of approximately one percentage point.

We plan to continue to work on productivity initiatives, including improved sourcing, product redesign and lean projects focused on factory efficiency. We anticipate cost increases from pension, healthcare and other inflationary costs. We plan to continue to invest in people and resources to support our growth initiatives. Overall we expect to expand our annual operating margin by at least 50 basis points in 2012 compared to 2011. Additionally, we expect our 2012 tax rate to increase to approximately 32.5% compared to 30.7% for 2011 primarily due to the expiration of the federal research and development tax credit and a higher mix of domestic income. We expect to increase our earnings in 2012 through higher sales, careful management of pricing relative to commodity costs and by continuing our productivity programs.

In 2012, we anticipate generating free cash flow approximately equal to net income. Finally, with our strong financial position, we expect to continue to evaluate and pursue additional acquisitions to add to our portfolio.



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## Financial Condition, Liquidity and Capital Resources

## Cash Flow

<i>(In millions)</i>	<b>Six Months Ended</b>	
	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Net cash provided by (used in):		
Operating activities	\$ 104.6	\$ 116.4
Investing activities	(65.6 )	(28.0 )
Financing activities	(63.1 )	(106.5 )
Effect of foreign currency exchange rate changes on cash and cash equivalents	(0.9 )	7.8
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (25.0 )</b>	<b>\$ (10.3 )</b>

Cash provided by operating activities for the six months ended June 30, 2012 decreased from the comparable period in 2011 primarily due to a greater use of cash for working capital, higher tax payments and higher levels of pension funding, partially offset by higher net income. Cash used for working capital was \$76.1 million and \$50.4 million for the six month periods ended June 30, 2012 and 2011, respectively. This increase is primarily due to increased levels of inventory and higher disbursements of accounts payable partially offset by higher collections of accounts receivable. The higher tax payments are primarily due to reduced bonus depreciation in 2012, while the higher level of pension funding is due to a \$5 million voluntary contribution to the Company's qualified domestic benefit plans.

Investing activities used cash of \$65.6 million in the first six months of 2012 compared to cash used of \$28.0 million during the comparable period in 2011. This increase is due to higher acquisition investment partially offset by lower capital expenditures. Financing activities used cash of \$63.1 million in the first six months of 2012 compared to \$106.5 million of cash used during the comparable period of 2011 primarily as a result of lower spending on the repurchase of common shares.

## Investments in the Business

Investments in our business include both expenditures required to maintain the operation of our equipment and facilities as well as cash outlays in support of our strategic initiatives. During the first six months of 2012, we used cash of \$21 million for capital expenditures, a decrease of \$10.1 million from the comparable period of 2011. During the first six months of 2011, the Company purchased a facility in Switzerland for approximately \$13 million that had previously been leased.

During the first six months of 2012, the Company completed the acquisition of Taymac for \$42.1 million and Cableform for \$10.9 million. The Company continues to assess opportunities to expand sales through acquisitions of businesses that fill product gaps or allow for expansion into new markets. See also Note 2-Business Acquisitions in the Notes to Condensed Consolidated Financial Statements.

In September 2011, the Board of Directors approved a stock repurchase program and authorized the repurchase of up to \$200 million of Class A and Class B Common Stock. During 2012, the Company has spent \$42.1 million on the repurchase of common shares. As of June 30, 2012, \$157.9 million remains authorized for future repurchases under this program. Depending upon numerous factors, including market conditions and alternative uses of cash, we may conduct discretionary repurchases through open market and privately negotiated transactions during our normal trading windows.

#### Debt to Capital

At June 30, 2012, the Company had \$596.5 million of senior long-term notes, net of unamortized discount. These long-term fixed-rate notes, with amounts of \$300 million due in both 2018 and 2022, respectively, are callable with a make whole provision and are only subject to accelerated payment prior to maturity if we fail to meet certain non-financial covenants, all of which were met at June 30, 2012.

The Company has a credit agreement for a 6.0 million Brazilian Real line of credit to fund its Brazilian operations. At June 30, 2012, 0.4 million Brazilian Reals were drawn (equivalent to \$0.2 million) and reflected as short-term debt. This line of credit expires in October 2012 and is not subject to annual commitment fees.

Net debt, defined as total debt less cash and investments, is a non-GAAP measure that may not be comparable to definitions used by other companies. We consider net debt to be a useful measure of our financial leverage for evaluating the Company's ability to meet its funding needs.

<i>(In millions)</i>	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Total Debt	\$ 596.7	\$ 599.2
Total Hubbell Shareholders' Equity	1,545.2	1,467.8
<b>TOTAL CAPITAL</b>	<b>\$ 2,141.9</b>	<b>\$ 2,067.0</b>
Debt to Total Capital	28 %	29 %
Cash and Investments	598.3	624.4
<b>NET DEBT</b>	<b>\$ (1.6 )</b>	<b>\$ (25.2 )</b>
Net Debt to Total Capital	(0 %)	(1 %)

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## Liquidity

We measure liquidity on the basis of our ability to meet short-term and long-term operational funding needs, fund additional investments, including acquisitions, and make dividend payments to shareholders. Significant factors affecting the management of liquidity are cash flows from operating activities, capital expenditures, cash dividend payments, stock repurchases, access to bank lines of credit and our ability to attract long-term capital with satisfactory terms.

As of June 30, 2012, the Company's \$500 million revolving credit facility had not been drawn against. The credit facility, which serves as a backup to our commercial paper program, is scheduled to expire in October 2016. The interest rate applicable to borrowing under the credit agreement is generally either the prime rate or a surcharge over LIBOR. The single financial covenant in the \$500 million credit facility, which the Company is in compliance with, requires that total debt not exceed 55% of total capitalization. Annual commitment fees to support availability under the credit facility are not material.

Although not the principal source of liquidity, we believe our credit facility is capable of providing significant financing flexibility at reasonable rates of interest. However, in the event of a significant deterioration in the results of our operations or cash flows, leading to deterioration in financial condition, our borrowing costs could increase and/or our ability to borrow could be restricted. We have not entered into any guarantees that could give rise to material unexpected cash requirements.

We have contractual obligations for long-term debt, operating leases, purchase obligations, and certain other long-term liabilities that were summarized in a table of Contractual Obligations in our Annual Report on Form 10-K for the year ended December 31, 2011. Since December 31, 2011, there were no material changes to our contractual obligations.

Internal cash generation together with currently available cash and investments, available borrowing facilities and credit lines, if needed, are expected to be sufficient to fund operations, the current rate of cash dividends, capital expenditures, and an increase in working capital that would be required to accommodate a higher level of business activity. We actively seek to expand by acquisition as well as through the growth of our current businesses. While a significant acquisition may require additional debt and/or equity financing, we believe that we would be able to obtain additional financing based on our favorable historical earnings performance and strong financial position.

The Company maintains a conservative financial structure to provide the strength and flexibility necessary to achieve its strategic objectives. The 2008 disruption in the credit markets had a significant adverse impact on a number of financial institutions. While the Company's liquidity was not negatively impacted by this disruption, management will continue to closely monitor the Company's liquidity and credit markets. Management cannot predict with any certainty the impact to the Company should any future disruptions occur in the credit environment.

## Critical Accounting Estimates

A summary of our critical accounting estimates is included in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2011. We are required to make estimates and judgments in the preparation of our financial statements that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. We continually review these estimates and their underlying assumptions to ensure they are appropriate for the circumstances. Changes in the estimates and assumptions we use could have a significant impact on our financial

results. During the first six months of 2012, there were no significant changes in our estimates and critical accounting policies.

#### Forward-Looking Statements

Some of the information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this Form 10-Q, contain "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. These include statements about capital resources, performance and results of operations and are based on our reasonable current expectations. In addition, all statements regarding anticipated growth or improvement in operating results, anticipated market conditions and economic recovery are forward looking. Forward-looking statements may be identified by the use of words, such as "believe", "expect", "anticipate", "intend", "depend", "should", "plan", "estimated", "predict", "could", "may", "subject to", "continues", "growing", "prospective", "forecast", "purport", "might", "if", "contemplate", "potential", "pending", "target", "goals", "scheduled", "will likely be", and similar phrases. Discussions of strategies, plans or intentions often contain forward-looking statements. Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include, but are not limited to:

- Changes in demand for our products, market conditions, product quality, or product availability adversely affecting sales levels.
- Changes in markets or competition adversely affecting realization of price increases.
- Failure to achieve projected levels of efficiencies, cost savings and cost reduction measures, including those expected as a result of our lean initiative and strategic sourcing plans.
- The expected benefits and the timing of other actions in connection with our enterprise resource planning system.
- Availability and costs of raw materials, purchased components, energy and freight.
- Changes in expected or future levels of operating cash flow, indebtedness and capital spending.
- General economic and business conditions in particular industries, markets or geographic regions, as well as inflationary trends.
-

The anticipated impacts from the Federal stimulus package.

- 

Regulatory issues, changes in tax laws or changes in geographic profit mix affecting tax rates and availability of tax incentives.

- 

A major disruption in one or more of our manufacturing or distribution facilities or headquarters, including the impact of plant consolidations and relocations.

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- Changes in our relationships with, or the financial condition or performance of, key distributors and other customers, agents or business partners which could adversely affect our results of operations.
- Impact of productivity improvements on lead times, quality and delivery of product.
- Anticipated future contributions and assumptions including changes in interest rates and plan assets with respect to pensions.
- Adjustments to product warranty accruals in response to claims incurred, historical experiences and known costs.
- Unexpected costs or charges, certain of which might be outside of our control.
- Changes in strategy, economic conditions or other conditions outside of our control affecting anticipated future global product sourcing levels.
- Ability to carry out future acquisitions and strategic investments in our core businesses as well as the acquisition related costs.
- Unanticipated difficulties integrating acquisitions as well as the realization of expected synergies and benefits anticipated when we first enter into a transaction.
- The ability of governments to meet their financial obligations.
- Political unrest in foreign countries.
- Natural disasters.

- Future repurchases of common stock under our common stock repurchase program.

- Changes in accounting principles, interpretations, or estimates.

- The outcome of environmental, legal and tax contingencies or costs compared to amounts provided for such contingencies.

- Adverse changes in foreign currency exchange rates and the potential use of hedging instruments to hedge the exposure to fluctuating rates of foreign currency exchange on inventory purchases.

- Other factors described in our Securities and Exchange Commission filings, including the “Business”, “Risk Factors” and “Quantitative and Qualitative Disclosures about Market Risk” sections in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

Any such forward-looking statements are not guarantees of future performances and actual results, developments and business decisions may differ from those contemplated by such forward-looking statements. The Company disclaims any duty to update any forward-looking statement, all of which are expressly qualified by the foregoing, other than as required by law.

### ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

In the operation of its business, the Company has exposures to fluctuating foreign currency exchange rates, availability of purchased finished goods and raw materials, changes in material prices, foreign sourcing issues, and changes in interest rates. There have been no significant changes in our exposure to these market risks during the first six months of 2012. For a complete discussion of the Company’s exposure to market risk, refer to Item 7A, “Quantitative and Qualitative Disclosures about Market Risk”, contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

### ITEM 4 Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed under the Securities Exchange Act of 1934, as amended, the (“Exchange Act”) is recorded, processed, summarized and reported within the time periods specified and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

The Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this report on Form 10-Q. Based upon that evaluation, each of the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2012, the Company's disclosure controls and procedures were effective to allow timely decisions regarding disclosure.

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



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## ITEM 1A Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in the Annual Report on Form 10-K for the year ended December 31, 2011.

## ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

### Issuer Purchases of Equity Securities

In September 2011, the Board of Directors approved a stock repurchase program and authorized the repurchase of up to \$200 million of Class A and Class B Common Stock. The Company has spent \$42.1 million on the repurchase of common shares through June 30, 2012. The Company did not repurchase any Class A or Class B Common Stock during the second quarter of 2012. As of June 30, 2012, approximately \$157.9 million remains authorized for future repurchases under this program. Depending upon numerous factors, including market conditions and alternative uses of cash, we may conduct discretionary repurchases through open market and privately negotiated transactions during our normal trading windows.

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ITEM 6 Exhibits

EXHIBITS

<b>Number</b>	<b>Description</b>
10.10.2 †*	Second Amendment, dated as of May 11, 2012, to the Hubbell Incorporated Grantor Trust for Non-Employee Director Plans Trust Agreement.
10.9.3 †*	Third Amendment, dated as of May 11, 2012, to the Hubbell Incorporated Grantor Trust for Senior Management Plans Trust Agreement.
31.1*	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes — Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes — Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes — Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes — Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

† This exhibit constitutes a management contract, compensatory plan, or arrangement.

\* Filed herewith.

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

Date: July 20, 2012

/s/ William R. Sperry

**William R. Sperry**

*Senior Vice President and Chief Financial Officer*

HUBBELL INCORPORATED

/s/ Darrin S. Wegman

**Darrin S. Wegman**

*Vice President, Controller (Chief Accounting Officer)*

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