HUBBELL INC
Form 10-K
February 18, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K
þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
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)
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each Class	Name of Exchange on which Registered
Common Stock — par value $0.01 per share	New York Stock Exchange
Series A Junior Participating Preferred Stock Purchase Rights	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
NONE

Indicate by check mark	Yes	No
• if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	þ	¨
• if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.	¨	þ
• if 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 report), and (2) has been subject to such filing requirements for the past 90 days.	þ	¨
• 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).	þ	¨
• if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.	¨	

• 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):

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

	Yes	No
•	¨	þ

whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
The approximate aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2015 was $6,175,836,055*. The number of shares outstanding of Hubbell Common Stock as of February 16, 2016 is 56,736,237.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the annual meeting of shareholders scheduled to be held on May 3, 2016, to be filed with the Securities and Exchange Commission (the "SEC"), are incorporated by reference in answer to Part III of this Form 10-K.

*Calculated by excluding all shares held by Executive Officers and Directors of registrant without conceding that all such persons or entities are "affiliates" of registrant for purpose of the Federal Securities Laws.

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PART I

ITEM 1 Business

Hubbell Incorporated (herein referred to as “Hubbell”, the “Company”, the “registrant”, “we”, “our” or “us”, which references include its divisions and subsidiaries as the context may require) was founded as a proprietorship in 1888, and was incorporated in Connecticut in 1905. Hubbell 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, Mexico, the People’s Republic of China (“China”), Italy, the United Kingdom (“UK”), Brazil, Australia and Ireland. Hubbell also participates in joint ventures in Taiwan and Hong Kong, and maintains offices in Singapore, China, India, Mexico, South Korea and countries in the Middle East.

The Company’s reporting segments consist of the Electrical segment (comprised of electrical systems products and lighting products) and the Power segment, as described below. See also Item 7. Management’s Discussion and Analysis – “Executive

Overview of the Business”, and “Results of Operations” as well as Note 20 – Industry Segments and Geographic Area Information in the Notes to Consolidated Financial Statements.

The Company’s annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are made available free of charge through the Investor Relations section of the Company’s website at http://www.hubbell.com as soon as practicable after such material is electronically filed with, or furnished to, the SEC. These filings are also available for reading and copying at the SEC’s Public Reference Room at 100 F Street N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the Company’s SEC filings can be accessed from the SEC’s homepage on the Internet at http://www.sec.gov. The information contained on the Company’s website or connected to our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this report.

Electrical Segment

The Electrical segment (70% of consolidated revenues in 2015, and 71% in 2014 and 2013) is comprised of businesses that sell stock and custom products including standard and special application wiring device products, rough-in electrical products, connector and grounding products, lighting fixtures and controls, as well as other electrical equipment. The products are typically used in and around industrial, commercial and institutional facilities by electrical contractors, maintenance personnel, electricians and telecommunications companies. In addition, certain businesses design and manufacture a variety of high voltage test and measurement equipment, industrial controls and communication systems used in the non-residential and industrial markets. Many of these products are designed such that they can also be used in harsh and hazardous locations where a potential for fire and explosion exists due to the presence of flammable gasses and vapors. Harsh and hazardous products are primarily used in the oil and gas (onshore and offshore) and mining industries. There are also a variety of lighting fixtures, wiring devices and electrical products that have residential and utility applications.

These products are primarily sold through electrical and industrial distributors, home centers, retail and hardware outlets, lighting showrooms and residential product oriented internet sites. Special application products are sold primarily through wholesale distributors to contractors, industrial customers and original equipment manufacturers

(“OEMs”). High voltage products are sold primarily by direct sales to customers through our sales engineers. Hubbell maintains a sales and marketing organization to assist potential users with the application of certain products to their specific requirements, and with architects, engineers, industrial designers, OEMs and electrical contractors for the design of electrical systems to meet the specific requirements of industrial, non-residential and residential users. Hubbell is also represented by independent manufacturers’ sales agents for many of its product offerings.

Hubbell Electrical Systems

Hubbell designs, manufactures and sells thousands of wiring and electrical products as well as specialty lighting and communications products used primarily in harsh and hazardous locations which are supplied principally to industrial, non-residential and residential customers. These products include items such as:

• Cable reels	• Wiring devices & accessories	• Junction boxes, plugs & receptacles
• Cable glands & fittings	• Switches & dimmers	• Datacom connectivity & enclosures
• Connectors & tooling	• Pin & sleeve devices	• Speciality communications equipment
• Floor boxes	• Electrical motor controls	• High voltage test systems
• Ground fault devices	• Steel & plastic enclosures	• Mining communication & controls

These products are sold under various brands and/or trademarks, including:

• Hubbell®	• Bell®	• Victor®	• Gas Breaker®	• ACME Electric®
• Kellems®	• TayMac®	• GAI-Tronics®	• Powerohm™	• EC&M Design™
• Bryant®	• Wiegmann®	• Gleason Reel®	• Chalmit®	• Continental®
• Burndy®	• Killark®	• Haefely®	• Austdac™	
• CMC®	• Hawke™	• Hipotronics®	• Raco®	

Lighting Products

Hubbell manufactures and sells lighting fixtures and controls for indoor and outdoor applications. The markets served include non-residential and residential. For the non-residential market the Company typically targets products that would be considered specification grade and this market includes retrofitting and re-lighting projects for commercial and industrial properties. A fast growing trend within the lighting industry is the adoption of light emitting diode ("LED") technology as the light

source. LED technology is both energy efficient and long–lived and as a result offers customers the economic benefits of lower energy and maintenance costs. The Company has a broad array of LED-luminaire products within its portfolio and the majority of new product development efforts are oriented towards expanding those offerings. Examples of these lighting products or applications include:

• Canopy lights	• Parking lot/parking garage fixtures	• Decorative landscape fixtures
• Emergency lighting/exit signs	• Bollards	• Fluorescent fixtures
• Floodlights & poles	• Bath/vanity fixtures & fans	• Ceiling fans
• LED components	• Chandeliers & sconces	• Site & area lighting
• Recessed, surface mounted & track fixtures	• Athletic & recreational field fixtures	• Occupancy, dimming & daylight harvesting sensors

These lighting products are sold under various brands and/or trademarks, including:

• Kim Lighting®	• Security Lighting Systems™	• Spaulding Lighting™	• Kurt Versen™
• Sportsliter Solutions™	• Columbia Lighting®	• Alera Lighting®	• Prescolite®
• Beacon Products™	• Precision Paragon™[P2]™	• Progress Lighting Design®	• Dual-Lite®
• Architectural Area Lighting™	• Hubbell Building Automation™	• Hubbell® Outdoor Lighting™	• Litecontrol™

Power Segment

The Power segment (30% of consolidated revenues in 2015, and 29% in 2014 and 2013) consists of operations that design and manufacture various distribution, transmission, substation and telecommunications products primarily used by the electrical utility industry. In addition, certain of these products are used in the civil construction and transportation industries. Products are sold to distributors and

directly to users such as electric utilities, telecommunication companies, pipeline and mining operations, industrial firms, construction and engineering firms. While Hubbell believes its sales in this area are not materially dependent upon any customer or group of customers, a substantial decrease in purchases by electrical utilities would affect this segment.

Distribution, Transmission and Substation Utility Products

Hubbell manufactures and sells a wide variety of electrical distribution, transmission, substation and telecommunications products. These products include items such as:

• Arresters	• High voltage bushings	• Grounding equipment
• Cutouts & fuse links	• Insulators	• Programmable reclosers
• Pole line hardware	• Cable terminations & accessories	• Sectionalizers
• Helical anchors & foundations	• Formed wire products	• Lineman tools, hoses & gloves
• Overhead, pad mounted & capacitor switches	• Splices, taps & connectors	• Polymer concrete & fiberglass enclosures and equipment pads

These products are sold under the following brands and/or trademarks:

• Ohio Brass®	• Chance®	• Anderson®	• PenCell®
• Fargo®	• Hubbell®	• Polycast®	• Opti-loop Design™
• Quazite®	• Quadri*sil®	• Trinetics®	• Reuel™
• Electro Composites™	• USCO™	• CDR™	• RFL Design®
• Hot Box®	• PCORE®	• Delmar™	• Turner Electric®

Information Applicable to All General Categories

International Operations

The Company has several operations located outside of the United States. These operations manufacture, assemble and/or procure and market Hubbell products and service both the Electrical and Power segments.

As a percentage of total net sales, shipments from foreign operations directly to third parties were 11% in 2015, 14% in 2014 and 16% in 2013, with the Canadian and UK operations representing approximately 34% and 24%, respectively, of 2015 total international net sales. Mexico represents 11% of total 2015 international net sales, while Switzerland and Brazil each represent 10% of 2015 total international sales. See also Note 20 - Industry Segments and Geographic Area Information in the Notes to Consolidated Financial Statements and Item 1A. Risk Factors relating to manufacturing in and sourcing from foreign countries.

Customers

The Company does not have any customers whose annual consolidated purchases exceed 10 percent of it's total net sales in 2015, 2014 nor 2013.

Raw Materials

Raw materials used in the manufacture of Hubbell products primarily include steel, aluminum, brass, copper, bronze, plastics, phenolics, zinc, nickel, elastomers and petrochemicals. Hubbell also purchases certain electrical and electronic components, including solenoids, lighting ballasts, printed circuit boards, integrated circuit chips and cord sets, from a number of suppliers. Hubbell is not materially dependent upon any one supplier for raw materials used in the manufacture of

its products and equipment, and at the present time, raw materials and components essential to its operation are in adequate supply. However, some of these principal raw materials are sourced from a limited number of suppliers. See also Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Patents

Hubbell has approximately 1,650 active United States and foreign patents covering many of its products, which expire at various times. While Hubbell deems these patents to be of value, it does not consider its business to be dependent upon patent protection. Hubbell also licenses products under patents owned by others, as necessary, and grants licenses under certain of its patents.

Working Capital

Inventory, accounts receivable and accounts payable levels, payment terms and, where applicable, return policies are in accordance with the general practices of the electrical products industry and standard business procedures. See also Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Backlog

Substantially all of the backlog existing at December 31, 2015 is expected to be shipped to customers in 2016. Backlog of orders believed to be firm at December 31, 2015 was approximately $319.4 million compared to $333.7 million at December 31, 2014. Although this backlog is important, the majority of Hubbell's revenues result from sales of inventoried products or products that have short periods of manufacture.

Competition

Hubbell experiences substantial competition in all categories of its business, but does not compete with the same companies in all of its product categories. The number and size of competitors vary considerably depending on the product line. Hubbell cannot specify with precision the number of competitors in each product category or their relative market position. However, some of its competitors are larger companies with substantial financial and other resources. Hubbell considers product performance, reliability, quality and technological innovation as important factors relevant to all areas of its business, and considers its reputation as a manufacturer of quality products to be an important factor in its business. In addition, product price, service levels and other factors can affect Hubbell’s ability to compete.

Research and Development

Research and development expenditures represent costs to discover and/or apply new knowledge in developing a new product or process, or in bringing about significant improvement in an existing product or process. Research and development expenses are recorded as a component of Cost of goods sold. Expenses for research and development were approximately 2% of Cost of goods sold for each of the years 2015, 2014 and 2013.

Environment

The Company is subject to various federal, state and local government requirements relating to the protection of employee health and safety and the environment. The Company believes that, as a general matter, its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and personal injury to its employees and its customers’ employees and that the handling, manufacture, use and disposal of hazardous or toxic substances are in accordance with environmental laws and regulations.

Like other companies engaged in similar businesses, the Company has incurred or acquired through business combinations, remedial response and voluntary cleanup costs for site contamination and is a party to product liability and other lawsuits and claims associated with environmental matters, including past production of product containing toxic substances. Additional lawsuits, claims and costs involving environmental matters are likely to continue to arise in the future. However, considering past experience and reserves, the Company does not anticipate that these matters will have a material impact on earnings, capital expenditures, financial condition or competitive position. See also Item 1A. Risk Factors and Note 15 — Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Employees

As of December 31, 2015, Hubbell had approximately 16,200 salaried and hourly employees of which approximately 8,300 of these employees, or 51%, are located in the United States. Approximately 2,150 of these U.S. employees are represented by 16 labor unions. Hubbell considers its labor relations to be satisfactory.

Reclassification of Common Stock

On December 23, 2015, the Company completed the reclassification of its dual-class common stock into a single class of Common Stock (the “Reclassification”).

The Reclassification, among other benefits, simplified the Company's capital structure, better aligned voting rights with economic interests of all shareholders, and has eliminated the ability of the Louie E. Roche Trust and the Harvey Hubbell Trust (collectively, the “Trusts”), which, prior to the Reclassification, collectively owned 3,488,460 shares of the Company’s Class A common stock, par value $0.01 per share (the “Class A common stock”), representing approximately 49% of Class A common stock then outstanding, and approximately 36% of the total voting power of the Company's shareholders, to effectively prevent the approval of any matter that comes before the shareholders that requires, under Connecticut law, the approval of holders of two-thirds of the voting power of the Company's outstanding common stock.

Following the filing of the Amended and Restated Certificate of Incorporation of the Company with the Secretary of the State of Connecticut, the Reclassification became effective at 11:59 p.m. on December 23, 2015 (the "Effective Time"), at which time (i) each holder of Class A common stock as of immediately prior

to the Effective Time became entitled to receive cash in the amount of $28.00 for each share of Class A common stock held ("Class A Cash Consideration") and (ii) each share of Class A common stock issued and outstanding immediately prior to the Effective Time and each share of Class B common stock, par value $0.01 per share (the "Class B common stock"), issued and outstanding immediately prior to the Effective Time was reclassified into one share of common stock of the Company, par value $0.01 per share and having one vote per share upon all matters brought before any meeting of the shareholders (the "Common Stock").

Trading in the Class A common stock and Class B common stock ceased after markets closed on December 23, 2015 and trading in the Company's single class of Common Stock commenced on the New York Stock Exchange on December 24, 2015, under the ticker "HUBB".

Additional information about the Reclassification is included in the Company's current reports on Form 8-K filed on August 24, 2015 and December 23, 2015 and the Company's registration statement on Form S-4 (File No. 333-206898), initially filed with the SEC on September 11, 2015, and declared effective on November 23, 2015.

Executive Officers of the Registrant

Name	Age[1]	Present Position	Business Experience
David G. Nord	58	Chairman of the Board, President and Chief Executive Officer	Present position since May 2014; President and Chief Executive Officer since January 2013; President and Chief Operating Officer from June 2012 to January 2013, and Senior Vice President and Chief Financial Officer from September 2005 to June 2012. Previously, various positions, including Vice President, Controller, of United Technologies and its subsidiaries, 2000-2005.
William R. Sperry	53	Senior Vice President and Chief Financial Officer	Present position since June 6, 2012; Vice President, Corporate Strategy and Development August 15, 2008 to June 6, 2012; previously, Managing Director, Lehman Brothers August 2006 to April 2008, various positions, including Managing Director, of J.P. Morgan and its predecessor institutions, 1994-2006.
Gerben W. Bakker	51	Group President (Power Systems)	Present position since February 1, 2014; previously, Division Vice President, Hubbell Power Systems, Inc. (“HPS”) August 2009 - February 1, 2014; President, HPS Brazil June 2005 – July 2009; Vice President, Sourcing, HPS March 2004 – May 2005.
Joseph A. Capozzoli	41	Vice President and Controller	Present position since April 22, 2013; previously, Assistant Corporate Controller of Stanley Black & Decker, Inc. (“Stanley”) April 2011 to April 2013; Global Operations Controller at Stanley 2010-2011; Director of Cost Accounting at Stanley, 2006-2010.
An-Ping Hsieh	55	Vice President, General Counsel	Present position since September 4, 2012; previously, Vice President, Secretary and Associate General Counsel of United Technologies Corporation (“UTC”) February 2008 to September 2012; Vice President and General Counsel, UTC Fire and Security 2003-2008; Deputy General Counsel, Otis Elevator Company, a United Technologies company 2001-2003.
Maria R. Lee	40	Vice President, Treasurer and Investor Relations	Present position since January 1, 2016; previously Vice President, Corporate Strategy and Investor Relations, March 2015-December 2015; Director, Investor Relations of United Technologies Corporation (“UTC”) 2011-2012; various positions, including Director, Financial Planning & Analysis, North and South America Area, Otis Elevator Company, at UTC, 2006-2011; various positions at Duff & Phelps, Affiliated Managers Group, Inc., and Booz Allen Hamilton, 1997-2006.
Stephen M. Mais	51	Vice President, Human Resources	Present position since August 22, 2005; previously Director, Staffing and Capability, Pepsi Bottling Group (“Pepsi”) 2001-2005; Director, Human Resources Southeastern U.S., Pepsi 1997-2001.
Kevin A. Poyck	46	Group President, Lighting	Present position since June 1, 2015; previously, Vice President, General Manager. Commercial and Industrial Lighting, Hubbell Lighting, Inc. ("HLI") 2014 - 2015; Vice President, Brand Management, Commercial and Industrial, HLI 2012-2014; Vice President, Operations, HLI 2009 - 2012; Vice President, Engineering, HLI 2005-2009.
Rodd R. Ruland	58	Group President, Construction and Energy	Present position since June 1, 2015; previously, President, BURNDY LLC, Hubbell Canada (HCLP) & Hubbell de Mexico (HdM) 2012-2015; President, BURNDY LLC 2009-2012; Corporate Vice President & General Manager, Electrical Power Interconnect Division, FCI (BURNDY) 2003-2009, Director, Business Development 2001-2003; various positions in Sales & Marketing,

			Business Development, and General Management and TycoElectronics/AMP Incorporated 1979-2000.
William T. Tolley	58	Senior Vice President, Growth and Innovation	Present position since February 1, 2014, previously, Group Vice President (Power Systems) December 23, 2008-February 1, 2014; Group Vice President (Wiring Systems) October 1, 2007-December 23, 2008;
Darrin S. Wegman	48	Group President, Commercial and Industrial	Present position since June 1, 2015; previously, Vice President, General Manager, Wiring Device and Industrial Electrical business, 2013-2015; Vice President, Controller, Hubbell Incorporated, 2008-2013; Vice President and Controller, Hubbell Industrial Technology, 2002-2008; Controller, GAI_Tronics Corporation, 2000-2002.

(1) As of February 18, 2016.

There are no family relationships between any of the above-named executive officers. For information related to our Board of Directors, refer to Item 10. Directors, Executive Officers and Corporate Governance.

ITEM 1A Risk Factors

Our business, operating results, financial condition, and cash flows may be impacted by a number of factors including, but not limited to those set forth below. Any one of these factors could cause our actual results to vary materially from recent results or future anticipated results. See also Item 7. Management's Discussion and Analysis — "Executive Overview of the Business", "Outlook", and "Results of Operations".

We operate in markets that are subject to competitive pressures that could affect selling prices or demand for our products.

We compete on the basis of product performance, quality, service and/or price. Our competitive strategy is to design and manufacture high quality products at the lowest possible cost. Our strategy is to also increase selling prices to offset rising costs of raw materials and components. Competitive pricing pressures may not allow us to offset some or all of our increased costs through pricing actions. Alternatively, if raw material and component costs decline, the Company may not be able to maintain current pricing levels. Competition could also affect future selling prices or demand for our products which could have an adverse impact on our results of operations, financial condition and cash flows.

Global economic uncertainty could adversely affect us.

During periods of prolonged slow growth, or a downturn in conditions in the worldwide or domestic economies, we could experience reduced orders, payment delays, supply chain disruptions or other factors caused by economic challenges faced by our customers, prospective customers and suppliers. Depending upon their severity and duration, these conditions could have an adverse impact on our results of operations, financial condition and cash flows.

We may not be able to successfully implement initiatives, including our restructuring activities, that improve productivity and streamline operations to control or reduce costs.

Achieving our long-term profitability goals depends significantly on our ability to control or reduce our operating costs. Because many of our costs are affected by factors outside, or substantially outside, our control, we generally must seek to control or reduce costs through productivity initiatives. If we are not able to identify and implement initiatives that control or reduce costs and increase operating efficiency, or if the cost savings initiatives we have implemented to date do not generate expected cost savings, our financial results could be adversely impacted. Our efforts to control or reduce costs may include restructuring activities involving workforce reductions, facility consolidations and other cost reduction initiatives. If we do not successfully manage our current restructuring activities, or any other restructuring activities that we may undertake in the future, expected efficiencies and benefits may be delayed or not realized, and our operations and business could be disrupted.

We manufacture and source products and materials from various countries throughout the world. A disruption in the availability, price or quality of these products or materials could impact our operating results.

Our business is subject to risks associated with global manufacturing and sourcing. We use a variety of raw materials in the production of our products including steel, aluminum, brass, copper, bronze, zinc, nickel and plastics. We also purchase certain electrical and electronic components, including solenoids,lighting ballasts, printed circuit boards and integrated circuit chips and cord sets from a number of suppliers. Significant shortages in the availability of these materials or significant price increases could increase our operating costs and adversely impact the competitive positions of our products, which could adversely impact our results of operations.

We continue to increase the amount of materials, components and finished goods that are sourced from or manufactured in foreign countries including Mexico, China, and other international countries. Political instability in any country where we do business could have an adverse impact on our results of operations.

We rely on our suppliers to produce high quality materials, components and finished goods according to our specifications. Although we have quality control procedures in place, there is a risk that products may not meet our specifications which could impact our ability to ship quality products to our customers on a timely basis, which could adversely impact our results of operations.

Future tax law changes could increase our prospective tax expense. In addition, tax payments may ultimately differ from amounts currently recorded by the Company.

We are subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions. We are subject to ongoing tax audits in various jurisdictions. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provisions. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the future outcomes of these audits could adversely affect our results of operations, financial condition and cash flows.

We engage in acquisitions and strategic investments and may encounter difficulty in obtaining appropriate acquisitions and in integrating these businesses.

Part of the Company’s growth strategy involves acquisitions. We have pursued and will continue to seek acquisitions and other strategic investments to complement and expand our existing businesses. The rate and extent to which acquisitions become available may impact our growth rate. The success of these transactions will depend on our ability to integrate these businesses into our operations and realize the planned synergies. We may encounter difficulties in integrating acquisitions into our operations and in managing strategic investments. Failure to effectively complete or manage acquisitions may adversely affect our existing businesses as well as our results of operations, financial condition and cash flows.

We are subject to risks surrounding our information systems.

The proper functioning of Hubbell's information systems is critical to the successful operation of our business. Although our information systems are protected with robust backup and security systems, these systems are still susceptible to outages due to fire, floods, power loss, telecommunications failures, viruses, break-ins and similar events, or breaches of security. A failure of our information technology systems could impact our ability to process orders, maintain proper levels of inventory, collect accounts receivable and pay expenses; all of which could have an adverse effect on our results of operations, financial condition and cash flows. In addition, security breaches could result in unauthorized disclosure of confidential information that may result in financial or reputational damage to the Company.

We have continued to work on improving our utilization of our enterprise resource planning system, expanding standardization of business processes and performing implementations at our remaining businesses. We expect to incur additional costs related to future implementations, process reengineering efforts as well as enhancements and upgrades to the system. These system modifications and implementations could result in operating inefficiencies which could adversely impact our operating results and/or our ability to perform necessary business transactions.

Deterioration in the credit quality of our customers could have a material adverse effect on our operating results and financial condition.

We have an extensive customer base of distributors, wholesalers, electric utilities, OEMs, electrical contractors, telecommunications companies and retail and hardware outlets. We are not dependent on a single customer, however, our top ten customers account for approximately one-third of our net sales. Deterioration in the credit quality of several major customers could adversely affect our results of operations, financial condition and cash flows.

Inability to access capital markets or failure to maintain our credit ratings may adversely affect our business.

Our ability to invest in our business and make strategic acquisitions may require access to the capital markets. If general economic and capital market conditions deteriorate significantly, it could impact our ability to access capital. Failure to maintain our credit ratings could also impact our ability to access credit markets and could adversely impact our cost of borrowing. While we have not encountered significant financing difficulties recently, the capital and credit markets have experienced significant volatility in recent years. Market conditions could make it more difficult for us to access capital to finance our investments and acquisitions. This could adversely affect our results of operations, financial condition and cash flows.

If the underlying investments of our defined benefit plans do not perform as expected, we may have to make additional contributions to these plans.

We sponsor certain pension and other postretirement defined benefit plans. The performance of the financial markets and interest rates impact these plan expenses and funding obligations. Significant changes in market interest rates, investment losses on plan assets and reductions in discount rates may increase our funding obligations and could adversely impact our results of operations, cash flows, and financial condition. Furthermore, there can be no assurance that the value of the defined benefit plan assets will be sufficient to meet future funding requirements.

Volatility in currency exchange rates may adversely affect our financial condition, results of operations and cash flows.

Our international operations accounted for approximately 11% of our net sales in 2015. We are exposed to the effects (both positive and negative) that fluctuating exchange rates have on translating the financial statements of our international operations, most of which are denominated in local currencies, into the U.S. dollar. Fluctuations in exchange rates may affect product demand and reported profits in our international operations. In addition, currency fluctuations may affect the prices we pay suppliers for materials used in our products. As a result, fluctuating exchange rates may adversely impact our results of operations and cash flows.

Our success depends on attracting and retaining qualified personnel.

Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that we have the depth and breadth of personnel with the necessary skill set and experience could impede our ability to deliver our growth objectives and execute our strategy.

Our reputation and our ability to conduct business may be impaired by improper conduct by any of our employees, agents or business partners.

We cannot provide absolute assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims rules, competition, export and import compliance, money laundering and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in parts of the world that have experienced governmental corruption to some degree. Despite meaningful measures that we undertake to facilitate lawful conduct, which include training and internal control policies, these measures may not always prevent reckless or criminal acts by our employees or agents. Any such improper actions could damage our reputation and subject us to civil or criminal investigation in the United States and in other jurisdictions, could lead to substantial civil and criminal, monetary and non-monetary penalties and could cause us to incur significant legal and investigative fees.

Our inability to effectively develop and introduce new products could adversely affect our ability to compete.

New product introductions and enhancement of existing products and services are key to the Company's competitive strategy. The success of new product introductions is dependent on a number of factors, including, but not limited to, timely and successful development of new products, market acceptance of these products and the Company's ability to manage the risks associated with these introductions. These risks include production capabilities, management of inventory levels to support anticipated demand, the risk that new products may have quality defects in the early stages of introduction, and obsolescence risk of existing products. The Company cannot predict with certainty the ultimate impact new product introductions could have on our results of operations, financial condition or cash flows.

We could incur significant and/or unexpected costs in our efforts to successfully avoid, manage, defend and litigate intellectual property matters.

The Company relies on certain patents, trademarks, copyrights, trade secrets and other intellectual property of which the Company cannot be certain that others have not and will not infringe upon. Although management believes that the loss or expiration of any single intellectual property right would not have a material impact on its operating results, intellectual property litigation could be costly and time consuming and the Company could incur significant legal expenses pursuing these claims against others.

From time to time, we receive notices from third parties alleging intellectual property infringement. Any dispute or litigation involving intellectual property could be costly and time-consuming due to the complexity and the uncertainty of intellectual property litigation. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of infringement or misappropriation. In addition, as a result of such claims, the Company may lose its rights to utilize critical technology or may be required to pay substantial damages or license fees with respect to the infringed rights or be required to redesign our products at a substantial cost, any of which could negatively impact our operating results. Even if we successfully defend against claims of infringement, we may incur significant costs that could adversely affect our results of operations, financial condition and cash flow. See Item 3 "Legal Proceedings" for a discussion of our legal proceedings.

We may be required to recognize impairment charges for our goodwill and other intangible assets.

As of December 31, 2015, the net carrying value of our goodwill and other intangible assets totaled approximately $1.3 billion. As required by generally accepted accounting principles, we periodically assess these assets to determine if they are impaired. Impairment of intangibles assets may be triggered by developments both within and outside the Company's control. Deteriorating economic conditions, technological changes, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or

planned changes in use of the assets, intensified competition, divestitures, market capitalization declines and other factors may impair our goodwill and other intangible assets. Any charges relating to such impairments could adversely affect our results of operations in the periods an impairment is recognized.

We are subject to litigation and environmental regulations that may adversely impact our operating results.
We are a party to a number of legal proceedings and claims, including those involving product liability, intellectual property and environmental matters, which could be significant. It is not possible to predict with certainty the outcome of every claim and lawsuit. In the future, we could incur judgments or enter into settlements of lawsuits and claims that could have a materially adverse effect on our results of operations, cash flows. and financial condition. In addition, while we maintain insurance coverage with respect to certain claims, such insurance may not provide adequate coverage against such claims. We establish reserves based on our assessment of contingencies, including

contingencies related to legal claims asserted against us. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a reserve and require us to make additional payments, which could have a materially adverse effect on our results of operations, financial condition and cash flow.

We are also subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment, and we could incur substantial costs as a result of the noncompliance with or liability for clean up or other costs or damages under environmental laws. In addition, we could be affected by future laws or regulations, including those imposed in response to climate change concerns. Compliance with any future laws and regulations could result in a materially adverse affect on our business and financial results. See Item 3 “Legal Proceedings” for a discussion of our legal proceedings.

New regulations related to conflict-free minerals may cause us to incur additional expenses and may create challenges with our customers.

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability regarding the use of “conflict” minerals mined from the Democratic Republic of Congo and adjoining countries (“DRC”). In August 2012 the SEC established annual disclosure and reporting requirements for those companies who use “conflict” minerals sourced from the DRC in their products. These new requirements could limit the pool of suppliers who can provide conflict-free minerals and as a result, we cannot ensure that we will be able to obtain these conflict-free minerals at competitive prices. Compliance with these new requirements may also increase our costs. In addition, we may face challenges with our customers if we are unable to sufficiently verify the origins of the minerals used in our products.

We face the potential harms of natural disasters, terrorism, acts of war, international conflicts or other disruptions to our operations.

Natural disasters, acts or threats of war or terrorism, international conflicts, and the actions taken by the United States and other governments in response to such events could cause damage to or disrupt our business operations, our suppliers or our customers, and could create political or economic instability, any of which could have an adverse effect on our business. Although it is not possible to predict such events or their consequences, these events could decrease demand for our products, make it difficult or impossible for us to deliver products, or disrupt our supply chain.

ITEM 1B Unresolved Staff Comments

None

ITEM 2 Properties

Hubbell’s manufacturing and warehousing facilities, classified by reporting segment, are located in the following countries. The Company believes its manufacturing and warehousing facilities are adequate to carry on its business activities.

		Number of Facilities		Total Approximate Floor Area in Square Feet	
Segment	Location	Warehouses	Manufacturing	Owned	Leased
Electrical segment	United States	12	27	3,511,100	1,557,500
	Australia	1	2	—	39,600
	Brazil	—	1	105,900	—
	Canada	1	2	178,700	2,300
	Italy	—	1	—	8,100
	Mexico	1	4	828,800	174,300
	China	—	2	—	287,900
	Puerto Rico	—	1	162,400	—
	Singapore	1	—	—	8,700
	Switzerland	—	1	95,000	—
	United Kingdom	2	3	122,200	64,600
Power segment	United States	1	13	2,438,500	202,300
	Brazil	—	1	138,300	—
	Canada	—	1	30,000	—
	Mexico	1	1	167,300 (1)	181,100
	China	—	2	—	74,600
TOTAL		20	62	7,778,200	2,601,000

(1) The Power segment shares an owned manufacturing building in Mexico with the Electrical segment. The building is included in the Electrical segment facility count.

ITEM 3 Legal Proceedings

The Company is subject to various legal proceedings arising in the normal course of its business. These proceedings include claims for damages arising out of use of the Company's products, intellectual property, workers' compensation and environmental matters. The Company is self-insured up to specified limits for certain types of claims, including product liability and workers' compensation, and is fully self-insured for certain other types of claims, including environmental and intellectual property matters. The Company recognizes a liability for any contingency that in management's judgment is probable of occurrence and can be reasonably estimated. We continually reassess the likelihood of adverse judgments and outcomes in these matters, as well as estimated ranges of possible losses based upon an analysis of each matter which includes consideration of outside legal counsel and, if applicable, other experts.

On October 16, 2015, Norfolk County Retirement System, a purported former holder of the Company's Class B common stock, filed a complaint in the United States District Court for the District of Connecticut challenging the Reclassification of the Company's dual-class common stock into a single class of common stock. The complaint was captioned Norfolk County Retirement System v. Cardoso, et al., No. 3:15-cv-01507-AWT . The plaintiff asserted claims against the Company's Board of Directors, Bessemer Trust Co., N.A. ("Bessemer"), as Trustee for the Trusts, and the Company. The plaintiff claimed, among other things, that the Company and its Board of Directors had violated the Company's certificate of incorporation by agreeing to make a payment to the holders of Class A common stock in connection with the Reclassification, and that the Board of Directors had violated its fiduciary duties by structuring the Reclassification in a supposedly coercive way and by allegedly making materially misleading disclosures to shareholders. The plaintiff also claimed, among other things, that Bessemer had

aided and abetted the Board of Director's purported violation of the certificate of incorporation and breach of fiduciary duties. As relief, the plaintiff demanded an injunction against the shareholder vote on the Reclassification, damages, an award of costs and attorneys' fees, and other relief. At the same time as filing its complaint, the plaintiff sent a derivative demand letter to the Board of Directors, making similar allegations of wrongdoing, and demanding, among other things, that the Company file suit against the board and Bessemer to recover damages supposedly sustained by the Company.

On October 20, 2015, the plaintiff moved for expedited discovery in support of a forthcoming motion for an injunction. On October 21, 2015 and November 16, 2015, the Company amended its Registration Statement on Form S-4, making clear that the repurchase of an additional $250 million of the Company's common stock was not contingent on the transaction, and providing more information about the Company's certificate of incorporation and the board's evaluation of the Reclassification. The plaintiff then withdrew its motion for expedited discovery.

On February 1, 2016, the plaintiff filed an amended direct and derivative complaint. The amended complaint contains allegations and claims for relief that are generally similar to the plaintiff's previous complaint, but also asserts that the plaintiff has the right to sue derivatively on behalf of the Company to recoup damages supposedly sustained by the Company in connection with the Reclassification and includes derivative claims. The defendants intend to move to dismiss the amended complaint.

ITEM 4 Mine Safety Disclosures

Not applicable.

PART II

ITEM 5 Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

On December 23, 2015 the Company completed the Reclassification of its dual-class common stock into a single class of Common Stock. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Reclassification of Common Stock. Trading in the Class A common stock and Class B common stock ceased after markets closed on December 23, 2015 and trading in the Company's single class of Common Stock commenced on the New York Stock Exchange ("NYSE") on December 24, 2015. The Company's Common Stock is principally traded on the NYSE. Prior to the Reclassification the Company's Class A common stock traded under the symbol "HUB.A" and the Company's Class B common stock traded under the symbol "HUB.B". The Common Stock, resulting from the Reclassification, trades under the symbol "HUBB".

The following tables provide information on market prices, dividends declared, number of common shareholders, and repurchases by the Company of shares of its Class A common stock, Class B common stock, and the Common Stock resulting from the Reclassification.

Market Prices (Dollars Per Share)	Class A Common		Class B Common		Common Stock	
Years Ended December 31,	High	Low	High	Low	High	Low
2015 — Fourth quarter (After the Reclassification)	—	—	—	—	104.47	99.60
2015 — Fourth quarter (Prior to Reclassification)	128.17	108.12	100.73	83.85	—	—
2015 — Third quarter	122.02	91.67	109.40	80.33	—	—
2015 — Second quarter	118.84	105.48	112.84	107.37	—	—
2015 — First quarter	113.02	104.50	117.03	102.01	—	—
2014 — Fourth quarter	131.60	105.27	127.29	101.44	—	—
2014 — Third quarter	129.50	120.22	126.96	115.34	—	—
2014 — Second quarter	125.68	104.20	125.40	112.71	—	—
2014 — First quarter	114.00	94.24	122.55	106.47	—	—

Dividends Declared (Dollars Per Share)	Class A Common		Class B Common		Common Stock	
Years Ended December 31,	2015	2014	2015	2014	2015	2014
Fourth quarter	0.63	0.56	0.63	0.56	—	—
Third quarter	0.56	0.50	0.56	0.50	—	—
Second quarter	0.56	0.50	0.56	0.50	—	—
First quarter	0.56	0.50	0.56	0.50	—	—

Number of Common Shareholders of Record					
At December 31,	2015	2014	2013	2012	2011
Class A	—	369	394	426	458
Class B	—	2,093	2,225	2,389	2,549
Common Stock	2,548	—	—	—	—

Our dividends are declared at the discretion of our Board of Directors. In October 2015, the Company's Board of Directors approved an increase in the common stock dividend rate from \$0.56 to \$0.63 per share per quarter. The increased quarterly dividend payment commenced with the December 15, 2015 payment made to the shareholders of record on November 30, 2015.

Purchases of Equity Securities

On August 23, 2015, our Board of Directors approved a stock repurchase program that authorized the repurchase of up to $250 million of Common Stock (the "August 2015" program). When combined with the $141.4 million of remaining share repurchase authorization under the program approved by our Board of Directors in October 2014 (the "October 2014" program), as of December 31, 2015 we have a total remaining share repurchase authorization of $391.4 million. The October 2014 and August 2015 programs expire in October of 2017. Subject to numerous factors, including market conditions and alternative uses of cash, we intend to conduct discretionary repurchases through open market or privately negotiated transactions, which may include repurchases under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. Subject to these factors, we expect to repurchase up to $250 million of Common Stock in 2016.

The following table summarizes the Company's repurchase activity of Common Stock during the quarter ended December 31, 2015:

Period	Total Number of Shares of Common Stock Purchased (000's)	Average Price Paid Per Share of Common Stock Share	Approximate Value of Shares that May Yet Be Purchased Under the Programs (in millions)
BALANCE AS OF SEPTEMBER 30, 2015			$403.5
October 2015	—	$—	$—
November 2015	—	$—	$—
December 2015	119	$102.45	$391.4
TOTAL FOR THE QUARTER ENDED DECEMBER 31, 2015	119	$102.45	

Corporate Performance Graph

On December 23, 2015, the Company completed the reclassification of its dual-class common stock into a single class of Common Stock (the “Reclassification”). Trading in the Class A common stock and Class B common stock ceased after markets closed on December 23, 2015 and trading in the Company's single class of Common Stock commenced on the New York Stock Exchange on December 24, 2015, under the ticker "HUBB". The total return to shareholders on the Company’s Class B common stock during the five years ended December 31, 2015 ("Hubbell Incorporated" in the graph) is determined based on the performance of the Class B common stock to the date of the Reclassification and the performance of the Common Stock thereafter.

The following graph compares the total return to shareholders on the Company’s Class B common stock during the five years ended December 31, 2015, with a cumulative total return on the (i) Standard & Poor’s MidCap 400 (“S&P MidCap 400”), (ii) The Weighted Average of Hubbell Class A and Class B common stock, and (ii) the Dow Jones U.S. Electrical Components & Equipment Index (“DJUSEC”). The Company is a member of the S&P MidCap 400. As of December 31, 2015, the DJUSEC reflects a group of fourteen company stocks in the electrical components and equipment market segment, and serves as the Company’s peer group for purposes of this graph. The comparison assumes $100 was invested on December 31, 2010 in the Company’s Class B Common Stock and in each of the foregoing indices and assumes reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Hubbell Incorporated, the Weighted Average of Hubbell Class A and Class B shares,
the S&P Midcap 400 Index, and the Dow Jones US Electrical Components & Equipment Index

*$100 invested on 12/31/10 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

ITEM 6 Selected Financial Data

The following summary should be read in conjunction with the consolidated financial statements and notes contained herein (dollars and shares in millions, except per share amounts).

OPERATIONS, years ended December 31,	2015	2014	2013	2012	2011
Net sales	$3,390.4	$3,359.4	$3,183.9	$3,044.4	$2,871.6
Gross profit	$1,091.8	$1,109.0	$1,070.5	$1,012.2	$923.7
Operating income	$474.6	$517.4	$507.6	$471.8	$423.8
Adjusted operating income [1]	$513.5	$522.5	$507.6	$471.8	$423.8
Operating income as a % of sales	14.0 %	15.4 %	15.9 %	15.5 %	14.8 %
Adjusted operating income as a % of sales [1]	15.1 %	15.6 %	15.9 %	15.5 %	14.8 %
Net income attributable to Hubbell	$277.3	$325.3	$326.5	$299.7	$267.9
Net income attributable to Hubbell as a % of net sales	8.2 %	9.7 %	10.3 %	9.8 %	9.3 %
Net income attributable to Hubbell as a % of Hubbell shareholders' average equity	15.1 %	17.0 %	18.3 %	19.2 %	18.3 %
Earnings per share — diluted	$4.77	$5.48	$5.47	$5.00	$4.42
Adjusted earnings per share - diluted [1]	$5.52	$5.54	$5.47	$5.00	$4.42
Cash dividends declared per common share	$2.31	$2.06	$1.85	$1.68	$1.52
Average number of common shares outstanding — diluted	58.0	59.2	59.6	59.8	60.4
Cost of acquisitions, net of cash acquired	$163.4	$183.8	$96.5	$90.7	$29.6
FINANCIAL POSITION, AT YEAR-END					
Working capital [2]	$784.7	$1,130.3	$1,165.4	$1,008.9	$861.4
Total assets	$3,208.7	$3,320.1	$3,184.0	$2,943.3	$2,842.4
Total debt [3]	$644.1	$596.3	$594.3	$593.0	$595.1
Total Hubbell shareholders' equity	$1,740.6	$1,927.1	$1,906.4	$1,661.2	$1,467.8
NUMBER OF EMPLOYEES, AT YEAR-END	16,200	15,400	14,300	13,600	13,500

(1) The selected non-GAAP measures of adjusted operating income, adjusted operating income as a percent of sales (adjusted operating margin), and adjusted earnings per share-diluted should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".
(2) Defined as current assets less current liabilities.
(3) The Company adopted Accounting Standards Update 2015-03 (ASU 2015-03) effective December 31, 2015. ASU 2015-03 requires costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the debt, rather than as a deferred charge and the adoption of ASU 2015-03 must be applied on a retrospective basis. Accordingly, total debt for 2014, 2013, 2012 and 2011 has been reduced from previously reported amounts by $2.7 million, $3.2 million, $3.7 million, and $4.1 million, respectively.

ITEM 7 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, Australia and Ireland. The Company also participates in joint ventures in Taiwan and Hong Kong, and maintains offices in Singapore, China, India, Mexico, South Korea and countries in the Middle East. The Company employs approximately 16,200 individuals worldwide.

The Company made the following management changes in 2015 as part of its succession planning program.

On May 5, 2015 the Board of Directors appointed, effective June 1, 2015, Kevin A. Poyck, Rodd R. Ruland and Darrin S. Wegman Group Presidents for its Lighting, Construction and Energy, and Commercial and Industrial businesses, respectively, which businesses together form the Company's Electrical segment. The newly appointed Group Presidents were overseen by Mr. Gary N. Amato, Executive Vice President, Hubbell Electrical Segment, until his retirement, effective December 31, 2015.

In December 2015 the Board of Directors appointed Maria R. Lee, Vice President, Treasurer and Investor Relations, effective January 1, 2016. Ms. Lee previously held the position of VP, Corporate Strategy and Investor Relations and was appointed following the retirement of James H. Biggart, Jr., VP, Treasurer, effective December 31, 2015.

The Company’s reporting segments consist of the Electrical segment and the Power segment. Results for 2015, 2014 and 2013 by segment 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, productivity improvements and capital deployment.

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 and productivity improvements are key areas of focus for our company. Productivity programs impact virtually all functional areas within the Company by rationalizing our

manufacturing footprint and activities through restructuring actions, 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 continue 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. Material costs are approximately two-thirds of our cost of goods sold therefore volatility in this area can significantly impact profitability. Our goal is to have pricing and productivity programs that offset material and other inflationary cost increases as well as pay for investments in key growth areas.

Reclassification of Common Stock

On December 23, 2015, the Company completed the reclassification of its dual-class common stock into a single class of Common Stock (the “Reclassification”).

The Reclassification, among other benefits, simplified the Company's capital structure, better aligned voting rights with economic interests of all shareholders, and has eliminated the ability of the Louie E. Roche Trust and the Harvey Hubbell Trust (collectively, the “Trusts”), which, prior to the Reclassification, collectively owned 3,488,460 shares of the Company’s Class A common stock, par value $0.01 per share (the “Class A common stock”), representing approximately 49% of Class A common stock then outstanding, and approximately 36% of the total voting power of the Company's shareholders, to effectively prevent the approval of any matter that comes before the shareholders that requires, under Connecticut law, the approval of holders of two-thirds of the Company's outstanding common stock.

Following the filing of the Amended and Restated Certificate of Incorporation of the Company with the Secretary of the State of Connecticut, the Reclassification became effective at 11:59 p.m. on December 23, 2015 (the "Effective Time"), at which time (i) each holder of Class A common stock as of immediately prior to the Effective Time became entitled to receive cash in the amount of $28.00 for each share of Class A common stock held ("Class A Cash Consideration") and (ii) each share of Class A common stock issued and outstanding immediately prior to the Effective Time and each share of Class B common stock of the Company, par value $0.01 per share (the "Class B common stock"), issued and outstanding immediately prior to the Effective Time was reclassified into one share of common stock of the Company, par value $0.01 per share and having one vote per share upon all matters brought before any meeting of the shareholders (the "Common Stock").

Trading in the Class A common stock and Class B common stock ceased after markets closed on December 23, 2015 and trading in the Company's single class of Common Stock commenced on the New York Stock Exchange on December 24, 2015, under the ticker "HUBB".

The aggregate amount of the Class A Cash Consideration paid in connection with, and at the time of, the Reclassification was $200.7 million.

The Company has accounted for the Reclassification by adjusting the Company’s capital stock accounts. The par value of the Class A common stock and the Class B common stock has been reclassified to Common Stock par value. Paid-in capital of the Class A Common Stock is zero at the time of the Reclassification and, therefore, the full amount of the Class A Cash Consideration paid in the Reclassification has been applied as a reduction to retained earnings.

In the third quarter of 2015 the Company incurred $7.4 million of costs related to the Reclassification (the "Reclassification Costs"), primarily consisting of professional fees. Reclassification Costs are recognized in Other expense, net in the Condensed Consolidated Statement of Income. Certain other Reclassification Costs of $12.3 million, including additional professional fees and the reimbursement of certain costs of the Trustee, were contingent upon closing the Reclassification and were recognized in the fourth quarter of 2015. Total Reclassification Costs incurred in 2015 were $19.7 million.

Additional information about the Reclassification is included in the Company’s current reports on Form 8-K filed on August 24, 2015 and December 23, 2015 and the Company's registration statement on Form S-4 (File No. 333-206898), initially filed with the SEC on September 11, 2015 and declared effective on November 23, 2015.

Outlook

In 2016 we expect our end markets in aggregate to be flat, with low to mid single digit growth in the construction-related non-residential and residential markets, and modest growth of one to two percent in the electrical transmission and distribution market. We expect growth in those markets to be offset by an anticipated decline in oil and gas markets, which we project may decline by approximately fifteen to twenty-percent, and industrial markets that are flat-to-down by approximately two percent.

We expect our organic net sales growth to outperform end markets and that acquisitions will continue to be a key driver of growth, but that net sales growth will also be challenged in 2016 by continued pressure from foreign exchange rates and the potential for price erosion in light of expected continued weakness in commodity costs.

We expect our operating margins in 2016 will continue to be affected by the unfavorable product and business mix experienced in 2015 as well as the foreign exchange and pricing pressures that we expect to be a headwind on net sales growth. We also expect operating margins in 2016 to be impacted by our plans to continue investing in our businesses in higher growth markets as well as restructuring and related activities with attractive returns. Pension expense is also expected to be a headwind on margins.

We anticipate earnings per diluted share in the range of $5.20 to $5.40 in 2016, including approximately $0.35 of restructuring and related costs in 2016 as well as $0.30 of incremental savings in 2016 from restructuring and related actions initiated prior to December 31, 2015.

Finally, with our strong financial position and cash flows provided by operating activities, we expect to continue to enhance shareholder value through capital deployment including both share repurchases and acquisitions. We expect to use the borrowing capacity available to us to fund a portion of these activities in 2016. Our estimate of 2016 earnings per diluted share includes the anticipated impact of up to $250 million of share repurchases in 2016 as well as higher interest expense from the projected increase in borrowings. We expect free cash flow (defined as cash flows from operating activities less capital expenditures) to be approximately 90% of net income in 2016.

Results of Operations

Our operations are classified into two reportable segments: Electrical and Power. For a complete description of the Company’s segments, see Part I, Item 1 of this Annual Report on Form 10-K. Within these segments, Hubbell primarily serves customers in the non-residential and residential construction, industrial and utility markets. The industrial market includes a segment of customers in energy-related industries, including oil and gas as well as mining industries. The Company’s served markets, in order of magnitude of net sales for the Company, are primarily non-residential construction, industrial, utility and to a lesser extent, residential construction.

Our overall end markets were mixed in 2015. Our largest end market, non-residential construction, grew on the continued strength of the renovation and relight market as well as increased demand for private construction spending. The residential market also grew in 2015, albeit at a more modest pace than in the past several years. Strength in the non-residential and residential markets was more than offset by deteriorating oil and gas and broader industrial markets resulting in weakness in net sales of our products serving these markets. The utility market was approximately flat in 2015 driven by distribution markets and delays in transmission projects.

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

	For the Year Ending December 31,								
	2015	% of Net sales		2014	% of Net sales		2013	% of Net sales	
Net sales	$3,390.4			$3,359.4			$3,183.9		
Cost of goods sold	2,298.6	67.8	%	2,250.4	67.0	%	2,113.4	66.4	%
Gross profit	1,091.8	32.2	%	1,109.0	33.0	%	1,070.5	33.6	%
Selling & administrative expenses	617.2	18.2	%	591.6	17.6	%	562.9	17.7	%
Operating income	474.6	14.0	%	517.4	15.4	%	507.6	15.9	%
Net income attributable to Hubbell	277.3	8.2	%	325.3	9.7	%	326.5	10.3	%
EARNINGS PER SHARE - DILUTED	$4.77			$5.48			$5.47		

Our consolidated results of operations in 2015 and 2014 include what we refer to as "Restructuring and Related Costs". Restructuring actions support our cost reduction efforts involving the consolidation of manufacturing and distribution facilities and workforce reductions. Restructuring-related costs are costs associated with our business transformation initiatives, including the consolidation of back-office functions and streamlining our processes.

Our consolidated results of operations in 2015 also include costs associated with the reclassification of the Company's common stock to eliminate its two-class structure (the "Reclassification Costs"). Reclassification Costs are primarily professional fees associated with the reclassification and are recognized in other expense, net in the Consolidated Statement of Income. Only a portion of the Reclassification Costs are tax deductible.

We believe certain non-GAAP measures that exclude the impact of these costs may provide useful information regarding our underlying performance from period to period and allow readers to assess the impact of the Company's restructuring and related activities and business transformation initiatives on the results of operations. Adjusted gross profit, adjusted selling & administrative ("S&A") expense, and adjusted operating income exclude Restructuring and Related Costs. Adjusted total other expense, adjusted net income attributable to Hubbell and adjusted earnings per diluted share exclude Restructuring and Related Costs as well as Reclassification Costs. Management uses these adjusted measures when assessing the performance of the business.

The following table reconciles our adjusted financial measures to the directly comparable GAAP financial measure (in millions, except per share amounts):

	For the Year Ending December 31,								
	2015	% of Net sales		2014	% of Net sales		2013	% of Net sales	
Gross profit (GAAP measure)	$1,091.8	32.2	%	$1,109.0	33.0	%	$1,070.5	33.6	%
Restructuring and related costs	23.7			3.4			—		
Adjusted gross profit	$1,115.5	32.9	%	$1,112.4	33.1	%	$1,070.5	33.6	%
S&A expenses (GAAP measure)	$617.2	18.2	%	$591.6	17.6	%	$562.9	17.7	%
Restructuring and related costs	15.2			1.7			—		
Adjusted S&A expenses	$602.0	17.8	%	$589.9	17.6	%	$562.9	17.7	%
Operating income (GAAP measure)	$474.6	14.0	%	$517.4	15.4	%	$507.6	15.9	%
Restructuring and related costs	38.9			5.1			—		
Adjusted operating income	$513.5	15.1	%	$522.5	15.6	%	$507.6	15.9	%
Total other expense (GAAP measure)	$56.0			$31.9			$33.8		
Reclassification costs	19.7			—			—		
Adjusted total other expense	$36.3			$31.9			$33.8		
Net income attributable to Hubbell (GAAP measure)	$277.3			$325.3			$326.5		
Restructuring and related costs, net of tax	26.3			3.5			—		
Reclassification costs, net of tax	17.4			—			—		
Adjusted net income attributable to Hubbell	$321.0			$328.8			$326.5		
Less: Earnings allocated to participating securities	(0.8	)		(0.8	)		(1.0	)	
Adj. net income available to common shareholders	$320.2			$328.0			$325.5		
Average number of diluted shares outstanding	58.0			59.2			59.6		
ADJUSTED EARNINGS PER SHARE - DILUTED	$5.52			$5.54			$5.47		

The following table reconciles our restructuring costs to our Restructuring and Related Costs for 2015 and 2014 (in millions):

	For the Year Ending December 31,					
	2015	2014	2015	2014	2015	2014
	Cost of goods sold		S&A expense		Total	
Restructuring costs (GAAP measure, Note 22 - Restructuring Costs)	$15.3	$3.4	$8.3	$1.7	$23.6	$5.1

Restructuring related costs	8.4	—	6.9	—	15.3	—
Restructuring and related costs (non-GAAP measure)	$23.7	$3.4	$15.2	$1.7	$38.9	$5.1

Of the $38.9 million of Restructuring and Related Costs incurred in 2015, $32.8 million is recorded in the Electrical segment and $6.1 million is recorded in the Power segment. All of the Restructuring and Related Costs in 2014 were recorded in the Electrical segment.

2015 Compared to 2014

Net Sales

Net sales for the year ended 2015 were $3.4 billion, an increase of one percent over 2014. Acquisitions added three percentage points to net sales in 2015, offset by the impact of foreign currency translation which reduced net sales by two percentage points. Organic volume was flat as net sales growth in our Power segment and in our Electrical segment products in the non-residential and residential construction markets was offset by lower organic net sales of our Electrical segment products in the energy-related and industrial markets, primarily our Harsh and Hazardous products.

Cost of Goods Sold

As a percentage of net sales, cost of goods sold increased to 67.8% for 2015 compared to 67.0% in 2014. The increase was primarily due to higher Restructuring and Related Costs in 2015 as compared to 2014, contributing approximately 60 basis points to the increase, unfavorable product and business mix, and the unfavorable impact of foreign exchange, partially offset by the favorable net impact of price and material costs as well as productivity in excess of cost inflation.

Gross Profit

The gross profit margin for 2015 declined to 32.2% compared to 33.0% in 2014. Excluding Restructuring and Related Costs, the adjusted gross profit margin was 32.9% in 2015 as compared to 33.1% in 2014. The decrease in the adjusted gross margin is primarily due to unfavorable product and business mix, and the unfavorable impact of foreign exchange, partially offset by the favorable net impact of price and material costs as well as productivity in excess of cost inflation.

Selling & Administrative Expenses

S&A expense increased four percent compared to 2014 primarily due to the addition of S&A expense of acquired businesses and higher Restructuring and Related Costs in 2015 as compared to 2014. As a percentage of net sales, S&A expense increased to 18.2% in 2015 compared to 17.6% in 2014. Excluding Restructuring and Related Costs, adjusted S&A expense as a percentage of net sales increased to 17.8% in 2015 compared to 17.6% in 2014. The increase in adjusted S&A expense is primarily due to acquired businesses with relatively higher S&A as a proportion of net sales in the near-term post-acquisition.

Operating Income

Operating income decreased eight percent in 2015 to $474.6 million and operating margin declined by 140 basis points to 14.0%. Excluding Restructuring and Related Costs, adjusted operating income decreased two percent and the adjusted operating margin was 15.1% in 2015 compared to 15.6% in 2014. Adjusted operating income and the adjusted operating margin decreased primarily due to unfavorable product and business mix, and the unfavorable impact of foreign exchange, partially offset by the favorable net impact of price and material costs as well as productivity in excess of cost inflation.

Total Other Expense

In 2015, total other expense was $56.0 million compared to $31.9 million in 2014. Excluding Reclassification Costs that were incurred in 2015, adjusted total other expense was $36.3 million in 2015 compared to $31.9 million in 2014 and increased primarily due to the write-off of an indemnification asset related to an acquisition.

Income Taxes

The full year effective tax rate was 32.6% in 2015 and was flat as compared to 2014. In 2015 the effective tax rate increased due to certain costs associated with the reclassification that were not deductible. That increase in the effective tax rate for 2015 was primarily offset by international reorganization actions in the current year as well as certain discrete tax items in 2014. Additional information related to the Company’s effective tax rate is included in Note 12 — Income Taxes in the Notes to Consolidated Financial Statements.

Net Income Attributable to Hubbell and Earnings Per Diluted Share

Net income attributable to Hubbell was $277.3 million in 2015 and decreased 14.8% as compared to 2014. Excluding Restructuring and Related Costs and Reclassification Costs, adjusted net income attributable to Hubbell was $321.0 million in 2015 and decreased 2.4% as compared to 2014. Earnings per diluted share in 2015 decreased 13.1% compared to 2014. Adjusted earnings per diluted share declined slightly in 2015 as compared to 2014 due to lower adjusted operating income, partially offset by the impact of a lower average number of diluted shares outstanding for the year, which declined by approximately 1.2 million as compared to 2014.

Segment Results

Electrical Segment

(In millions)	2015	2014
Net sales	$2,388.3	$2,398.2
Operating income	$279.0	$337.9
Restructuring and related costs	32.8	5.1
Adjusted operating income	$311.8	$343.0
Operating margin	11.7 %	14.1 %
Adjusted operating margin	13.1 %	14.3 %

Net sales in the Electrical segment were approximately flat in 2015 compared with 2014 as the contribution of net sales from acquisitions were more than offset by the impact of foreign currency translation and lower organic net sales volume. Acquisitions contributed three percentage points to net sales offset by two percentage points due to foreign currency translation and one percentage point due to lower organic volume.

Within the segment, net sales of lighting products increased six percent in 2015 compared to 2014, while electrical systems products declined by four percent in the same period. Net sales of lighting products increased five percent due to organic growth in both the non-residential and residential construction markets, and one percent due to acquisitions. Net sales of electrical systems products declined by four percent due to a four percentage point decline in organic volume and three percentage points of unfavorable foreign currency translation, partially offset by three percent net sales growth from completed acquisitions. The decline in organic net sales volume is primarily due to lower net sales of products in the energy-related and industrial markets, primarily our Harsh and Hazardous products, partially offset by net sales growth in our other electrical systems products, primarily in the non-residential and residential construction markets.

Operating income in the Electrical segment for 2015 was $279.0 million and decreased seventeen percent or $58.9 million compared to 2014. Operating margin in 2015 decreased by approximately 240 basis points to 11.7% as compared to the same period of 2014. Excluding Restructuring and Related Costs, the adjusted operating margin was 13.1% in 2015 as compared to 14.3% in 2014. The decrease in the adjusted operating margin is primarily due to unfavorable product and business mix and the unfavorable impact of foreign exchange, partially offset by the favorable net impact of price and material costs as well as productivity in excess of cost inflation. Acquisitions contributed approximately 30 basis points to the decrease in operating margin.

Power Segment

(In millions)	2015	2014
Net sales	$1,002.1	$961.2
Operating income	$195.6	$179.5
Restructuring and related costs	6.1	—
Adjusted operating income	$201.7	$179.5
Operating margin	19.5 %	18.7 %
Adjusted operating margin	20.1 %	18.7 %

Net sales in the Power segment were $1.0 billion, up four percent compared to 2014, due to the contribution of net sales from acquisitions. Growth from organic volume was offset by the unfavorable impact of foreign currency translation. The net sales contribution of completed acquisitions added four percentage points. Organic volume contributed one percentage point and was offset by one percentage point of unfavorable foreign currency translation. The increase in organic volume was primarily due to higher sales of telecommunications products.

Operating income in the Power segment increased nine percent to $195.6 million in 2015 compared to 2014. Operating margin in 2015 increased by 80 basis points to 19.5% as compared to 2014. Excluding Restructuring and Related Costs, the adjusted operating margin was 20.1% in 2015 as compared to 18.7% in 2014. The increase in the adjusted operating margin is primarily due to productivity in excess of costs increases, including favorable material costs. Operating margin improvement from pricing was offset by cost inflation from foreign currency. Acquisitions increased operating income, but reduced operating margin by approximately 20 basis points.

2014 Compared to 2013

Net Sales

Net sales for the year ended 2014 were $3.4 billion, an increase of six percent over the year ended 2013. Acquisitions added four percentage points to net sales in 2014 compared to 2013 while volume increased net sales by two percentage points. Price realization was flat and foreign currency translation was slightly negative and not significant to the year over year change in net sales.

Cost of Goods Sold

As a percentage of net sales, cost of goods sold increased to 67.0% for 2014 compared to 66.4% in 2013. The increase was primarily due to unfavorable business and product mix, higher material costs, and cost inflation in excess of productivity, including approximately 10 basis points from higher warranty and related costs in the Electrical segment incurred in the third quarter of 2014.

Gross Profit

The gross profit margin for 2014 declined to 33.0% compared to 33.6% in 2013. The decrease was primarily due to unfavorable business and product mix, higher material costs, and cost inflation in excess of productivity, including approximately 10 basis points from higher warranty and related costs in the Electrical segment incurred in the third quarter of 2014.

Selling & Administrative Expenses

S&A expense increased five percent compared to 2013 primarily due to the addition of S&A expense of acquired businesses. As a percentage of net sales, S&A expense declined to 17.6% in 2014 compared to 17.7% in 2013 primarily due to the favorable impact of volume leverage.

Operating Income

Operating income increased two percent in 2014 to $517.4 million, while operating margin declined by 50 basis points to 15.4%. The increase in operating income is primarily due to the favorable impact of higher organic volume and the contribution of acquisitions, which exceeded the unfavorable impact of business and product mix, and cost increases that are described within the discussion of Gross Profit. The increase in organic volume and contribution of acquisitions, in aggregate, were not significant to operating margin.

Total Other Expense

In 2014, total other expense, which is primarily interest expense on long-term debt, was $31.9 million compared to $33.8 million in 2013. The $1.9 million decrease was primarily due to lower net foreign currency transaction losses in 2014 compared to 2013.

Income Taxes

The effective tax rate in 2014 was 32.6% compared to 30.4% in 2013. The increase in the tax rate for 2014 was due primarily to the benefit in 2013 of the retroactive application of certain 2012 tax provisions, including the research and development tax credit, that were part of the American Taxpayer Relief Act of 2012, which became law during the first quarter of 2013, a comparative increase in domestic earnings and decrease in foreign earnings in low tax jurisdictions, as well as certain discrete tax items. Additional information related to the Company's effective tax rate is included in Note 12 — Income Taxes in the Notes to Consolidated Financial Statements.

Net Income attributable to Hubbell and Earnings Per Diluted Share

For the reasons described above, net income attributable to Hubbell decreased 0.4% in 2014. Earnings per diluted share in 2014 increased 0.2% compared to 2013 as the average number of diluted shares outstanding for the year were lower by approximately 0.4 million as compared to 2013.

Segment Results

Electrical Segment

(In millions)	2014	2013
Net sales	$2,398.2	$2,262.6
Operating income	$337.9	$341.1
Restructuring and related costs	5.1	—
Adjusted operating income	$343.0	$341.1
Operating margin	14.1 %	15.1 %
Adjusted operating margin	14.3 %	15.1 %

Net sales in the Electrical segment increased six percent in 2014 compared with 2013 due to acquisitions and higher organic volume. Acquisitions added almost four percentage points and organic volume almost three percentage points to net sales. Price realization was positive but not significant and was offset by the impact of negative foreign currency translation.

Within the segment, electrical systems products net sales increased five percent in 2014 compared to 2013 due to acquisitions and higher organic volume. Price realization was positive but not significant and was offset by the impact of negative foreign currency translation. Higher organic net sales of electrical systems products was driven by strength in our wiring, connectors and grounding products that support the non-residential and residential construction markets, partially offset by weak demand for our high voltage test equipment and Harsh

and Hazardous products that support the extractive industries. Net sales of lighting products increased eight percent in 2014 compared to 2013 due to acquisitions and strong organic volume in the non-residential market, which continued to benefit from increased relight and retrofit renovation project demand, and growth in the residential market.

Operating income in 2014 was $337.9 million, a one percent decrease compared to 2013, while operating margin declined by 100 basis points to 14.1%. Excluding Restructuring and Related Costs, the operating margin decreased by 80 basis points to 14.3% due to unfavorable business and product mix and cost inflation in excess of productivity, partially offset by higher organic volume and price realization. Operating margin for the year ended 2014 also includes higher warranty and related costs which were incurred in the third quarter of 2014, and contributed approximately 15 basis points to the decline. Acquisitions were 10 basis points dilutive to operating margin.

Power Segment

(In millions)	2014	2013
Net sales	$961.2	$921.3
Operating income	$179.5	$166.5
Restructuring and related costs	—	—
Adjusted operating income	$179.5	$166.5
Operating margin	18.7%	18.1%
Adjusted operating margin	18.7%	18.1%

Net sales in the Power segment increased four percent in 2014 compared to 2013 due to acquisitions and organic volume. Acquisitions contributed four percentage points to net sales and organic volume contributed two percentage points. Higher organic volume was driven by modest growth in distribution and transmission spending. Price realization was negative and foreign currency translation was unfavorable, each by one percentage point.

Operating income increased eight percent to $179.5 million and operating margin increased by 60 basis points to 18.7% in 2014 compared to 2013. The increase in operating margin reflects productivity in excess of cost inflation and lower facility closure costs in 2014, partially offset by higher material costs and negative price realization. The increase in operating income can be attributed to these factors and also includes the contribution of acquisitions, which were 20 basis points dilutive to operating margin.

Financial Condition, Liquidity and Capital Resources

Cash Flow

	December 31,		
(In millions)	2015	2014	2013
Net cash provided by (used in):			
Operating activities	$331.1	$391.5	$381.8
Investing activities	(249.2)	(242.6)	(151.1)
Financing activities	(371.1)	(215.6)	(130.9)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(21.2)	(20.1)	(4.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$(310.4)	$(86.8)	$95.7

2015 Compared to 2014

Cash provided by operating activities for 2015 decreased compared to 2014 primarily due to lower net income after adjusting for the non-cash impacts of depreciation and amortization, stock-based compensation and deferred income taxes, offset partially by lower use of cash for working capital. Cash used for working capital was $32.3 million in 2015 compared to $44.7 million in 2014 primarily due to increased collection of accounts receivable and increased current liabilities, offset partially by higher inventories.

Cash used for investing activities of $249.2 million in 2015 increased compared to cash used of $242.6 million in 2014. This increase is primarily due to an approximately $22 million increase in investments in our business, including a $16.8 million increase in capital expenditures as well as a $5.0 million investment in a privately-held electrical utility substation security provider as well as lower proceeds from the disposition of assets in 2015. Those increases in the use of cash for investing activities are partially offset by lower cash used for acquisitions in 2015 as compared to 2014.

Cash used for financing activities of $371.1 million in 2015 increased compared to $215.6 million of cash used in 2014. The increase in cash used is primarily the result of $200.7 million of Class A Cash Consideration paid in connection with the Reclassification and a $15.8 million increase in dividends paid, partially offset by cash provided by $48.0 million of commercial paper outstanding at December 31, 2015 and lower cash used on the repurchase of common shares. There was no commercial paper outstanding at December 31, 2014. For more information about the Reclassification refer to the Executive Overview of the Business, in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 16 – Capital Stock, in the Notes to Consolidated Financial Statements.

The unfavorable impact of foreign currency exchange rates on cash increased to $21.2 million in 2015 as compared to $20.1 million in 2014. The unfavorable impact in 2015 and 2014 was primarily related to the U.S. dollar strengthening against the British pound, Australian dollar, Canadian dollar, and Mexican peso.

2014 Compared to 2013

Cash provided by operating activities for 2014 increased compared to 2013 primarily due to higher net income after adjusting for the non-cash impacts of depreciation and amortization, stock-based compensation and deferred income taxes, and a lower use of cash for working capital, partially offset by higher pension contributions. Cash used for changes in working capital was $44.7 million in 2014 compared to $55.1 million of cash used in 2013 primarily due to increased collection of accounts receivable.

Cash used for investing activities of $242.6 million in 2014 compared to cash used of $151.1 million in 2013. This increase is primarily due to an $87.3 million increase in net cash used for acquisitions in 2014 as compared to 2013.

Cash used for financing activities of $215.6 million in 2014 compared to $130.9 million of cash used in 2013. This increase is primarily the result of $74.5 million of higher spending on the repurchase of common shares and an $11.9 million increase in dividends paid.

The unfavorable impact of foreign currency exchange rates on cash increased to $20.1 million in 2014 as compared to $4.1 million in 2013 primarily related to the U.S. dollar strengthening against several currencies, most notably the British pound, Australian dollar, Mexican peso and Canadian dollar.

Investments in the Business

Investments in our business include cash outlays for the acquisition of businesses as well as expenditures to support our restructuring and related activities and to maintain the operation of our equipment and facilities.

In 2015, the Company completed four acquisitions for $163.4 million, net of cash acquired, and including a $0.2 million payment in 2015 to settle the net working capital adjustment relating to an acquisition completed in the fourth quarter of 2014. Three of these 2015 acquisitions were added to the Electrical segment, while one was added to the Power segment. In January 2016, the Company acquired all of the issued and outstanding shares of capital stock of R.W. Lyall & Company, Inc. ("Lyall"), a leader in the design and application of components and assemblies for the natural gas distribution market for a cash purchase price of approximately $130.0 million. Lyall will be added to the Electrical segment. In February 2016, the Company acquired all of the issued and outstanding shares of Electric Motion Company, Inc. and all of the membership interests in Elmot Realty Associates, LLC, Elmot Realty Associates II, LLC, and DelRi LLC, collectively referred to as "EMC", a manufacturer of grounding and connector products for the communication, power, and transportation industries for approximately $43.0 million. EMC will be added to the Power segment. The Company continues to assess opportunities to expand sales through acquisitions of businesses that fill product gaps or allow for expansion in new markets. For more information refer to Note 2 – Business Acquisitions in the Notes to Consolidated Financial Statements.

Beginning in the fourth quarter of 2014 and continuing through 2015 we have initiated certain restructuring actions, primarily in response to weakness in certain of our end markets. As a result of those restructuring actions we have exited twelve facilities in 2015, which together with additional workforce reduction initiatives, have impacted more than 350 positions. We expect to initiate additional restructuring actions in 2016.

Costs relating to restructuring actions primarily include severance and employee benefits, facility exit costs and asset impairment charges. With the exception of asset impairment charges, these costs are predominantly settled in cash and will be funded by our operating activities.

The table below presents the cost incurred in 2015, additional expected costs and the expected completion date for restructuring actions initiated in the 2014 and separately for those initiated in 2015 (in millions):

	Costs Incurred in 2015	Additional Expected Costs	Expected Completion Date
2015 Restructuring Actions	$19.2	$6.1	2016
2014 Restructuring Actions	4.4	—	2015
Total	$23.6	$6.1	

During 2015, we used cash of $77.1 million for capital expenditures, an increase of $16.8 million from 2014 as we made investments in our businesses in higher growth markets in 2015 that we expect will drive productivity.

Additional information with respect to future investments in the business can be found under “Outlook” within Management’s Discussion and Analysis.

Stock Repurchase Program

During 2015, the Company executed share repurchases totaling $88.1 million, of which $79.1 million of repurchases have been settled in cash, and an additional $9.0 million common shares were repurchased in the three days prior to December 31, 2015, but were not cash settled by that date according to customary settlement terms. On August 23, 2015, our Board of Directors

approved a stock repurchase program that authorized the repurchase of up to $250 million of Common Stock (the "August 2015" program). When combined with the $141.4 million of remaining share repurchase authorization under the program approved by our Board of Directors in October 2014 (the "October 2014" program), as of December 31, 2015 we have a total remaining share repurchase authorization of approximately $390 million. The October 2014 and August 2015 programs expire in October of 2017. Subject to numerous factors, including market conditions and alternative uses of cash, we intend to conduct discretionary repurchases through open market or privately negotiated transactions, which may include repurchases under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. Subject to these factors, we expect to repurchase up to $250 million of Common Stock in 2016.

Debt to Capital

At December 31, 2015 and 2014, the Company had $595.9 million and $594.9 million, respectively, of senior long-term notes outstanding, net of unamortized discount and the unamortized balance of capitalized debt issuance costs. The long-term fixed-rate notes, with amounts of $300 million due in 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 December 31, 2015.

At December 31, 2015 and 2014, the Company had $48.2 million and $1.4 million, respectively, of short-term debt outstanding.

Short-term debt at December 31, 2015 includes $48.0 million of commercial paper borrowings to partially fund the Class A Cash Consideration paid on December 23, 2015 in connection with the Reclassification. There were no commercial paper borrowings outstanding at December 31, 2014.

The Company has a credit agreement for a 5.0 million Brazilian reais line of credit to support its Brazilian operations. The line of credit expires in October 2016; however, an undrawn balance is subject to an annual review by the lender. At December 31, 2015, there were no borrowings outstanding under this line of credit. At December 31, 2014, 3.0 million Brazilian reais (equivalent to $1.1 million) was outstanding.

Short-term debt at December 31, 2015 is also comprised of outstanding borrowings of 1.3 million Chinese renminbi (equivalent to $0.2 million) under existing lines of credit used to support the Company's operations in China. At December 31, 2014 there were 1.7 million Chinese renminbi (equivalent to $0.3 million) of borrowings outstanding under this line of credit.

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.

The following table sets forth the reconciliation of net debt at December 31, 2015 and 2014:

	December 31,	
(In millions)	2015	2014
Total Debt	$644.1	$596.3
Total Hubbell Shareholders’ Equity	1,740.6	1,927.1
TOTAL CAPITAL	$2,384.7	$2,523.4
Debt to Total Capital	27 %	24 %
Cash and Investments	$405.2	$705.8
NET DEBT	$238.9	$(109.5)
Net Debt to Total Capital	10 %	(4)%

In November 2010, the Company completed a public debt offering for $300 million of long-term, senior, unsecured notes maturing in November 2022 (“2022 Notes”) and bearing interest at a fixed rate of 3.625%. Prior to the issuance of the 2022 Notes, the Company entered into a forward interest rate lock which resulted in a $1.6 million loss. This amount was recorded in Accumulated other comprehensive loss, net of tax, and is being amortized over the life of the 2022 Notes.

In May 2008, the Company completed a public offering of $300 million long-term senior, unsecured notes maturing in May 2018 (the “2018 Notes”). The 2018 Notes bear interest at a fixed rate of 5.95%. Prior to the issuance of the 2018 Notes, the Company entered into a forward interest rate lock which resulted in a $1.2 million gain. This amount was recorded in Accumulated other comprehensive loss, net of tax, and is being amortized over the life of the notes.

The 2018 Notes and the 2022 Notes are both fixed rate indebtedness, are callable at any time with a make whole premium and are only subject to accelerated payment prior to maturity in the event of a default under the indenture governing the terms of the 2018 Notes and 2022 Notes, as modified by the supplemental indentures creating each such series, or upon a change in control event as defined in such indenture.

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.

The Reclassification required a significant cash outlay in the fourth quarter of 2015. Additional significant cash outlays may be required in the near term to fund our intended share repurchases as well as our continued strategy to expand through acquisitions and invest in our business. We expect to use the borrowing capacity available to us to fund a portion of these activities in 2016.

Upon completion of the Reclassification on December 23, 2015, each holder of Class A common stock became entitled to $28.00 for each share of Class A common stock held. The aggregate amount of the Class A Cash Consideration paid in connection with, and at the time of, the Reclassification was $200.7 million. Short-term debt at

December 31, 2015 includes $48.0 million of commercial paper borrowing to partially fund the Class A Cash Consideration paid. In addition, certain costs of the Reclassification were contingent upon closing the Reclassification and were recognized in the fourth quarter of 2015.

We have approximately $390 million of total share repurchase authorization remaining at December 31, 2015 and, subject to numerous factors, including market conditions and alternative uses of cash, we expect to conduct discretionary repurchases through open market or privately negotiated transactions of up to $250 million of Common Stock in 2016.

In January 2016 we completed the acquisition of Lyall for an aggregate purchase price of approximately $130.0 million and EMC for an aggregate purchase price of approximately $43.0 million and expect to complete additional acquisitions in 2016. Further discussion of the Lyall and EMC acquisitions can be found in Note 22 — Subsequent Events of the Notes to Consolidated Financial Statements.

In addition to these uses of cash, we will require cash outlays to fund our operations, capital expenditures, and an increase in working capital that would be required to accommodate a higher level of business activity for the foreseeable future, as well as our rate of cash dividends. We also have contractual obligations for long-term debt, operating leases, purchase obligations, and certain other long-term liabilities that are summarized in the table of Contractual Obligation as of December 31, 2015. Since December 31, 2015, there were no material changes to our contractual obligations.

Our sources of funds and available resources to meet these funding needs are as follows:

Cash flows from operations and existing cash resources: We continue to target free cash flow (defined as cash flows from operations less capital expenditures) of approximately 90% of net income in 2015. We also have $343.5 million of cash and cash equivalents at December 31, 2015, of which approximately 9% was held inside the United States and the remainder held internationally. Except for a portion of current earnings, the Company's intent is to indefinitely reinvest all of its undistributed international earnings and cash internationally.

We have the ability to issue commercial paper for general corporate purposes and our $750 million revolving credit facility, which expires in December 2020, serves as a backup to our commercial paper program. We maintain investment grade credit ratings from the major U.S. rating agencies. Outstanding commercial paper borrowings as of February 16, 2016 are $362 million.

On December 16, 2015 the Company entered into a five-year revolving credit agreement (the "Credit Agreement") with a syndicate of lenders that provides a $750 million committed revolving credit facility, and replaces the $500 million five-year credit agreement dated as of October 20, 2011 that was scheduled to expire in October 2016. Commitments under the Credit Agreement may be increased to an aggregate amount not to exceed $1.250 billion. The interest rate applicable to borrowing under the Credit Agreement is generally either the adjusted LIBOR plus an applicable margin (determined by reference to a ratings based grid) or the alternate base rate. The single financial covenant in the Credit Agreement, which the Company is in compliance with, requires that total debt not exceed 55% of total capitalization as of the last day of each fiscal quarter of the Company. 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. As of December 31, 2015 the credit facility had not been drawn against.

In addition to our commercial paper program and existing revolving credit facility we also have the ability to obtain additional financing through the issuance of long-term debt. Considering our current credit rating, historical earnings performance, and financial position we believe that we would be able to obtain additional long-term debt financing on attractive terms. In 2016

we expect to convert some of our commercial paper borrowings to term debt through a long-term debt offering.

The Company also maintains other lines of credit that are primarily used to support the issuance of letters of credit. Interest rates and other terms of borrowing under these lines of credit vary from country to country, depending on local market conditions. At December 31, 2015 and 2014 these lines totaled $54.6 million and $54.6 million, respectively, of which $22.5 million million and $27.1 million was utilized to support letters of credit and the remaining amount was unused. The annual commitment fees associated with these lines of credit are not material.

Pension Funding Status

We have a number of funded and unfunded non-contributory U.S. and foreign defined benefit pension plans. Benefits under these plans are generally provided based on either years of service and final average pay or a specified dollar amount per year of service. The funded status of our qualified, defined benefit pension plans is dependent upon many factors including future returns on invested pension assets, the level of market interest rates, employee earnings and employee demographics.

Changes in the value of the defined benefit plan assets and liabilities will affect the amount of pension expense ultimately recognized. Although differences between actuarial assumptions and actual results are no longer deferred for balance sheet purposes, deferral is still permitted for pension expense purposes. Unrecognized gains and losses in excess of an annual calculated minimum amount (the greater of 10% of the projected benefit obligation or 10% of the market value of assets) are amortized and recognized in net periodic pension cost over the average remaining service period of our active employees, which approximates 10-12 years. During 2015 and 2014, we recorded $12.1 million and $3.9 million, respectively, of pension expense related to the amortization of these unrecognized losses. We expect to record $13.7 million of expense related to unrecognized losses and prior service cost in 2016.

In 2015 and 2014, we contributed $22.6 million and $23.5 million, respectively, to our qualified foreign and domestic defined benefit pension plans. We contributed $3.2 million to our qualified foreign defined benefit pension plans in 2013. These contributions have improved the funded status of all of our plans. Although not required under the Pension Protection Act of 2006, the Company made a voluntary contribution to its qualified domestic defined benefit pension plan of $20.0 million in January 2015. Although not required by ERISA and the Internal Revenue Code, the Company may elect to make a voluntary contribution to its qualified domestic defined benefit pension plan in 2016. The Company expects to contribute approximately $2.2 million to its foreign plans in 2016. The anticipated 2016 level of pension funding is not expected to have a significant impact on our overall liquidity.

Assumptions

The following assumptions were used to determine projected pension and other benefit obligations at the measurement date and the net periodic benefit costs for the year:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Weighted-average assumptions used to determine benefit obligations at December 31,				
Discount rate	4.71 %	4.23 %	4.60 %	4.10 %
Rate of compensation increase	3.59 %	3.15 %	3.92 %	3.60 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31,				
Discount rate	4.23 %	5.04 %	4.10 %	4.60 %
Expected return on plan assets	6.36 %	6.06 %	N/A	N/A
Rate of compensation increase	3.15 %	3.18 %	3.60 %	3.58 %

At the end of each year, we estimate the expected long-term rate of return on pension plan assets based on the strategic asset allocation for our plans. In making this determination, we utilize expected rates of return for each asset class based upon current market conditions and expected risk premiums for each asset class. A one percentage point change in the expected long-term rate of return on pension fund assets would have an impact of approximately $7.6 million on 2016 pretax pension expense. The expected long-term rate of return is applied to the fair market value of pension fund assets to produce the expected return on fund assets that is included in pension expense. The difference between this expected return and the actual return on plan assets was recognized at December 31, 2015 for balance sheet purposes, but continues to be deferred for expense purposes. The net deferral of past asset gains (losses) ultimately affects future pension expense through the amortization of gains (losses) with an offsetting adjustment to Hubbell shareholders' equity through Accumulated other comprehensive loss.

At the end of each year, we determine the discount rate to be used to calculate the present value of our pension plan liabilities. For our U.S. and Canadian pension plans, this discount rate is determined by matching the expected cash flows associated with our benefit obligations to a yield curve based on high quality, fixed income debt instruments with maturities that closely match the expected funding period of our pension liabilities. This yield curve is derived using a bond matching approach which incorporates a selection of bonds that align with our projected benefit obligations. As of December 31, 2015, we used a discount rate of 4.80% for our U.S. pension plans compared to a discount rate of 4.30% used in 2014. For our Canadian pension plan, we used a discount rate of 3.90% in 2015, compared to the 3.95% discount rate used in 2014.

For our UK pension plan the discount rate was derived using a yield curve fitted to the yields on AA bonds in the Barclays Capital Sterling Aggregate Corporate Index and uses sample plan cash flow data as a proxy to plan specific liability cash flows. The derived discount rate is the single discount rate equivalent to discounting these liability cash flows at the term-dependent spot rates of AA corporate bonds. This methodology resulted in a December 31, 2015 discount rate for the UK pension plan of 4.00% as compared to a discount rate of 3.70% used in 2014.

An increase of one percentage point in the discount rate would lower our 2016 pretax pension expense by approximately $9.0 million. A discount rate decline of one percentage point would increase our 2016 pretax pension expense by approximately $10.3 million.

In 2014 we changed the mortality table used to calculate the present value of our pension plan liabilities from the RP-2000 mortality table to the RP-2000 mortality table with generational projection using Scale BB-2D. That change resulted in an approximately $40 million increase in the projected benefit obligation of our U.S. defined benefit pension plans upon remeasurement at December 31, 2014. The same mortality assumption was used to calculate the present value of pension plan liabilities as of December 31, 2015. The RP-2000 mortality table with generational projection using Scale BB-2D was chosen as the best estimate based on the observed and anticipated experience of the plans after considering alternative tables, including RP-2014 and generational projection using Scale MP-2015.

Other Post Employment Benefits ("OPEB")

The Company also has a number of health care and life insurance benefit plans covering eligible employees who reached retirement age while working for the Company. These benefits have been discontinued for substantially all future retirees. These plans are not funded and, therefore, no assumed rate of return on assets is required. We use a similar methodology to derive the yield curve for our post employment benefit plan obligations that we use for our pension plans. As of December 31, 2015, the Company used a discount rate of 4.60% to determine the projected benefit obligation compared to a discount rate of 4.10% used in 2014. In accordance with the accounting guidance for retirement benefits, we recorded to Accumulated other comprehensive loss, within Hubbell shareholders' equity, a charge, net of tax, of approximately $1.1 million in 2015 and a charge, net of tax, of approximately $1.7 million in 2014, related to the annual remeasurement of the OPEB plans and the amortization of prior service credits and net actuarial gains.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements are defined as any transaction, agreement or other contractual arrangement to which an entity that is not included in our consolidated results is a party, under which we, whether or not a party to the arrangement, have, or in the future may have: (1) an obligation under a direct or indirect guarantee or similar arrangement, (2) a retained or contingent

interest in assets or (3) an obligation or liability, including a contingent obligation or liability, to the extent that it is not fully reflected in the financial statements.

We do not have any off-balance sheet arrangements as defined above which have or are likely to have a material effect on our financial condition, results of operations or cash flows.

Contractual Obligations

A summary of our contractual obligations and commitments at December 31, 2015 is as follows (in millions):

	Payments due by period				
	Total	2016	2017-2018	2019-2020	2021 and thereafter
Debt obligations[a]	$648.2	$48.2	$300.0	$—	$300.0
Expected interest payments	117.9	28.7	47.0	21.8	20.4
Operating lease obligations	56.8	13.3	19.0	11.2	13.3
Retirement and other benefits[b]	223.2	8.3	16.3	15.8	182.8
Purchase obligations	198.9	198.6	0.3	—	—
Obligations under customer incentive programs	40.7	40.7	—	—	—
Income tax payments	3.3	3.3	—	—	—
TOTAL	$1,289.0	$341.1	$382.6	$48.8	$516.5

(a) Amounts exclude unamortized discount and capitalized debt issuance costs.

(b) Amounts above reflect projected funding related to the Company's non-qualified defined benefit plans. Projected funding obligations of the Company's qualified defined benefit pension plans are excluded from the table as there are significant factors, such as the future market value of plan assets and projected investment return rates, which could cause actual funding requirements to differ materially from projected funding.

Our purchase obligations include amounts committed under legally enforceable contracts or purchase orders for goods and services with defined terms as to price, quantity, delivery and termination liability. These obligations primarily consist of inventory purchases made in the normal course of business to meet operational requirements and commitments for equipment purchases. As of December 31, 2015, we have $20.3 million of uncertain tax positions reflected in our Consolidated Balance Sheet. We are unable to make a reasonable estimate regarding the timing of settlement of these uncertain tax positions and, as a result, they have been excluded from the table. See Note 12 — Income Taxes in the Notes to Consolidated Financial Statements.

Critical Accounting Estimates

Note 1 — Significant Accounting Policies of the Notes to Consolidated Financial Statements describes the significant accounting policies used in the preparation of our financial statements.

Use of Estimates

We are required to make assumptions and estimates and apply judgments in the preparation of our financial statements that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors deemed relevant by management. We continually review these estimates and their underlying assumptions to ensure they are appropriate for the circumstances. Changes in estimates and assumptions used by us could have a material impact on our financial results.

We believe that the following estimates are among the most critical in fully understanding and evaluating our reported financial results. These items utilize assumptions and estimates about the effect of future events that are inherently uncertain and are based on our judgment.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed and determinable and collection is probable. Product is considered delivered to the customer once it has been shipped and title and risk of loss have been transferred. The majority of our revenue is recognized at the time of shipment. Certain of our businesses account for sales discounts and allowances based on sales volumes, specific programs and customer deductions as is customary in the electrical products industry. These items primarily relate to sales volume incentives, special pricing allowances, and returned goods. This requires us to estimate at the time of sale the amounts that should not be recorded as revenue as these amounts are not expected to be collected from customers. We principally rely on historical experience, specific customer agreements, and anticipated future trends to estimate these amounts at the time of shipment.

Inventory Valuation

Inventories in the U.S. are primarily valued at the lower of LIFO cost or market, while non-U.S. inventories are valued at the lower of FIFO cost or market. We routinely evaluate the carrying value of our inventories to ensure they are carried at the lower of LIFO or FIFO cost or market value. Such evaluation is based on our judgment and use of estimates, including sales forecasts, gross margins for particular product groupings, planned dispositions of product lines, technological events and overall industry trends. In addition, the evaluation is based on changes in inventory management practices which may influence the timing of exiting products and method of disposing of excess inventory.

Excess inventory is generally identified by comparing future expected inventory usage to actual on-hand quantities. Inventory values are reduced for on-hand inventory in excess of pre-defined usage forecasts. Forecast usage is primarily determined by projecting historical (actual) sales and inventory usage levels forward to future periods. Changes in these estimates may necessitate future adjustments to inventory values.

Customer Credit and Collections

We maintain allowances for doubtful accounts receivable in order to reflect the potential uncollectability of receivables related to purchases of products on open credit. If the financial condition of our customers were to deteriorate, resulting in their inability to make required payments, we may be required to record additional allowances for doubtful accounts.

Accrued Insurance

We retain a significant portion of the risks associated with workers' compensation, medical, automobile and general liability insurance. We estimate self-insurance liabilities using a number of factors, including historical claims experience, demographic factors, severity factors and other actuarial assumptions. The accrued liabilities associated with these programs are based on our estimates of ultimate costs to settle known claims as well as claims incurred but not reported as of the balance sheet date. These assumptions are periodically reviewed with a third-party actuary to determine the adequacy of these self-insurance reserves. Changes in these assumptions may necessitate future adjustments to these self-insurance liabilities.

Employee Benefits Costs and Funding

We sponsor domestic and foreign defined benefit pension, defined contribution and other postretirement plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on the pension fund assets, rate of increase in employee compensation levels and health care cost increase projections. These assumptions are determined based on Company data and appropriate market indicators, and are evaluated each year as of the plans' measurement date. Further discussion of the assumptions used in 2015 and 2014 are included above under "Pension Funding Status" and in Note 10 — Retirement Benefits of the Notes to Consolidated Financial Statements.

Taxes

We account for income taxes in accordance with the applicable accounting guidance which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. Additionally, deferred tax assets are required to be reduced by a valuation allowance if it is more-likely-than-not that some portion or all of the deferred tax asset

will not be realized. The factors used to assess the likelihood of realization of deferred tax assets are the forecast of future taxable income, available tax planning strategies that could be implemented to realize the net deferred tax assets, and future reversals of deferred tax liabilities. Failure to achieve forecasted taxable income can affect the ultimate realization of net deferred tax assets.

We operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. The Internal Revenue Service ("IRS") and other tax authorities routinely review our tax returns. These audits can involve complex issues, which may require an extended period of time to resolve. The Company records uncertain tax positions only when it has determined that it is more-likely-than-not that a tax position will be sustained upon examination by taxing authorities based on the technical merits of the position. The Company uses the criteria established in the accounting guidance to determine whether an item meets the definition of more-likely-than-not. The Company's policy is to recognize these uncertain tax positions when the more-likely-than-not threshold is met, when the statute of limitations has expired or upon settlement. In management's opinion, adequate provision has been made for potential adjustments arising from any examinations. See also Note 12 — Income Taxes in the Notes to Consolidated Financial Statements.

Contingent Liabilities

We are subject to proceedings, lawsuits, and other claims or uncertainties related to environmental, legal, product and other matters. We routinely assess the likelihood of an adverse judgment or outcome to these matters, as well as the range of potential losses. We record a liability when it is both probable that a liability has been incurred and the amount can be reasonably estimated. A determination of the reserves required, if any, is made after careful analysis, including consultations with outside advisors, where applicable. Where no amount within a range of estimates is more likely, the minimum is accrued. The required reserves may change in the future due to new developments.

Valuation of Long-Lived Assets

Our long-lived assets include land, buildings, equipment, molds and dies, software, goodwill and other intangible assets. Long-lived assets, other than land, goodwill and indefinite-lived intangibles, are depreciated over their estimated useful lives. The assets and liabilities of acquired businesses are recorded under the acquisition method of accounting at their estimated fair values at the dates of acquisition. Goodwill represents purchase price in excess of fair values assigned to the underlying identifiable net assets of acquired businesses. Intangible assets primarily consist of patents, tradenames and customer related intangibles.

We review depreciable long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If such a change in circumstances occurs, the related estimated future undiscounted cash flows expected to result from the use of the asset group and its eventual disposition is compared to the carrying amount. If the sum of the expected cash flows of the asset group is less than the carrying amount, an impairment charge is recorded. The impairment charge is measured as the amount by which the carrying amount exceeds the fair value of the asset. The fair value of impaired assets is determined using expected cash flow estimates, quoted market prices when available and appraisals as appropriate. We did not record any material impairment charges related to long-lived assets in 2015, 2014, or 2013.

Goodwill and indefinite-lived intangible assets are reviewed annually for impairment unless circumstances dictate the need for more frequent assessment. We perform our goodwill impairment testing as of April 1st of each year unless circumstances dictate the need for more frequent assessments. The accounting guidance provides entities an option of performing a qualitative assessment before performing a quantitative analysis. If the entity determines, on the basis of certain qualitative factors, that it is more-likely-than-not that the goodwill is not impaired, the entity would not need to proceed to the two step goodwill impairment testing process as prescribed in the guidance. The Company has elected to bypass the qualitative assessment and proceeded directly to the quantitative analysis. The 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 discounted cash flows, determining appropriate discount rates and other assumptions. We use 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. As of April 1, 2015, our goodwill testing resulted in fair values for each reporting unit that substantially exceeded the reporting unit’s carrying value. We have not recorded any goodwill impairments since the initial adoption of the accounting guidance in 2002.

The identification and measurement of impairment of indefinite-lived intangible assets involves an assessment of qualitative factors to determine whether events or circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If it is more likely than not that the asset is imparied, the fair value of the indefinite lived intangibles will be determined using discounted cash flow estimates. If the carrying value of these assets exceeds the estimated fair value, the carrying value will be reduced to the estimated fair value. We did not record any impairments related to indefinite-lived intangible assets in 2015, 2014, or 2013.

Stock-Based Compensation

We determine the grant date fair value of our stock-based compensation awards using either a lattice model or the Black-Scholes option pricing model. Both of these models require management to make certain assumptions with respect to selected model inputs. These inputs include assumptions for the expected term, stock volatility, dividend yield and risk-free interest rate. Changes in these inputs impact fair value and could impact our stock-based compensation expense in the future. In addition, we are required to estimate the expected forfeiture rate and recognize expense only for those awards expected to meet the service and performance vesting conditions. If our actual forfeiture rate is different from our estimate, adjustments to stock-based compensation expense may be required. See also

Note 17 – Stock-Based Compensation in the Notes to Consolidated Financial Statements.

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-K, contain “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995. These include statements about our expected capital resources, liquidity, financial performance, pension funding, and results of operations and are based on our reasonable current expectations. In addition, all statements regarding restructuring plans and expected associated costs and benefits, intent to repurchase shares of Common Stock, and the expected amount of such repurchases, and improvement in operating results, anticipated market conditions and productivity initiatives are forward looking. Forward-looking statements may be

identified by the use of words, such as “believe”, “expect”, “anticipate”, “intend”, “depend”, “should”, “plan”, “estimated”, “pr
“could”, “may”, “subject to”, “continues”, “growing”, “prospective”, “forecast”, “projected”, “purport”, “might”, “if”, “contem
“pending,” “target”, “goals”, “scheduled”, “will likely be”, and similar words and phrases. Discussions of strategies, plans or intentions often contain forward-looking statements. Important 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 ("ERP") 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.
- 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.
- 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.
- The ability to effectively implement ERP systems without disrupting operational and financial processes.
- 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.
- Failure of information technology systems or security breaches resulting in unauthorized disclosure of confidential information.
- 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 this Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

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 7A Quantitative and Qualitative Disclosures about Market Risk

In the operation of our business, we have various exposures to areas of risk related to factors within and outside the control of management. Significant areas of risk and our strategies to manage the exposure are discussed below.

We manufacture and/or assemble our products in the United States, Canada, Switzerland, Puerto Rico, Mexico, China, Italy, UK, Brazil and Australia and sell products in those markets as well as through offices in Singapore, China, India, Mexico, South Korea and countries in the Middle East. Hubbell also participates in joint ventures in Taiwan and Hong Kong. Shipments from non-U.S. subsidiaries as a percentage of the Company’s total net sales were 11% in 2015, 14% in 2014 and 16% in 2013, with the Canadian and UK operations representing approximately 34% and 24%, respectively, of 2015 total international net sales. Of the remaining 2015 international sales Mexico represents 11%, while Switzerland and Brazil represent 10% each. As such, our operating results could be affected by changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we sell our products. To manage this exposure, we closely monitor the working capital requirements of our international units and may enter into forward foreign exchange contracts. Further discussion of forward exchange contracts can be found in Note 14 – Fair Value Measurement in the Notes to Consolidated Financial Statements.

Product purchases representing approximately 10% of our net sales are sourced from unaffiliated suppliers located outside the United States, primarily in China and other Asian countries, Europe and Brazil. We are continuously seeking to expand this activity, particularly related to purchases from low cost areas of the world. Foreign sourcing of products may result in unexpected

fluctuations in product cost or increased risk of business interruption due to lack of product or component availability due to any one of the following:

- Political or economic uncertainty in the source country
- Fluctuations in the rate of exchange between the U.S. dollar and the currencies of the source countries
- Increased logistical complexity including supply chain interruption or delay, port of departure or entry disruption and overall time to market
- Loss of proprietary information
- Product quality issues outside the control of the Company

We have developed plans that address many of these risks. Such actions include careful selection of products to be outsourced and the suppliers selected; ensuring multiple sources of supply; limiting concentrations of activity by port, broker, freight forwarder, etc.; processes related to quality control; and maintaining control over operations, technologies and manufacturing deemed to provide competitive advantage. Many of our businesses have a dependency on certain basic raw materials needed to produce their products including steel, aluminum, brass, copper, bronze, plastics, phenols, zinc, nickel, elastomers and petrochemicals as well as purchased electrical and electronic components. Our financial results could be affected by the availability and changes in prices of these materials and components.

Certain of these materials are sourced from a limited number of suppliers. These materials are also key source materials for many other companies in our industry and within the universe of industrial manufacturers in general. As such, in periods of rising demand for these materials, we may experience both increased costs and/or limited supply. These conditions can potentially result in our inability to acquire these key materials on a timely basis to produce our products and satisfy our incoming sales orders. Similarly, the cost of these materials can rise suddenly and result in materially higher costs of producing our products. We believe we have adequate primary and secondary sources of supply for each of our key materials and that, in periods of rising prices, we expect to recover a majority of the increased cost in the form of higher selling prices. However, recoveries typically lag the effect of cost increases due to the nature of our markets.

Our financial results are subject to interest rate fluctuations to the extent there is a difference between the amount of our interest-earning assets and the amount of interest-bearing liabilities. The principal objectives of our investment management activities are to preserve capital while earning net investment income that is commensurate with acceptable levels of interest rate, default and liquidity risk taking into account our

funding needs. As part of our investment management strategy, we may use derivative financial products such as interest rate hedges and interest rate swaps.

From time to time or when required, we issue commercial paper, which exposes us to changes in interest rates. Our cash position includes amounts denominated in foreign currencies. We manage our worldwide cash requirements by considering available funds held by our subsidiaries and the cost effectiveness with which these funds can be accessed.

We continually evaluate risk retention and insurance levels for product liability, property damage and other potential exposures to risk. We devote significant effort to maintaining and improving safety and internal control programs, which are intended to reduce our exposure to certain risks. We determine the level of insurance coverage and the likelihood of a loss and believe that the current levels of risk retention are consistent with those of comparable companies in the industries in which we operate. There can be no assurance that we will not incur losses beyond the limits of our insurance. However, our liquidity, financial position and profitability are not expected to be materially affected by the levels of risk retention that we accept.

The following table presents cost information related to fixed rate interest risk sensitive instruments by maturity at December 31, 2015 (dollars in millions):

	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value 12/31/15
ASSETS								
Available-for-sale investments	$12.2	$6.8	$8.5	$5.4	$6.8	$7.2	$46.9	$47.4
Avg. interest rate	4.50%	4.84%	5.09%	5.00%	4.84%	5.00%		
LIABILITIES								
Long-term debt	$—	$—	$298.8	$—	$—	$297.1	$595.9	$630.5
Avg. interest rate	—	—	5.95%	—	—	3.625%	4.79%	

We use derivative financial instruments only if they are matched with a specific asset, liability, or proposed future transaction. We do not speculate or use leverage when trading a financial derivative product.

In September 2015, we purchased redeemable preferred stock of a privately held company for $5.0 million which is classified as an available-for-sale security, but is not interest rate sensitive and so has been excluded from the above analysis. See also Note 1 Significant Accounting Policies, Note 6 – Investments and Note 11 – Debt in the Notes to Consolidated Financial Statements.

ITEM 8 Financial Statements and Supplementary Data

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Reports of Management

Report on Management’s Responsibility for Financial Statements

Our management is responsible for the preparation, integrity and fair presentation of its published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts based on informed judgments made by management.

We believe it is critical to provide investors and other users of our financial statements with information that is relevant, objective, understandable and timely, so that they can make informed decisions. As a result, we have established and maintain systems and practices and internal control processes designed to provide reasonable, but not absolute, assurance that transactions are properly executed and recorded and that our policies and procedures are carried out appropriately. Management strives to recruit, train and retain high quality people to ensure that controls are designed, implemented and maintained in a high-quality, reliable manner.

Our independent registered public accounting firm audited our financial statements and the effectiveness of our internal control over financial reporting in accordance with standards established by the Public Company Accounting Oversight Board (United States). Their report appears on the next page within this Annual Report on Form 10-K.

Our Board of Directors normally meets nine times per year to provide oversight, to review corporate strategies and operations, and to assess management’s conduct of the business. The Audit Committee of our Board of Directors is comprised of at least three individuals all of whom must be “independent” under current New York Stock Exchange listing standards and regulations adopted by the SEC under the federal securities laws. The Audit Committee meets regularly with our internal auditors and independent registered public accounting firm, as well as management to review, among other matters, accounting, auditing, internal controls and financial reporting issues and practices. Both the internal auditors and independent registered public accounting firm have full, unlimited access to the Audit Committee.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate systems of internal control over financial reporting as defined by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In

making this assessment, management used the criteria set forth in Internal Control-Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management concluded that our internal control over financial reporting was effective at a reasonable assurance level as of December 31, 2015.

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm as stated in their report which is included on the next page within this Annual Report on Form 10-K.

/s/ DAVID G. NORD
David G. Nord
Chairman of the Board, President and
Chief Executive Officer

/s/ WILLIAM R. SPERRY
William R. Sperry
Senior Vice President
and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Hubbell Incorporated:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Hubbell Incorporated and its subsidiaries (the “Company”) at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company’s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and

testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 12 to the consolidated financial statements, in 2015 the Company changed the manner in which it accounts for the classification of deferred taxes in the consolidated balance sheets due to the adoption of ASU 2015-17, Balance Sheet Classification of Deferred Taxes.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

February 18, 2016

Consolidated Statement of Income

	Year Ended December 31,		
(in millions, except per share amounts)	2015	2014	2013
Net sales	$3,390.4	$3,359.4	$3,183.9
Cost of goods sold	2,298.6	2,250.4	2,113.4
Gross profit	1,091.8	1,109.0	1,070.5
Selling & administrative expenses	617.2	591.6	562.9
Operating income	474.6	517.4	507.6
Interest expense	(31.0)	(31.2)	(30.8)
Investment income	0.5	1.1	1.3
Other expense, net	(25.5)	(1.8)	(4.3)
Total other expense	(56.0)	(31.9)	(33.8)
Income before income taxes	418.6	485.5	473.8
Provision for income taxes	136.5	158.3	144.0
Net income	282.1	327.2	329.8
Less: Net income attributable to noncontrolling interest	4.8	1.9	3.3
NET INCOME ATTRIBUTABLE TO HUBBELL	$277.3	$325.3	$326.5
Earnings per share			
Basic	$4.79	$5.51	$5.51
Diluted	$4.77	$5.48	$5.47

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year Ended December 31,		
(in millions)	2015	2014	2013
Net income	$282.1	$327.2	$329.8
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(45.5)	(35.7)	(15.0)
Pension and post retirement benefit plans' service costs and net actuarial (losses) gains, net of taxes of $10.7, $33.9 and ($38.7)	(15.5)	(57.7)	63.1
Unrealized loss on investments, net of taxes of $0.2, $0.0 and $0.2	(0.3)	(0.1)	(0.3)
Unrealized gains (losses) on cash flow hedges, net of taxes of ($0.3), ($0.1) and ($0.1)	1.4	0.2	0.3
Other comprehensive (loss) income	(59.9)	(93.3)	48.1
Comprehensive income	222.2	233.9	377.9
Less: Comprehensive income attributable to noncontrolling interest	4.8	1.9	3.3
COMPREHENSIVE INCOME ATTRIBUTABLE TO HUBBELL	$217.4	$232.0	$374.6

See notes to consolidated financial statements.

Consolidated Balance Sheet

(In millions, except share amounts)	At December 31, 2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$343.5	$653.9
Short-term investments	12.2	7.8
Accounts receivable, net	466.6	469.8
Inventories, net	540.0	441.8
Deferred taxes and other	25.5	56.1
Total Current Assets	1,387.8	1,629.4
Property, Plant, and Equipment, net	419.7	401.2
Other Assets		
Investments	49.5	44.1
Goodwill	928.5	874.7
Intangible assets, net	372.2	322.8
Other long-term assets	51.0	47.9
TOTAL ASSETS	$3,208.7	$3,320.1
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	$48.2	$1.4
Accounts payable	289.5	244.0
Accrued salaries, wages and employee benefits	75.3	76.0
Accrued insurance	50.4	47.8
Other accrued liabilities	139.7	130.0
Total Current Liabilities	603.1	499.2
Long-term Debt	595.9	594.9
Other Non-Current Liabilities	260.7	290.3
TOTAL LIABILITIES	1,459.7	1,384.4
Commitments and Contingencies (see Note 15)		
Hubbell Shareholders' Equity		
Common stock, par value $.01		
Class A - Authorized 0 and 50,000,000 shares, outstanding 0 and 7,167,506 shares	$—	$0.1
Class B - Authorized 0 and 150,000,000 shares, outstanding 0 and 51,328,974 shares	—	0.5
Common Stock - Authorized 200,000,000 and 0 shares, outstanding 57,836,533 and 0 shares	0.6	—
Additional paid-in capital	78.1	146.7
Retained earnings	1,886.1	1,944.1
Accumulated other comprehensive loss	(224.2)	(164.3)
Total Hubbell Shareholders' Equity	1,740.6	1,927.1
Noncontrolling interest	8.4	8.6
TOTAL EQUITY	1,749.0	1,935.7
TOTAL LIABILITIES AND EQUITY	$3,208.7	$3,320.1

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Year Ended December 31,		
(In millions)	2015	2014	2013
Cash Flows from Operating Activities			
Net income	$282.1	$327.2	$329.8
Adjustments to reconcile net income to net cash provided by operating activities net of acquisitions:			
Depreciation and amortization	85.2	79.2	70.6
Deferred income taxes	(4.5)	30.3	13.3
Stock-based compensation	17.0	16.4	14.3
Tax benefit on stock-based awards	(2.3)	(9.2)	(8.4)
(Gain) loss on sale of assets	0.5	(1.3)	0.2
Changes in assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts receivable	1.9	(17.8)	(30.9)
Increase in inventories	(80.8)	(46.9)	(25.9)
Increase in current liabilities	46.6	20.0	1.7
Changes in other assets and liabilities, net	6.1	15.4	15.8
Contributions to qualified defined benefit pension plans	(22.6)	(23.5)	(3.2)
Other, net	1.9	1.7	4.5
NET CASH PROVIDED BY OPERATING ACTIVITIES	331.1	391.5	381.8
Cash Flows from Investing Activities			
Capital expenditures	(77.1)	(60.3)	(58.8)
Acquisitions, net of cash acquired	(163.4)	(183.8)	(96.5)
Purchases of available-for-sale investments	(24.5)	(17.6)	(11.1)
Proceeds from sales of available-for-sale investments	13.8	12.1	10.5
Proceeds from disposition of assets	0.7	6.0	3.4
Other, net	1.3	1.0	1.4
NET CASH USED IN INVESTING ACTIVITIES	(249.2)	(242.6)	(151.1)
Cash Flows from Financing Activities			
Issuance of short-term debt	48.8	2.0	0.4
Payment of short-term debt	(2.0)	(0.8)	(0.1)
Payment of dividends	(133.7)	(121.2)	(109.5)
Payment of dividends to noncontrolling interest	(5.0)	(1.7)	(1.5)
Proceeds from exercise of stock options	—	2.4	2.4
Tax benefit on stock-based awards	2.3	9.2	8.4
Acquisition of common shares(1)	(79.1)	(105.5)	(31.0)
Payments for share reclassification	(200.7)	—	—
Other	(1.7)	—	—
NET CASH USED IN FINANCING ACTIVITIES	(371.1)	(215.6)	(130.9)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(21.2)	(20.1)	(4.1)
Increase in cash and cash equivalents	(310.4)	(86.8)	95.7
Cash and cash equivalents, beginning of year	653.9	740.7	645.0
Cash and cash equivalents, end of year	$343.5	$653.9	$740.7

See notes to consolidated financial statements.

(1) In 2015, the Company had $9.0 million of share repurchases accrued in other accrued liabilities.

Consolidated Statement of Changes in Equity

(In millions, except per share amounts)	Class A Common Stock	Class B Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Hubbell Shareholders' Equity	Non-controlling interest
	For the Three Years Ended December 31, 2015, 2014 and 2013							
BALANCE AT December 31, 2012	$0.1	$0.5		$256.4	$1,523.3	$(119.1)	$1,661.2	$6.7
Net income					326.5		326.5	3.3
Other comprehensive (loss) income						48.1	48.1	
Stock-based compensation				13.5			13.5	
Exercise of stock options				2.4			2.4	
Income tax windfall from stock-based awards, net				8.4			8.4	
Acquisition/surrender of common shares				(44.1)			(44.1)	
Cash dividends declared ($1.85 per Class A & B shares)					(109.6)		(109.6)	
Dividends to noncontrolling interest								(1.6)
BALANCE AT December 31, 2013	0.1	0.5		236.6	1,740.2	(71.0)	1,906.4	8.4
Net income					325.3		325.3	1.9
Other comprehensive (loss) income						(93.3)	(93.3)	
Stock-based compensation				15.8			15.8	
Exercise of stock options				2.4			2.4	
Income tax windfall from stock-based awards, net				9.2			9.2	
Acquisition/surrender of common shares				(117.3)			(117.3)	
Cash dividends declared ($2.06 per Class A & B shares)					(121.4)		(121.4)	
Dividends to noncontrolling interest								(1.7)
BALANCE AT December 31, 2014	0.1	0.5		146.7	1,944.1	(164.3)	1,927.1	8.6
Net income					277.3		277.3	4.8
Other comprehensive (loss) income						(59.9)	(59.9)	
Stock-based compensation				16.3			16.3	
Exercise of stock options				—			—	
				0.9			0.9	

Income tax windfall from stock-based awards, net								
Acquisition/surrender of common shares				(92.6)			(92.6)	
Cash dividends declared ($2.31 per Class A & B shares)					(133.8)		(133.8)	
Dividends to noncontrolling interest								(5.0)
Director's deferred compensation				6.8			6.8	
Share reclassification	(0.1)	(0.5)	0.6		(201.5)			
BALANCE AT December 31, 2015	$—	$—	$0.6	$78.1	$1,886.1	$(224.2)	$1,740.6	$8.4

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1 Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The Consolidated Financial Statements include all wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The Company participates in two joint ventures, one of which is accounted for using the equity method, the other has been consolidated in accordance with the consolidation accounting guidance. An analysis is performed to determine which reporting entity, if any, has a controlling financial interest in a variable interest entity ("VIE") with a primarily qualitative analysis. The qualitative analysis is based on identifying the party that has both the power to direct the activities that most significantly impact the VIE's economic performance (the "power criterion") and the obligation to absorb losses from or the right to receive benefits of the VIE that could potentially be significant to the VIE (the "losses/benefit criterion"). The party that meets both these criteria is deemed to have a controlling financial interest. The party with the controlling financial interest is considered to be the primary beneficiary and as a result is required to consolidate the VIE. The Company has a 50% interest in a joint venture in Hong Kong, established as Hubbell Asia Limited ("HAL"). The principal objective of HAL is to manage the operations of its wholly-owned manufacturing company in China. Under the accounting guidance, the Company is the primary beneficiary of HAL and as a result consolidates HAL. This determination is based on the fact that HAL's sole business purpose is to manufacture product exclusively for the Company (the power criterion) and the Company is financially responsible for ensuring HAL maintains a fixed operating margin (the losses/benefit criterion). The consolidation of HAL is not material to the Company's consolidated financial statements.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements. Actual results could differ from the estimates that are used.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed and determinable and collection is probable. Product is considered delivered to the customer once it has been shipped

and title and risk of loss have been transferred. The majority of the Company's revenue is recognized at the time of shipment. The Company recognizes less than one percent of total annual consolidated net revenue from post shipment obligations and service contracts, primarily within the Electrical segment. Revenue is recognized under these contracts when the service is completed and all conditions of sale have been met. In addition, within the Electrical segment, certain businesses sell large and complex equipment which requires construction and assembly and occasionally has long lead times. It is customary in these businesses to require a portion of the selling price to be paid in advance of construction. These payments are treated as deferred revenue and are classified in Other accrued liabilities in the Consolidated Balance Sheet. Once the equipment is shipped to the customer and meets the revenue recognition criteria, the deferred revenue is recognized in the Consolidated Statement of Income.

Further, certain of our businesses provide for sales discounts and allowances based on sales volumes, specific programs and customer deductions, as is customary in the electrical products industry. These items primarily relate to sales volume incentives, special pricing allowances, and returned goods. Sales volume incentives represent rebates with specific sales volume targets for specific customers. Certain distributors qualify for price rebates by subsequently reselling the Company’s products into select channels of end users. Following a distributor’s sale of an eligible product, the distributor submits a claim for a price rebate. Customers also have a right to return goods under certain circumstances which are reasonably estimable by affected businesses. Customer returns have historically ranged from 1%-3% of gross sales. These arrangements require us to estimate at the time of sale the amounts that should not be recorded as revenue as these amounts are not expected to be collected from customers. The Company principally relies on historical experience, specific customer agreements and anticipated future trends to estimate these amounts at the time of shipment.

Shipping and Handling Fees and Costs

The Company records shipping and handling costs as part of Cost of goods sold in the Consolidated Statement of Income. Any amounts billed to customers for reimbursement of shipping and handling are included in Net sales in the Consolidated Statement of Income.

Foreign Currency Translation

The assets and liabilities of international subsidiaries are translated to U.S. dollars at exchange rates in effect at the end of the year, and income and expense items are translated at average exchange rates in effect during the year. The effects of exchange rate fluctuations on the translated amounts of foreign currency assets and liabilities are included as translation adjustments in Accumulated other comprehensive loss within

Hubbell shareholders' equity. Gains and losses from foreign currency transactions are included in results of operations.

Cash and Cash Equivalents

The carrying value of cash equivalents approximates fair value. Cash equivalents consist of highly liquid investments with original maturities to the Company of three months or less.

Investments

Investments in debt and equity securities are classified by individual security as available-for-sale, held-to-maturity or trading investments. Our available-for-sale investments, consisting of municipal bonds and the redeemable preferred stock of a privately held company , are carried on the balance sheet at fair value with current period adjustments to carrying value recorded in Accumulated other comprehensive loss within Hubbell shareholders' equity, net of tax. Realized gains and losses are recorded in income in the period of sale. The Company's trading investments are carried on the balance sheet at fair value and consist primarily of debt and equity mutual funds. Gains and losses associated with these trading investments are reflected in the results of operations. The Company did not have any investments classified as held-to-maturity as of December 31, 2015 and 2014.

Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest. The allowance for doubtful accounts is based on an estimated amount of probable credit losses in existing accounts receivable. The allowance is calculated based upon a combination of historical write-off experience, fixed percentages applied to aging categories and specific identification based upon a review of past due balances and problem accounts. Account balances are charged off against the allowance when it is determined that internal collection efforts should no longer be pursued. The Company also maintains a reserve for credit memos, cash discounts and product returns which are principally calculated based upon historical experience, specific customer agreements, as well as anticipated future trends.

Inventories

Inventories are stated at the lower of cost or market value. Approximately 75% of total net inventory value is determined utilizing the last-in, first-out (LIFO) method of inventory accounting. The cost of foreign inventories and certain domestic inventories is determined utilizing average cost or first-in, first-out (FIFO) methods of inventory accounting. Reserves for excess and obsolete inventory are provided based on current assessments about future demand compared to on-hand quantities.

Property, Plant, and Equipment

Property, plant, and equipment values are stated at cost less accumulated depreciation. Maintenance and repair expenditures that do not significantly increase the life of an asset are charged to expense when incurred. Property, plant, and equipment placed in service prior to January 1, 1999 are

depreciated over their estimated useful lives, principally using accelerated methods. Assets placed in service subsequent to January 1, 1999 are depreciated over their estimated useful lives, using straight-line methods. Leasehold improvements are amortized over the shorter of their economic lives or the lease term. Gains and losses arising on the disposal of property, plant and equipment are included in Operating income in the Consolidated Statement of Income.

Capitalized Computer Software Costs

Capitalized computer software costs, net of amortization, were $12.4 million and $12.7 million at December 31, 2015 and 2014, respectively. This balance is reflected in Other long-term assets in the Consolidated Balance Sheet. Capitalized computer software is for internal use and costs primarily consist of purchased materials and services. Software is amortized on a straight-line basis over appropriate periods, generally five years. The Company recorded amortization expense of $4.6 million in 2015 and $4.3 million in both 2014 and 2013 relating to capitalized computer software.

Goodwill and Other Intangible Assets

Goodwill represents purchase price in excess of fair values of the underlying net assets of acquired companies. Indefinite-lived intangible assets and goodwill are subject to annual impairment testing using the specific guidance and criteria described in the accounting guidance. The Company performs its goodwill impairment testing as of April 1st of each year, unless circumstances dictate the need for more frequent assessments. The accounting guidance provides entities an option of performing a qualitative assessment before performing a quantitative analysis. If the entity determines, on the basis of certain qualitative factors, that it is more-likely-than-not that the goodwill is not impaired, the entity would not need to proceed to the two step goodwill impairment testing process as prescribed in the guidance. The Company elected to bypass the qualitative assessment and proceeded directly to the quantitative analysis. 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.

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 are reasonable when compared to the Company's market capitalization on the valuation date.

As of April 1, 2015, 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 100% to approximately 300% for the respective reporting units. Additionally, the Company did not have any reporting units with zero or negative carrying amounts. The Company has not recorded any goodwill impairments since the initial adoption of the accounting guidance in 2002.

The Company's intangible assets consist primarily of patents, tradenames and customer relationships. Intangible assets with definite lives are being amortized over periods generally ranging from 5-30 years. These definite lived intangibles are tested for impairment whenever events or circumstances indicate that the carrying amount of an asset (asset group) may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The Company did not record any impairments related to its definite lived intangible assets in 2015, 2014 or 2013. The Company also has some tradenames that are considered to be indefinite-lived intangible assets. These indefinite-lived are not amortized and are tested for impairment annually, unless circumstances dictate the need for more frequent assessment.

The accounting guidance related to testing indefinite-lived intangible assets for impairment provides entities an option of performing a qualitative assessment before calculating the fair value of the asset. If the entity determines, on the basis of certain qualitative factors, that it is more-likely-than-not that the asset is not impaired, the entity would not need to calculate the fair value of the asset. The Company performed the qualitative assessment which resulted in no impairment in 2015, The Company elected to bypass the qualitative assessment and proceeded directly to the determination of fair value of its indefinite lived intangibles which resulted in no impairment in 2014 and 2013 .

Other Long-Lived Assets

The Company reviews depreciable long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If such a change in circumstances occurs, the related estimated future undiscounted cash flows expected to result from the use of the asset group and its eventual disposition is compared to the carrying amount. If the sum of the expected cash flows is less than the carrying amount, an impairment charge is recorded. The impairment charge is measured as the amount by which the carrying amount exceeds the fair value of the asset. The fair value of impaired assets is determined using expected cash flow estimates, quoted market prices when available and appraisals as appropriate. The Company did not record any material impairment charges in 2015, 2014 or 2013.

Accrued Insurance

The Company retains a significant portion of the risks associated with workers' compensation, medical, automobile and general liability insurance. The Company estimates self-insurance liabilities using a number of factors, including historical claims

experience, demographic factors, severity factors and other actuarial assumptions. The accrued liabilities associated with these programs are based on the Company's estimate of the ultimate costs to settle known claims as well as claims incurred but not reported as of the balance sheet date. The Company periodically reviews the assumptions with a third party actuary to determine the adequacy of these self-insurance reserves.

Income Taxes

The Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. The IRS and other tax authorities routinely review the Company's tax returns. These audits can involve complex issues which may require an extended period of time to resolve. The Company makes adequate provisions for best estimates of exposures on previously filed tax returns. Deferred income taxes are recognized for the tax consequence of differences between financial statement carrying amounts and the tax basis of assets and liabilities by applying the currently enacted statutory tax rates in accordance with the accounting guidance for income taxes. The effect of a change in statutory tax rates is recognized in the period that includes the enactment date. Additionally, deferred tax assets are required to be reduced by a valuation allowance if it is more-likely-than-not that some portion or all of the deferred tax asset will not be realized. The Company uses factors to assess the likelihood of realization of deferred tax assets such as the forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets.

In addition, the accounting guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of the tax position taken or expected to be taken in a tax return. For any amount of benefit to be recognized, it must be determined that it is more-likely-than-not that a tax position will be sustained upon examination by taxing authorities based on the technical merits of the position. The amount of benefit to be recognized is based on the Company’s assertion of the most likely outcome resulting from an examination, including resolution of any related appeals or litigation processes. Companies are required to reflect only those tax positions that are more-likely-than-not to be sustained. See also Note 12 — Income Taxes.

Research and Development

Research and development expenditures represent costs to discover and/or apply new knowledge in developing a new product, process, or in bringing about a significant improvement to an existing product or process. Research and development expenses are recorded as a component of Cost of goods sold. Expenses for research and development were approximately 2% of Cost of goods sold for each of the years 2015, 2014 or 2013.

Retirement Benefits

The Company maintains various defined benefit pension plans for some of its U.S. and foreign employees. The accounting guidance for retirement benefits requires the Company to recognize the funded status of its defined benefit pension and postretirement plans as an asset or liability in the Consolidated Balance Sheet. Gains or losses, prior service costs or credits, and transition assets or obligations that have not yet been included in net periodic benefit cost as of the end of the year are recognized as components of Accumulated other comprehensive loss, net of tax, within Hubbell shareholders' equity. The Company's policy is to fund pension costs within the ranges prescribed by applicable regulations. In addition to providing defined benefit pension benefits, the Company provides health care and life insurance benefits for some of its active and retired employees. The Company's policy is to fund these benefits through insurance premiums or as actual expenditures are made. See also Note 10 — Retirement Benefits.

Earnings Per Share

The earnings per share accounting guidance requires use of the two-class method in determining earnings per share. The two-class method 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. Basic earnings per share is calculated as net income available to common shareholders divided by the weighted average number of shares of common stock outstanding. Earnings per diluted share is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding of common stock plus the incremental shares outstanding assuming the exercise of dilutive stock options, stock appreciation rights and performance shares. See also Note 18 — Earnings Per Share.

Stock-Based Compensation

The Company recognizes the grant-date fair value of all stock-based awards on a straight-line basis over their respective requisite service periods (generally equal to an award's vesting period), except for certain restricted stock awards granted in 2013 with a performance condition, which are expensed using the graded vesting attribution method. A stock-based award is considered vested for expense attribution purposes when the retention of the award is no longer contingent on providing subsequent service. Accordingly, the Company recognizes compensation cost immediately for awards granted to retirement-eligible individuals or over the period from the grant date to the date retirement eligibility is achieved, if less than the stated vesting period. The expense is recorded in Cost of goods sold and S&A expense in the Consolidated Statement of Income based on the recipients' respective functions within the organization.

The Company records deferred tax assets for awards that will result in deductions on its tax returns, based upon the amount of compensation cost recognized and the statutory tax rate in the jurisdiction in which it will receive a deduction. Differences between the deferred tax assets recognized for financial reporting purposes and the actual tax deduction reported in the Company's tax return are recorded to Additional paid-in capital to the extent that previously recognized credits to paid-in capital are still available. See also Note 17 — Stock-Based Compensation.

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. The Company does not speculate or use leverage when trading a derivative product. 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. See Note 14 – Fair Value Measurement for more information regarding our derivative instruments.

Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update (ASU 2015-17) requiring all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the balance sheet. As a result, each jurisdiction will now only have one net non-current deferred tax asset or liability. The new guidance is effective for fiscal years beginning after December 15, 2016, and early adoption is permitted. ASU 2015-17 was prospectively adopted by the Company effective December 31, 2015. The adoption resulted in the reclassification of $52.4 million from current deferred taxes to non-current deferred taxes for 2015. As permitted by this ASU, no prior periods were adjusted. See also Note 12 -- Income Taxes.

In September 2015, the FASB issued an Accounting Standards Update (ASU 2015-16) relating to measurement-period adjustments in business combinations. The new standard eliminates the requirement for retrospective treatment of measurement-period adjustments in a business combination. Instead, a measurement-period adjustment will be recognized in the period in which the adjustment is determined. The update is effective for fiscal years beginning after December 15, 2015 and early adoption is permitted. ASU 2015-16 was adopted by the Company in 2015 and had no material impact on its financial statements.

In May 2015, the FASB issued an Accounting Standards Update (ASU 2015-07) relating to investments in certain entities that calculate net asset value per share (or its equivalent). Under the new guidance, investments measured at net asset value (“NAV”), as a practical expedient for fair value, are excluded from the fair value hierarchy. The new guidance is effective in 2016 for calendar year-end public business entities and early adoption is permitted. ASU 2015-07 was adopted by the Company effective December 31, 2015 and the adoption of this standard had no material impact on its financial statements.

In April of 2015, the FASB issued an Accounting Standards Update (ASU 2015-03) relating to the presentation of debt issuance costs. ASU 2015-03 requires costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the debt, rather than as a deferred charge. The new guidance is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted and, when adopted, the guidance must be applied on a retrospective basis. ASU 2015-03 was adopted by the Company effective December

31, 2015 and the adoption had no material impact on its financial statements.

In February 2015, the FASB amended the current consolidation guidance. The new guidance will impact the determination of whether an entity is a variable interest entity ("VIE") and when a company holds a variable interest in a VIE by introducing specific amendments relating to limited partnerships, outsourced decision makers and service providers, and related parties. The guidance is effective for annual and interim periods beginning after December 2015. The Company does not expect adoption of this guidance will have a material impact on its financial statements.

In May 2014, the FASB issued new revenue recognition guidance that supersedes the existing revenue recognition guidance and most industry-specific guidance applicable to revenue recognition. According to the new guidance an entity will apply a principles-based five step model to recognize revenue upon the transfer of promised goods or services to

customers and in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The guidance was proposed to be effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period and early application is not permitted. On July 9, 2015, the FASB deferred the effective date of the new revenue recognition standard by one year. This means it is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 with earlier application permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently assessing the impact of adopting this standard on its financial statements.

NOTE 2 Business Acquisitions

In the first quarter of 2015, the Company acquired the majority of the net assets of the Acme Electric business division of Power Products, LLC and all of the outstanding common stock of Acme Electric de Mexico S. de R.L. de C.V. and Acme Electric Manufacturing de Mexico S. de R.L. de C.V. (collectively "Acme"). Acme was purchased for $67.4 million, net of cash received, and has been added to the Electrical segment, resulting in the recognition of intangible assets of $30.8 million and goodwill of $21.6 million. The $30.8 million of intangible assets consists primarily of customer relationships and tradenames and will be amortized over a weighted average period of approximately 20 years. The majority of the goodwill is expected to be deductible for tax purposes.

In the first quarter of 2015, the Company acquired the majority of net assets of the Turner Electric business division of Power Products, LLC ("Turner") constituting the transmission and substation switching business. Turner was purchased for $37.7 million, net of cash received, and has been added to the Power segment, resulting in the recognition of intangible assets of $22.0 million and goodwill of $12.0 million. The $22.0 million of intangible assets consists primarily of customer relationships and tradenames and will be amortized over a weighted average period of approximately 19 years. All of the goodwill associated with the Turner acquisition is expected to be deductible for tax purposes.

In the first quarter of 2015, the Company acquired all of the membership interests of the Electric Controller and Manufacturing Company, LLC ("EC&M"). EC&M was purchased for $21.6 million, net of cash received, and has been added to the Electrical segment, resulting in the recognition of intangible assets of $8.5 million and goodwill of $7.9 million. The $8.5 million of intangible assets consists primarily of customer relationships and tradenames and will be amortized over a weighted average period of approximately 16 years. All of the goodwill associated with the EC&M acquisition is expected to be deductible for tax purposes.

In the third quarter of 2015, the Company acquired the majority of net assets of GasBreaker, a flow valve manufacturer in the natural gas industry. GasBreaker was purchased for $36.5 million, net of cash received, and has been added to the Electrical segment, resulting in the recognition of intangible assets of $20.4 million and goodwill of $13.8 million. The $20.4 million of intangible assets consist primarily of tradenames and customer relationships which will be amortized over a weighted average period of approximately 17 years. All of the goodwill associated with the GasBreaker acquisition is expected to be deductible for tax purposes.

All of these business acquisitions have been accounted for as business combinations and have resulted in the recognition of goodwill. The goodwill relates to a number of factors built into the purchase price, including the future earnings and cash flow potential of the businesses as well as the complementary strategic fit and resulting synergies they bring to the Company's existing operations.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition related to these transactions (in millions):

Tangible assets acquired	$36.8	
Intangible assets	81.7	
Goodwill	55.3	
Liabilities assumed	(10.6	)
TOTAL CASH CONSIDERATION	163.2	

The 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 year ended December 31, 2015 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.

Cash used for the acquisition of businesses, net of cash acquired as reported in the Consolidated Statement of Cash Flows for the twelve months ended December 31, 2015 is $163.4 million and includes an approximately $0.2 million payment in 2015 to settle the net working capital adjustment relating to an acquisition completed in the fourth quarter of 2014.

NOTE 3 Receivables and Allowances

Receivables consist of the following components at December 31, (in millions):

	2015	2014
Trade accounts receivable	$491.5	$494.0
Non-trade receivables	21.3	15.9
Accounts receivable, gross	512.8	509.9
Allowance for credit memos, returns and cash discounts	(41.5)	(36.7)
Allowance for doubtful accounts	(4.7)	(3.4)
Total allowances	(46.2)	(40.1)
ACCOUNTS RECEIVABLE, NET	$466.6	$469.8

NOTE 4 Inventories

Inventories are classified as follows at December 31, (in millions):

	2015	2014
Raw material	$167.5	$153.8
Work-in-process	99.6	94.8
Finished goods	342.6	277.6
	609.7	526.2
Excess of FIFO over LIFO cost basis	(69.7)	(84.4)
INVENTORIES, NET	$540.0	$441.8

NOTE 5 Goodwill and Other Intangible Assets

Changes in the carrying amounts of goodwill for the years ended December 31, 2015 and 2014, by segment, were as follows (in millions):

	Segment		
	Electrical	Power	Total
BALANCE AT DECEMBER 31, 2013	$520.9	$279.5	$800.4
Current year acquisitions	53.5	27.4	80.9
Foreign currency translation and prior year acquisitions	(5.5)	(1.1)	(6.6)
BALANCE AT DECEMBER 31, 2014	$568.9	$305.8	$874.7
Current year acquisitions	43.3	12.0	55.3
Foreign currency translation and prior year acquisitions	(1.0)	(0.5)	(1.5)
BALANCE AT DECEMBER 31, 2015	$611.2	$317.3	$928.5

In 2015, the Company completed four acquisitions for an aggregate purchase price of $163.4 million, net of cash received which includes $0.2 million net working capital adjustment related to a prior period acquisition. These acquisitions have been accounted for as business combinations and have resulted in the recognition of $55.3 million of goodwill. See also Note 2 - Business Acquisitions.

The Company has not recorded any goodwill impairments since the initial adoption of the accounting guidance in 2002.

Identifiable intangible assets are recorded in Intangible assets, net in the Consolidated Balance Sheet. Identifiable intangible assets are comprised of the following (in millions):

	December 31, 2015		December 31, 2014	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Definite-lived:				
Patents, tradenames and trademarks	$133.8	$(38.0)	$125.1	$(32.5)
Customer/agent relationships and other	331.2	(108.3)	263.0	(87.8)
TOTAL DEFINITE-LIVED INTANGIBLES	465.0	(146.3)	388.1	(120.3)
Indefinite-lived:				
Tradenames and other	53.5	—	55.0	—
TOTAL INTANGIBLE ASSETS	$518.5	$(146.3)	$443.1	$(120.3)

Amortization expense associated with these definite-lived intangible assets was $28.2 million, $23.8 million and $19.9 million in 2015, 2014 and 2013, respectively. Amortization expense associated with these intangible assets is expected to be $27.0 million in 2016, $27.3 million in 2017, $25.8 million in 2018, $23.6 million in 2019 and $22.6 million in 2020.

NOTE 6 Investments

At December 31, 2015 and December 31, 2014, the Company had both available-for-sale and trading investments. The available-for-sale investments consisted of municipal bonds with an amortized cost basis of $46.9 million and a redeemable preferred stock which was acquired for $5.0 million in the third quarter of 2015 and is an investment in a privately-held electrical utility substation security provider. The redeemable preferred stock was classified in Level 3 of the fair value hierarchy and had a fair value of $4.6 million at December 31, 2015. Trading investments were comprised primarily of debt and equity mutual funds. These investments are stated at fair market value based on current quotes.

The following table sets forth selected data with respect to the Company's investments at December 31, (in millions):

	2015					2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
Available-for-sale investments	$51.9	$ 0.5	$ (0.4)	$52.0	$52.0	$42.5	$ 0.6	$ (0.1)	$43.0	$43.0
Trading investments	7.3	2.4	—	9.7	9.7	6.6	2.3	—	8.9	8.9
TOTAL INVESTMENTS	$59.2	$ 2.9	$ (0.4)	$61.7	$61.7	$49.1	$ 2.9	$ (0.1)	$51.9	$51.9

Contractual maturities of available-for-sale investments at December 31, 2015 were as follows (in millions):

	Amortized Cost	Fair Value
Available-for-sale investments		
Due within 1 year	$12.2	$12.2
After 1 year but within 5 years	32.5	32.5
After 5 years but within 10 years	7.2	7.3
Due after 10 years	—	—
TOTAL	$51.9	$52.0

At December 31, 2015 and 2014, the total net of tax unrealized gains recorded relating to available-for-sale securities were $0.0 million and $0.3 million, respectively. These net unrealized gains have been included in Accumulated other comprehensive loss, net of tax. Net unrealized gains relating to trading investments have been reflected in the results of operations. The cost basis used in computing the gain or loss on these securities was through specific identification. Gains and losses for both available-for-sale and trading securities were not material in 2015, 2014 and 2013.

NOTE 7 Property, Plant, and Equipment

Property, plant, and equipment, carried at cost, is summarized as follows at December 31, (in millions):

	2015	2014
Land	$42.5	$43.1

Buildings and improvements	259.4	252.8
Machinery, tools, and equipment	761.7	740.7
Construction-in-progress	37.5	20.8
Gross property, plant, and equipment	1,101.1	1,057.4
Less accumulated depreciation	(681.4)	(656.2)
NET PROPERTY, PLANT, AND EQUIPMENT	$419.7	$401.2

Depreciable lives on buildings range between 20-45 years. Depreciable lives on machinery, tools, and equipment range between 3-20 years. The Company recorded depreciation expense of $51.2 million, $49.9 million and $45.3 million for 2015, 2014 and 2013, respectively.

NOTE 8 Other Accrued Liabilities

Other accrued liabilities consists of the following at December 31, (in millions):

	2015	2014
Customer program incentives	$40.7	$40.5
Accrued income taxes	2.1	5.8
Deferred revenue	15.0	18.2
Other	81.9	65.5
TOTAL	$139.7	$130.0

NOTE 9 Other Non-Current Liabilities

Other non-current liabilities consists of the following at December 31, (in millions):

	2015	2014
Pensions	$150.7	$137.1
Other post-employment benefits	24.3	24.3
Deferred tax liabilities	36.1	74.5
Other	49.6	54.4
TOTAL	$260.7	$290.3

NOTE 10 Retirement Benefits

The Company has funded and unfunded non-contributory U.S. and foreign defined benefit pension plans. Benefits under these plans are generally provided based on either years of service and final average pay or a specified dollar amount per year of service. The U.S. defined benefit pension plan has been closed to new participants since 2004, while the Canadian and UK defined benefit pension plans have been closed to new entrants since 2006 and 2007, respectively. These U.S., Canadian and UK employees are eligible instead for defined contribution plans.

The Company also has a number of health care and life insurance benefit plans covering eligible employees who reached retirement age while working for the Company. These benefits have been discontinued for substantially all future retirees. The Company anticipates future cost-sharing changes for its discontinued plans that are consistent with past practices.The Company uses a December 31 measurement date for all of its plans.

In 2015, we amended our domestic qualified defined benefit pension plans to offer a voluntary lump sum pension payout program to certain eligible terminated vested participants that would settle our obligation to those participants accepting the offer. As part of this voluntary lump sum program, in 2015 the Company made approximately $27.7 million of payments to participants, settling its pension obligation by approximately the same amount. There were no other amendments made in 2015 or 2014 to the defined benefit pension plans which had a significant impact on the total pension benefit obligation.

The Company's U.S. defined benefit pension plans were approximately 89% of the $912.3 million total pension benefit obligations at December 31, 2015.

The following table sets forth the reconciliation of beginning and ending balances of the benefit obligations and the plan assets for the Company's defined benefit pension and other benefit plans at December 31, (in millions):

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Change in benefit obligation				
Benefit obligation at beginning of year	$976.3	$828.2	$26.7	$28.1
Service cost	17.7	15.1	0.1	0.1
Interest cost	40.5	40.9	1.0	1.1
Plan participants' contributions	0.7	0.7		—
Amendments	—	—		—
Actuarial loss (gain)	(46.6)	135.1	0.5	1.6
Currency impact	(6.7)	(6.0)		—
Other	(1.4)	(0.6)	(0.1)	(2.2)
Benefits paid	(68.2)	(37.1)	(1.6)	(2.0)
Benefit obligation at end of year	$912.3	$976.3	$26.6	$26.7
Change in plan assets				
Fair value of plan assets at beginning of year	$835.7	$764.0	$—	$—
Actual return on plan assets	(31.8)	87.1	—	—
Employer contributions	27.9	27.6	—	—
Plan participants' contributions	0.7	0.7	—	—
Currency impact	(6.7)	(6.6)	—	—
Benefits paid	(68.2)	(37.1)	—	—
Fair value of plan assets at end of year	$757.6	$835.7	$—	$—
FUNDED STATUS	$(154.7)	$(140.6)	$(26.6)	$(26.7)
Amounts recognized in the consolidated balance sheet consist of:				
Prepaid pensions (included in Other long-term assets)	$1.4	$1.0	$—	$—
Accrued benefit liability (short-term and long-term)	(156.1)	(141.6)	(26.6)	(26.7)
NET AMOUNT RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET	$(154.7)	$(140.6)	$(26.6)	$(26.7)
Amounts recognized in Accumulated other comprehensive loss (income) consist of:				
Net actuarial loss	$221.5	$196.4	$1.4	$0.7
Prior service cost (credit)	0.6	0.8	(4.2)	(5.2)
NET AMOUNT RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE LOSS	$222.1	$197.2	$(2.8)	$(4.5)

The accumulated benefit obligation for all defined benefit pension plans was $842.1 million and $907.1 million at December 31, 2015 and 2014, respectively. Information with respect to plans with accumulated benefit obligations in excess of plan assets is as follows, (in millions):

	2015	2014
Projected benefit obligation	$807.9	$266.5
Accumulated benefit obligation	$757.6	$261.1
Fair value of plan assets	$655.3	$168.9

The following table sets forth the components of pension and other benefit costs for the years ended December 31, (in millions):

	Pension Benefits			Other Benefits		
	2015	2014	2013	2015	2014	2013
Components of net periodic benefit cost:						
Service cost	$17.7	$15.1	$16.7	$0.1	$0.1	$—
Interest cost	40.5	40.9	36.5	1.0	1.1	1.1
Expected return on plan assets	(53.2)	(45.2)	(46.7)		—	—
Amortization of prior service cost (credit)	0.2	0.2	0.2	(1.0)	(1.0)	(1.0)
Amortization of actuarial losses (gains)	12.1	3.9	13.8	(0.1)	(0.1)	(0.1)
Other	—	—	—	—	(2.2)	—
Curtailment and settlement losses (gains)	—	—	—	—	—	—
Net periodic benefit cost (credit)	$17.3	$14.9	$20.5	$—	$(2.1)	$—
Changes recognized in other comprehensive loss (income), before tax:						
Current year net actuarial loss (gain)	$37.0	$93.1	$(87.8)	$0.5	$1.5	$(1.4)
Current year prior service credit	—	—	0.4		—	—
Amortization of prior service (cost) credit	(0.2)	(0.2)	(0.2)	1.0	1.0	1.0
Amortization of net actuarial (losses) gains	(12.1)	(3.9)	(13.8)	0.1	0.1	0.1
Currency impact	(0.1)	—	(0.1)	—	—	—
Other adjustments	—	—	—	—	—	—
Total recognized in other comprehensive loss (income)	24.6	89.0	(101.5)	1.6	2.6	(0.3)
TOTAL RECOGNIZED IN NET PERIODIC PENSION COST AND OTHER COMPREHENSIVE LOSS (INCOME)	$41.9	$103.9	$(81.0)	$1.6	$0.5	$(0.3)
Amortization expected to be recognized through income during 2016						
Amortization of prior service cost (credit)	$0.1			$(1.0)		
Amortization of net loss (gain)	13.6			—		
TOTAL EXPECTED TO BE RECOGNIZED THROUGH INCOME DURING NEXT FISCAL YEAR	$13.7			$(1.0)		

The Company also maintains six defined contribution pension plans. The total cost of these plans was $13.3 million in 2015, $12.9 million in 2014 and $11.2 million in 2013, excluding the employer match for the 401(k) plan. This cost is not included in the above net periodic benefit cost for the defined benefit pension plans.

The Company participated in two and three multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union represented employees at December 31, 2015 and 2014, respectively. The Company's total contributions to these plans were $0.8 million in 2015, $0.8 million in 2014 and $0.9 million in 2013. These contributions represent more than five percent of the total contributions made to one of these plans in 2015 and two of

these plans in 2014 and 2013. As of December 31, 2015 one of the two multiemployer defined benefit pension plans in which the Company participates is considered to be less than 65 percent funded.

The risks of participating in these multiemployer plans are different from single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may have to be assumed by the remaining participant employers. If we choose to stop participating in these multi employer plans we may be required to pay those plans a withdrawal liability based on the unfunded status of the plan.

Assumptions

The following assumptions were used to determine the projected benefit obligations at the measurement date and the net periodic benefit cost for the year:

	Pension Benefits			Other Benefits		
	2015	2014	2013	2015	2014	2013
Weighted-average assumptions used to determine benefit obligations at December 31,						
Discount rate	4.71 %	4.23 %	5.04 %	4.60 %	4.10 %	4.60 %
Rate of compensation increase	3.59 %	3.15 %	3.18 %	3.92 %	3.60 %	3.58 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31,						
Discount rate	4.23 %	5.04 %	4.22 %	4.10 %	4.60 %	4.20 %
Expected return on plan assets	6.36 %	6.06 %	6.70 %	N/A	N/A	N/A
Rate of compensation increase	3.15 %	3.18 %	3.11 %	3.60 %	3.58 %	3.55 %

At the end of each year, the Company determines the appropriate expected return on assets for each plan based upon its strategic asset allocation (see discussion below). In making this determination, the Company utilizes expected returns for each asset class based upon current market conditions and expected risk premiums for each asset class.

The Company also determines the discount rate to be used to calculate the present value of pension plan liabilities at the end of each year. The discount rate for the Company's U.S. and Canadian pension plans is determined by matching the expected cash flows associated with its benefit obligations to a yield curve based on high quality, fixed income debt instruments with maturities that closely match the expected funding period of its pension liabilities. This yield curve is derived using a bond matching approach which incorporates a selection of bonds that align with the Company's projected benefit obligations. As of December 31, 2015, the Company used a discount rate of 4.8% for its U.S. pension plans compared to a discount rate of 4.3% used in 2014. For its Canadian pension plan, the Company used a discount rate of 3.90% as of December 31, 2015 compared to the 3.95% discount rate used in 2014.

For its UK pension plan the discount rate was derived using a yield curve fitted to the yields on AA bonds in the Barclays Capital Sterling Aggregate Corporate Index and uses sample plan cash

flow data as a proxy to plan specific liability cash flows. The derived discount rate is the single discount rate equivalent to discounting these liability cash flows at the term-dependent spot rate of AA corporate bonds. This methodology resulted in a December 31, 2015 discount rate for the UK pension plan of 4.0% as compared to a discount rate of 3.7% used in 2014.

In 2014 we changed the mortality table used to calculate the present value of our pension plan liabilities from the RP-2000 mortality table to the RP-2000 mortality table with generational projection using Scale BB-2D. That change resulted in an approximately $40 million increase in the projected benefit obligation of our U.S. defined benefit pension plans upon remeasurement at December 31, 2014. The same mortality assumption was used to calculate the present value of pension plan liabilities as of December 31, 2015. The RP-2000 mortality table with generational projection using Scale BB-2D was chosen as the best estimate based on the observed and anticipated experience of the plans after considering alternative tables, including RP-2014 and generational projection using Scale MP-2015.

The rate of compensation increase assumption reflects the Company's actual experience and best estimate of future increases.

The assumed health care cost trend rates used to determine the projected postretirement benefit obligation are as follows:

	Other Benefits		
	2015	2014	2013
Assumed health care cost trend rates at December 31,			
Health care cost trend assumed for next year	7.4 %	7.6 %	7.8 %
Rate to which the cost trend is assumed to decline	5.0 %	5.0 %	5.0 %
Year that the rate reaches the ultimate trend rate	2028	2028	2028

Assumed health care cost trend rates have an effect on the amounts reported for the postretirement benefit plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions):

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost	$0.1	$(0.1)
Effect on postretirement benefit obligation	$1.6	$(1.4)

Plan Assets

The Company's combined targeted 2015 weighted average asset allocation for domestic and foreign pension plans and the actual weighted average asset allocation for domestic and foreign pension plans at December 31, 2015 and 2014 by asset category are as follows:

	Percentage of Plan Assets		
	Target	Actual	
Asset Category	2016	2015	2014
Equity securities	24%	25%	30%
Debt securities & Cash	49%	52%	48%
Alternative Investments	27%	23%	22%
TOTAL	100%	100%	100%

At the end of each year, the Company estimates the expected long-term rate of return on pension plan assets based on the strategic asset allocation for its plans. In making this determination, the Company utilizes expected rates of return for each asset class based upon current market conditions and expected risk premiums for each asset class. The Company has written investment policies and asset allocation guidelines for its domestic and foreign pension plans. In establishing these policies, the Company has considered that its various pension plans are a major retirement vehicle for most plan participants and has acted to discharge its fiduciary responsibilities with regard to the plans solely in the interest of such participants and their beneficiaries. The goal underlying the establishment of the investment policies is to provide that pension assets shall be invested in a prudent manner and so that, together with the expected contributions to the plans, the funds will be sufficient to meet the obligations of the plans as they become due. To achieve this result, the Company conducts a periodic strategic asset allocation study to form a basis for the allocation of pension assets between various asset categories. Specific policy benchmark percentages are assigned to each asset category

with minimum and maximum ranges established for each. The assets are then tactically managed within these ranges. Equity securities include investments in large-cap, mid-cap and small-cap companies located inside and outside the United States. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities and US Treasuries. Derivative investments include futures contracts used by the plan to adjust the level of its investments within an asset allocation category. The actual and target percentages reported in the preceding table reflect the economic exposure to each asset category, including the impact of derivative positions. All futures contracts are 100% supported by cash or cash equivalent investments. At no time may derivatives be utilized to leverage the asset portfolio. Equity securities include Company common stock in the amounts of $34.7 million (5.3% of total domestic plan assets) and $37.6 million (5.2% of total domestic plan assets) at December 31, 2015 and 2014, respectively.

The Company's other post-employment benefits are unfunded; therefore, no asset information is reported.

The fair value of the Company's pension plan assets at December 31, 2015 and 2014, by asset category are as follows (in millions):

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Market for Similar Asset (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Priced Using Net Asset Value
Cash and cash equivalents	$62.0	$62.0	$—	$—	$—
Equity securities:					
US Large-cap [(a)]	29.0	29.0	—	—	—
US Mid-cap and Small-cap Growth [(b)]	38.2	38.2	—	—	—
International Large-cap	28.7	28.7	—	—	—
Emerging Markets [(c)]	11.8	11.8	—	—	—
Fixed Income Securities:					
US Treasuries	186.4	—	186.4	—	—
Corporate Bonds [(d)]	99.6	0.3	98.9	0.4	—
Asset Backed Securities and Other	126.6	—	126.6	—	—
Derivatives:					
Assets [(e)]	2.5	1.6	0.9	—	—
(Liabilities) [(e)]	(0.7)	(0.7)	—	—	—
Alternative Investment Funds [(f)]	158.3	65.9	—	—	92.4
Common Pooled Fund [(g)]	15.2	0.8	14.4	—	—
BALANCE AT DECEMBER 31, 2015	$757.6	$237.6	$427.2	$0.4	$92.4

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Market for Similar Asset (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Priced Using Net Asset Value
Cash and cash equivalents	$152.8	$152.8	$—	$—	$—
Equity securities:					
US Large-cap [(a)]	35.1	35.1	—	—	—
US Mid-cap and Small-cap Growth [(b)]					