

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

## FORM 10Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended SEPTEMBER 30, 1997

/ / 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 (I.R.S. Employer  
incorporation or organization) Identification No.)

584 DERBY MILFORD ROAD, ORANGE, CT 06477  
(Address of principal executive offices) (Zip Code)

(203) 799-4100

(Registrant's telephone number, including area code)

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

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

YES X NO

The number of shares of registrant's classes of common stock outstanding as of  
November 3, 1997 were:

Class A (\$.01 par value) 11,146,000

Class B (\$.01 par value) 55,987,000

ITEM 1

HUBBELL INCORPORATED  
PART I - FINANCIAL INFORMATION  
FINANCIAL STATEMENTS  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)  
(IN THOUSANDS)

|  | September 30, 1997 | December 31, 1996 |
|--|--------------------|-------------------|
|  | -----              | -----             |
| ASSETS   |                    |                   |
| Current Assets:  |                    |                   |
| Cash and temporary cash investments                                | \$ 156,176         | \$ 134,397        |
| Accounts receivable (net)  | 198,518            | 172,351           |
| Inventories  | 256,703            | 244,565           |
| Prepaid taxes  | 27,848             | 30,162            |
| Other  | 2,882              | 9,713             |
|  | -----              | -----             |
| TOTAL CURRENT ASSETS   | 642,127            | 591,188           |
| Property, Plant and Equipment (net)                                | 236,513            | 217,913           |
| Other Assets:  |                    |                   |
| Investments  | 166,476            | 170,372           |
| Purchase price in excess of net assets of companies acquired (net) | 193,920            | 162,180           |
| Property held as investment  | 12,316             | 7,970             |
| Other  | 24,955             | 35,817            |
|  | -----              | -----             |
|  | \$1,276,307        | \$1,185,440       |
|  | =====              | =====             |
| LIABILITIES AND SHAREHOLDERS' EQUITY                               |                    |                   |
| Current Liabilities:   |                    |                   |
| Commercial paper and notes   | \$ 250             | \$ 18,635         |
| Accounts payable   | 55,093             | 52,485            |
| Accrued salaries, wages and employee benefits                      | 33,977             | 26,486            |
| Accrued income taxes   | 43,417             | 44,039            |
| Dividends payable  | 19,501             | 17,177            |
| Accrued restructuring charge                                       | 1,465              | 8,734             |
| Other accrued liabilities  | 84,909             | 87,874            |
|  | -----              | -----             |
| TOTAL CURRENT LIABILITIES  | 238,612            | 255,430           |
| Long-Term Debt   | 99,504             | 99,458            |
| Other Non-Current Liabilities                                      | 77,721             | 74,736            |
| Deferred Income Taxes  | 12,371             | 12,670            |
| Shareholders' Equity   | 848,099            | 743,146           |
|  | -----              | -----             |
|  | \$1,276,307        | \$1,185,440       |
|  | =====              | =====             |

See notes to consolidated financial statements

HUBBELL INCORPORATED  
CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

|                                   | THREE MONTHS ENDED<br>SEPTEMBER 30, |            | NINE MONTHS ENDED<br>SEPTEMBER 30, |            |
|-----------------------------------|-------------------------------------|------------|------------------------------------|------------|
|                                   | 1997                                | 1996       | 1997                               | 1996       |
| NET SALES                         | \$ 351,765                          | \$ 332,770 | \$ 1,029,360                       | \$ 966,297 |
| Cost of goods sold                | 243,722                             | 232,984    | 710,023                            | 677,305    |
| GROSS PROFIT                      | 108,043                             | 99,786     | 319,337                            | 288,992    |
| Selling & administrative expenses | 51,105                              | 48,527     | 154,859                            | 143,593    |
| OPERATING INCOME                  | 56,938                              | 51,259     | 164,478                            | 145,399    |
| OTHER INCOME (EXPENSE):           |                                     |            |                                    |            |
| Investment income                 | 4,686                               | 4,217      | 13,527                             | 12,083     |
| Interest expense                  | (1,898)                             | (2,123)    | (5,481)                            | (6,363)    |
| Other income (expense), net       | (213)                               | (1,270)    | (1,991)                            | (4,085)    |
| TOTAL OTHER INCOME, NET           | 2,575                               | 824        | 6,055                              | 1,635      |
| INCOME BEFORE INCOME TAXES        | 59,513                              | 52,083     | 170,533                            | 147,034    |
| Provision for income taxes        | 17,856                              | 15,104     | 51,162                             | 42,640     |
| NET INCOME                        | \$ 41,657                           | \$ 36,979  | \$ 119,371                         | \$ 104,394 |
| EARNINGS PER SHARE                | \$ 0.60                             | \$ 0.55    | \$ 1.73                            | \$ 1.55    |

See notes to consolidated financial statements.

HUBBELL INCORPORATED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)  
(IN THOUSANDS)

|  | NINE MONTHS ENDED<br>SEPTEMBER 30, 1997 |            |
|--|---|------------|
|  | 1997                                    | 1996       |
| CASH FLOWS FROM OPERATING ACTIVITIES   |   |            |
| Net income   | \$ 119,371                              | \$ 104,394 |
| Adjustments to reconcile net income to<br>net cash provided by operating activities: |   |            |
| Depreciation and amortization  | 36,565                                  | 32,814     |
| Deferred income taxes  | 4,607                                   | 183        |
| Changes in assets and liabilities, net of the effect of business acquisitions:       |   |            |
| (Increase)/Decrease in accounts receivable   | (21,565)                                | (29,485)   |
| (Increase)/Decrease in inventories   | (9,244)                                 | 7,003      |
| (Increase)/Decrease in other current assets  | 3,916                                   | 1,647      |
| Increase/(Decrease) in current operating liabilities                                 | (1,712)                                 | 27,825     |
| Increase/(Decrease) in restructuring accruals  | (7,269)                                 | (6,948)    |
| (Increase)/Decrease in other, net  | 3,266                                   | 4,678      |
| Net cash provided by operating activities  | 127,935                                 | 142,111    |
| CASH FLOWS FROM INVESTING ACTIVITIES   |   |            |
| Acquisition of businesses  | (3,077)                                 | (31,365)   |
| Additions to property, plant and equipment   | (44,756)                                | (28,483)   |
| Purchases of investments   | (4,443)                                 | (4,936)    |
| Repayments and sales of investments  | 8,075                                   | 12,378     |
| Other, net   | 16,103                                  | 1,235      |
| Net cash used in investing activities  | (28,098)                                | (51,171)   |
| CASH FLOWS FROM FINANCING ACTIVITIES   |   |            |
| Payment of dividends   | (54,159)                                | (48,112)   |
| Commercial paper and notes - borrowings (repayments)                                 | (18,385)                                | --         |
| Redemption of industrial development bonds   | --                                      | (2,700)    |
| Exercise of stock options  | 3,160                                   | 2,242      |
| Acquisition of treasury shares   | (8,674)                                 | (4,521)    |
| Net cash provided (used) in financing activities                                     | (78,058)                                | (53,091)   |
| Increase (Decrease) in cash and temporary cash investments                           | 21,779                                  | 37,849     |
| CASH AND TEMPORARY CASH INVESTMENTS  |   |            |
| Beginning of period  | 134,397                                 | 86,984     |
| End of period  | \$ 156,176                              | \$ 124,833 |

See notes to consolidated financial statements

HUBBELL INCORPORATED  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997  
(UNAUDITED)

1. Inventories are classified as follows: (in thousands)

|   | SEPTEMBER 30,<br>1997 | DECEMBER 31,<br>1996 |
|---|-----------------------|----------------------|
|   | -----                 | -----                |
| Raw Material  | \$ 90,418             | \$ 81,321            |
| Work-in-Process   | 72,045                | 71,388               |
| Finished Goods  | 138,269               | 134,931              |
|   | -----                 | -----                |
|   | 300,732               | 287,640              |
| Excess of current<br>Production costs over<br>LIFO cost basis | 44,029                | 43,075               |
|   | -----                 | -----                |
|   | \$256,703             | \$244,565            |
|   | =====                 | =====                |

2. Shareholders' Equity comprises: (in thousands)

|   | SEPTEMBER 30,<br>1997 | DECEMBER 31,<br>1996 |
|---|-----------------------|----------------------|
|   | -----                 | -----                |
| Common Stock, \$.01 par value:                  |                       |                      |
| Class A-authorized 50,000,000 shares,           |                       |                      |
| outstanding 11,254,600 and 11,446,120 shares    | \$ 113                | \$ 115               |
| Class B-authorized 150,000,000 shares           |                       |                      |
| outstanding 55,956,801 and 54,612,590 shares    | 559                   | 546                  |
| Additional paid-in-capital                      | 481,144               | 438,285              |
| Retained earnings                               | 375,423               | 312,534              |
| Unrealized holding gains (losses) on securities | 49                    | 212                  |
| Cumulative translation adjustments              | (9,189)               | (8,546)              |
|   | -----                 | -----                |
|   | \$ 848,099            | \$ 743,146           |
|   | =====                 | =====                |

HUBBELL INCORPORATED  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997  
(UNAUDITED)

3. On February 14, 1997, Hubbell acquired Fargo Manufacturing Company, Inc. ("Fargo") based in Poughkeepsie, New York. Fargo manufactures distribution and transmission line products primarily for the electric utility market. Each share of Fargo common stock was converted into a right to receive shares or fractions thereof of Hubbell's Class B Common Stock and accordingly 1,170,572 shares of Class B Common Stock were issued. The acquisition of Fargo has been recorded under the purchase method of accounting with a cost of \$43,100,000 net of cash acquired.

On January 2, 1996, the Company acquired the assets of the Anderson Electrical Connectors business ("Anderson"). Anderson manufactures electrical connectors and associated hardware and tools for the electric utility industry with manufacturing facilities in Alabama and Tennessee. On January 31, 1996, the Company acquired all the outstanding stock of Gleason Reel Corp. ("Gleason") based in Mayville, Wisconsin. Gleason manufactures electric cable management products (including cable and hose reels, protective steel and nylon cable tracks and cable festooning hardware) and a line of ergonomic tool support systems. The businesses were acquired for cash of \$31,365,000 and notes of \$18,635,000 that mature in one year and were recorded under the purchase method of accounting.

The costs of the acquired businesses has been allocated to assets acquired and liabilities assumed based on fair values with the residual amount assigned to goodwill, which is being amortized over forty years. The businesses have been included in the financial statements as of their respective acquisition date and had no material effect on the Company's financial position and reported earnings.

4. In the opinion of management, the information furnished in Part I-Financial Information on Form 10-Q reflects all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial statements for the periods indicated.
5. The results of operations for the three and nine months ended September 30, 1997 and 1996, are not necessarily indicative of the results to be expected for the full year.

HUBBELL INCORPORATED  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
SEPTEMBER 30, 1997

FINANCIAL CONDITION

At September 30, 1997, the Company's financial position remained strong with working capital of \$403.5 million and a current ratio of 2.7 to 1. Total of short and long-term borrowings at September 30, 1997, were \$99.8 million, 11.8% of shareholders equity.

The net increase in cash and temporary cash investments of \$21.8 million for the nine months ended September 30, 1997, reflects strong operating cash flow which were used to fund an increase in property, plant and equipment and dividend payment along with the repayment of the short-term notes issued as part of the acquisition of Gleason Reel in 1996.

Net cash provided by operating activities reflects higher net income offset by increased working capital to support higher sales. The decrease in current liabilities is due to the payment of income taxes, insurance premiums and accrued interest.

The Company believes that currently available cash, borrowing facilities, and its ability to increase its credit lines if needed, combined with internally generated funds should be more than sufficient to fund capital expenditures as well as any increase in working capital that would be required to accommodate a higher level of business activity.

RESULTS OF OPERATIONS

Consolidated net sales increased by 6% for the third quarter and 7% year-to-date reflecting a general improvement across all businesses with particularly strong growth for Premise Wiring, Canada and Mexico operations combined with the acquisition of Fargo in 1997. Operating income for the quarter and first nine months increased 10% and 13%, respectively, on higher sales and profitability improvement as the Company entered into the final year of its restructuring program with net operating margins rising almost a full percentage point over 1996.

Low Voltage segment sales increased 5% in the quarter and 4% year-to-date on higher shipments of generally all products within the segment. Operating income increased 10% and 8%, respectively, on higher sales and improved operating efficiencies in restructured units.

High Voltage segment sales increased by 7% for the quarter and first nine months on continued growth for surge arresters, insulators, cut-outs and related hardware within the North American markets combined with the acquisition of Fargo on February 14, 1997. Operating income increased more than 20% on higher sales, improved profitability and the inclusion of Fargo.

The Other industry segment sales rose by 6% and 9% for the respective periods as all units reported higher shipments with particularly strong increases for wire management products. Operating profits increased in line with sales.

HUBBELL INCORPORATED  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
SEPTEMBER 30, 1997  
(CONTINUED)

Sales through the Company's International units increased by 10% for the quarter and 19% for the first nine months on continued growth of the Canadian and Mexican markets particularly for High Voltage products. Operating income from International units for the comparative periods increased 12% for the quarter and 30% year-to-date on the higher sales volume and continued profitability improvement of the restructured Canadian and European operations.

The effective income tax rate for 1997 was 30% versus 29% in 1996. The increase in the effective tax rate reflects a higher portion of domestic source income which is due in part to the recently completed acquisitions combined with changes in tax regulations regarding corporate owned life insurance and Puerto Rico investment income. Net income increased 14% and earnings per share increased 12%, respectively. Earnings per share includes the impact of the additional shares issued for the Fargo acquisition.

The Company's restructuring program is proceeding according to management's plan. At September 30, 1997, the restructuring accrual balance was \$1,465,000. Through September 30, 1997, cumulative costs charged to the restructuring accrual were \$48,535,000 as follows (in thousands):

|            | Personnel<br>Costs<br>----- | Plant & Equipment Costs<br>Relocation      Disposal<br>----- | Total<br>----- |          |
|------------|-----------------------------|--|----------------|----------|
| 1993       | \$ 4,456                    | \$ 2,794   | \$ --          | \$ 7,250 |
| 1994       | 7,550                       | 2,036  | 5,225          | 14,811   |
| 1995       | 3,017                       | 5,048  | 1,461          | 9,526    |
| 1996       | 2,223                       | 6,642  | 814            | 9,679    |
| 1997 Y-T-D | 1,561                       | 3,531  | 2,177          | 7,269    |
|            | -----                       | -----  | -----          | -----    |
| Cumulative | \$18,807                    | \$20,051   | \$9,677        | \$48,535 |
|            | =====                       | =====  | =====          | =====    |

Personnel costs include non-cash charges for early retirement programs which have been reclassified to the Company's pension liability totaling \$6,203,000 since inception of the restructuring program.

#### NEW ACCOUNTING PRONOUNCEMENT

Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings Per Share" was issued in February 1997 and is effective for financial statements issued after December 15, 1997; earlier application is not permitted. The statement requires the presentation of basic earnings per share based on average shares issued and outstanding and diluted earnings per share which reflects the potential dilution that could occur from the exercise or conversion of instruments into common stock. The Company's currently reported earnings per share are determined on a basis that is similar to the diluted computation of SFAS No. 128 and will not be materially different.



HUBBELL INCORPORATED  
PART II -- OTHER INFORMATION

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K  
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EXHIBITS

| NUMBER | DESCRIPTION |
|--------|-------------|
|--------|-------------|

|     |                                   |
|-----|-----------------------------------|
| 11. | Computation of Earnings Per Share |
|-----|-----------------------------------|

|     |   |
|-----|---|
| 27. | Financial Data Schedule (Electronic filings only) |
|-----|---|

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REPORTS ON FORM 8-K

There were no reports on Form 8-K filed for the nine months ended September 30, 1997.

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.

Dated: November 5, 1997  
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HUBBELL INCORPORATED  
/s/ Harry B. Rowell, Jr.  
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Harry B. Rowell, Jr.  
Executive Vice President  
(Chief Financial and Accounting  
Officer)

EXHIBIT 11  
HUBBELL INCORPORATED  
COMPUTATION OF EARNINGS PER SHARE  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

|   | THREE MONTHS ENDED<br>SEPTEMBER 30, |                   | NINE MONTHS ENDED<br>SEPTEMBER 30, |                    |
|---|-------------------------------------|-------------------|------------------------------------|--------------------|
|   | 1997                                | 1996              | 1997                               | 1996               |
| Net Income  | \$41,657<br>=====                   | \$36,979<br>===== | \$119,371<br>=====                 | \$104,394<br>===== |
| Weighted average number of common shares<br>outstanding during the period | 67,211                              | 65,953            | 67,211                             | 65,913             |
| Common equivalent shares  | 1,857<br>-----                      | 1,259<br>-----    | 1,621<br>-----                     | 1,222<br>-----     |
| Average number of shares outstanding                                      | 69,068<br>=====                     | 67,212<br>=====   | 68,832<br>=====                    | 67,135<br>=====    |
| Earnings per Share  | \$ 0.60<br>=====                    | \$ 0.55<br>=====  | \$ 1.73<br>=====                   | \$ 1.55<br>=====   |

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9-MOS

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SEP-30-1997  
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